JPC Integrated Annual Report

2023/24

a world class African city

JOBURG PROPERTY COMPANY

Company Information

Registration number:
2000/017147/07

Registered address:
3rd Floor l B-Block l Forum 1 l Braam Park l
33 Hoofd Street l Braamfontein

Postal address:
PO Box 31565 l Braamfontein l 2017

Telephone number:
+27 010 219 9000

Shareholder:
The City of Johannesburg Metropolitan Municipality

Website:
www.jhbproperty.co.za

Global Email Address:
clientservicingunit@jhbproperty.co.za

Bankers:
Standard Bank South Africa

Auditors:
Auditor-General of South Africa

Company Secretary:
Gontse Dlamini

Vision

The City of Joburg Property Company's vision is to provide property management, property development, facilities management, property asset management, and outdoor advertising, in order to maximise the social, economic and financial benefit to the City of Johannesburg (CoJ) and support the CoJ's delivery objectives on a cost-competitive basis.

Mission

The City of Joburg Property Company (SOC) Ltd (JPC) is an agent of the CoJ, responsible for maximising the social, economic and financial value of the CoJ's total property portfolio and enhancing the efficiency of its use. JPC provides property asset management, property management, facilities management, property development, and outdoor advertising, and interacts with the public in respect of the property portfolio. JPC supports the achievement of the CoJ's strategic priorities, including economic and social development and the CoJ's service delivery objectives.

Values

Company values are the ethical foundation of JPC and are therefore fundamental to its success. Such values are not just important but crucial to the overall ascendancy of JPC. The following values were identified and adopted by JPC:

- **Professionalism:** We take pride and ownership in all that we do and say.
- **Accountability:** We are fully accountable for our work.
- **Responsibility:** We generate trust through the responsibility and accountability we demonstrate in our promises, actions and decisions.
- **Customer Service:** We take delight in servicing our customers.
- **Trust:** We act with integrity at all times, providing quality service, and being reliable and responsible.

OFFICIAL SIGN-OFF

It is hereby certified that this Annual Report:

- Was developed by the Management of JPC under the guidance of the Chief Executive Officer (CEO) and considers all the relevant policies, legislation, and other mandates for which JPC (SOC) Ltd is responsible.
- Accurately reflects the performance that JPC has achieved in the 2023/24 financial year.

Mr Imraan Bhamjee
Acting Chief Financial Officer
Date of approval: 29/11/2024

Ms Helen Botes
Chief Executive Officer
Date of approval: 29/11/2024

Mr Simon Motha
Chairperson of the Board
Date of approval: 29/11/2024

Mr Siyabonga Nodu
Acting Executive Director: Economic Development
Date of approval:

Cllr Nomoya Mnisi
Member of the Mayoral Committee: Economic Development
Date of approval:

ACRONYMS

AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
AIDS	Acquired Immune Deficiency Syndrome
ARC	Audit and Risk Committee
B-BBEE	Broad-Based Black Economic Empowerment
CAF	Combined Assurance Forum
CAM	Combined Assurance Model
CAPEX	Capital Expenditure
CEO	Chief Executive Officer
CoJ	City of Johannesburg Metropolitan Municipality
CSI	Corporate Social Investment
DED	Department of Economic Development
EAC	Executive Adjudication Committee
EAP	Economically active population
EESD	Employment equity and skills development
ERDMS	Electronic Records and Document Management System
ERM	Enterprise risk management
ESG	Environmental, social and governance
EXCO	Executive Committee
FLISP	Finance Linked Individual Subsidy Programme
FY	Financial year
GDS 2040	Joburg 2040 Growth and Development Strategy
GFIS	Group Forensic and Investigative Services
GIS	Geographic Information System
GRAP	Generally Recognised Accounting Practice
IAR	Integrated Annual Report
ICRP	Inner City Rejuvenation Programme
ICT	Information communication technology
IDP	Integrated Development Plan
IIRC	International Integrated Reporting Council
ISPPIA	International Standards for the Professional Practice of Internal Auditing
JMPD	Johannesburg Metropolitan Police Department
KPI	Key performance indicator
MFMA	Municipal Finance Management Act, 2003 (Act No. 56 of 2003)
MMC	Member of the Mayoral Committee
MOE	Municipal owned entity
MSA	Local Government: Municipal Systems Act, No. 32 of 2000
NT	National Treasury

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ACRONYMS

OHSA	Occupational Health and Safety Act
PIMS	Property Information Management System
PTI	Public Transport Interchange
PTOB	Permission to occupy and build
RFP	Request for proposal
RFQ	Request for quotation
SAIBPP	South African Institute of Black Property Practitioners
SAPS	South African Police Service
SCM	Supply Chain Management
SDA	Service Delivery Agreement
SEC, HR and REMCO	Social and Ethics, Human Resources and Remuneration, and Transformation Committee
SETA	Sector Education and Training Authority
SLA	Service Level Agreement
SMMEs	Small, Medium and Micro-Enterprises
SOC	State-Owned Company
TACCP	Transvaal Association for Care of Cerebral Palsy
TSD	Transactions and Service Delivery
UIFW	Unauthorised, irregular, fruitless and wasteful
YTD	Year to date

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JOBURG PROPERTY COMPANY

Navigating our report

This Integrated Annual Report (IAR) has been designed for an enhanced digital experience and ease of use. The landscape layout supports readability on a range of devices, while the digital navigation capability in the report will assist you, the reader, to easily move between different sections or topics in the report by using the navigation bar at the top of each page or using the links indicated throughout the report.

The capitals: Our operations rely on and interact with a diverse range of capital resources, including:

- Financial
- Intellectual
- Land & Environmental
- Employees
- Social & relationship

Strategic pillars (SP)

- Financial Sustainability
- Our Employees
- Environmental
- Social
- Business Innovation
- Technology
- Governance

Material matters

- Strategic influence and partnership
- Business sustainability and operational efficiency
- Transformation and uplifting our communities
- Employee development and wellness, and company culture
- Development and management of smart, safe and sustainable precincts

Further information: This page reference icon is applied throughout the report to improve usability and shows the integration between relevant elements of this report. Additional information can be found online.

Key stakeholder groups

- Shareholder (CoJ)
- Investors, commercial partners and financiers
- Organised labour
- Communities
- Our employees
- Government, municipalities, regulators and industry bodies
- Media and public

ABOUT THIS REPORT

Section 1: Scope

The Joburg Property Company (SOC) Ltd (JPC) is a municipal entity that is fully owned by the City of Johannesburg (CoJ). JPC's Integrated Annual Report (IAR) covers the period from 1 July 2023 to 30 June 2024. The IAR provides information on the entity's internal and external operating context, strategy, risks and opportunities, performance, governance, and prospects. This report upholds the practices prescribed in the Integrated Reporting Committee Framework and strives to provide information that is relevant and holistically meets its stakeholders' requirements.

The IAR is aligned to a range of relevant reporting standards, frameworks, guidelines, regulations and best practices, including:

- Reporting obligations as outlined in the Municipal Finance Management Act (MFMA) Circular 63
- The Statements of General Recognised Accounting Practice (GRAP) in South Africa
- Section 46(1) of the Municipal Systems Act (MSA), No. 32 of 2000
- The International Integrated Reporting Council (IIRC) Framework
- The King IV Code of Corporate Governance
- Directives and regulations from the National Treasury (NT)
- National Development Plan
- Integrated Development Plan (IDP)
- Joburg 2040 Growth and Development Strategy (GDS 2040)
- Service Delivery and Budget Implementation Plan
- South African Companies Act, 2008 (Act No. 71 of 2008)

JPC is gradually aligning its reporting to the guidelines laid out in the NT Circular 63 (MFMA), IIRC, and the Integrated Reporting Committee (IRC) of South Africa. We strive to incorporate sustainability disclosures over time, in accordance with best practices and guidelines. This report outlines our approach to issues that impact JPC's strategy, value proposition, governance practices, performance, and capitals (i.e., financial, human, natural, social and relationship). Our approach is based on the evaluation, assessment, and prioritisation of material matters.

Supporting Documents and Feedback

As prescribed by our shareholder, the CoJ, the entity annually publishes a single, consolidated integrated report. This IAR includes information that must be disclosed by the Board of Directors regarding governance, financial performance (as summarised in the 2023/24 Annual Financial Statements), and the Auditor General's Audit Report.

The JPC 2023/24 IAR will be uploaded on the Company website at **www.jhbproperty.co.za.** Your feedback is important to us and will help enhance our reporting processes. Accordingly, please direct feedback on this report, including stakeholder and media questions, to **lsindane@jhbproperty.co.za** for the attention of Lucky Sindane. Alternatively, please visit our website.

In preparing this IAR, we have endeavoured to present a holistic and integrated representation of the entity's performance and its long-term sustainability. We remain committed to reporting transparently to our wide range of stakeholders. This report is structured as follows:

Figure 1: Annual Report Structure

Section 2: Materiality Determination Process

JPC applies the principle of materiality to determine the nature, timing, and extent of the disclosures in its integrated 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 five ways, which ensure efficiency and impact:

- **Strategic Influence:** To inform ongoing strategy development by emphasising emerging issues and integrating them into strategy development. This approach treats potential challenges as business opportunities, rather than allowing them to escalate into business risks.
- **Performance Enhancement:** To promote internal understanding of the connection between environmental, social, and governance issues and business performance.
- **Financial Significance:** To establish quantitative materiality, based on widely recognised financial indicators, aligning with established accounting standards. This serves as a foundation for assessing the significance of financial aspects and guiding accounting decisions.
- **Stakeholder Engagement:** To provide a framework for designing stakeholder engagement strategies and offer a powerful tool for identifying opportunities for dialogue and collaboration.
- **Reporting:** To determine the scope of reporting and other communications, ensuring they are strategically aligned and valuable to external stakeholders.

The main areas covered in this report in terms of both current and future issues are based on the stakeholders' interests, the entity's focus areas, priorities, and the actively managed risks faced by the company.

The following internal and external criteria were used to identify material issues:

Process	Internal Criteria	External Criteria
Identification	National and Provincial outcomes of Government	Changes in the socio-economic developmental agenda and priorities of National and Provincial Government
Prioritisation	Stakeholder expectations and feedback – from the shareholder	Factors that may impact the entity's reputation, thereby influencing its ability to promote sustainable growth
Validation	Enterprise risk management process; including key risks impacting the entity's strategic and operational objectives and the associated mitigating activities	The provisions of various frameworks including: MFMA; Section 46(1) of the MSA; King IV; GRAP standards; Millennium Development Goals; BBBEE Code
	Enterprise risk management process; including key risks impacting the entity's strategic and operational objectives and the associated mitigating activities	
	The entity's mission, vision and values	
	The entity's governance framework and policy environment	

Figure 2: Criteria for Identifying Material Issues

Our Approach to Materiality

The process we follow to determine the content of the report is ongoing throughout the year. This process encompasses: identifying matters relevant to our operating context (i.e. internal and external factors); prioritising matters according to their substantive impact on the organisation's value creation activities and stakeholder interactions; integrating the prioritised matters into our reporting disclosures.

We followed a three-phased approach to identify our material matters, which included:

Figure 3: JPC's Approach to Materiality

Materiality extends beyond the mere dimensions of the company's size and the components within its financial statements. It encompasses critical misstatements, whether individual or aggregate, which hold the potential to substantially impact the company. Qualitative materiality, based on the company's comprehensive risk assessment, is defined as follows:

- Any item or event mandating specific disclosure in accordance with legislation, the King IV Report, or established accounting standards.
- Any fact, omission, or misstatement that, in the Board's judgment, could influence the decisions or actions of the executive authority or Council.
- Any matter capable of significantly affecting the organisation's value creation potential across short-, medium-, and long-term horizons.
- Any engagement in pertinent initiatives or programmes outside the approved strategic plan.
- All losses in respect of criminal conduct and any criminal or disciplinary steps taken because of such losses.
- Any instances of irregular material expenditure, fruitless, and wasteful expenditure.

JPC employs a structured strategic planning process through which the key determinants of value creation are identified and prioritised, and sets targets against them. These key determinants are the strategic focus areas that have a material impact on value creation for each of JPC's identified stakeholder groups.

The strategic focus areas, therefore, form the overarching strategic framework and context for the material themes that are expanded on in this report. JPC's Board of Directors is of the view that matters published in this report offer a balanced mix of information, allowing readers to assess the entity's performance and prospects.

The Board and management confirm that, to their knowledge, all reliable information has been disclosed and that no legal prohibitions against disclosing material information exist.

Description of the Reporting Boundary

The integrated report covers JPC's performance for the 2023/24 financial year in all geographic regions in which the entity operates. The Annual Financial Statements **(Appendix A)** are prepared in accordance with GRAP. Any limitations will be disclosed in the relevant section.

Section 3: Assurance Process for the IAR

Our combined assurance model ensures the information we provide, and our underlying processes, support the integrity of information used for internal decision-making, and the credibility and integrity of our reporting. Assurances are provided by management, the Board, our Internal Auditors, the external auditor (Auditor-General of South Africa), and other external assurance providers such as Group Performance Audit.

The Board takes overall responsibility for the integrity of the IAR and ensures its compliance with the IIRC Framework by reviewing the final report and approving the material matters and themes to be included in the report when reporting on the various content elements.

A Combined Assurance Model (CAM) is in place and functioned throughout the year under review. JPC's CAM is designed to optimise the assurance provided over the strategic risks **(pages 77 to 82)**, risk management and internal financial controls.

The Audit and Risk Committee (ARC) monitors and reviews the entity's risk profile and the efficacy of management activities, and monitors adherence to Board-approved risk appetite and tolerance. Other Board committees perform additional risk oversight through rigorous analysis of management's assertions for their assigned risks, as disclosed in the corporate governance section.

In addition, the CAM is used to evaluate and assure various aspects of the business operations, including elements of external reporting. The entity's internal audit provides a further line of assurance and co-ordinates the CAM. JPC's CAM provides for four lines of defence as outlined in Figure 4.

Figure 4: JPC's Combined Assurance Model

The Board considered the 2023/24 IAR, together with the Annual Financial Statements (AFS), in determining the completeness of material items it deals with. It ascertained whether the minimum disclosure requirements prescribed in MFMA Circular 63 were adhered to and the reliability of information presented in line with the combined assurance process.

The Auditor-General of South Africa (AGSA) audits the company's performance and AFS. JPC strives to continue refining its approach to integrated reporting in future reports to further align with international reporting standards and to promote consistency, accessibility, and accountability with respect to its multifaceted role in creating and sustaining value for all citizens of Johannesburg.

Section 4: Board Responsibility and Approval of the Integrated Annual Report

The ARC and management acknowledge their responsibility to ensure the integrity of this report, together with the AFS and supplementary information.

The Board has applied its mind to the IAR, AFS and appendices, and therefore believes that it addresses all material matters and fairly presents the integrated performance of the organisation.

The Board is of the view that, to the best of its knowledge and belief, JPC's integrated reporting addresses matters material to its stakeholders' decision-making by explaining the impact of the entity's value-creation process over time.
It takes into consideration the entity's impact on its stakeholders and the environment in which it operates.

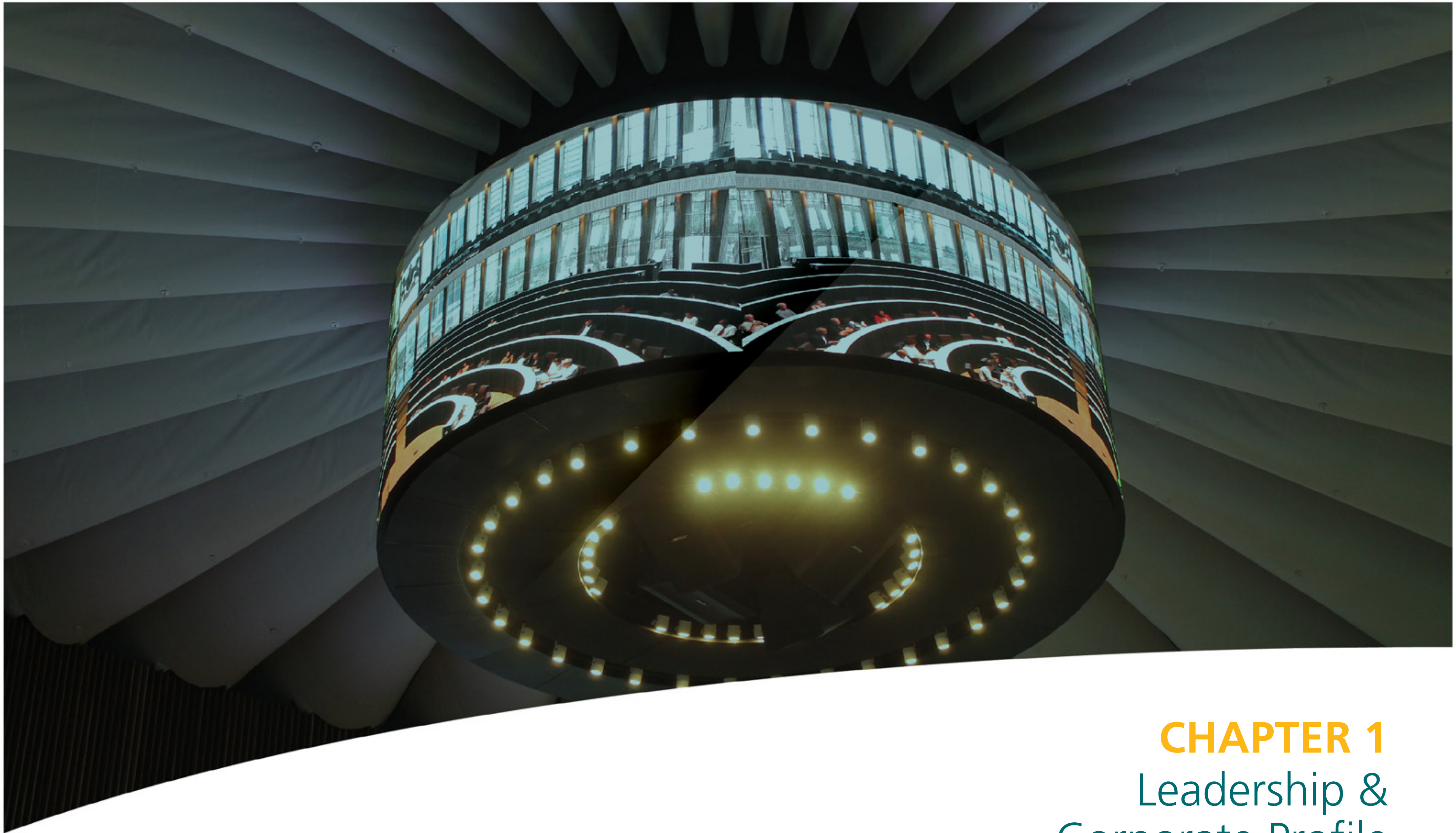
The report adequately addresses the use of and effects on resources and the way the availability of these resources is impacting JPC's strategic business model and capacity to deliver on its mandate. The Board believes that this report has been prepared in accordance with the IIRC's framework.

Considering the completeness of the material items dealt with and the reliability of information presented, based on the combined assurance process followed, the Board approved the 2023/24 integrated report as per the sign-off below:

Mr Simon Motha
Chairperson of the Board

Mr Thapelo Mashamaite
Chairperson of the ARC

Ms Gontse Dlamini
Company Secretary



CHAPTER 1
Leadership & Corporate Profile

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JOBURG PROPERTY COMPANY

Section 1: Member of Mayoral Committee's Foreword

I am humbled and honoured to present JPC's Integrated Annual Report for the period of 01 July 2023 to 30 June 2024. This report is released against the backdrop of a challenging economic climate, spatial inequalities, financial constraints, and social complications, all impacting CoJ's operating context.

While we may have limited direct control over these factors, we need to carefully analyse trends to inform our strategic decisions and focus. Therefore, JPC has continued to focus on delivering its strategic objectives and core competencies.

The year under review has seen notable improvements, as most of the targets relating to strategic goals and objectives outlined in the 2023/24 Business Plan have been achieved. During the year under review, JPC has been given a directive to turn around its operations by driving initiatives that are integral to the policy-making process. These include enhancing revenue generation, addressing outdoor advertising, tackling the lease renewal programme, and promoting stakeholder consultation.

JPC has delivered strong results for the 2023/24 financial year, achieving **76%** of its annual targets. Furthermore, I recognised the effort undertaken by the entity to increase its brand presence within the industry by collaborating with experts and hosting conferences, as well as a masterclass session to empower women and the youth.

Strategic Intent

As the Member of the Mayoral Committee (MMC) for the Economic Development Portfolio, overseeing the Department of Economic Development (DED) and various municipal-owned entities (MOEs), including the JPC, the strategic focus remains:

- Stimulating economic growth.
- Improving the unemployment rate by creating job opportunities and supporting SMMEs.
- Striving for financial sustainability.
- Addressing spatial inequalities.

In this context, JPC's participation is critical in helping the City to address the issue of urban decay, primarily overcrowded flats in deteriorated, hijacked, and slumlorded buildings.

At this stage, deliberations are being concluded by the inner-city working group, which will lead to the adoption of a precinct development approach. This approach will focus on **safety and security, a regulatory and policy framework, partnerships and collaborations, and by-law compliance.**

We extend our full support and guidance to the JPC and the inner-city working group on the implementation of interventions for an inner-city precinct development that will create a safe, sustainable and vibrant inner city. This will be achieved by transforming derelict, unsafe buildings into inclusive and economically productive living, working, and playing spaces, thereby enhancing the quality of lives of all residents and fostering economic growth.

Cllr Nomoya Mnisi

On behalf of the shareholder, a special thank you goes to the Board of Directors, led by Mr Simon Motha, for providing strategic leadership and oversight of the entity.

To the CEO, Ms Helen Botes, the management team, and staff members, I truly appreciate your unwavering support to the cause of sound public governance.

Without your commitment and loyalty, these achievements would not have been possible. Let us all continue working together towards building a better society.

Cllr Nomoya Mnisi
MMC: Economic Development

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JOBURG PROPERTY COMPANY

Section 2: Foreword by the Chairperson

It is with great pleasure that I present the overview of Joburg Property Company's performance for the 2023/24 financial year. As Chairperson of the Board, I am proud to reflect on our organisation's steadfast commitment to fulfilling its pivotal role in managing and maximising the value of the City of Johannesburg's property assets.

Our vision to provide comprehensive property management, property development, facilities management, and property asset management and outdoor advertising services, along with strategic land stewardship, is rooted in maximising the social, economic, and financial benefits to the City of Johannesburg, while enhancing quality of life for residents and fostering a vibrant, sustainable, and inclusive community.

Throughout the 2023/24 financial year, we have continued to uphold this vision through strategic initiatives aimed at enhancing the efficiency and value of the CoJ's property portfolio. The organization has managed to achieve an AGSA unqualified audit outcome, with two findings pertaining to noncompliance regulations. The Board acknowledges the AGSA's Audit Report and remains committed to ongoing improvements.

Operating Environment

The global economy remains in constant flux, influenced by various factors, including geopolitical tensions, economic and social disruptions, high inflation, and rising interest rates. Overall, the global and South African economies grapple with numerous challenges, demanding cautious and proactive measures to navigate through the complexities and foster stability and growth. The operating environment in this financial year encompasses various components that influence how the entity functions. These include:

- **Funding and Budget:** The budget allocation is limited because of the City's need to prioritise and strike a balance in allocating resources for basic service delivery requirements, infrastructure development investments, and the maintenance of the property portfolio.

- **Unemployment:** CoJ has a high unemployment rate, exacerbated by the influx of people from other provinces seeking job opportunities. This puts pressure on the City's resources and infrastructure, highlighting the need to achieve the strategic priority of creating job opportunities.

- **Rapid Urbanisation:** This has led to an increased need for planning and execution of sustainable mixed-use developments that meet community needs and support economic growth.

As the Board, we are conscious of the fact that this complex operating environment requires a multifaceted approach to governance, property development projects, and financial sustainability.

Mr Simon Motha

Governance Review

Our Board and Executive Committee (EXCO) maintain a strategic alignment and have fostered a robust working partnership founded on trust and constructive dialogue.

Our shared objective is to achieve relevance and long-term sustainability. The Board concentrated on:

- Governance matters.
- Providing strategic direction; it examined the company's strategic issues, and efforts are made to mitigate risks on a continual basis.
- Prudent analysis of financial management and reporting, including capital allocation and spend.
- Tracking our strategic progress on key performance indicators (KPIs).

Our approach to corporate governance and leadership supports our overall value-creation process.

Sound corporate governance practices are firmly embedded in our values, culture, and business procedures, underpinned by agility and well-considered decision-making, fostering innovation and a resolute commitment to leadership fundamentals.

All internal controls are thoughtfully designed to promote good governance and cultivate a keen awareness of risk and compliance.

Our Board comprises a diverse mix of expertise and experience, championing ethical conduct to ensure transparency and uphold the principles of good corporate citizenship.

During the fiscal year under review, JPC implemented the following mechanisms to ensure adherence to the Code of Conduct and Ethics:

- Conducted a comprehensive fraud risk assessment.
- Reviewed progress made on deployed preventative and detective fraud control activities.

The Board successfully adhered to the directive from the Group Head of Group Governance to address and process the unauthorised, irregular, fruitless and wasteful (UIFW) expenditure for the affected financial year.

Organisational Review

In summarising our performance and achievements over the previous financial year, it is pleasing to report that we have made substantial progress towards meeting our strategic objectives.

We were due to deliver on 21 KPIs, of which 16 were successfully achieved, marking a commendable **76%** accomplishment rate and the financial performance indicates a year-to-date surplus of **R28 173 569.**

Stakeholder Engagements

Our engagement with stakeholders during the fiscal year was crucial in reinforcing relationships and driving mutual value. The property allocation project has presented an opportunity for the organisation to be on the ground in real time to engage our tenants, ward councillors, and city departments on the use of the City's property assets moving forward. The Board also applauds the positive use of social media, both internally and externally, to communicate the organisation's initiatives.

Way Forward

The Board remains confident in the strategic direction of JPC. We are committed to continuous improvement, innovation, and sustainability, ensuring that we remain agile and responsive to the needs of the community. Our focus will remain on delivering value to our shareholders, residents and employees while upholding our core values of accountability and professionalism. Challenges such as budget cuts and geopolitical risks will be monitored closely, with proactive strategies to mitigate potential impacts.

Extending Gratitude

I wish to express appreciation to Board members for their contribution to ensuring that the entity operates effectively and efficiently within its limited resources. Furthermore, I commend our CEO, Ms Helen Botes, for her unwavering dedication to operational excellence.

I also want to extend my thanks to management and the entire JPC staff for their hard work and extend my gratitude to the City Group Governance for their support and guidance.

Lastly, I take this opportunity to thank our shareholder, the City of Joburg, for placing its trust in the Board and ensuring continuity of directorship. We also recognise the impeccable the contribution made by Councillor Nomoya Mnisi, MMC, Economic Development.

Mr Simon Motha
Chairperson of the Board

Section 3: Chief Executive Officer's Report

As another year ends, I am grateful for the opportunity to reflect on it as JPC's CEO. From a macroeconomic perspective, we continue to face challenges, but we are starting to see an encouraging shift.

During my fifteen years as CEO, I have come to understand that, although headwinds change throughout the cycle, they do dissipate as the business consistently adapts to changing market conditions, ultimately overcoming these obstacles.

While many continue to ruminate on the persistent challenges in our operating context, we are determined to engage with our stakeholders to identify opportunities within our sphere of control.

The AGSA's audit has been completed and the outcome for the 2023/24 financial year reflects an unqualified audit with two findings pertaining to noncompliance regulations which reflects our exemplify unwavering commitment to transparency and accountability.

The global economy has gone through significant changes and challenges in recent years, which have filtered into the South African context. Many of these challenges converge into external factors, influencing our operating context, including:

- Overlapping aftershocks of the economic recession.
- Elevated levels of inflation.
- The energy crisis.
- Higher unemployment rates,
- leading to increased operational and funding costs, as well as budgetary constraints.
- Subdued consumer and investor confidence globally.
- Rapid urbanisation, adding pressure to existing infrastructure.
- Political instability.

The annual report serves to present an update on JPC's organisational and financial performance and initiatives undertaken during the 2023/24 financial year. I am pleased to highlight the remarkable progress we have achieved together and confirm that even amidst an evolving market, municipal dynamics, and global challenges, our commitment to innovation and resilience has been firm.

During the year under review, we refreshed key elements of our strategic outlook to ensure our pathways and priorities remain relevant. We focused on employee engagements, property site verification and inspections, policy review that ensures alignment with industry best practices, and the commencement of contract negotiations on awarded projects, thus solidifying business relations with our clients and accelerating projects.

Our commitment to operational excellence has yielded tangible results, such as process optimisation, eliminating inefficiencies and bottlenecks. The property site verification and inspection programme highlight that several properties within CoJ's portfolio are under severe strain, with high exposure for:

Ms Helen Botes

- Property risks such as structural weaknesses, fire hazards, or other dangers to occupants and adjacent properties. This is aggravated by a limited budget allocation for repairs and maintenance.
- Non-compliance with regulations, such as zoning laws, building codes, and environmental regulations.

JPC will conduct regular condition-based assessments and continue to liaise with CoJ on increasing the budget allocation to address property risks and explore the new development and repurposing opportunities that exist.

Furthermore, the entity, as part of increasing brand visibility and enhancing collaboration with industry partners, took part in the annual South African Institute of Black Property Practitioners (SAIBPP) convention, which was held from 02 to 03 August 2023 at the Wanderers in Johannesburg. The JPC had an exhibition stand during the convention.

Organisational highlights

- Fifteen (15) properties to the value of **R1 440 750 000** were packaged and released on tender in terms of Section 79(18) of the local government ordinance and the City's supply chain processes for land.
- Property acquisitions: Council approved twenty (20) acquisitions to the value of **R74 million** during the quarter under review. However, transfer is anticipated to be concluded within the first quarter of the new 2024/25 financial year, pending negotiations with the property owners.
- JPC has managed to achieve **76%** of its quarterly targets, i.e. 16 of its 21 KPIs, and has attained 100% resolution of the 2022/23 AG's findings.
- Achieved **96%** capital expenditure (CAPEX).
- Board has approved the appointment of the acting CFO, and the advertisement for the position has been circulated.
- **R502 149 844.08** investment spend on projects.
- **1 138** job opportunities created during the period under review.

As a team, we are striving to ensure that the outcome of the AGSA audit is declared as unqualified.

Outlook for the new financial year

Looking ahead, we are excited about the prospects that lie before us due to the new development and repurposing opportunities that will be part of the inner-city precinct-by-precinct approach. The intention is to conduct market research to understand the inner-city property market and competitive landscape, and to perform an industry trends analysis.

This market research will also result in the adoption of a negotiation strategy for acquisitions and a disposal strategy and property prospectus for private developers. In addition, it will highlight investment opportunities, the benefit of the location, and economic benefits. It will provide a comprehensive overview of the project, including size, scope and phases, concept, architectural designs, and renderings, showcasing the visual and aesthetic plans for the project.

I wish to express my heartfelt thanks to all JPC employees who have so eagerly embraced change and participated so passionately in the property site verification and inspection processes. With a clear strategic vision and a talented team driving our initiatives forward, we are well-positioned to navigate complexities and capitalise on emerging trends within the municipal environment.

Appreciation

I am grateful for the unwavering commitment of our Board members, executives, management, and employees to ensure we achieve our strategic priorities. Thank you all for being integrally involved in shaping CoJ's asset platform into what it is today.

I deeply appreciate our stakeholder support as we pursue our mission.

Thank you for being courageous, promoting innovative thinking, unearthing new opportunities, and bringing about positive change.

Ms Helen Botes
Chief Executive Officer

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JOBURG PROPERTY COMPANY

Section 4: Financial Overview

I am pleased to provide the fourth quarter overview of the Joburg Property Company's performance for the period 01 April 2024 to 30 June 2024.

JPC is both factually and commercially solvent, with adequate resources to meet our obligations to our creditors. Moving forward, emphasis will be placed on continuing to improve solvency and liquidity ratios in the first quarter of the new financial year. As JPC does not receive regular payments from departments, the entity continues to struggle with converting related party debtors of more than a billion rand into cash.

The financial performance indicates a year-to-date surplus of **R28 173 569.** The main contributors are:

Revenue

- Management fees are in line with expectations post finalisation of appointments and Service Level Agreements (SLAs), which translated to increased management fees for JPC in the fourth quarter.

- Several outdoor advertising agreements are currently awaiting EAC approval, which is delaying generation of income. However, income is expected to materialise in the new financial year (2024/25).

- Several land transactions awards have been issued. Contract negotiations have commenced for a number of these awards, with the associated revenue expected to be realised in the first quarter of the new financial year (2024/25).

Expenditure

- Included in office operational expenses is office accommodation expenditure relating to alternative accommodation for departments that previously occupied the Metro Centre. The Executive Adjudication Committee has awarded the tenders, and the final process required by MFMA section 33 has been completed. A report was submitted to the Council and expenditure will start once contracts have been completed. This expenditure is expected to materialise in the first quarter of the new financial year (2024/25).

- Through the prudent management of JPC's bank account, the entity has successfully avoided incurring any interest charges on expenditure.

During the period under review, CoJ undertook a rebasing exercise, which resulted in a revenue reduction of R50 million. Expenditure was also reduced by the same amount, with a significant reduction in operating costs. CAPEX was reduced from **R49 million** to **R25 million**.

No deviations were identified for the period under review.

Mr Imraan Bhamjee

JPC continues to incur irregular expenditure on the following:

- **Office accommodation:** MFMA section 33 feedback was submitted to Council for noting and contract negotiations have started, which will end the irregular expenditure.

- **Connectivity:** The City is in the process of taking over the contract as part of centralising the Information Technology Strategy.

- **Fleet:** This is a centralised contract procured at the City, and the City is implementing measures to address it.

Looking ahead to the new financial year (2024/25), we anticipate increased spending on repairs and maintenance, and on capital expenditure. Preparations for the 2024 annual financial year audit, to be conducted by the Auditor-General (AG), are underway and will be meticulously executed.

As we navigate through these challenges, JPC remains steadfast in its commitment to financial prudence, operational excellence, and delivering value to its stakeholders.

Mr Imraan Bhamjee
Acting Chief Financial Officer

Section 5: Corporate Profile and Overview of the Entity

Who we are

The City of Joburg Property Company (SOC) Ltd (JPC), established in 2000, is a dynamic company mandated to manage and develop the City of Johannesburg's (CoJ's) property assets to maximise both social and commercial opportunities for the Council.

We strive to be a catalyst for spatial transformation, economic growth, and investment attractiveness by advancing smart, safe, and sustainable property development projects. We achieve this by embracing partnerships with the private sector and finding value creation opportunities through our purpose-driven approach to utilisation of CoJ-owned land assets.

Core Mandate

We are dedicated to finding solutions to the developmental challenges facing CoJ, by utilising council-owned land assets to leverage private sector investment in public infrastructure. The JPC, on behalf of the CoJ, provides **property asset management, property development and management, outdoor advertising, and facilities management.**

JPC derives its mandate from a signed Service Delivery Agreement (SDA) with its sole shareholder, the property owner, namely CoJ, while playing the role of the agent.

The SDA regulates the JPC's mandate and services in respect of the following: financial matters (subsidy, budget allocation and capital expenditure); performance reporting and monitoring; supply chain management and human resource matters; business plans and corporate targets; and service standards levels. The entity employs **1 515** people (as of 30 June 2024) and operates within seven regions of CoJ, as depicted in Figure 7 **(page 26)**.

As of 30 June 2024, the entity realised an investment spend of **R502 149 844.08** and facilitated 1 138 job opportunities as a result of construction from developmental projects such as Riverside View, Alan Manor, and Jabulani within CoJ boundaries, as part of addressing spatial inequalities. Consequently, JPC contributes to economic growth and job opportunity creation through property transactions.

Economic and Social Demographics of Johannesburg

While the CoJ stands as an economic powerhouse with numerous opportunities, the City also faces substantial challenges related to poverty, inequality, and access to essential services. Key aspects include:

- **Population:** Johannesburg has a population of over 5.6 million people (2023 estimate).
- **Age Distribution:** A large portion of the population is young, with a median age of around 27 years.
- **Gender:** The gender ratio is relatively balanced, with slightly more females (51%) than males (49%).
- **Economic Status:** There is a high level of economic disparity, with affluent areas as well as areas with high poverty levels. The City contributes about 16% to the national GDP (gross domestic product) and 40% to Gauteng province's GDP.
- **Migration:** Johannesburg is a major destination for internal and international migrants, contributing to its diverse demographic landscape. Many people from rural areas of South Africa and other African countries move to Johannesburg in search of better economic opportunities.
- **Housing** varies from luxury apartments and homes in affluent neighbourhoods to informal settlements and townships. The City has ongoing challenges with providing adequate housing for all its residents.
- **Employment:** The unemployment rate is relatively high, mirroring national trends. As of 2023, the unemployment rate is around 30%. Informal employment is significant, with many individuals engaged in small-scale trading and services.

Key Industries

- **Finance and Business Services:** The Johannesburg Stock Exchange (JSE) is one of the largest in the world.
- **Mining:** Historically, gold mining was a major industry. While its importance has declined, the City remains a key player in the mining sector.
- **Manufacturing:** Includes metals, chemicals, machinery, and food processing.
- **Information Technology:** Rapidly growing, with Johannesburg emerging as a tech hub.
- **Retail and Wholesale Trade:** Significant due to the City's large consumer base.
- **Real Estate and Construction:** Continuous development and urbanisation contribute to this sector.

This demographic profile highlights CoJ as a dynamic and complex urban city marked by its diversity and rapid growth. These factors have significant implications for the spatial landscape, and JPC intends to influence and maximise opportunities that prevail within its property portfolio

What differentiates us i.e. competitive landscape?

JPC manages CoJ's property portfolio, comprising 29 001 properties as of 30 June 2024, with a total value of **R10.2 billion.** The varied property portfolio encompasses diverse asset categories across the seven municipal regions, including residential, office, commercial, social (sports facilities and stadiums), and service delivery (clinics, fire stations, community centres) properties.

CoJ Property Portfolio Overview

Figure 5 depicts the top eight (8) property types, accounting for 79% of all properties on the asset register.

Figure 5: COJ's Property Types

The other differentiating factor in respect of CoJ's portfolio is that the City must cater for service delivery and social obligations on its portfolio and strike a balance between economic and social benefits.

Figure 6 represents the book value of properties not assigned for service delivery purposes:

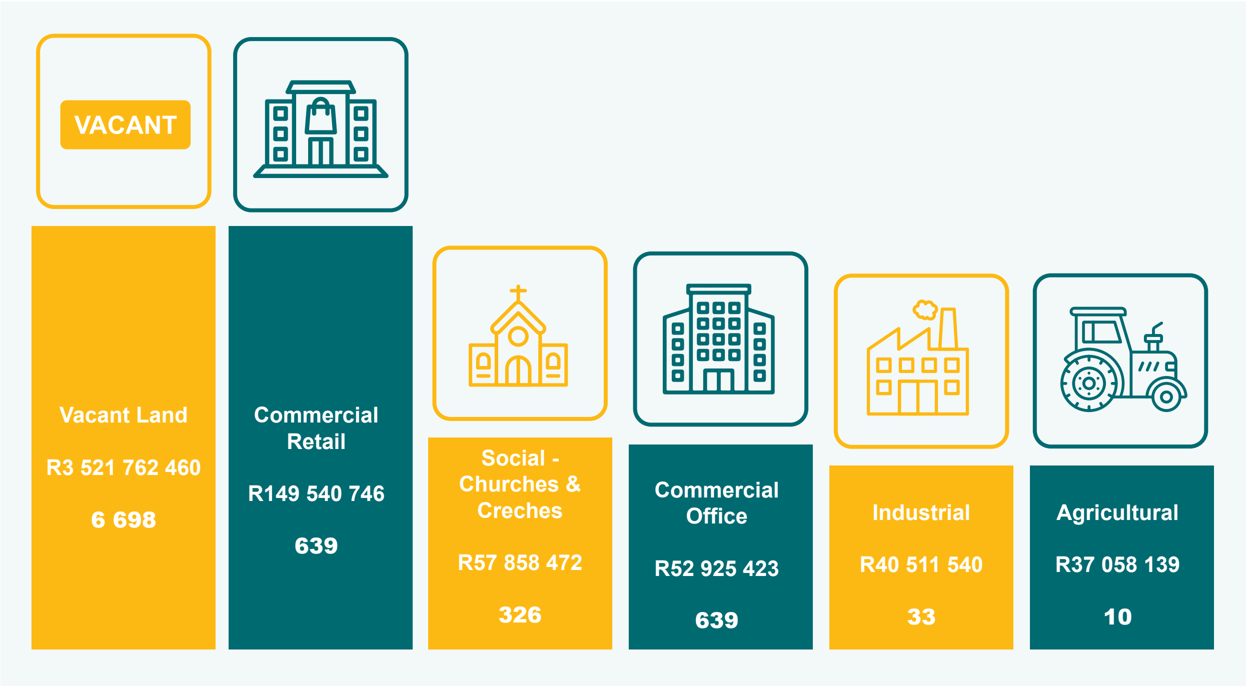

Figure 6: Book value

This varied property portfolio offers opportunities to address diverse regional spatial needs while driving the transformation agenda. JPC's distinctive traits and opportunities stem from several key factors:

- **Pursuing social objectives** through programmes such as the Land Regularisation Programme. This programme, which facilitates the transfer of residential properties to beneficiaries, aligns with the City's housing provision mandate and fosters community development.
- **Commercial enhancement:** Monetising public spaces through outdoor advertising enhances City aesthetics, generates revenue, and contributes to urban vibrancy.
- **Creating smart, safe and sustainable spaces:** Partnering with the private sector while leveraging technology for property improvement attracts investment in innovative environmental and energy efficiency initiatives.
- **Managing a diversified portfolio:** Different asset categories provide a resilient foundation, enabling value creation and focused investments in economic precincts, while driving economic growth via property transactions.
- **Supporting and uplifting communities** through empowering the youth and women while transforming the property sector.
- **Demonstrating robust development capability:** Our capacity for refurbishments and greenfield projects optimises asset quality, strengthens relationships, and extends core property life.
- **Increasing social and economic impact** by balancing financial returns, aligning the CoJ's social and economic empowerment mandates, ensuring holistic impact.
- **Promoting a healthy company culture:** Driven by our purpose and values with focus on employee's wellness and opportunity for self-development.

Municipal regions within which we operate

JPC's focus extends beyond finances, embracing social and economic empowerment in harmony with CoJ's objectives. Figure 7 below depicts the seven municipal regions.

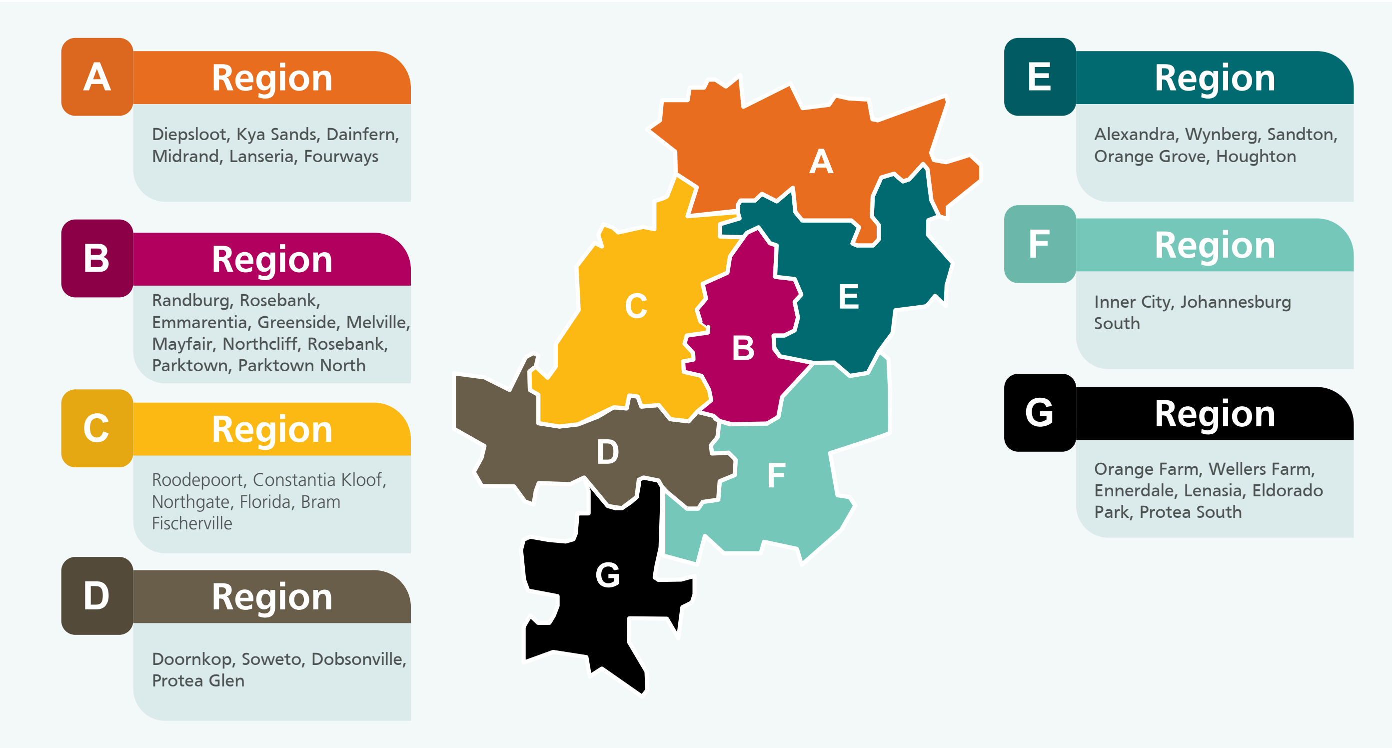

Figure 7: Seven Municipal Regions

Political Governance and Accountability

JPC's political mandate and supervision stem from the Department of Economic Development (DED), overseen by the respective MMC. The Group Governance Unit manages corporate governance, financial sustainability, and compliance reporting. The Council's Portfolio Committee on Economic Development offers political scrutiny, while JPC aligns with the Economic Development Cluster for coordinated city growth efforts. JPC's leadership reports strategic and operational matters to the Board of Directors, maintaining a fiduciary connection.

Significant Factors Affecting the Operating Environment

The entity must adopt an intentional transformational approach when addressing factors that affect its operating environment. These include:

- **Considering political dynamics and changes in leadership** that influence policy direction and resource allocation.
- **Tackling spatial inequalities** and the impact of the apartheid legacy
- **Investing in infrastructure to accommodate urbanisation, and migration:** Rapid urbanisation puts pressure on existing infrastructure.
- Navigating the balancing act between high-value and affordable housing or accommodation developmental projects.
- **Monitoring socio-cultural shifts:** Demographic trends, lifestyle changes, and social values shape communities' preferences, labour dynamics, and market demand.
- **Attending to security and safety:** Crime rates and public safety impact both business operations and quality of life, affecting workforce well-being, property protection, and investor confidence.
- **Addressing land invasions and illegal occupations:** These issues have significant financial repercussions, encompassing asset losses and the costs associated with relocating and securing properties to mitigate future encroachments. This situation is aggravated by increasing homelessness, which casts a shadow on social development projects already undertaken, while adding pressure for sustainable temporary accommodation interventions.
- Responding to the demand for environmentally sustainable commercial and industrial properties, as well as the **preservation of green spaces and promotion of biodiversity** within the urban environment.
- Supporting **innovation hubs and incubators,** thus fostering entrepreneurship and technological innovation. Partnerships with private sector and academic institutions are key to driving technological advancements.
- **Consulting stakeholders,** which is integral to the policy-making process.
- Pursuing economic empowerment and inclusive growth strategies as crucial.
- **Ensuring efficient and equitable service delivery,** particularly in underserved areas, as a priority.
- **Attending to water and loadshedding** disruptions.

Our response to the impact of external factors on the operating environment

JPC is proactive in navigating a dynamic operating environment that is constantly reshaped by various global and local drivers, as well as macroeconomic factors specific to South Africa.

While we may have limited direct control over these factors, we carefully analyse trends to inform our strategic decisions. This enables us to capitalise on opportunities that contribute to our long-term sustainability and value creation. Our intention is to position ourselves strongly for the upcoming decade of growth by demonstrating our agility in response to key external factors and considerations.

Balancing growth and development with sustainability and social equity is essential for the entity's continued progress and prosperity. JPC can still create value by advancing sustainability and innovation within the property sector, while growing its diverse property portfolio and maintaining financial sustainability.

The following prioritised matters are expected to have a significant influence on value creation in the short, medium, and long term:

MATERIAL MATTER 1	MATERIAL MATTER 2	MATERIAL MATTER 3
Strategic influence and long-term investment partnership within CoJ boundaries	**Business sustainability and operational efficiency**	**Changing macro environment and socio-political conditions**
Importance to our business For long-term business sustainability, it is imperative to manage and optimise a sustainable capital structure, create operational resilience and efficiencies, ensure effective real estate management and development, and build strong relationships with our stakeholders.	**Importance to our business** For long-term business sustainability, it is imperative to create operational resilience and efficiencies, ensure effective property management and development, and build strong relationships with our stakeholders.	**Importance to our business** Our operations are affected by the South African economy, which is currently challenged by social unrest, high unemployment levels, low business and consumer confidence, escalating costs, rising inflation, and interest costs impacting residents' affordability.
Our strategic response Securing long-term investment partners for future developments.	**Our strategic response** Precinct-focused portfolio, offering sustainable community space in established nodes in line with service delivery framework.	**Our strategic response** Remain focused on our purpose and vision as we navigate and make strategic decisions through the changing macro environment and socio-political conditions.
The capitals:	**The capitals:**	**The capitals:**
Strategic pillars:	**Strategic pillars:**	**Strategic pillars:**
Stakeholders:	**Stakeholders:**	**Stakeholders:**
Time frame: short, medium and long term	**Time frame:** short, medium and long term	**Time frame:** short, medium and long term

MATERIAL MATTER 4	MATERIAL MATTER 5
Transformation and uplifting our communities	**Employee development and wellness, creating the desired culture**
Importance to our business Our transformation focus includes sustainable and impactful solutions for our employees, suppliers, and the communities we serve. Our precincts approach plays a key societal role in serving and uplifting the surrounding communities.	**Importance to our business** Our employees are paramount to our long-term value-creation journey. Their expertise and specialist skills drive the sustainability, efficiency and relevance of our property portfolio.
Our strategic response Developing and managing smart, safe and sustainable precincts, i.e. mixed-use developments where people can work, live and play in a safe environment	**Our strategic response** Effective human capital practices by creating a work environment where all employees feel safe, respected, valued, fully engaged, and equipped with all the necessary tools to perform their duties to their best ability.
The capitals:	**The capitals:**
Strategic pillars:	**Strategic pillars:**
Stakeholders:	**Stakeholders:**
Time frame: short, medium and long term	**Time frame:** short, medium and long term

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General macro environment

Unpacking the context	Our response
Business operations and social impact • Geopolitical risk • Social unrest • Busineass and consumer spend under pressure • High unemployment rate and skills shortage	**Financial resilience** • Ongoing business diversification through investing in opportunities complementary to our real estate portfolio and in line with our strategy • Adopting flexible leasing options
	**Social impact** • Our precincts continue to play a key role by serving the surrounding communities • Supporting the growth of small, medium and micro-enterprises (SMMEs) in the property sector, which in turn creates job opportunities and drives transformation in the industry

Macro and industry environment specific to environmental resources

Unpacking the context	Our response
Unreliable service delivery due to loadshedding **Macro trends** • Unreliable service delivery • Water and electricity disruptions, including loadshedding **Industry trends** • Slow development approval processes • Slow energy solution approval processes	• Ongoing development of efficient and sustainable buildings • Concerted effort to fast-track regulatory approvals
Impact of climate change macro trends • Lowering carbon emissions with businesses targeting net zero emissions by 2050 **Industry trends** • Transitioning to more efficient and sustainable buildings • Generating green energy	• Increased focus on green energy solutions, retrofitting of LED lights, rapidly deploying photovoltaic systems in response to unreliable energy supply • Ongoing development of efficient and sustainable buildings

Section 6: Strategic Objectives

JPC's corporate strategy is aligned with the Growth and Development Strategy 2040 (GDS 2040), the Integrated Development Plan (IDP), and the mayoral priorities. JPC recognises and emphasises its role as an economic and social property company to achieve positive developmental outcomes. JPC is responsible for maximising the social, economic, and financial value of CoJ's property portfolio by managing it optimally through:

- **Safeguarding, maintaining, and managing CoJ-owned properties.**
- **Creating high-yielding property assets with a sustainable income stream.**
- **Enabling socio-economic and spatial transformation through the property portfolio.**
- **Maximising the efficiency of the CoJ property portfolio through transactions such as sale, leasing, and acquisition, including corporate leases in line with office space optimisation.**
- **Creating an aesthetically pleasing environment in terms of the City's highways, embankments, and street furniture through outdoor advertising while enhancing revenue.**
- **Contributing towards energy-efficient and environ-mentally friendly solutions.**
- **Sweating off CoJ assets, thus generating income while delivering effective and responsive Facilities Management.**

Figure 8: Strategic Objectives

Strategic Alignment and Review

The Board, guided by management, reviews the strategy annually to evaluate business opportunities and risks. JPC remains committed to serving its stakeholders whilst maximising returns for CoJ.

JPC has adopted a strategy rooted in ensuring that CoJ's property portfolio, which is the foundation of the business, remains strong and continues to provide a strategic springboard to generate new income streams from investment attraction opportunities and enable expansion.

JPC continues to manage the City's assets in ways that optimise their values over the long term and in the process, ensures that it manages a portfolio that is optimally balanced in respect of commercial developments and social projects, and is fit-for-purpose.

The task at hand is to repurpose or dispose of non-core assets to improve the quality and relevance of JPC's portfolio. The disposal programme continues to play a vital role in rebalancing and streamlining the portfolio through transfers of ownership between municipalities based on boundary or service delivery requirements, as well as land regularisation, to issue title deeds to residents.

While this is a gradual process, the entity is shifting the current balance of the portfolio towards a precinct-focused strategy, aiming to build stronger business ecosystems and bring social cohesion through the implementation of a mixed-use developments concept. The intention is to further de-risk its portfolio by ensuring that its core assets are less dependent on non-renewable energy sources, thus mitigating the impact of water and electricity disruptions.

The strategic intent is to continue to generate shared value for potential investors and JPC's shareholder through a co-investment strategy that focuses on identifying, creating, and packaging investment attraction opportunities and partnership initiatives. These opportunities and initiatives positively impact the economy, society, and the environment.

The strategy is anchored by these strategic pillars:

- **Financial Sustainability:** Transform and unlock opportunities, increase income generation, create value, and leverage the changing environment.
- **Environmental:** Smart, safe and sustainable spaces.
- **Business Innovation:** Optimising CoJ's property portfolio.
- **Technology:** Advancing technological solutions, digitisation, and automation of processes.
- **Social:** Contribute to our communities impactfully through stakeholder engagement and consultation.
- **Our Employees:** Engage and build talent.
- **Governance:** Protect the interests of the entity, shareholder, and stakeholders through good governance practices.

In addition, the entity has taken cognisance of King IV Report's principles 4 and 5, which postulate that the governing body should:

- Appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance, and sustainable development are all inseparable elements of the value creation process.
- Ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and the organisation's short, medium and long-term prospects (Table 1).

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Strategic Goal: To Maximise the Return on City-Owned Land			
Short-Term Goals	**Medium-Term Goals**	**Long-Term Goals**	**STRATEGIC PILLAR**
• Address revenue leakage on outdoor advertising. • Address the illegality and identify high-potential outdoor advertising nodes for expansion. • Participate in industry events, conferences, and awards to build strategic partnerships.	• Implement recycling programmes for outdated advertising materials. • Expand technological investments and optimise operational efficiency. • Introduce pilot projects for digital and interactive billboards.	• Invest in digital billboards and interactive displays. • Improve and strengthen JPC's financial position.	Financial Sustainability
• Provide targeted training programmes and workshops to address skill gaps and enhance competencies. • Launch a recognition and rewards programme. • Regularly assess and adjust strategies based on feedback and performance data.	• Inculcate a high-performance culture. • Incorporate cultural values into performance evaluations and reward systems. • Develop and implement diversity and inclusion initiatives, including training and policies, • Train leaders to model collaborative, innovative, and inclusive behaviours; improve internal communication channels.	• Invest in staff to sustain optimal performance and a service-focused culture. • Encourage ethical behaviour and social responsibility through comprehensive ethics training, clear policies, and community engagement initiatives. • Encourage a mindset of innovation at all levels by providing resources, time, and incentives for creative problem-solving and experimentation.	Employees
• Replace incandescent and fluorescent bulbs with energy-efficient LED lighting. • Perform a comprehensive energy audit to identify major areas of energy consumption and potential savings.	• Install energy monitoring systems to track real-time energy usage and identify areas for further improvement. • Conduct ongoing education and awareness programmes to promote energy conservation practices among employees.	• Improve the energy efficiency of buildings through better insulation, energy-efficient windows, and smart building technologies.	Environmental

Strategic Goal: To Maximise the Return on City-Owned Land

Short-Term Goals	Medium-Term Goals	Long-Term Goals	STRATEGIC PILLAR
• Gain efficiencies and service quality through IT standardisation. • Update or replace outdated software and systems to improve performance and security. • Enhance IT governance frameworks and ensure compliance with industry standards and regulations through updated policies and procedures.	• Launch digital transformation projects that include automating processes, enhancing customer experiences, and integrating new technologies. • Introduce advanced data analytics and business information tools to enhance decision-making, forecasting, and performance tracking. • Assess and improve network infrastructure to ensure reliable and fast connectivity for all users.	• Use technology for effective and efficient operations.	Technology
• Reclaim hijacked properties. • Accelerate conversion or repurposing of properties. • Implement the Lease Renewal Programme. • Re-evaluate property values and amend lease values and tenure. • Address current maintenance constraints.	• Optimise property maintenance and upkeep. • Commercialise public spaces. • Acquire strategic land. • Increase energy efficiency and sustainability: Reduce operating costs and enhance the environmental performance of properties. • Perform regular property inspections and assessments to identify areas for improvement and ensure properties remain in excellent condition.	• Commercialise the asset base. • Expand the property portfolio strategically. • Promote sustainable property development: Focus on sustainable development practices, incorporating green building techniques, energy-efficient designs, and sustainable materials in new property developments. • Achieve efficiency gains from smart property technologies.	Business Innovation
• Establish customer and stakeholder satisfaction needs. • Enhance community engagement and promote inclusivity.	• Integrate CSR initiatives into the business strategy. • Increase participation rates and assess the impact of community engagement activities. • Develop comprehensive stakeholder engagement plans that include regular communication, collaboration opportunities, and alignment with stakeholder interests.	• Foster collaborative partnerships: › Build strategic partnerships with key stakeholders, including suppliers, industry groups, and community organisations, to drive mutual growth and success. › Integrate social responsibility and sustainability into business practices, including environmental initiatives and ethical business practices.	Social

Strategic Goal: To Maximise the Return on City-Owned Land			
Short-Term Goals	**Medium-Term Goals**	**Long-Term Goals**	**STRATEGIC PILLAR**
• Establish a clear governance framework. • Enhance the Board's effectiveness. • Improve transparency and communication. • Ensure regulatory compliance. • Strengthen internal controls. • Promote ethical conduct and corporate responsibility.	• Foster a culture of ethical practices. • Increase stakeholder engagement. • Optimise decision-making processes. • Strengthen governance structures.	• Enhance ethical culture and corporate responsibility. • Strengthen global governance influence. • Integrate sustainability into governance. • Foster innovation in governance practices. • Promote long-term stakeholder value. • Enhance stakeholder trust and engagement.	Good Governance

Table 1: JPC's Short-, Medium-, and Long-Term Goals

Section 7: Our Strategy and Business Model

How we create and preserve value

Our impact on the capitals

JPC has considered the capitals identified in the International Integrated Reporting Framework and determined that the following capitals play an interrelated role in our business, some as inputs and others in the form of outcomes:

Financial | Intellectual | Land & Environmental | Human Capital | Social & Relationship

To operate, our business requires financial capital, which consists of subsidies in the form of equity invested by the shareholder. Our financial capital increases or decreases based on our financial performance and the execution of our financial objectives. The various elements of our financial capital, and our financial performance, are discussed under the financial reporting in **Chapter 5.**

Our human capital comprises our employees, whose skills and wellness are essential for the optimal running of our business. We have a diverse workforce in terms of gender, race, age and tenure.
JPC aims to ensure fair and equitable remuneration and the creation of a healthy working environment. Our workforce, employment equity, and wellness are discussed in **Chapter 4.**

Our social and relationship capital includes our relationships with customers, suppliers, communities and the public in general. The unique relationships JPC is sustaining with its various stakeholders are outlined in **Section 5 of Chapter 2.** Our unique stakeholder relationships are critical to our ability to create value.

Our intellectual capital entails our brand visibility and reputation as well as the innovative ways in which we use information, technology and organisational knowledge, systems, policies, and procedures.

Land and Environment includes all land parcels that are CoJ-owned and managed by us, such as parks, public buildings, and undeveloped land. Our strategies for developing land in a way that balances economic, social, and environmental needs include promoting mixed-use developments, green building standards, and renewable energy use.

Capital	Inputs	Outputs	Desired outcome
Financial	• Portfolio operational costs: repairs and maintenance. • CAPEX budget spend 2023/24 financial year	• Smart, safe and sustainable spaces • Unique mixed used developments; work-live-play environments	Long-term sustainable growth
Social & Relationship	• Developing strong stakeholder relations • Delivering transformation impact	• Through our business activities of investing, creating spaces, leasing and managing our assets, as well as recycling disposing assets, we aim to create value across our capitals	Contribute meaningfully to our communities
Intellectual	• Brand visibility • Stakeholder experience journey • Digital transformation journey and digital platform	• Improve quality of life for residents	Unlock opportunities and generate growth in an innovative and agile way
Human	• 1 515 employees (FY2023/24) • Diverse workforce by gender, race, age, and tenure • Employee remuneration FY23/24: R521.3 million (FY22/23: R473.2 million)	• Employee engagement	Purposefully embed our company culture to encourage diversity and thriving employees
Land & Environment	• Increased the economic value of properties through improved land use, sustainable practices, and the enhancement of natural assets	• Efficient, cost-effective and sustainable green buildings	Ensure a positive impact within our environment

Table 2: JPC Capitals

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We have consistently focused on strategic decision-making to strive for long-term value for JPC stakeholders

Our strategy at a glance:

Our strategy is guided by our purpose and vision, while also considering the present operational challenges we face.

When formulating our strategy, we embrace a continuous process that ensures our plans remain dynamic and adaptable to the ever-changing business landscape.

Our ultimate objective is rooted in ensuring that CoJ's property portfolio, which is the foundation of our business, remains strong and continues to provide us with a strategic springboard to generate new income streams from investment attraction opportunities and enable expansion.

Our business model serves as the framework for allocating capital inputs in our day-to-day business operations through to how we generate value-driven outcomes

Our strategic pillars and business activities

Maximise social, economic, and financial benefits to CoJ

What we do	Planning	Building	Managing	Disposal	These activities have a rippling effect
	Identify, and package investment attraction opportunities and partnership initiatives	Create smart, safe and sustainable spaces. Unlock unique opportunities for development	Lease properties and manage facilities	Dispose of non-core assets	

Enabled by

- Shareholder
- Our employees
- Business diversification (innovation)

Underpinned by

- Environment
- Social
- Governance
- Technology

Table 3: Our Strategy and Business Model

Our business model plays a crucial role in ensuring that we realise our strategic priorities and provides clear direction to our employees and stakeholders.

To consistently create and preserve value, we closely monitor the interdependencies among our inputs and adjust our business plans to mitigate any changes in the availability, quality, or affordability of these inputs.

To drive business success and remain sustainable, we consider how our business activities transform the inputs into outputs (what we generate from our value- adding activities) and our desired outcome (benefits or impacts of our activities on the capitals), discussed in the strategic performance scorecard.

Our decisions are made with the best interests of our stakeholders in mind, requiring strategic trade-offs to ensure that we position our business for growth and resilience.

Key to this process is ensuring trade-offs between capitals are positive for stakeholders. Where any negative impact is unavoidable, we strive to mitigate it as far as possible to preserve value. Importantly, we ensure that we are transparent in our engagements and communications with stakeholders.

Our strategic pillars form the basis of our business activities (Table 3) and are delivered through strategic objectives through our KPIs (see strategic performance scorecard on **page 90-92)**. In each capital section, we have outlined the strategic pillar's intended outcomes, KPIs and actions for the 2024/25 financial year and beyond.

CHAPTER 2
Governance

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JOBURG PROPERTY COMPANY

Section 1: Corporate Governance Statement and Structures

Governance overview

Our commitment to sound corporate governance and effective leadership stands as a cornerstone of our value-creation process. This foundational element ensures the sustainability of our operations and enhances long-term performance, thereby benefiting all our stakeholders.

The Board is our custodian of governance. It uses its Board and committee meetings to discharge its duties in terms of the Board Charter, the Companies Act, King IV, and legislation regulating local municipalities, always ensuring adherence to the highest ethical standards, and best international corporate governance practices.

Sound corporate governance practices are implicit in our values, culture and processes, and our internal controls promote an awareness of risk, compliance, and good governance in every area of the business. By ensuring that our structured operational frameworks are in place and that the various governance processes are incorporated in all our activities, the Board can focus on the business and make well-informed decisions in the best interests of the company and all stakeholders.

Governance philosophy and framework

Our Board and management philosophy is that good corporate governance provides an ethical, values-based platform upon which we achieve our strategic objectives. Protecting and creating value for the public and its parent municipality, CoJ, are at the core of JPC's governance and integrated thinking. This extends beyond legislative and regulatory compliance. The Board also actively reviews and enhances the systems of internal control and governance procedures in place to ensure that JPC is managed ethically and within prudently determined risk parameters. During the period under review, the Board conducted assessments to ensure that JPC complied with the requirements of the Companies Act, the Municipal Systems Act, and the Municipal Finance Management Act (MFMA).

The Board and Executive Management are guided by the entity's values in all their decision-making, and their actions are driven by JPC's purpose and vision **(see page 3).**

Our governance framework (as detailed in Figure 9) provides a solid foundation for the application of King IV and regulates the entity's relationship with CoJ, as defined through a Service Delivery Agreement (SDA) and Shareholder Compact, and compliant with the Municipal Systems Act (MSA).

These documents define the strategic and operational direction that the company is required to take and defines service standards, scorecards, and performance measures.

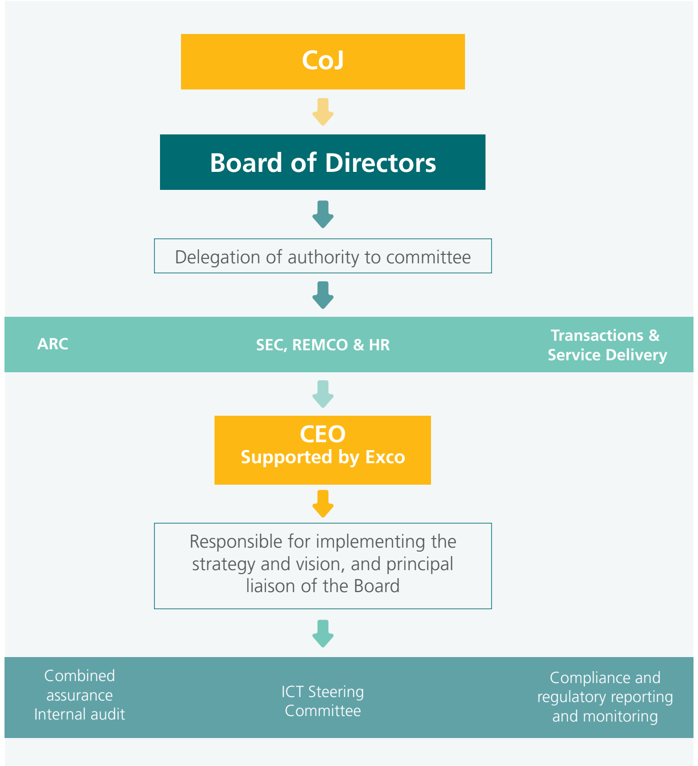


Figure 9: Governance Framework

Governance Arrangements

JPC falls under the Department of Economic Development, which provides strategic direction on key business issues and reports to the office of the relevant MMC, who exercises political oversight. JPC is also part of the Economic Development Mayoral Cluster Committee, which coordinates and integrates all departments and entities responsible for economic development in the City.

Oversight Committees

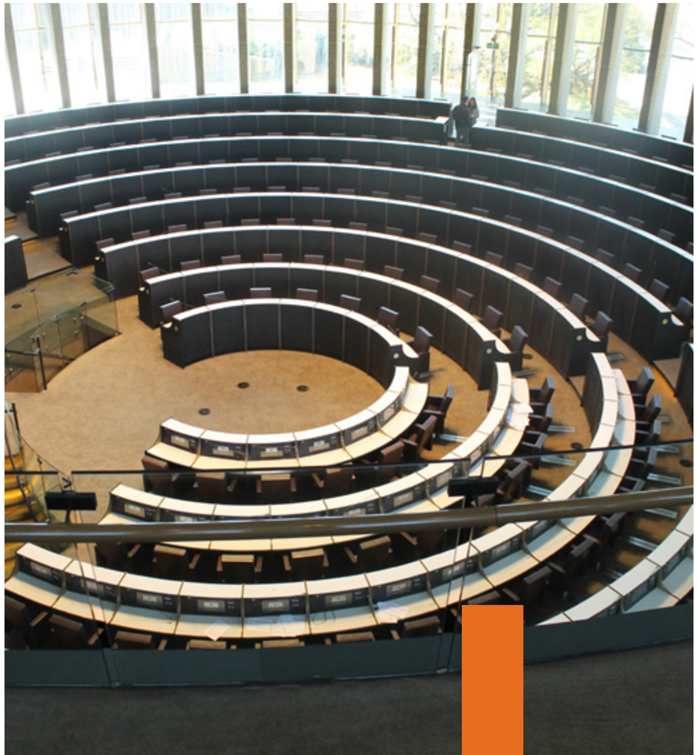
The Council's Section 79 Portfolio Committee on Economic Development provides political oversight on JPC's operations. On a quarterly basis, the Committee reviews the performance of the Department of Economic Development and its entities, of which JPC is one. The Committee also produces oversight reports and poses questions, to which JPC replies in writing and presents its responses at the committee sessions. JPC also reports on a similar basis to the CoJ: Group Performance Audit Committee, the CoJ Group Audit Committee, and the Municipal Public Accounts Committee. JPC duly attends all these committees' meetings and responds in full to all JPC matters raised at these forums.

Implementation of the King Code of Corporate Governance

JPC applies the King IV governance principles to entrench and strengthen recommended practices in its governance structures. The Board and Executive Team recognise and are committed to the principles of openness, integrity, and accountability advocated by the King Code on Corporate Governance. Through its process, the shareholder and other stakeholders may derive assurance that the entity is being ethically managed according to prudently determined risk parameters.

King IV Application Register

King IV advocates an outcomes-based approach and defines corporate governance as the exercise of ethical and effective leadership towards the achievement of four governance outcomes. The desired governance outcomes are listed in Table 4, together with the practices we have implemented and the progress made towards achieving the 17 principles in meeting those outcomes. We have followed an "apply and explain basis, as recommended by King IV, in demonstrating how we have applied the principles and explaining any instances where we have not.



Governance Outcome	King IV Principle	Requirement	Confirmation Documentation
Governance Outcome One: Ethical Culture	**Principle One: Leadership** The governing body should lead ethically and effectively.	JPC's Board of Directors is its governing body. The Directors hold one another accountable for decision-making and behave ethically, as characterised in King IV.	An employee Code of Conduct and Ethics policy is in force throughout the entity. All Directors and employees are obligated under the Code to act with honesty and integrity and to maintain the highest ethical standards. Declarations of interest are managed in line with the Companies Act 71 of 2008, and Directors are required to disclose their shareholdings and additional directorships on an annual basis.
	Principle Two: Organisational Ethics The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	The Board has a fiduciary duty to act in good faith, with due care and diligence and in the best interests of the entity and its stakeholders. It is the primary body responsible for the corporate governance values of the entity.	The employee Code of Conduct and Ethics sets the minimum standards expected of all JPC employees. Furthermore, the market by-laws set the minimum standards expected of the JPC's agents and suppliers.
	Principle Three: Responsible Corporate Citizenship The governing body should ensure that the organisation is seen to be a responsible corporate citizen.	The Board approves the strategy and priorities of the business as set out in its integrated annual report. Through stakeholder engagement and collaboration, JPC is committed to finding lasting solutions to sustainability challenges. The Board, with the support of the Social, Ethics and Transformation Committee oversees and monitors how the entity's activities affect its status as a responsible corporate citizen and reports annually on the entity's sustainability and transformation activities.	Integrated Annual Report.

Governance Outcome	King IV Principle	Requirement	Confirmation Documentation
Governance Outcome Two: Performance and Value Operation	**Principle Four: Strategy and Performance** The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance, and sustainable development are all inseparable elements of the value creation process.	The Board informs and approves JPC's strategy, which is aligned with the shareholder's mandate and the value drivers of JPC's business. The Board oversees and monitors management's implementation of the strategy and business plan on a quarterly basis.	Integrated Annual Report.
	Principle Five: Reporting The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organised performance and its short-, medium-, and long-term prospects.	The Board, through the Audit Committee, ensures that the necessary controls are in place to ensure and safeguard the integrity of all financial information and reporting documentation. The entity ensures its financial statements are prepared in accordance with applicable accounting standards and legislative requirements.	Integrated Annual Report and Audited Financial Statements.
Governance Outcome Three: Adequate and Effective Control	**Principle Six: Primary Role and Responsibilities of the Governing Body** The governing body should serve as the focal point and custodian of corporate governance in the organisation.	The Board meets once a quarter. Should an important matter arise between scheduled meetings, additional meetings are convened once permission is granted by the respective Portfolio MMC.	The Board has an approved charter, which it reviews annually. The charter clearly defines its governance responsibilities, including its role, responsibilities, membership requirements, and procedural conduct. Group Shareholder Policy.
	Principle Seven: Composition of the Governing Body The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	The shareholder assesses the adequacy of the Board's composition annually to ensure it is still fit for purpose, has the right balance of skills, experience, diversity, independence and knowledge.	Board Assessments.

Governance Outcome	King IV Principle	Requirement	Confirmation Documentation
Governance Outcome Three: Adequate and Effective Control	**Principle Eight: Committees of the Governing Body** The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.	Committees are to be established to assist the Board in discharging its responsibilities. The committees of the Board comprise the Audit and Risk Committee and the Remuneration Committee, as well as the Social, Ethics and Transformation Committee.	Shareholder Compact. Committee Terms of Reference.
	Principle Nine: Evaluation of the Performance of the Governing Body The governing body should ensure that the evaluation of its own performance and that of its committees, its chair, and its individual members support continued improvement in its performance and effectiveness.	The effectiveness of the performance of the Board, its committee, individual Non-Executive Directors, and the Chairperson is assessed annually by the shareholder.	Board Assessments.
	Principle Ten: Appointment and Delegation of Management The governing body should ensure the appointment of, and delegation to, management, role clarity, and effective exercise of authority and responsibility.	The Board plays a role in the appointment and recommendation of the CEO to the shareholder.	Group Shareholder Policy.
	Principle Eleven: Risk Governance The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	The Audit and Risk Committee (ARC) assists the Board with the governance of risk. JPC's enterprise risk management and combined assurance framework, together with other group policies and procedures, informs its risk management culture.	Integrated Annual Report.

Governance Outcome	King IV Principle	Requirement	Confirmation Documentation
Governance Outcome Three: Adequate and Effective Control	**Principle Twelve: Technology and Information Governance** The governing body should govern technology and information in a way that supports the organisation in setting and achieving its strategic objectives.	Information management is an important part of JPC's business and is essential to the strategy, performance and sustainability of the entity.	Integrated Annual Report.
	Principle Thirteen: Compliance Governance The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes, and standards in a way that supports the organisation in operating ethically and being a good corporate citizen.	JPC is committed to conducting its business in compliance with all applicable laws and regulations. Safety, health, and environmental laws are all identified as key legal compliance areas and therefore receive the necessary attention on an ongoing basis.	Group Policies and Procedures.
	Principle Fourteen: Remuneration Governance The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.	Independent approval and overseeing of the overall remuneration structure is delegated by the Board to the Remuneration Committee.	Committee Terms of Reference.
	Principle Fifteen: Assurance The governing body should ensure that assurance services and functions enable an effective control environment, supporting the integrity of information for internal decision-making and of the external reporting.	The Board, supported by the ARC, ensures an effective control environment, which supports the integrity of information.	Committee Terms of Reference. Audited Financial Statements. Integrated Annual Report.

Governance Outcome	King IV Principle	Requirement	Confirmation Documentation
Governance Outcome Four: Trust, Good Reputation and Legitimacy	**Principle Sixteen: Stakeholders** In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interest of the organisation over time.	JPC has identified its stakeholder group and actively balances their legitimate and reasonable needs, interests, and expectations.	Group Shareholder Policy. Service Delivery Agreement. Shareholder Compact. Union Agreements.
	Principle Seventeen: Institutional Investors The governing body of an institutional investor organisation should ensure that responsibility investment is practiced by the organisation to promote good governance and the creation of value by the companies in which it invests.	The JPC is a municipal state-owned entity and does not have any institutional investors; as such, this principle does not apply.	Not Applicable.

Table 4: King IV Application Register

Delegation of authority

The structure of the Board and its committees – and the allocation of responsibilities in terms of the approved delegation of authority policy, and Board Charter – enables each of the key functions of the Board to be carried out by the Board members with the expertise and authority required to do so.

The Board prioritises the achievement of an actual balance of power, ensuring no individual Director has undue influence on Board processes or decision-making.

The Board committees, namely the Audit and Risk Committee (ARC), the Social and Ethics, Human Resources and Remuneration and Transformation Committee (SEC, HR REMCO), and the Transactions and Service Delivery Committee (TSD) are appropriately constituted according to all legislative requirements and documented terms of reference, which set out their scope, delegated responsibilities and powers of authority. We completed a review of our committees' terms of reference during the reporting year to ensure continuous adherence to the best corporate governance practices.

The Board delegates the management and implementation of JPC's strategy to EXCO, led by the CEO, in line with clear KPIs that have been set and that are monitored by SEC, HR REMCO.

Board Composition

The Board, as at the date of issue of this report, is a unitary Board comprising 11 Directors (excluding one retired, i.e. Mr Enos Sithole, and one resigned Non-Executive Director, i.e. Ms Londiwe Mthembu), including two Executive Directors.

=9 **Non-Executive Directors**

=2 **Executive Directors**

The composition of the Board adheres to the provisions of the Memorandum of Incorporation. The JPC Board of Directors, as constituted on 30 June 2024, is as follows:

*Mr Simon Motha (NED) - Chairperson	Mr Ntalo Mabundza (NED)	#Ms Londiwe Mthembu (NED)
**Mr Enos Sithole (NED) - Chairperson	Ms Ntombikayise Tini (NED)	Mr Fulufhelo Ratshikhopha (NED)
Ms Bettycourt Teffo (NED)	Mr Sabelo Mtolo (NED)	Ms Helen Botes (Chief Executive Officer - ED)
Ms Ellen Rakodi (NED)	Ms Tshepang Thatelo (NED)	Mr Imraan Bhamjee (Acting Chief Financial Officer - ED)

Legend * New member ** Retired member # Resigned member

Table 5: Composition of the Board

Board Diversity

Board diversity is prioritised and viewed as a key component of value creation. To this end, the shareholder and the Board have adopted a policy to promote broader diversity at Board level, specifically focusing on diversity of gender, race, culture, age, field of knowledge, skills, and experience. Promoting diversity also facilitates proactive and constructive engagement with management.

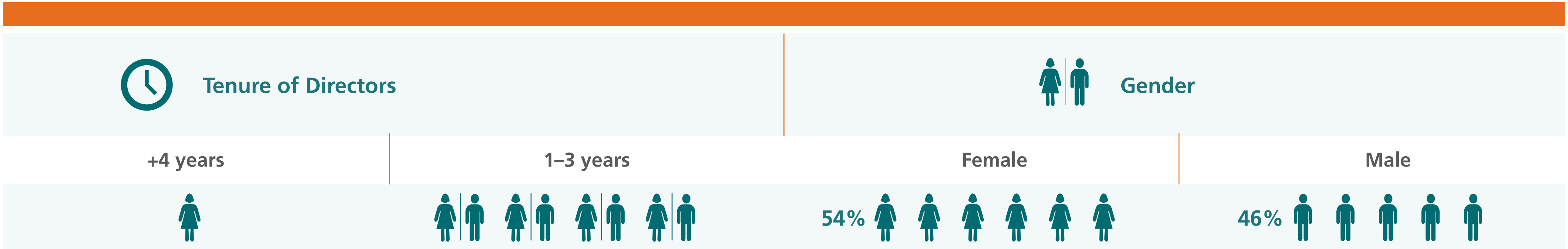


Figure 10: Tenure and Diversity

Currently, at least 54% of the Directors are female and from previously disadvantaged groups. The tenure for Board members spans a maximum of three years, subject to annual review during subsequent Annual General Meetings or Special Meetings.

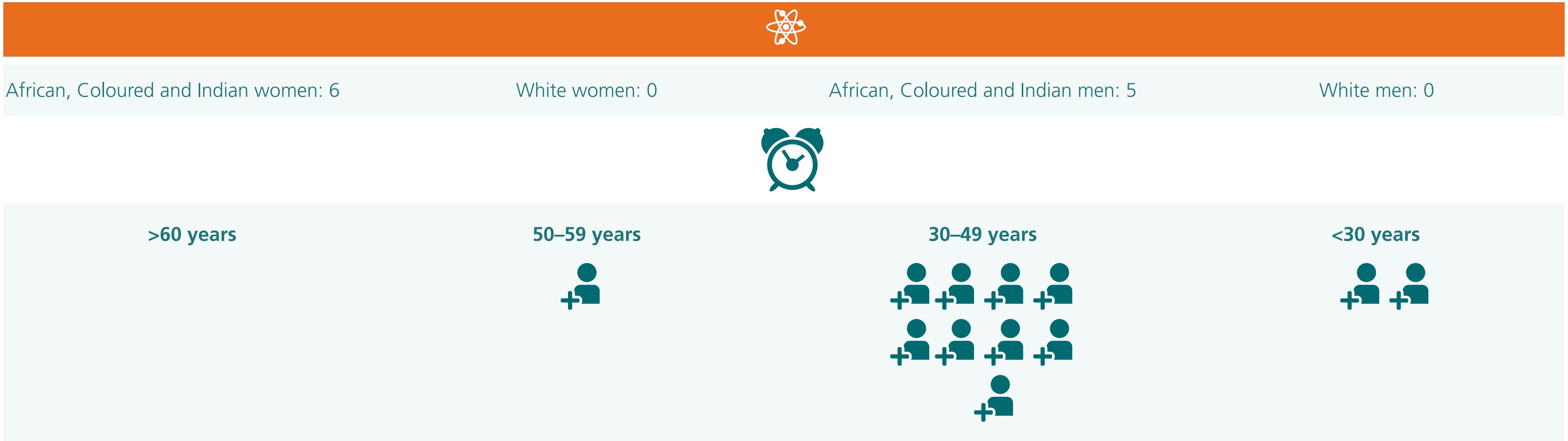


Figure 11: Board Demographics

Section 2: Directors' Profiles

Our Leadership – Non-Executive Directors

Simon Motha (48)

Appointed: 01 November 2023

Qualifications:

B-Tech Bridging
Advanced Certificate in Municipal Governance
National Certificate in Municipal Governance
Current Studies: BCom Degree

Skills and Expertise:
Managing risk in a municipal context
Policy development and forensic investigation expertise

Professional Memberships: N/A

Tshepang Thatelo (33)

Appointed: 01 March 2023

Qualifications:

LLB Law
Practical Legal Training
Junior Examination Training (Property Law)

Admitted Attorney of the High Court of South Africa, and Conveyancer of the High Court

Skills and Expertise:
Property law, Conveyancing

Professional Memberships: N/A

Fulufhelo Ratshikhopha (32)

Appointed: 01 March 2023

Qualifications:

BCom Law
Compliance Management Certificate

Skills and Expertise:
Risk & Compliance

Professional Memberships: N/A

Ellen Rakodi (34)

Appointed: 01 March 2023

Qualifications:

Matric

Skills and Expertise:
Psychological counselling

Professional Memberships: N/A

Bettycourt Teffo (55)

Appointed: 01 March 2023

Qualifications:

Senior Teachers Diploma
Sales & Marketing Certificate
Computer Certificate
Project Management Certificate

Skills and Expertise:
Project management, development planning

Professional Memberships: N/A

Our Leadership – Non-Executive Directors

Ntombikayise Tini (30)

Appointed: 01 November 2023

Qualifications:
Matric

Skills and Expertise:
Sales experience

Professional Memberships: N/A

Sabelo Mtolo (33)

Appointed: 01 March 2023

Qualifications:
Post-graduate Diploma in Finance, Banking and Investment
Master of Commerce (Business Sciences)
Bachelor of Commerce Honours (Supply Chain Management)

Skills and Expertise:
Investment banking, strategy, finance, entrepreneurship

Professional Memberships: N/A

Mxolisi Zondo (28)

Appointed: 01 March 2023

Qualifications:
MA Diplomatic Studies (in progress)
BA Honours International Relations
Bachelor of Political Studies

Skills and Expertise:
Public policy and research, social impact; strategic partnerships and governmental affairs.

Professional Memberships: N/A

Londiwe Mthembu (45)

Appointed: 01 March 2023
Resigned: May 2024

Qualifications:
National Diploma in Town and Regional Planning
Master's Degree in Urban and Regional Planning
Post-graduate Diploma in Management

Skills and Expertise:
Development planning, policy development and management, capital raising, property development and investment, business administration, project management, private equity investment, and socio-economic development

Professional Memberships: N/A

Key to committees

ARC	Audit and Risk Committee
SEC, HR REMCO	Social and Ethics, Human Resources and Remuneration and Transformation Committee
TSD	Transactions and service delivery

The Company Secretary has certified in terms of Section 88(2)(e) of the Companies Act No. 71 of 2008 that all statutory returns have been submitted to the Registrar of Companies.

Board Role, Responsibilities and Accountability

The Board provides strategic direction and leadership to benefit the company and all its stakeholders. Directors are required to adhere to JPC's Code of Ethics and policies that promote ethical behaviour to ensure that they act with integrity.

The Board is guided by the Board Charter, which sets out its responsibilities. These include:

- Governing, directing and monitoring the performance of the business and presiding over material business decisions.
- Approving the company's strategic plans and objectives.
- Managing risk through the Risk Management and Audit committees.
- Providing direction to and evaluating the performance of management.

The Shareholder, through Group Governance, periodically reviews the Board's appointments and its composition relative to the skills, knowledge, and experience needed to provide strategic direction, leadership, and equitable represeantation in terms of gender, race, and composition.

Access to Information

Non-Executive Directors have unrestricted access to company information, as well as the Company Secretary (who acts as an advisor), members of management, and Executive Directors. To assist them in executing their responsibilities effectively, Non-Executive Directors may also seek independent professional advice, at the company's expense. As a standing item on the agenda, the ARC provides for combined or separate closed sessions with management, the External Auditor and the Internal Auditor.

Independence of the Board

In terms of the King IV definition of independence, the Board conducted its annual independence assessment of the Non-Executive Directors and is satisfied that all Directors meet the independence criteria.

Board Induction and Information

Group Governance arranged induction sessions for the Board of Directors to empower them in fulfilling their roles as Non-Executive Directors.

Board Assessment

A formal assessment of the Board is conducted annually by the shareholder. The outcome indicated that the Board manages the current business effectively, and has incorporated an increased focus on the future and sustainability. Key themes emerging as focus areas for improvement include enhanced alignment and improved communication between the shareholder and the entity.

Disclosure of Interest

The Directors declare their interest at each Board meeting, as well as annually. During the period under review, no conflicts of interest were recorded. The attendance registers and declaration of conflict of interest records are kept on file, open for scrutiny.

Section 3: Board and Committees Focus Areas

Matters considered by the Board during FY24

The Board is satisfied it has fulfilled its responsibilities for the reporting period in terms of its approved charter.

Key matters resolved and approved

- Annual Report and Annual Financial Statements
- Budget and Business Plan
- Service Delivery Agreement
- Shareholder Compact
- Compliance Risk Process
- Strategic Risk Register
- Internal Audit Three-year Rolling Plan
- Delegation of Authority Framework
- Framework for Facilities Management
- Human Capital Strategy
- Finance Policies (Cost Containment Policy and Debtors Policy, amongst others)
- Reviewed alignment of Board committees
- Enhancement of Board committees' respective terms of reference
- IT governance reports
- Legislative and Regulatory Compliance Report

Tshepang Thatelo
Chairperson

SEC, HR, and REMCO Committee

The mandate of the Social and Ethics, Human Resources and Remuneration, and Transformation Committee (SEC, HR, and REMCO) includes the statutory duties of a social and ethics committee, in accordance with applicable regulations.

The committee assists in determining the key components of remuneration and performance review criteria.

In addition, it evaluates, monitors, and makes the appropriate recommendations to the Board in terms of its scope and mandate.

Matters reviewed and recommended	
Four independent Non-executive Directors: • Tshepang Thatelo • Simon Motha • Ellen Rakodi • Ntombikayise Tini	• Human Capital Management Strategy • Employment Equity Strategy • Bonus payments • Reporting of remuneration and implementation thereof • Recommendation to Board for the appointment of the Acting CFO • Manage stakeholder engagement

Key focus areas for FY25
• Promoting good corporate citizenship • Enhancing ethical leadership and conduct practices • Strengthening stakeholder relationships and corporate social investment (CSI) • Managing communication and marketing-related matters • Monitoring corporate social responsibility initiatives and investments and their respective annual budgets • Providing oversight of ethics strategy • Overseeing the Diversity and Inclusion Forum

Table 6: SEC, HR and REMCO Committee

Sabelo Mtolo
Chairperson

Audit and Risk Committee

The Audit and Risk Committee (ARC) maintains an effective working relationship with management and other Board committees.

The internal audit and risk management function assists the ARC with its review of risk management controls and procedures.

Matters reviewed and recommended	
Two Non-Executive Directors: • Sabelo Mtolo • Fulufhelo Ratshikhopha Four independent Audit Committee members: • Xola Lingani • Yongama Pamla • Rachel Makwela • Thabang Chiloane	• Integrated Annual Report and Annual Financial Statements • Budget and Business Plan, including the mid-term adjusted budget plan • Acquisition Plan • Risk Register • The financial position and performance of the business are reviewed quarterly
Key focus areas for FY25	
• Addressing risk management, information and technology, cyber security and governance matters • Enhancing corporate accountability and associated risk • Ensuring adequate processes are in place to safeguard the company's assets	

Table 7: ARC Committee

Mxolisi Zondo
Chairperson

Transactions and Service Delivery Committee

This Transactions and Service Delivery (TSD) Committee considers and recommends transactions for acquisitions, developments, and disposals for approval.

Matters reviewed and recommended	
Four independent Non-Executive Directors: • Mxolisi Zondo • Fulufhelo Ratshikhopha • Bettycourt Teffo • Simon Motha	Consider and recommend to the Board and Council for approval of the following: • Alienation of property • Acquisition of property sales and developments • Amending, acquiring and/or cancellation of servitudes • Property donations • Leases, mixed use, and management agreements • Monitor compliance with legislation
Key focus areas for FY25	
• Evaluate and monitor progress and returns on investments made on transactions	

Table 8: TSD Committee

Attendance at Board Meetings

The Board demonstrated overall meeting attendance at 100%, which affirms the Board's commitment to its responsibilities.

The Board and committees meet quarterly and on an ad hoc basis if required. These meetings are scheduled annually in advance, in addition to a two-day Board session for the Board to set strategy that aims to navigate the current challenging operating environment in which the company finds itself.

Details of attendance of Board and committee meetings for the 2023/24 financial year are set out in Tables 9 and 10 below.

Name	Board		ARC		TSD		SEC, HR & REMCO	
	O	S	O	S	O	S	O	S
*Mr Simon Motha	2/4	4/10			2/4		2/4	4/7
**Mr Enos Sithole	2/4	6/10					2/4	3/7
Miss Bettycourt Teffo	4/4	10/10			4/4	2/2	2/4	7/7
Miss Ellen Rakodi	4/4	10/10					3/4	6/7
Mr Fulufhelo Ratshikhopha	4/4	10/10	5/5	4/4	4/4	2/2		
#Miss Londiwe Mthembu	4/4	9/10			4/4	2/2		
Mr Mxolisi Zondo	4/4	10/10			4/4	2/2		
Miss Nthombikayise Tini	4/4	10/10					3/4	7/7
@Mr Sabelo Mtolo	3/4	9/10	5/5	4/4		1/1		
Miss Tshepang Thatelo	4/4	9/10					3/4	7/7
Mr Xola Lingani			5/5	3/4				
Miss Yongama Pamla (IAC)			4/5	3/4				
Mr Thabang Chiloane (IAC)			5/5	4/4				
Ms Rachel Makwetla (IAC)			4/5	4/4				

Legend		
	O	Ordinary scheduled meetings
	S	Special meetings
	IAC	Independent Audit Committee member
	#	Resigned member
	**	Retired member
	*	New member
	@	Special invitation to attend TSD

Table 9: Board and Committee Meeting Attendance

Ordinary BM	Special BM	Ordinary ARC	Special ARC	Ordinary REMCO	Special REMCO	Ordinary TSD	Special TSD
19.07.23 19.10.23 25.01.24 24.04.24	01.08.23 30.08.23 11.09.23 12.10.23 13.12.23 29.11.23 15.11.23 27.03.24 17.05.24 25.06.24	10.07.23 16.10.23 24.11.23 01.12.24 22.04.24	14.07.23 22.07.23 27.07.23 20.06.24	10.07.23 11.10.23 22.01.24 27.03.24	12.07.23 17.10.23 28.11.23 19.04.24 24.04.24 18.06.24 22.06.24	08.07.23 06.09.23 19.01.24 17.04.24	10.10.23 18.10.23
4	**10**	**5**	**4**	**4**	**7**	**4**	**2**

Table 10: Board and Committee Meeting Dates

Section 4: Directors' and Prescribed Officers' Remuneration

Directors' remuneration is regulated through the City of Johannesburg's Group Policy on Governance. This includes fees paid to Non-Executive Directors and independent ARC members for the period 1 July 2023 to 30 June 2024 (Table 11), as well as emoluments for attendance at meetings (Table 12).

Name of Director	Designation	YTD Directors' Payments as at 30 June 2024
*Mr Simon Motha	Chairperson of the Board	R204 000.00
**Mr Enos Sithole	Chairperson of the Board	R278 000.00
Mr Mxolisi Zondo	Chairperson of TSD Committee	R308 000.00
Ms Tshepang Thatelo	Chairperson of SEC, HR & REMCO	R328 000.00
Mr Sabelo Mtolo	Chairperson of ARC	R364 000.00
Miss Bettycourt Teffo	Non-Executive Director	R316 000.00
Miss Ellen Rakodi	Non-Executive Director	R304 000.00
Mr Fulufhelo Ratshikhopha	Non-Executive Director	R340 000.00
#Ms Londiwe Mthembu	Non-Executive Director	R244 000.00
Miss Ntombikayise Tini	Non-Executive Director	R304 000.00
Miss Rachel Makwela	IAC	R100 000.00
Miss Yongama Pamla	IAC	R68 000.00
Mr Xola Lingani	IAC	R73 600.00
Mr T Chiloane	IAC	R76 000.00
	Total Payments	**R3 307 600.00**

Legend		
	*	New member (Appointed December 2023)
	**	Retired member (Retired November 2023)
	#	Resigned member (Resigned May 2024)
	IAC	Independent Audit Committee member

Table 11: Directors' Remuneration

Type of Meeting	Fees: 01 July 2023 to 30 June 2024		Fees: 01 July 2023 to 30 June 2024
Board			
Chairman - Meeting	R16 000	Member - Meeting	R12 000
ARC			
Chairman - Meeting	R10 000	Member - Meeting	R8 000
Transactions and Service Delivery Committee			
Chairman – Meeting	R10 000	Member - Meeting	R8 000
Social and Ethics Committee, REMCO and Transformation			
Chairman – Meeting	R10 000	Member - Meeting	R8 000

Table 12: Directors' Emoluments

NAME & SURNAME	MUNICIPALITY	BALANCE OWING	ARREARS
Mr Simon Motha	N/A		
Mr Fulufhelo Ratshikhopha	N/A		
Mrs Helen Botes	City of Johannesburg	R0.00	NONE
Mr Imraan Bhamjee	City of Tshwane	R0.00	NONE
Ms Bettycourt Teffo	N/A		
Mr Mxolisi Zondo	N/A		
Ms Ntombikayise Tini	N/A		
Ms Tshepang Thatelo	City of Tshwane	R1 272.53	R0.00
Ms Ellen Rakodi	N/A		
Ms Londiwe Mthembu	City of Johannesburg	R5 994.68	R0.00
Ms Sabelo Mtolo	City of Johannesburg	R50 120.22	R50 120.22
Mr Enos Sithole	City of Johannesburg	R201.25	R0.00
Ms Rachel Makwela	N/A		
Mr Thabang Chiloane	City of Johannesburg	R82.48	R0.00
Mr Xola Lingani	City of Tshwane	R0.26	R0.00
Ms Yongama Pamla	City of Johannesburg	R0.00	R0.00

Table 13: Directors' Municipal Accounts

N/A applies in the event where the individual is renting or leasing a property.

Section 5: Company Secretarial Function

Company Secretary

The Company Secretary is responsible for developing systems and processes to support the Board of Directors to perform its functions efficiently and effectively. The Company Secretary is also responsible for all statutory returns due to the Companies and Intellectual Property Commission. The Company Secretary advises the Board on corporate governance issues, the requirements of the Companies Act, and other relevant regulations and legislation. In addition, the Company Secretary provides guidance to the Executive on all governance matters and with respect to the efficacy of Board resolutions. This function acts as a link between the Board of Directors and the Executive management as well as the Board and the shareholder.

Declaration by the Company Secretary

In terms of section 88(2) (e) of the Companies Act, 2008, I hereby declare that, to the best of my knowledge and belief, the Joburg Property Company (SOC) Limited has lodged with the Registrar of Companies, for the financial year ended 30 June 2024, all such returns and notices as are required of a state-owned company in terms of the Companies Act, and that all such returns and notices appear to be true, correct and up to date.

Ms Gontse Dlamini
Company Secretary JPC

29/11/2024
Date of approval

Section 6: High-Level Organisational Structure

Refer to Chapter 4: Human Resources and Organisational Management for an overview of the Organisational Structure on page **130 (Figure 18).**

Section 7: Executive Management Team

Our Leadership – Executive and Non-Executive Directors

Helen Botes
Chief Executive Officer

Executive Director

Expertise and Experience: Treasury and banking, money market trading, trading of financial instruments, foreign exchange, retail bonds for CoJ, economic development, property development and management

Qualifications: Master of Business Administration (MBA), Executive Leadership Development Programme, Diploma in Treasury Management

Professional Membership: N/A

Imraan Bhamjee
Acting Chief Financial Officer

Executive Director

Expertise and Experience: Financial management, audit and risk management, process and control mapping, management consulting, product management, relationship management

Qualifications: BComp Honours, Accredited as Registered Government Auditor (RGA), Advanced Certificates in Auditing, Leadership Management and CTA

Professional Membership: RGA

Gontse Dlamini
Company Secretary

Expertise and Experience: Legislative compliance, governance, subsidiary company management, investor relations, corporate reporting, ethics management, corporate planning and budgeting, corporate governance and administration

Qualifications: LLB, Diploma in Industrial Relations Management, Chartered Secretaries Qualification, Property Development and Investment, Project Management

Professional Membership: IoDSA

Sipho Mzobe CA (SA)
GM: Finance and SCM

Expertise and Experience: Internal and external audit experience, business planning development, strategic and operational risk assessments, accounting and financial management reporting and disclosure

Qualifications: B Com (Accounting), BCompt (Hons), and CTA Chartered Accountant (RSA)

Professional Membership: SAICA, IIASA, IoDSA

Tshepo Mokataka
GM: Legal

Expertise and Experience: Admitted Attorney of the High Court of South Africa, providing strategic legal advice, operational transitional compliance, vetting strategic agreements and legal documentation, managing legal advisors, managing legal risks, legal department, legal/litigation strategy, drafting and providing legal advice, legal processes and procedures, Deputy Information Officer

Qualifications: BA (Political studies and Sociology) LLB, Postgraduate Certificate in Provincial and Local Government Law, Postgraduate Diploma in Labour Law

Professional Membership: Legal Practice Council

a world class African city

JOBURG PROPERTY COMPANY

Our Leadership – Executive and Non-Executive Directors

Musah Makhunga
GM: Mega Projects

Expertise and Experience: Business plan development, strategy management and implementation, strategic and operational risk assessment, reporting, evaluation and monitoring, management of transformation initiatives company-wide.

Qualifications: BCom (Hons) SA Government Procurement and Law

Professional Membership: N/A

Sizeka Tshabalala
GM: Commercial Focused and Intervention Projects

Expertise and Experience: Property management and development facilitation expertise; provision of overall leadership and strategic vision to the Property Management and Development, Informal Trading, Acquisitions and Large Service Providers team; portfolio performance monitoring; provision of strategic direction for the acquisition of properties for service delivery purposes; management of land packaging for development purposes; enhancement of the utilisation of the City's property portfolio

Qualifications: MBA (Henley), Post Graduate Diploma Property Management and Development (Wits), National Diploma: Commercial Practice

Professional Membership: N/A

Sifiso Mabizela
GM: Internal Audit

Expertise and Experience: Internal and external audit, risk and compliance

Qualifications: B Com (Accounting), BCompt (Hons), and CTA Chartered Accountant (RSA), completed Wits Business School's Municipal Executives Finance Management Course

Professional Membership: SAICA

Ogotlhe Sathekge
GM: Human Capital Management

Expertise and Experience: Human capital strategy development and implementation, transformation, change leadership, talent management, Total Rewards, leadership and high potential development, employee value proposition and culture strategist

Qualifications: Master of Business Administration (MBA) , Post Graduate Diploma in Business Management (PGDIP), Global Executive Development

Professional Membership: Institute of People Management

Lesibana Ramashala
Acting GM: Cleaning Services and Facilities Maintenance Management

Expertise and Experience: 15 years in the direct management of large projects with responsibility for co-ordination and project scheduling

Qualifications: Commercial Bachelor's Degree equivalent, Business Management Operations qualification, Ideal Engineering Advanced Qualification in Project and Programme Management

Professional Membership: N/A

Section 8: Governance of Stakeholder Relationships

Key stakeholder relationships

Our stakeholder engagement approach is driven by the identification of the key groups that we impact and that have an impact on our business. It is a multi-faceted approach, in that the nature and degree of engagement varies to meet specific stakeholder groups' needs

Figure 12: Stakeholder Governance Structure

Stakeholder engagements and regional committee participation

In the reporting period, the entity prioritised stakeholder engagement as a cornerstone of its business strategy. Key initiatives and outcomes include:

- Regular Stakeholder Engagements: These include IDP meetings, Ward Councillor Forums, and site visits, which enhance transparency, educate stakeholders on JPC's processes, and build trust with communities.
- Stakeholder Feedback Mechanisms: These entail attendance and active participation in various stakeholder engagements whilst ensuring the implementation of robust feedback mechanisms to capture stakeholder insights and preferences, ensuring continuous improvement in service delivery.
- Customised Engagement Strategies: These involve tailored engagement strategies based on stakeholder segmentation, leading to enhanced satisfaction and deeper partnerships with all stakeholders.

In the 2023/24 financial year, the stakeholder management team has actively and proactively participated in several engagements. Going forward, we seek to maintain effective and transformative relationships with our stakeholders, which is essential for the organisation to function optimally.

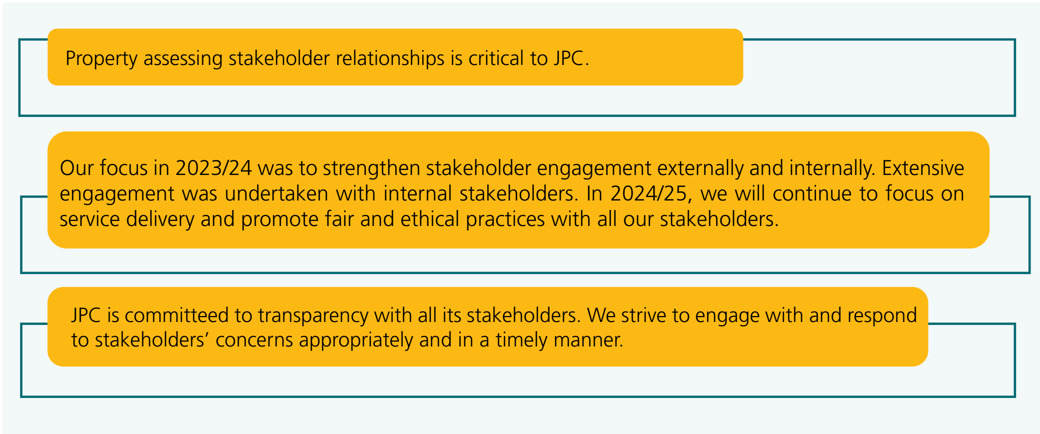


Figure 13: Monitoring and Reporting

The Shareholder: City of Johannesburg

Our shareholder mandates us to deliver on the City's priorities and ensure JPC's internal strategic objectives are in line with the City's mayoral priorities and other plans and policies.

How we Engage	Material Interests
Regularly scheduled engagement with the Executive Mayors, Members of the Mayoral Committee (MMCs), Councillors, and Executive Directors Strategic engagements between the City and JPC to report on annual business plans, i.e. Council, Mayoral and Sub-Mayoral Meetings, Mayoral and EMT Lekgotlas, etc. Regional roadshows, regional visible service delivery	Opportunities: Acquiring/developing modern well-located projects that deal with spatial transformation Policy and regulatory frameworks Liquidity ratios and capital project execution Reporting and compliance Revenue and financial sustainability Strategy execution

Desired Outcome	The Value that JPC Creates
Maximise returns on property portfolio	Optimises the property portfolio while yielding economic, financial and social returns for the CoJ

Table 14: Stakeholder Relations with the Shareholder

Investors, Commercial Partners, and Government

Key investing opportunities with CoJ could lead to approaches for economic growth. Innovation through partnerships is an essential mechanism for measuring the quality and scope of service whilst reducing costs. These stakeholders include the property industry, Heritage Council, outdoor advertising industry, government institutions (national, provincial, and state-owned entities), and informal traders, among others.

How we Engage	Material Interests
Commercial networks and business interactions	Investment opportunities Impact on the community Opportunities: Public private participation Long-term sustainable return on investment Trust and transparency
Desired Outcome	**The Value that JPC Creates**
Investor confidence	Providing investors with a secure investment underpinned by high-quality physical property assets diversified by sector, geography and income streams Adherence to high levels of corporate governance Transparent reporting Effective internal control environment

Table 15: Stakeholder Relations with Investors, Commercial Partners, and Government

Organised Labour

JPC engages with organised labour through applicable collective agreements and established forums.

How we Engage	Material Interests
Local Labour Forum Meetings Correspondence Other relevant structures	Employee wellbeing Organisational policies and regulations OHSA JPC Strategy Compliance and labour law Opportunities: Partnership to drive organisational change and create a conducive environment.
Desired Outcome	**The Value that JPC Creates**
Value-adding relationships and sound relations	Non-discriminatory and safe working environment

Table 16: Organised Labour Stakeholder Relations

Communities

JPC's activities affect the lives of communities in and around the jurisdiction of the CoJ. JPC actively promotes economic growth through property-related transactions.

How we Engage	Material Interests
Community-based forums Regional accelerated service delivery meetings CoJ roadshows Client services walk-ins	Socio-economic impact on communities Relationship with community representatives, i.e. Councillors Property and land appropriation Support small, medium and micro enterprises (SMMEs) and entrepreneurial opportunities Opportunities: Co-production initiatives and CSI Local job creation Local business development Education and skills development
Desired Outcome	**The Value that JPC Creates**
Creating long-term relationships with our communities Positive impact	Projects enabling SMMEs

Table 17: Stakeholder Relations with Communities

Employees

Our employees contribute to the sustainability of our business and enable the achievement of its strategic objectives.

How we Engage	Material Interests
Managing our talent through our HR processes of recruiting the right people, rewarding them and retaining them to ensure that we meet stakeholder expectations Productive and competent workforce Retention of key staff Ethical leadership	Trust and transparency Job security Fair remuneration, recognition and reward for performance Learning, development and career progression A non-discriminatory and safe work environment Flexible work environment
Desired Outcome	**The Value that JPC Creates**
Employer of choice	Fair remuneration and non-discriminatory workplace Employment and career development opportunities Learning and development programmes are aimed at fostering employee engagements, broadening our employees' skill base and developing skills for future leadership.

Table 18: Stakeholder Relations with Employees

Media and the General Public

Our print, broadcast, and electronic social media ensures transparent access to information relating to JPC's performance, including large-scale economic and developmental achievements and potential failures.

How we Engage	Material Interests
Media enquiries and press releases Participation in section-specific events and publications Business interactions City communication campaigns	Perceived lack of transparency and information availability Request for information as per legislation Public matters Supply chain management (SCM) tenders and requests for proposals
Desired Outcome	**The Value that JPC Creates**
Create equity and unlock equal opportunity	Sharing information on the land processes Education and media campaigns

Table 19: Stakeholder Relations with the Media and the General Public

The company maintained a healthy working relationship with various government departments, such as National Treasury (NT), the Gauteng Provincial Government, and sister departments within the CoJ.

The methods of engagement vary from one stakeholder to another and may include workshops, JPC quarterly reports, attendance of meetings, indabas, business breakfast meetings, and briefing sessions. Post the COVID-19 pandemic, JPC has continued to participate in innovative ways and maintained online platforms to drive stakeholder engagements. Physical interaction is also used when necessary.

Attention was paid to the environment within which JPC operates, taking cognisance of the fact that it is fluid and that stakeholders' needs are diverse and conflicting, which requires a balanced and objective approach. The implications for JPC is to continue to strive for improvement with respect to stakeholder engagement and management initiatives.

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Section 9: Risk Management and Internal Controls

JPC conforms to the risk management principles contained in King IV, including compliance and assurance, as well as combined assurance, in accordance with the provisions of the MFMA and the following risk management standards:

- **Strategy, Performance and Reporting:** Appreciate that JPC's core purpose, its risk and opportunities, strategy, business model, performance, and sustainable development are all inseparable elements of the value creation process.
- **Risk Governance:** Govern risk in a way that supports JPC in setting and achieving its strategic objectives.
- **Compliance Governance:** Govern compliance with applicable laws and adopted, non-binding rules, codes, and standards in a way that supports JPC being ethical and a good corporate citizen.
- **Assurance:** Ensure that the assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.
- **Combined Assurance:** Assume responsibility for assurance by setting the direction concerning the arrangements for assurance services and functions. The Board delegated to the Audit and Risk Committee the responsibility for overseeing that these arrangements are effective.

Approach to Risk Management

Enterprise risk management (ERM) is a critical component of the company's strategic management. It is a tool that enables the achievement of the business's strategic objectives and long-term sustainable growth. The CoJ's ERM Framework is consistent with relevant standards, including ISO 31000, the ERM Framework of the Committee of Sponsoring Organizations of the Treadway Commission, and the King IV Report. The framework provides a structured, dynamic and consistent approach to managing company risks, as mandated by Section 95(c)(i) of the MFMA.

Risk and opportunities

Over the past decade, we have made significant strides in maturing the risk and assurance practices throughout our operations.

Risk and opportunity management underpins our value creation process

We align our risk and assurance management processes with the principles of King IV and ensure that is it fit-for-purpose, given the nature and complexity of our business.

This process spans across all types of risk, including compliance, environment (which includes climate change), social, governance, and technology risks.

It involves acknowledging that risk management is not merely about identifying and mitigating risks, but also entails seizing potential opportunities that may arise. In this context, an opportunity is defined as the sustainable competitive advantage derived from effective risk management, leading to both a diminished residual risk level (downside risk) and the identification of advantageous possibilities (i.e. opportunities) resulting from potential management downsides.

Progress on our risk management journey

Our risk management has shifted from informal discussions to structured systems that integrate risk and assurance. Responsibility and ownership for risk management are evident, backed by the oversight of the ARC and the Combined Assurance Forum (CAF). ARC involves Non-Executive Directors, which includes EXCO members, senior management, and Internal Audit. This model ensures strong internal controls and governance across all levels of the group. Through this combined assurance approach, ARC evaluates risk management and assurance efficacy. Our combined assurance model is described on **page 14 Figure 4.**

Delegation of risk management

The organisational diagram on **page 74** reflects how we have structured our business to execute our risk management and combined assurance responsibilities.

Within the governance structure depicted here, we have embedded clear accountability, but delegate oversight to the ARC, and day-to day risk management activities to our management.

Board of Directors and ARC

Our Board sets the tone for risk management and assumes ultimate accountability, but delegates oversight to the ARC, and the day-today risk management activities to our management.

Executive Management

Our management is charged with the responsibility of taking appropriate risk, within the risk framework approved by the Board. Management is also responsible for ensuring that ERM is effective in addressing our group risk profile. Progress oversight on the execution of this mandate is provided quarterly through the CAF.

Our ARC receives quarterly risk reports detailing the status of existing and emerging risk, and provides the Board with updates.

Risk owners

Our risk owners comprise our employees, who are directly accountable for ensuring risks are managed effectively by implementing actions to mitigate the risks.

Risk and compliance function reporting to the Board

While our risk and compliance office, with the support of our CEO, designs and implements policies and procedures for managing risk and promoting a culture of risk awareness and control across our business, they are not owners of risk, but rather custodians of the risk management and combined assurance processes.

Governance structure

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Rating of top residual risks

Our business's primary emerging risk is climate change. Our management examines various climate-related scenarios within our business context to identify and analyse specific risk relating to climate change that would threaten the achievement of our goals, including JPC's impact on the environment and the effect of severe weather events on our assets.

In our risk management programme, all identified risk undergo comprehensive analysis to understand their context, drivers, and potential consequences. Each is assessed and rated at both an inherent level (prior to implementing controls) and a residual level (after controls are in place). The risk level is determined based on its impact on our business and its likelihood of occurrence. Risks with a residual risk score equal to or greater than nine out of 25 are reported in the table below:

2023/2024 Residual Risks

1. Inability to maximise revenue
2. Inadequate facilities management
3. Loss of value of City-owned land and properties
4. Unhygienic conditions prevailing at CoJ buildings
5. Non-compliance with legislation, policies, and procedures
6. Inability to attract investment
7. Inadequate contract management
8. Inadequate information communication technology (ICT) delivery and electronic storage system
9. Negative public perception
10. Inadequate acquisition of land to support COJ's Spatial Development Framework
11. Insufficient capacity and misalignment of skills for current business model and demand
12. Incomplete asset register
13. Environmental, social and governance (ESG) risk

2022/2023 Residual Risks

1. Inability to maximise revenue
2. Possible loss of life due to the occupation of buildings that are not OHASA compliant
3. Loss of value of city-owned land and properties due to invasion, vandalism, fraud and corruption, and theft
4. Lack of financial viability of clean insourcing and unhygienic conditions prevailing in all CoJ buildings
5. Reputational and financial losses due to non-compliance with legislation, policies, and procedures
6. Inability to attract investment
7. Inadequate contract management
8. Inadequate ICT delivery and electronic storage system
9. Inadequate internal and external stakeholder management, resulting in a negative brand reputation
10. A perceived lack of trust between management and the Board
11. Theft and loss of assets due to lack of physical security at premises
12. Threat of the future existence of JPC due to lack of land banking under acquisition
13. Inadequate maintenance of CoJ properties
14. Inadequate human capital management
15. Lack of adequate document storage and security

LEGEND: Very High | High | Moderate | Low

Movement in residual risks

Our risk profile evolves over time. Some movements are driven by changes to the risk itself, its context, or the effectiveness of its mitigation. As such, risks reflected in our top risk profile are expected to change over time. Our 2023/24 top risk profile reflects four changes to the risks disclosed in our 2022/23 top risk profile. These are elaborated on below:

Risk 22/23		Risk 23/24		Motivation
8	Inadequate ICT delivery and electronic storage system	8	Inadequate ICT delivery and electronic storage system	**Risks 8** and **15** from 2022/2023 risk register were consolidated/ combined to form risk 8 in 2023/2024.
15	Lack of adequate document storage and security			
10	A perceived lack of trust between management and the Board	**Risk 10** in 2022/2023 was included by the previous Board; however, the current Board felt that this risk could not be measured and recommended it be removed from the register.		
2	Possible loss of life due to the occupation of buildings that are not OHSA compliant	2	Inadequate facilities management	**Risks 2** and **13** from the 2022/2023 risk register were combined into **risk 2** for the 2023/2024 risk register.
13	Inadequate maintenance of CoJ properties			
11	Theft and loss of assets due to lack of physical security at premises	**Risk 11** in the 2022/2023 risk register was removed by both the Board and ARC from the 2023/2024 risk register.		
9	Inadequate internal and external stakeholder management, resulting in a negative brand reputation	9	Negative public perception	**Risk 9** in the 2022/2023 risk register and **risk 9** in the 2023/2024 risk register have the same meaning; however the risk was renamed.
11	Inadequate human capital management	11	Insufficient capacity and misalignment of skills for current business model and demand	**Risk 14** in the 2022/2023 risk register and **risk 11** in the 2023/2024 register are the same and the risk has been renamed.

Table 20: Strategic Risk Overview

JPC STRATEGIC RISK REGISTER

R1 Inability to maximise revenue

Impact	FY23/24 key risk developments	Residual risk rating
Insignificant	Inability to recover revenue from City department for facilities management, cleaning services, meaning we are trading insolvency	High

Contr ols

1. Implementation of outdoor advertising masterplan, which includes emphasis on more outdoor advertising from customers, which will improve revenue.
2. Signed Service Level Agreement (SLA) with the department willing to pay for services rendered on their behalf.
3. JPC has signed an SDA with CoJ, which is aligned to the Financial Recovery Model with plans for revenue generation.

Opportunities

1. Develop and implement a new masterplan that is aligned to the new by-laws.
2. Develop a Financial Turnaround Strategy (i.e. growth of outdoor income, increasing land sales, land acquisitions, property development, property management, and repairs and maintenance for other departments), which includes renewal of the lease. Dependency on the CoJ for assistance.
3. Leases with informal traders that have DED issued permits

Risk movement

No movement

Controls enhancement projects

Turnaround strategy
Permit system (DED)

R2 Inadequate facilities management

Impact

Almost certain

FY23/24 key risk developments

1. Imposition of statutory fines for non-compliance with OHSA
2. Possible legal suit for "wrongful" death
3. Property hijackings
4. Attraction of criminal syndicates
5. Injuries or loss of life to staff or members of public
6. Buildings to be vacated due to being uninhabitable
7. Reputational damage

Residual risk rating

High

Controls

1. Asset Management Strategy.
2. Constant engagement with Department of Labour and Employment in addressing non-compliance notices or directives.
3. Performance of surveys on the condition of all property, plant, and equipment, in order to allow the assessment of the required repairs and maintenance of facilities managed by JPC, in line with service level standards.
4. Property condition assessments are conducted; results and recommendations reported at City structures.

Opportunities

1. Asset Life Cycle Management.
2. Facilities assessment.
3. Development of a detailed facilities management plan, three-tiered facility management plan: a) day-to-day facility proactive ongoing maintenance; b) to address findings from the building assessment.
4. Preventative maintenance programmes.
5. Employment and occupant engagement programmes to encourage proactive reporting.
6. Implement energy-efficient practices and technologies.
7. Safety and compliance training.
8. Emergency response plans.
9. Develop and implement sustainability programmes.
10. Supplier and contract management.
11. Facilities management software.
12. Skills development and training.
13. Independent facilities committee.
14. Proactive implementation of repair and maintenance strategies.
15. Acceleration of setting up effective governance structures on OHASA.
16. Quarterly conditional assessment of all facilities.
17. Quarterly meeting with stakeholders of the various facilities to identify their needs and problems. Educate the residents about cleanness until it makes sense to them.
18. The JPC approved organogram should be filled with competent officials to effectively execute the cost-benefit analyses of corporate buildings.
19. Engaging with OHASA department on OHASA issues.

Risk movement

No movement

Controls enhancement projects

Repair and maintenance strategies

R3 Loss of value of city-owned land and properties

Impact	FY23/24 key risk developments	Residual risk rating
Critical	1. Sterilisation of illegally occupied CoJ land, as CoJ becomes unable to lease or develop the land. 2. CoJ land/properties falling into decay and unable to attract investors or bidders. 3. Overstating the asset register with assets that have degenerated in value. 4. Inability to collect appropriate or agreed rentals from leased immovable assets. 5. Reputational damage. 6. Asset loss. 7. Financial loss.	High

Controls	Opportunities	Risk movement
1. Compilation of asset register that links to geographic information system (GIS). 2. Detailed categories of non-core assets are marked on the assets register and allocated to relevant departments to manage thereby reducing possible illegal invasion or vandalism. 3. Comprehensive legislative framework that governs the property processes and caters for the use of vacant properties to avoid misuse. 4. Implementation of facilities management plan. 5. CoJ has a dedicated fraud reporting line that enables fraud to be reported by any citizen.	1. Audit and verification of the asset register. 2. Approval and implementation of the Land Strategy and Asset Management Plans. 3. Partner with GFIS, MPD, Johannesburg Metropolitan Police Department (JMPD) and the South African Police Service (SAPS) on the land invasion strategy. 4. Continuous promotion of fraud prevention and fraud hotline awareness with GFIS. 5. Awareness campaign.	No movement

Controls enhancement projects
Land Invation Strategy

R4 Unhygienic conditions prevailing at CoJ Buildings

Impact	FY23/24 key risk developments	Residual risk rating
Critical	1. Dissatisfied and unhappy staff (feeling discriminated against and not treated the same as rest of staff). 2. Disharmonious workplace. 3. Fraud and corruption resulting in reputational damage. 4. Irregular, fruitless and wasteful expenditure. 5. Poor service delivery.	High

Controls	Opportunities	Risk movement
1. Engagement with organised labour at Local Labour Forum to agree on cleaners' salaries. 2. Managing within available resources.	1. Reviewing of placing cleaning staff at JPC or obtaining the requisite salary budget from CoJ. 2. Capacitating cleaning with sufficient cleaning staff, equipment material, cleaning supervisor, and management. 3. Approval and adoption of a hybrid model for cleaning. 4. SLA to be signed with all City departments regarding the recoverability of cleaning services rendered. 5. Monthly cleaning and deep cleaning.	No movement

Controls enhancement projects
Approval and adoption of a hybrid model (insourcing and outsourcing)

R5 Non-compliance with legislation, policies and procedures

Impact	FY23/24 key risk developments	Residual risk rating
Critical	1. Possible "maladministration". 2. Contravention of legislation and regulations. 3. Possible statutory fines. 4. Loss of revenue and non-performance. 5. Reporting allegations of criminality to the SAPS.	Low

Controls	Opportunities	Risk movement
1. Taking action in terms of Disciplinary Policy and Procedure and Code of Ethics and Conduct. 2. Conducting probity and legislative and regulatory compliance reviews of all processes. 3. Quarterly updated JPC Compliance Checklist in place to assist with areas of non-compliance. 4. Post Board approval transactions are expedited by client business organisation and feedback from committees are given post meetings to ensure timeous enforcement of reports. 5. JPC service standards.	1. Monitor changes in labour and statutory laws, and ensure adherence. 2. Ongoing probity and regulatory and legislative compliance reviews of bid processes. 3. Quarterly reporting on the JPC Compliance Checklist. 4. HR conducting awareness workshops annually 5. Reviewing all policies annually. 6. Update the JPC Compliance Management Framework which is aligned to the City-wide Compliance Management Framework. 7. Work with GFIS on fraud corruption issues and implement based on consequence management measures.	No movement

Controls enhancement projects

Consequence management awareness workshops

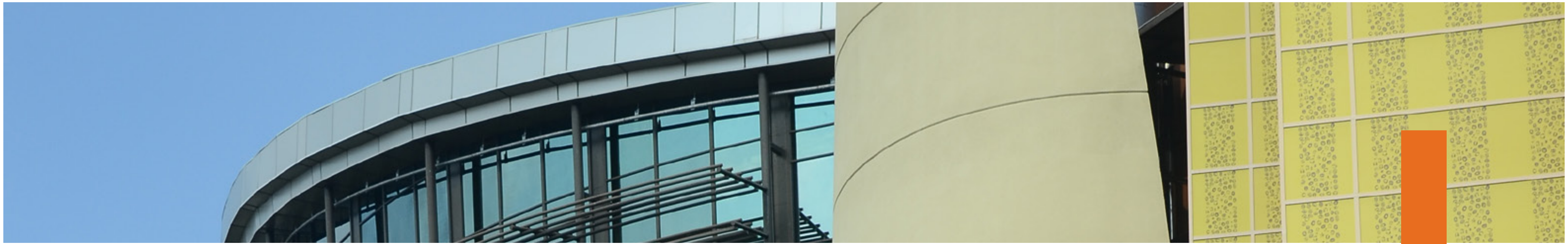
R6 Inability to attract investment

Impact	FY23/24 key risk developments	Residual risk rating
Major	1. Inability to meet company targets. 2. Number of job opportunities in the City will decrease. 3. Number of SMMEs supported by property transaction will decrease. 4. Increase in unproductive land which might contribute to land invasions. 5. Inner City rejuvenation is not done. 6. Sweating of the asset not optimised.	Medium

Controls	Opportunities	Risk movement
1. JPC searches for developers nationally and even internationally. 2. Repackaging property transactions to address market conditions and needs. 3. Created investor prospectus for properties being released to the market.	1. Hold an investors property conference/summit to attract investors to the City. 2. Timeous evaluation and adjudication of request for proposals (RFPs), request for quotations (RFQs), and proof of payment. 3. Timeous conclusion of the property development agreement and leases. 4. Ensure legal compliance bid specification.	No movement

Controls enhancement projects

Investors' property summit



R7 Inadequate contract management

Impact	FY23/24 key risk developments	Residual risk rating
Critical	1. Terms and conditions of contracts not being adhered to. 2. Poor service delivery. 3. Financial losses. 4. Contracts not being renewed timeously. 5. Reputational damage. 6. Transformation goals in contracts not achieved.	High

Controls	Opportunities	Risk movement
1. Quarterly report on state of contract management in JPC presented to ARC and the Board. 2. Manual use of spreadsheets to track contracts and perform contract management.	1. Portfolio management will appoint dedicated staff to manage and monitor new and current leases of facilities, i.e. dedicated contract management officials.	No movement

Controls enhancement projects

Quarterly performance
Dedicated contract management official

R8 Inadequate ICT delivery and electronic storage system

Impact	FY23/24 key risk developments	Residual risk rating
Critical	1. Manual systems, no real-time data, impact on service delivery, negative audit outcomes. 2. Ineffective service delivery, undocumented business processes, no tracking or accountability in data or record archiving. 3. Systems are impaired financially, wasteful expenditure, no return on investment. 4. Inability to capacitate business with IT tools of trade. 5. Additional expenditure for maintenance and support of applications, inability to advance with technologies.	High

Controls	Opportunities	Risk movement
1. Service provider appointed for Electronic Records and Document Management System (ERDMS), in alignment with POPIA (Protection of Personal Information Act) and PAIA (Promotion of Access to Information Act) requirements, which ensures compliance of records within the organisation. 2. The systems (e.g. Property Information Management System (PIMS)) are in place so that employees can utilise the legacy system. A new system is currently being developed – Digital Transformation Strategy, Phase 2 is underway. 3. IT policies, IT manuals and IT procedures are loaded on the intranet for employee awareness. 4. IT has enlisted Microsoft Cloud Computing Training for the JPC IT support programme (Azure product certification), sponsored by CoJ IT. JPC IT have appointed a service provider to deliver new 'tools of the trade' – laptops for all employees.	1. Project for ERDMS and POPIA at SCM awaiting dates from Bid Specification Committee. This project will extract business analytics for every documented process within each department to develop a methodology and framework that will incorporate electronic documents and records management, in line with POPIA and regulatory compliance. 2. Additional training would be required for new employees to use the system. 3. HR induction pack for all new recruits, that should also cover IT induction to JPC. 4. SLA signed with the Group ICT to assist with the following: • IT software and help desk – Microsoft 365 licences have been supplied to JPC for all users. JPC IT will continue to support the CoJ's centralised IT framework in leveraging shared software and services. • IT hardware.	No movement

Controls enhancement projects

Electronic Records Management System (ERMS)

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R9 Negative public perception		Residual risk rating
Impact	**FY23/24 key risk developments**	
Major	1. No training of staff on stakeholder management due to lack of budget and capacity. 2. Negative media reports about JPC based on historical events at the organisation. 3. Inadequate internal and external stakeholder management. 4. Inability to influence the narrative. 5. Lack of synergy between shareholders and JPC.	High

Controls	Opportunities	Risk movement
1. Stakeholder matrix has been drawn up to address stakeholder management. 2. Service standards have been agreed between JPC and the City to reduce negative brand reputation. 3. JPC conducts site inspections to engage with stakeholders in City properties. 4. JPC participates in the City's committees and attends regional meetings to understand stakeholder concerns. 5. Conduct weekly awareness/educational sessions across the City. 6. Engagements with senior journalists/editors from various media houses. 7. Launch key projects in various regions. 8. Host quarterly media networking sessions.	1. Re-establishment of marketing communications unit. 2. Integrate internal and external communication channels through policy and strategy. 3. Rebrand the organisation. 4. Cascade down the stakeholder matrix to all JPC employees. 5. Implementation of business processes and systems (link the JPC Call Centre to PIMS, TRIM), which will improve the tracking and monitoring of stakeholder and client inquiries. 6. Conduct roadshows on the CoJ asset per region and JPC processes. 7. Client business operations to respond timeously to all queries. 8. External stakeholder engagement aligning JPC strategic objectives. 9. Property indaba and outdoor advertisements. 10. Educate residents and other stakeholders on how the JPC works. 11. Approval and implementation of Land Strategy.	No movement

Controls enhancement projects
Rebranding stakeholder engagement initiatives

R10 Inadequate acquisition of land to support CoJ's Spatial Development Framework		Residual risk rating
Impact	**FY23/24 key risk developments**	
Major	1. Loss of income 2. Extinction of JPC	High

Controls	Opportunities	Risk movement
1. Applicable legislation in respect of land acquisition. 2. Spatial Development Framework which partially addresses land acquisition.	Approval and implementation of Land Strategy.	No movement

Controls enhancement projects
Land strategy

R11 insufficient capacity and misalignment of skills for current business model and demand			
Impact	**FY23/24 key risk developments**		**Residual risk rating**
Major	1. Succession planning 2. Business continue		High
Controls	**Opportunities**		**Risk movement**
1. Critical vacancies are prioritised to maximise the impact on service delivery. 2. Policies and procedures updated and communicated regularly to all employees. 3. Revised organisational structures.	1. Review human capital strategy and operating business model. 2. Develop and implement an integrated talent management system and process. 3. Review and implement updated human capital policies and procedures. 4. Capacitate human capital in line with reviewed structures.		No movement
Controls enhancement projects			
Business operating model.			

R12 Incomplete asset register		
Impact	**FY23/24 key risk developments**	**Residual risk rating**
Critical	1. Over/understated assets	High
Controls	**Opportunities**	**Risk movement**
1. Management review of the asset register. 2. Adherence to standard operating procedures. 3. Daily site	Approval and implementation of Land Strategy.	No movement
Controls enhancement projects		
Updated asset register.		

R13 Environment, social and governance (ESG) Risk		
Impact	**FY23/24 key risk developments**	**Residual risk rating**
Major	1. Impositions of statutory fines for non-compliance 2. Possible legal suit for "wrongful" death 3. Buildings to be vacated due to being uninhabitable.	Medium
Controls	**Opportunities**	**Risk movement**
1. Compliance with regulatory requirements on ESG issues. 2. Testing to Business Continuity Management Plans.	1. Comprehensive ESG policy to be drafted and implemented within the organisation.	No movement
Controls enhancement		
ESG policy		

Table 21: JPC Strategic Risk Register

Section 10: Internal Audit Function

Refer to **page 156** in Chapter 6 for an overview of our internal audit function and details on the progress made on the Audit Plan.

Section 11: Corporate Ethics and Organisational Integrity

Ethical leadership is key to our ability to deliver on our value-creation commitment. The company's values – professionalism, accountability, responsibility, customer service, and trust – provide an ethical foundation and are fundamental to our success. JPC management encourages employees to live the JPC values.

JPC has a Code of Conduct and Ethics, endorsed by the Board, which applies to all Directors and employees. The Code is regularly reviewed and updated to ensure that it reflects the highest standards of behaviour and professionalism. In summary, the Code aims to ensure that JPC conducts its business in line with the highest ethical standards. A comprehensive ethics strategy is vital in ensuring we achieve our ethical goals.

Conflict of interest

The annual declaration of interest by all employees of JPC is overseen by the HR Department, and a status report for the 2023/24 financial year is outlined in Chapter 4: Human Resources and Organisational Management **(page 128)**.

Section 12: Compliance with Laws and Regulations

The Board oversees the entity's compliance with applicable laws, values, codes, guidelines, and standards, in accordance with its identified compliance universe. This remains an important consideration in all its decision-making processes. JPC operates within its delegation of authority, which is continuously reviewed in line with business and legislative requirements. Reported incidents of non-compliance with laws and regulations are addressed with the relevant governance precincts.

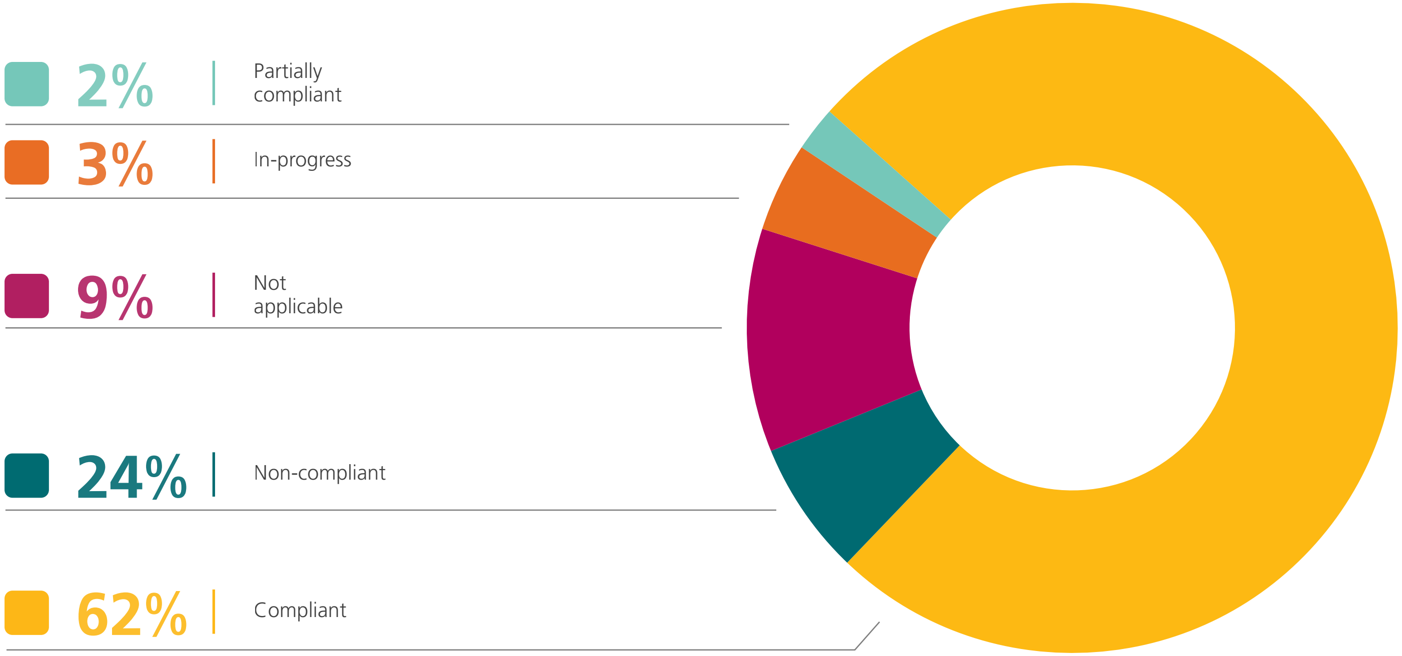

Figure 14: Compliance Regulatory Requirements for 2023/2024 Financial Year

During the financial year, no fines or penalties were issued against the company, and no Directors or senior management members were accused of, or held liable for, non-compliance with laws, regulations, or codes of conduct.

Our compliance regulatory assessment is depicted in Figure 14 (refer to Appendix K for further details).

Section 13: Sustainability Report

Health and Safety

JPC manages facilities for the CoJ and as a result, issues related to the Occupational and Health Safety Act (OHSA), 1993, are high on the organisation's priority list. The Committee monitored the OHSA reports detailing the conditions of the public facilities under the Management of JPC. The Committee considered some of the challenges faced by the Company and ensures compliance with OHSA legislation.

Environment

At JPC, reducing environmental impact is a top priority and is considered at all stages of building and renovation projects to deliver innovative workspaces that are energy-efficient with low operating costs, and use sustainable materials and recyclable products wherever possible. JPC's commitment is to maintain the grounds and buildings of the Council Buildings in an environmentally sensitive way including aspects such as the refurbishment programmes of buildings, planning and delivery of new capital projects, and the chemicals used by our maintenance teams.

Built Environment

JPC works with external service providers to deliver on carbon and energy reduction targets through the installation and use of energy-efficient materials, equipment, and water efficiency fittings equipment. Office, and space requirements for ergonomically friendly designed buildings are taken into consideration in the planning and construction of the most efficient and environmentally friendly offices. These requirements include aspects related to energy and water use, the internal environment (health and well-being), pollution, transport, materials, waste, and facility management processes. Creating office environments with natural ventilation is incorporated into designs for new and refurbished buildings.

Corporate Social Responsibility Report

The concept of sustainable development broadly underpins the Company's corporate social investment philosophy and function. The policy of JPC is to act as a facilitator, rather than a sole sponsor of social investment projects. In this way, the long-term sustainability of projects is encouraged, additional donors are attracted, and historically disadvantaged communities are empowered. NGOs serve as a major national initiative through which business and government have joined hands to support strategic interventions on the following issues:

Health care initiatives	Education
Skills training and job creation	Small business development

Section 14: Anti-Corruption and Fraud

The company has an Anti-Fraud and Corruption Policy in place. The policy includes procedures on reporting fraud and how to access the tip-off hotline. The hotline is a 24-hour service, centrally managed by CoJ, with monthly incident reports sent to the General Manager: Internal Audit for follow-up. The fraud hotline is a very useful tool in the fight against theft, bribery, misuse of property/company assets, and other unlawful acts.

The hotline facility can be accessed telephonically on 0800 002 587; SMS 32840; email: anticorruption@tip-offs.com and website: www.tip-offs.com. No hotline tip offs were received during the financial year under review.

Section 15: Information and Communications Technology (ICT) Governance

The entity acknowledges its responsibility for promoting and enabling innovation. In doing so, it has embraced innovation under Strategic Goal: Smart City: The use of technology for effective operations. The effective management of information technology and information systems is key to achieving the strategic objectives, particularly in delivering quality services to customers and stakeholders. Information and communications technology (ICT) was viewed as a key enabler of the entity's strategic objectives and, as such, it required robust governance. The entity's ICT governance objectives are outlined in Figure 15.

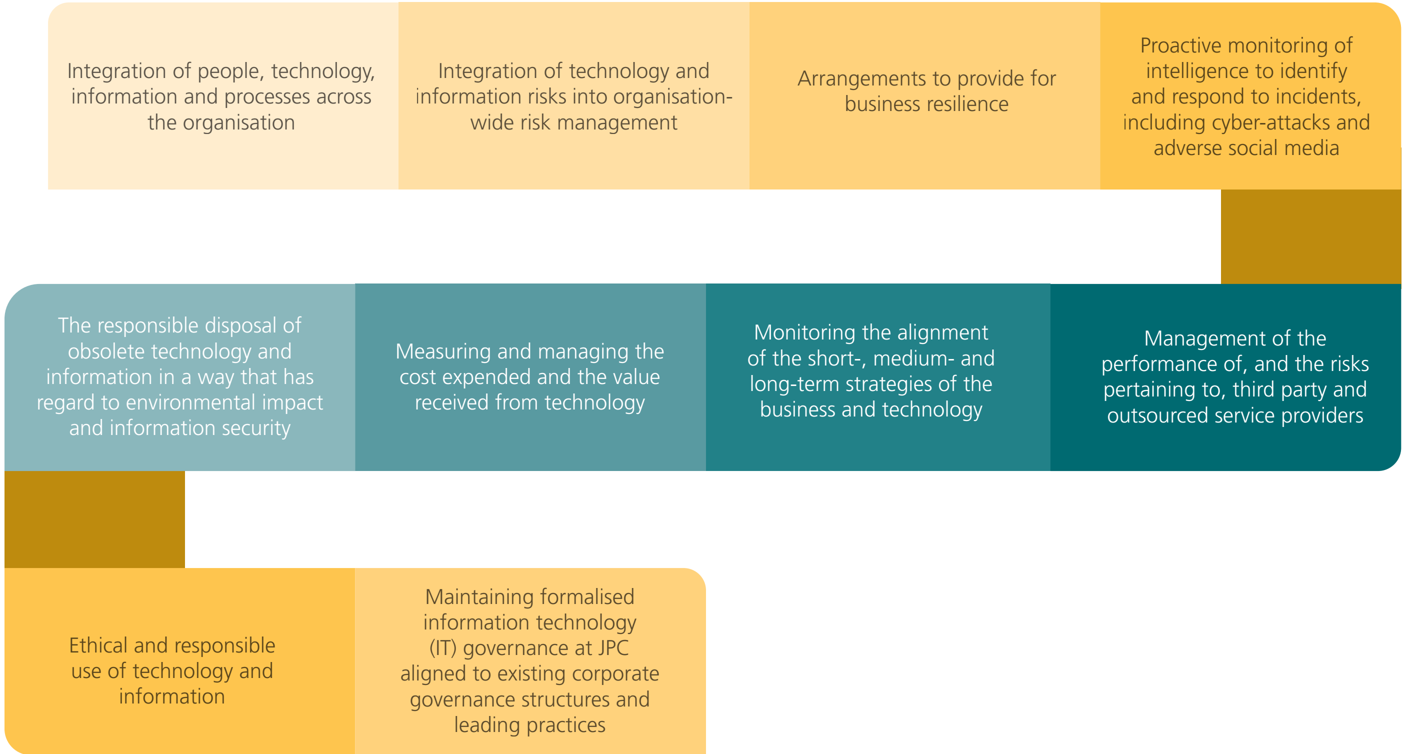

Figure 15: JPC ICT Governance Objectives

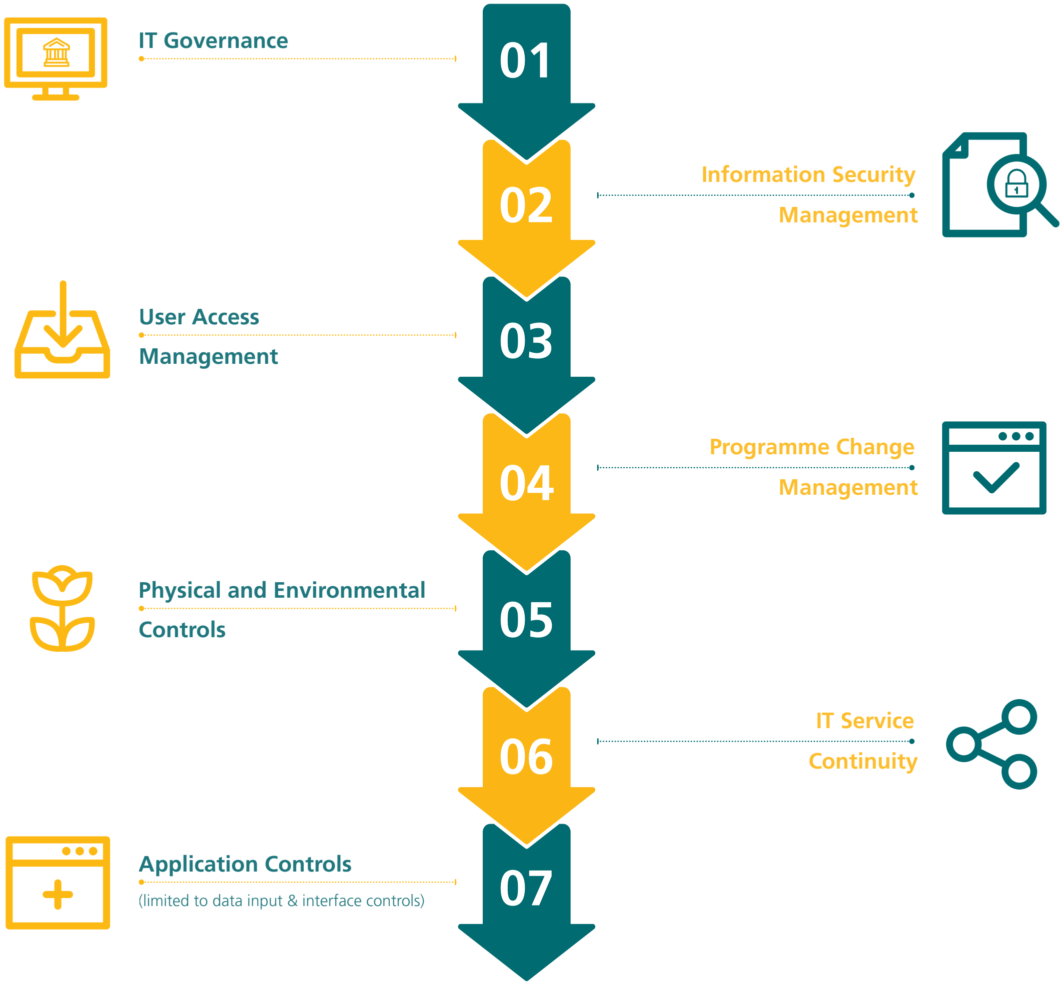

Figure 16: JPC ICT Governance Status

In line with King IV, the Board delegated to management the responsibility to implement and execute effective technology and management. To further this strategic objective, the entity has adopted a phased approach with a focus on:

- Green Economy technology initiatives;
- ICT infrastructure;
- Property enabling system such as facility management information system;
- The implications of the fourth industrial revolution (4IR);
- Information security management; and
- Business continuity.

JPC IT Governance Status

JPC has adequately complied with King IV principles and objectives in respect of ICT governance. These ICT auditable spheres for ICT good corporate governance and compliance have been thoroughly tested by both internal and external auditors.

The audit approach is designed to place more emphasis on high-risk areas, which naturally implies that internal auditing will not necessarily detect all errors, fraud, and irregularities. It is further designed to aid the efficiency and effectiveness of business operations, as well as to address traditional compliance and financial areas.

Section 16: Batho Pele ("People First") Principles

In the context of JPC The Batho Pele ("People First") Principles plays a critical role in how the entity manages, maintains and utilises municipal property assets.

Consultation

The organisation consults residents about the level and quality of the public services they receive through public meetings, petitions, visible service delivery meetings, councillor consultation, and project support; wherever possible, residents will be given choices about the services that are offered.

Access

Ensure citizens have equitable access to municipal properties and services, including transparent processes for leasing and purchasing municipal land. Improve the physical building/ structure through repairs and maintenance of CoJ Offices.

Information

The Company ensures that citizens are given full and accurate information about the public services they are entitled to receive through the annual publication of the Business Plan, Quarterly Reports, and IAR on the website.

Redress

Create mechanisms to address spatial inequalities though the implementation of a precinct approach that adopts the work, live and play philosophy and affordable mix use development.

Value for Money

Leasing of municipal properties to achieve our social mandate. Ensure efficient and effective use of municipal properties to generate income.

Service Standards

Establish and communicate clear service standards for property management, such as maintenance schedules, property allocation processes, and turnaround times for addressing public concerns.

CHAPTER 3
Service Delivery Performance

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Section 1: Organisational Performance

Section 1.1: Highlights and Achievements

During the year under review, the following key service delivery achievements, milestones, and other unexpected occurrences were realised:

Service Delivery Achievements/Milestones
Fifteen (15) properties to the value of **R144 750 000** were packaged and released on tender in terms of Section 79 (18) of the local government ordinance and the City's supply chain processes for land.
320 asset management plans were concluded.
Council approved twenty (20) property acquisitions to the value of **R74 000 000** during the financial year.
Achievement of **76%** of its quarterly targets, i.e. 16 of its 21 KPIs.
100% resolution of the 2022/23 AG findings.
Achieved **96%** CAPEX spend.
R502 149 844.08 investment spend on projects.
1 138 job opportunities created during the financial year under review.
806 employees trained during the financial year under review.
100% resolution of audit and previous findings.
Achieved a year to date surplus of **R28 173 569**.

Table 22: JPC Highlights and Achievements

Section 1.2: Service Delivery Challenges

Revenue Collection

- Delays in issuing informal trading permits from Economic Development, impacting on revenue generation.
- Delays in transaction reports approval, affecting income generation.
- Outdoor advertising revenue leakage due to lapsed contract and illegality.
- Increase in intercompany debt, which affects liquidity and solvency positions.

Occupational Health and Safety (internally for JPC and externally)

The non-compliance of City-owned buildings with OHSA remains a challenge across the property portfolio. A majority of the buildings has exceeded their design life and are due for replacement and/or major refurbishment. These facilities now pose a risk to occupants and users, mostly due to dilapidation over the years.

Illegal Occupation of Buildings, Bad and Unsafe Buildings and Land Invasions

Land invasions and illegal occupation, as well as vandalism of land parcels and buildings, remain an ongoing challenge. JPC's participation is critical in helping the City to address the issue of urban decay, primarily overcrowded flats in deteriorated, hijacked, and slumlorded buildings.

At this stage, deliberations are being concluded by the inner-city working group, which will lead to the adoption of a precinct development approach. This approach will focus on **safety and security, a regulatory and policy framework, partnerships and collaborations, and by-law compliance.**

Looking ahead, we are excited about the prospects that lie before us due to the new development and repurposing opportunities that will be part of the inner-city precinct-by-precinct approach. The intention is to conduct market research to understand the inner-city property market and competitive landscape, and to perform an industry trends analysis.

This market research will also result in the adoption of a negotiation strategy for acquisitions and a disposal strategy and property prospectus for private developers. In addition, it will highlight investment opportunities, the benefit of the location, and economic benefits. It will provide a comprehensive overview of the project, including size, scope and phases, concept, architectural designs, and renderings, showcasing the visual and aesthetic plans for the project.

Section 1.3: Performance Against Predetermined Objectives

The annual report has been prepared against the JPC's 2023/24 business plan and approved corporate scorecard. The corporate scorecard was reviewed and approved by the Board based on the strategic priorities set out by the Government of Local Unity. The deviation and mid-term budget adjustment was undertaken in line with prescribed and regulated procedures, and was approved by Council.

Reporting is conducted on a quarterly basis and the performance of the entity is rated and assessed based on the achievement or non-achievement of targets set. The Council-approved deviation has resulted in a reduction in the number of KPIs that JPC reports on from 23 to 21 KPIs. The following adjustments have been effected on the JPC scorecard based on the approved deviation:

- The target of the KPI that relates to the rand value of investment attraction was increased from **R1.5 billion** to **R5 billion.**
- The KPI relating to the outdoor lease verification project was combined with the KPI for the implementation of the outdoor advertising masterplan.
- The KPI relating to the analysis of land parcels was combined with the KPI for the number of asset management plans formulated.
- The KPI relating to the implementation of an annual refurbishment plan for the Metro Centre was amended to the wording of the KPI to include the precinct.
- **The following KPIs were amended to show the corrected quarterly targets to reflect the right annual target:**
  - The KPI which relates to the percentage spend of allocated CAPEX.
  - The KPI which relates to the percentage of spend on repairs and maintenance.
  - The KPI which relates to the percentage reduction of unauthorised, irregular, fruitless and wasteful (UIFW) expenditure.
  - The KPI which relates to the percentage achievement of service standards.

The JPC scorecard for the financial year ending 30 June 2024 reflects that the entity achieved **76%** of its target (16 of 21 KPIs).

Figure 17: JPC KPI Achievements

▲ TARGET ACHIEVED ▼ TARGET NOT ACHIEVED ▶ TARGET NOT DUE

Mayoral Priority	KPI No.	FY 2023/24 KPIs	FY2023/24 Actuals		Mayoral Priority	FY 2022/23 KPIs	FY2022/23 Actuals
Sustained economic growth	1.1	R5 billion investment attracted/business facilitated within CoJ boundaries based on a signed contract	R17 376 536 967.29	▲	A business-friendly city	R2 billion investment attracted/business facilitated within CoJ boundaries based on a signed contract	R9 723 463 032.71
Sustained economic growth	1.2	R500 million investment spend on projects within CoJ boundaries based on construction value on the ground	R502 149 844.08	▲	A business-friendly city	R300 million investment spend on projects within CoJ boundaries based on construction value on the ground	R702 500 517.10
Job opportunities created	1.3	1 000 job opportunities created	1 138	▲	A business-friendly city	735 job opportunities created	822
Job opportunities created	1.4	700 SMMEs supported	487	▼	A business-friendly city	500 SMMEs supported	148

Mayoral Priority	KPI No.	FY 2023/24 KPIs	FY2023/24 Actuals		Mayoral Priority	FY 2022/23 KPIs	FY2022/23 Actuals
Financial sustainability	1.5	320 asset management plans formulated	320	▲	A business-friendly city	300 asset management plans formulated	304
Sustained economic growth	1.6	8 properties acquired on behalf of departments and municipal entities for the advancement of the City's service delivery objectives	20	▲	An inclusive city	Acquisition of 19 properties	19
Financial sustainability	1.7	140 properties released on social and economic leases, including servitudes and sales	96	▼	A business-friendly city	140 properties released on social and economic leases, including servitudes and sales	565
Financial sustainability	1.8	100% implementation of the outdoor advertising masterplan	100%	▲	-	Not applicable	-
Good governance	1.9	100% implementation of annual refurbishment plan for Metro Centre Precinct	0%	▼	-	Not applicable	-
Financial sustainability	1.10	27 renewal of office accommodation leases	27	▲	-	Not applicable	-
Good governance	1.11	800 employees trained	806	▲	A well-run city	500 employees trained	1 490
Financial sustainability	1.12	R115 million in income raised from commission earned from acquisition, outdoor advertising, leases, servitudes, and sales	R78 230 000	▼	A well-run city	R105 million income raised from leases, servitudes, and sales	R96 452 440
Financial sustainability	1.13	95% spend on allocated CAPEX	96%	▲	A well-run city	100% spend on allocated CAPEX	87%
Financial sustainability	1.14	95% spent on operating budget against approved operating budget	90%	▼	A well-run city	100% spent on operating budget against approved operating budget	88%
Financial sustainability	1.15	8% of spend on repairs and maintenance to property, plant and equipment in respect of JPC facilities	45%	▲	A well-run city	100% of spend on repairs and maintenance to property, plant, and equipment in respect to JPC property	20%
Financial sustainability	1.16	100% of valid invoices paid within 30 days of invoice date	100%	▲	A well-run city	100% of valid invoices paid within 30 days of invoice date	100%
Good governance	1.17	50% reduction in UIFW expenditure incurred city-wide	53%	▲	A well-run city	50% reduction in UIFW expenditure incurred city-wide	76%
Good governance	1.18	95% achievement of service standards	100%	▲	A safe and secure city	100% compliance with CoJ service standards	100%

Mayoral Priority	KPI No.	FY 2023/24 KPIs	FY2023/24 Actuals		Mayoral Priority	FY 2022/23 KPIs	FY2022/23 Actuals
Active & engaged citizenry	1.19	Unqualified audit	Unqualified audit	▲	A well-run city	Unqualified audit	Unqualified audit
Good governance	1.20	95% resolution of Auditor-General's findings	100%	▲	A well-run city	100% resolution of Auditor-General's findings	100%
Financial sustainability	1.21	95% resolution of internal audit findings	96%	▲	A well-run city	100% resolution of internal audit findings	100%
		Not applicable			A well-run city	100% asset verification project	100%
		Not applicable			A business-friendly city	10 analyses of land parcels that are categorised for leasing opportunities in terms of real estate market analysis and best use studies	10
		Not applicable			A safe and secure city	3 500 Inspections of CoJ-owned properties	4 000

Table 23: JPC KPI Achievements

The reasons for non-achievement for these KPIs are as follows:

- **KPI 1.4:** The repairs and maintenance projects commenced in the final quarter of the financial year after the finalisation of the conditional assessments and our supply chain processes. This negatively affected this KPI.
- **KPI 1.7:** The 153 transaction reports due for Council approval did not gain traction owing to other Council businesses taking precedence.
- **KPI 1.9:** Annual refurbishment plan has been placed on hold due to pending Council approval of the proposed repurposing options of the Metro Centre.
- **KPI 1.12:** The 153 transaction reports due for Council approval did not gain traction owing to other Council businesses taking precedence. This has negatively affected JPC's ability to generate income from the released properties.
- **KPI 1.14:** Consideration had to be taken to strike a balance between the income and the expenditure and avoid unnecessary spending.

Section 2: Core Business

Section 2.1: Asset management

Status of CoJ Property Portfolio Holdings

The portfolio of the City has a total value of **R10.256 billion,** comprising 29 001 properties for the financial year ending 30 June 2024. The table below provides a high-level portfolio summary outlining the quantity and value per region.

Region	No. of Properties	Value %	Historical Book Value
Region A	1 719	11%	R1 154 535 386.28
Region B	3 516	16%	R1 624 962 941.10
Region C	2 575	11%	R1 129 294 930.86
Region D	5 914	8%	R831 122 642.23
Region E	4 345	16%	R1 644 673 723.18
Region F	5 305	16%	R1 674 428 950.97
Region G	5 331	17%	R1 768 275 723.28
Outside CoJ	296	4%	R429 026 050.01
Grand Total	**29 001**	**100%**	**R10 256 320 347.90**

Table 24: CoJ Property Portfolio

Net Movements

The table below indicates the impact of the movements in respect of the value of the Asset Register in the 2023/2024 financial year:

Opening Balance (1 July 2023)	R9 381 014 800.00
Acquisitions	R1 157 294 171.98
Disposals	-R281 988 624.08
Closing Balance (30 June 2024)	R10 256 320 347.90
Percentage Movement	**9.33%**

Table 25: Net Movements

Whilst the portfolio continued to increase in value in the 2022/23 financial year, it increased further by 9.33% in the 2023/24 financial year. This is attributed to the properties that were vested and devolved by the Gauteng Provincial Government to the City of Johannesburg.

Year on Year: Number of Properties

The portfolio has increased in quantity in the 2023/24 financial year compared to previous financial years. This is mainly due to properties that were vested and devolved by the Gauteng Provincial Department to the City of Johannesburg Municipality. In previous financial years, the portfolio had been decreasing in quantity because the Housing Department was transferring residential properties to beneficiaries in line with their mandate under the Housing Act and in terms of the Land Regularisation Programme. Table 26 outlines the year-on-year summary of the number of properties owned by the CoJ.

Region	2024	2023	2022	2021	2020
Region A	1 719	1 675	1 697	1 712	1 756
Region B	3 516	3 909	3 922	3 927	3 935
Region C	2 575	2 342	2 350	2 349	2 349
Region D	5 914	6 017	6 097	6 126	6 228
Region E	4 345	4 357	4 487	4 528	4 759
Region F	5 305	4 860	4 874	4 862	4 833
Region G	5 331	4 266	4 459	4 468	4 526
Outside CoJ	296	307	307	364	490
Total	**29 001**	**27 733**	**28 193**	**28 336**	**28 876**

Table 26: Number of Properties per Region

Section 2.2: Commercial and City-Focused Intervention Projects

Development Projects

The Development Facilitation Unit within the Commercial and City Interventions Department prepares land parcels for development purposes in line with the land strategy by sweating the asset to create social and economic returns for the City. Projects are being managed to ensure a "pipeline" of development projects, which will deliver a smooth and reliable flow of developments and development returns.

Project Name: Jabulani Housing Development Project Description: Erven 14 & 15 Jabulani Ext. 1 (Proposed Portion 15 of Erf 2612)	FY23/24 Project Developments	Project Status
As part of the Jabulani CBD precinct, the Jabulani Development Company (Pty) Limited, together with Calgro M3, have initiated plans to develop rental housing units in partnership with International Housing Solutions on the proposed Portion 15 of Erf 2612 Jabulani Extension 1 (Parcel A).	The development on this Erf aims to cater for approximately 576 sectional housing units. • Currently the developer is busy with the handovers for the various units that were sold in the first phase of the development, and 55% of the 396 units have been sold to date. • Construction of the second phase, which is 180 units, will commence once 90% of the 396 units have been completely sold and transferred.	• 396 units have been completed. • 224 units have been sold.

Project Challenges/Delays	Project Opportunities/Focus
The developers have delayed commencing the second phase due to slow sales in phase one. They attributed the sluggish sales to increased interest rates and affordability challenges, resulting in reduced buying power.	• Job creation during the construction period • Skills transfer • Property ownership by first-time homeowners

Jabulani Housing Development

Project Name: Lifestyle Complex Development Project Description: Erf 53 Alan Manor	FY23/24 Project Developments	Project Status
Erf 53 Alan Manor is located at the corner of Caro and Constantia Avenues, situated in the South of the City of Johannesburg in Region F. The site is surrounded by the prestigious suburbs of Mondeor, Winchester Hills, Meredale, Mulbarton, and Aspen Hills. The development of this lifestyle complex will comprise 83 units upon completion.	The development on this Erf will consist of a two-storey-building project, comprising four residential typologies: two-bedroomed units and one-and-a-half beds. • The first phase of 32 units of this development was completed on 15 April 2023. • The second phase of another 32 units will commence by the end of August 2024.	• 32 units have been completed. • 27 units have been sold.

Project Challenges/Delays	Project Opportunities/Focus
The developer has delayed commencing the second phase due to slow sales in phase one.	• Job creation during the construction period. • Skills transfer. • Property ownership by first time homeowners.

Lifestyle Complex Development

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Project Name : Riverside View Mega Housing Development
Project Description : The Remainder of Portion 5 of the farm Diepsloot 388-JR, Part of the Remainder of Portion 1 of the farm Diepsloot 388-JR

- The project is located on the remainder of Portion 5 of the farm Diepsloot 388-JR and part of the remainder of Portion 1 of the farm Diepsloot 388-JR-CoJ. The development was awarded to Valumax Northern Farms (Pty) Ltd.

- The Riverside View Mega City is an exciting mega-scale integrated housing development project, located within one of the fastest-growing economic nodes within the City of Johannesburg Metropolitan Municipality.

- The project's proximity to Steyn City, which represents arguably one of the most affluent developments in the country, serves as a token of integration as well as a direct antidote to former exclusionary spatial planning practices.

In addition, the project's proximity to Diepsloot aids in the transformation of housing provision in that the project provides a healthy alternative to the expansion of the Diepsloot informal settlement area. The development is structured in such a way (in terms of tenure models) that individuals who reside in informal settlements are able to access housing opportunities in the Riverside View Mega Housing Project.

FY23/24 Project Developments

The Development Yields

- 10 414 total residential units

Breakdown of Units (development yields/total housing mix)

- 3 113 single residential GAP/FLISP (Finance Linked Individual Subsidy Programme) units

- 4 332 high-density walk-up RDP (Reconstruction and Development Programme) units.

- 2 969 high-density walk-up rental units.

- Phase two of another 32 units will commence in the first quarter of the 2024/25 financial year.

Project Challenges/Delays

- Protection of land and vacant buildings from illegal occupation/invasion.
- Community unrest/project stoppages – caused by unregulated business forums.
- Eskom as supplier of bulk electricity for the project – caused various delays during the lifecycle of the project.
- Delays in approval of USDG (Urban Settlements Development Grant) budgets by CoJ or budget cuts – resulting in delays with implementation of bulk infrastructure programmes.
- Delays in approval of HSDG (Human Settlements Development Grant) budgets by GDHS (Gauteng Department of Human Settlements) or budget cuts – resulting in delays with construction of RDP top-structures and services.
- Delays in payments of invoices by CoJ and GDHS – created cashflow pressure.
- Delays with beneficiary identification and allocation once RDP buildings are completed – puts vacant buildings at risk of invasion and results in high security costs for the developer.

Project Status

Project is in the final stages of construction

Progress Made

- To date, 10 089 units have been completed.
- Housing units completed to date, registered and occupied – 8 253.
- Housing units under construction/registered/ occupied – 1 836 total.
- Cumulative jobs created to date – 22 648

Project Opportunities/Focus

- The development plan is rooted in integrated development principles, which aims to rectify former exclusionary practices and address the critical housing backlogs in the Diepsloot area.

- The objective of the project is to directly target informal settlements within Region A, to eradicate informal settlements, and to provide beneficiaries with formal housing.

Riverside View Mega Project Development

Project Name: Paterson Park (Victoria X3)
Project Description: Erven 42 – 46 Victoria Extension 3

- Paterson Park precinct has been earmarked for the development of a high-density mixed-income residential development in support of the Louis Botha Corridor.
- It comprises several erven north of the Paterson Park area, currently occupied by both Johannesburg Roads Agency and Pikitup depot.
- The Roads Agency and Pikitup depot functions need to be relocated to alternative sites to make land available for the mixed-income residential development. These old depots comprise Erven 409, 110, & 111 Norwood (Pikitup depot) in the former and Erven 6, 7, 8 & 9, Orchards (JRA depot).
- This residential development is anticipated to yield favourable financial returns of direct income to the City through sales, as well as continued income from rates and taxes.
- In terms of the Paterson Park Urban Design Framework approved by Council, the depots (including JRA and Pikitup) located within the Paterson Park precinct need to be relocated to alternative sites to make land available for the mixed-income residential development. Numerous consultations were held with the various depots.

FY23/24 Project Developments

The Development Yields

- The proposed development will yield a mixed-income residential development comprising 744 units.
- The total project area is approximately 3.5 hectares and the estimated development cost is R550m.

Project Status

- Section 14(2) approval obtained.
- Landscaping and construction of parking completed.
- Relocation strategy for City Parks completed.
- Request for proposals (RFP) for the appointment of the Development Facilitator for the relocation of the depots advertised and closed, bid evaluation completed, and the bids were non-responsive.
- Re-issue of the RFP for the appointment of the Development Facilitator for the relocation of the JRA and Pikitup depots.
- RFP (first phase of 744 mixed-income residential development) for development and sale/long-term lease of the site to be released in the fourth quarter of 2023/2024.

Patterson Park Development

Project Challenges/Delays

- Delays to relocate CoJ depots to make land available for housing development.
- Lack of funding.

Project Opportunities/Focus

- To link more development opportunities to the public transport backbone introduced by the Rea Vaya along Louis Botha Avenue.
- Packaging and Preparations of the alternative site identified for the relocation of the JRA and PIKITUP depots to make land available for housing development opportunities for a mixed income residential development comprising 744 units.

Mixed-Use Development Transactions

Successive to a public tender process in terms of Section 79(18) of the Local Government Ordinance and the City's Supply Chain Processes for Land, in February 2024 the City's Executive Adjudication Committee awarded the properties below. This enabled the private sector to invest in the properties and contribute to the use of the CoJ portfolio for transformation purposes, as outlined in the table below.

NO	PROPERTY DESCRIPTION	INVESTMENT VALUE
1	Klipspruit 419	R509 784 355
2	Erven 159-169 Cottesloe	R341 898 263
3	Ptn 246 and 247 Braamfontein (Parkhurst Bowling Club)	R613 359 167
4	Erf 24460 Diepkloof (Bara Corner Sites)	R43 737 111
5	Erf 13 Orlando Ekhaya	R848 071 294
6	Erf 14 Orlando Ekhaya	R892 706 625
7	Erf 15 Orlando Ekhaya	R138 928 153
8	Erf 16 Orlando Ekhaya	R381 334 499
	TOTAL	**R3 769 819 467**

Table 27: Mixed-Use Development Transactions

The bidder who was awarded for the development and long-term lease of Erven 13, 14 & 16 Orlando Ekhaya withdrew from the bid. However, in terms of Executive Adjudication Committee (EAC) approval, the bids for Erven 13 and14 were awarded to the second-scoring bidder. Erf 16 will be re-tendered.

Various properties, amounting to **R1 440 750 000** were packaged and released on tender in terms of Section 14(2) of the MFMA and Section 79(18) of the Local Government Ordinance and the City's supply chain processes for land. The properties were released on 27 March 2024, closing on 7 June 2024. However, the validity of the tender closing period was extended to 5 July 2024.

Acquisition and Municipal Unit

Nineteen (19) properties valued at **R32 903 300** were acquired in this financial year. Thirty-two (32) properties to the value of **R88 482 380** have been acquired and are currently at negotiation stage or with conveyancers.

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Service Delivery (Released Properties)

The Unit has received numerous requests for the allocation of Council-owned properties for service delivery purposes, in line with the mandate of the requesting entity. These ten (10) properties were released to the departments by means of PTOB agreements throughout the financial year.

Management of Sanitary Lanes City-Wide

Twenty-four (24) management agreements to the value of **R72 000** were released within the 2023/24 financial year. The numbers have dropped drastically in comparison to the previous financial years due to various challenges encountered by adjoining property owners.

Leasing and Sales

Transactions Approved at EAC Level

One (1) transaction to the value of R40 million was approved by the EAC. The road closure and alienation of a portion of Olympia Road and a portion of Winnie Mandela Drive will facilitate the development of the adjoining property, which is Erf 175, Glenadrienne. The sale agreement will be concluded, and the conveyancers will be appointed to effect the transfer of the property during the first quarter of the 2024/25 financial year. This project will empower ten (10) SMMEs and create sixty (60) jobs.

Table 28 outlines the various transactions submitted that were approved at Council during the financial year.

Transactions approved at council

No.	Leases	Rental per annum	Sales
21	R261 782.50	R3 194 790.00	R12 680.00

Transactions at various stages in the committee cycle (pending approval

No.	Leases	Rental per annum	Sales	Servitudes
81	R312 502.00	R19 105 674.00	R20 058 000.00	R6 611 200.00

Table 28: Leasing & Sales transactions

Acquisition Income

Forty-seven (47) properties with the value of **R73 674 000.00** were acquired in this financial year.

Released Properties

During the period under review, properties were released for development purposes and contracts were concluded for the management of sanitary lanes with the adjacent property owners. The income received from Management Agreements is a once off fee of **R3 000** as approved by Council; therefore there will not be any recurring income expected from them. The number of released sanitary lanes is sixty-seven (67) with once-off revenue of **R201 000.00.** Eight (8) properties released on public tender were non-responsive.

Properties Allocated to CoJ Departments for Service Delivery Purposes (PTOB Agreements Issued)

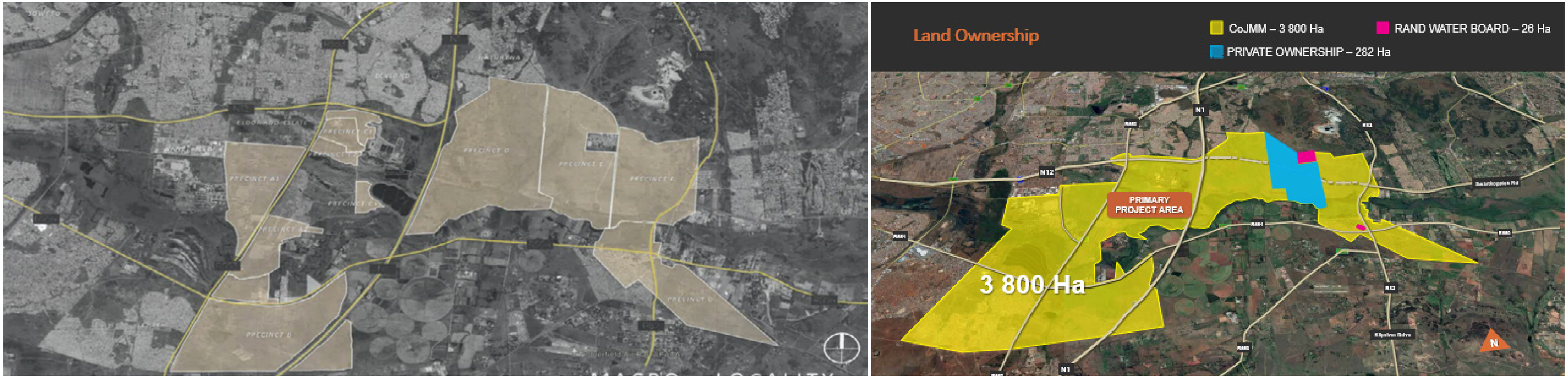
The Unit processed numerous requests received from various City Departments for service delivery purposes. Once a PTOB agreement has been concluded, the responsibility to manage the property then vests with the said department until such a time that the property is no longer required for the provision of basic municipal services. The total number for these is fifty-one (51).

Section 2.3: Mega Projects

Project Name : Southern Farms Project Description	FY23/24 Project Developments	Project Status
The Southern Farms project area is located approximately 27 km south-southwest of the Johannesburg CBD, along the N1 and N12 freeways. It comprises several farm portions. The N1 National Highway effectively splits the project area into an Eastern and Western quadrant. It is bordered by Lenasia to the west, the areas of Eldorado Park, Devland and Naturena to the north, and the suburb of Kibler Park to the east. The project area is also bordered by the N12 highway, forming the north-western boundary of the project area. The project area spans across two regions within the City of Joburg (Region G and F) and three wards (Wards 112, 119, and 125). The Southern Farms Mega Project Development concept entails the establishment of a network of conservation-based inclusionary mixed-use precincts. The Precinct Plan provides for seven (7) sub-precincts or "urban villages", referred to as Precincts A, B, C, D, E, F and G. Each of these precincts are designed to be self-sustaining human settlements that integrate into the larger Southern Farms Development. This project will provide approximately 42 000 housing opportunities. The project will be developed in Phases: **Phase 1:** A1/ A2/ C1/ C2/ C3 No. of townships applications made =17 Residential yield = 12 363 units I Multi-storey RDPs = 4 495 Residential 3 multi-storey FLISP = 4 819 Residential 1 single-storey FLISP = 3 173 Area of site covered – 936 ha I Industrial – 285 230m² gross Commercial – 10 000m² gross I Retail – 40 000m² gross Community facilities – 17 000m² gross I Education – 11 000m² gross Motor showrooms – 20 000m² gross Filling stations – 30 000m² gross	• Concluded a Land Availability Agreement for Southern Farms with Valumax/Safdev Joint Venture, the City of Joburg, and the Department of Human Settlements for the development of the entire Southern Farms project. • Township establishment applications submitted for 19 townships for Phase 1. • Environmental Impact Assessment (EIA) approvals and ROD – expected to be issued by month-end (end July). • Water use licence applications (WULA) submitted – currently addressing comments from the review of the final WULA summary reports. • All Traffic Impact Assessment Reports issued to JRA – awaiting comments. • Outline Scheme Reports submitted – awaiting capacity letter from CoJ. • Master Plan for electricity has been submitted to City Power. • Received a number of objections and land claims that are being dealt with currently (Koi San/Johannes Goliath, etc.). Objections were received on seven of the township applications. Awaiting dates for the MPTs (Municipal Planning Tribunals) to sit. • Busy with the de-proclamation of the nature reserve – a letter was sent to the MEC for the Gauteng Department of Environment. • Need comments from Department of Mineral Resources and Energy. • Looking into the sensitive heritage aspects currently and what can be demolished. Will apply for demolition permits thereafter. • Looking at people that have moved to the area illegally and will work with the City thereafter to remove them. • Approval from Gautrans (Gauteng Department of Public Transport, Roads and Works) is outstanding.	• Concluding township establishment for 17 township applications. • Proclamation to follow. • Awaiting EIA and WULA approvals. • Awaiting comments on TIA and Outline Scheme Reports. • Addressing objections received. • Dealing with land claims. • Awaiting budget confirmation from Human Settlements. • De-proclamation of the nature reserve on Southern Farms land – wrote to the MEC; awaiting her comments. • Valumax and Safdev Joint Venture busy with raising development funding from the bank.

Project Name: Southern Farms Project Description	FY23/24 Project Developments	Project Status
Phase 2 – Precincts B, D, E, F, and G	• Appointment of a Community Liaison Officer (CLO) – advert still to be finalised and to go out.	

Project Challenges/Delays	Project Opportunities/Focus
• Securing government funding for the next 3 years. • Objections and land claims. • Invasion of the site. • Sensitive heritage sites and graves. • Securing the site - building the boundary wall.	• Resolving all objections and claims. • Getting the townships approved. • Proclaiming the townships. • Installation of bulk and internal services.



Southern Farms Development

a world class African city

JOBURG PROPERTY COMPANY

Project Name: Soweto Gateway
Project Description: Portion 159 of the Farm Diepkloof, 319 IQ

Soweto Gateway lies in the far eastern part of Soweto in Region D. It is seen as a main entry into Soweto with good visibility as it is situated along the N1. West of the site is the Chris Hani Baragwanath Hospital. On the south-west of the site is the SAPS Vehicle Recovery Unit and Elias Motswaledi Township. The Bara Taxi Rank is 500m away. The site is approximately 30.5 hectares and is a hot spot for high value infrastructure development.

FY23/24 Project Developments

- Went out on tender.
- Was awarded to a private developer.
- Draft agreement made available to the developer for comments.
- Contract negotiation to follow.
- Received environmental authorisation from Gauteng Department of Agriculture and Rural Development (GDARD).

Project Status

- Concluding township establishment.
- Proclamation.
- Finalising the draft contract.
- Need to go out on RFQ to appoint a Town Planner to tackle the restrictive conditions of the title deed.

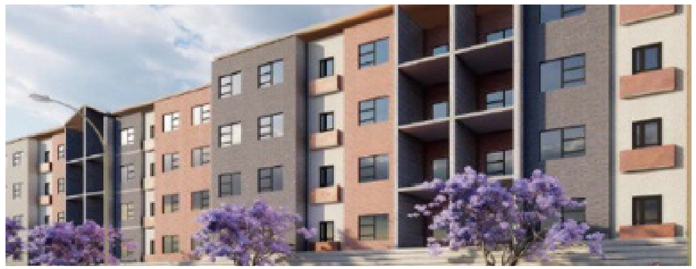
Project Challenges/Delays

- The preferred bidder pulled out of the deal after nine months, after accepting the award.
- Had to proceed with the second-highest bidder.
- Getting Province to comment on our request to remove the title deed's restrictive conditions on the site.
- Township establishment taking longer than expected.

Project Opportunities/Focus

- Getting the site rights in place – establishing the township.
- Removing the restrictive conditions of the title deeds, which currently prescribe the site layout.

Soweto Gateway Development



Section 2.4: Inner City

The primary goal of the Inner City Rejuvenation Programme (ICRP) remains that all awarded developments are secured and developed into student accommodation and mixed-use housing. This will in turn result in economic growth through investment attraction, retention, and expansion, while also improving the City's property portfolio.

Progress to Date

In an effort to unlock the challenges causing delays in the project's progress, the ICRP has been collaborating with various stakeholders within the City (including CoJ Housing: Human Settlements and Development Planning, and the Office of the Chief Operating Officer) to expedite the projects.

Below is a summary of the challenges experienced and the mitigation measures undertaken during the financial year, with the assistance of the abovementioned stakeholders.

Challenges	Mitigation
Finalising town planning approvals Phase 3 (i.e. consolidation)	On 25 July, a Town Planner was appointed and is currently working on finalising the outstanding applications.
Resolutive measures for privately owned properties	As of 01 April 2024, an Urban Designer has been appointed to strategically develop a precinct plan for the development of the Inner City.
Lease addendum	16 projects (lease addenda) have been signed and collected from developers, which has reinitiated the funding process. Extensive engagement is underway with the developers for the outstanding lease addenda to determine a proposed way forward.

Challenges	Mitigation
Lack of temporary alternative accommodation/ temporary emergency accommodation and the relocation of occupants	On 25 April and 11 June 2024, consultations were held with Human Settlements to discuss the occupancy audits to be conducted and provide CoJ Housing with a list of possible sites (identified by JPC) that could be used as temporary alternative accommodation.
Occupancy audits	

Section 2.5: Property Analysis – Special Projects

The Usindiso Block Regeneration

The Usindiso Block comprises Erf 1210 (Marshalltown), Erven 342 & 343 (City and Suburban), and Erven 339, 340, 341, 344, 345, 346 & 347 (City and Suburban). The vision is to develop the Usindiso Block into a medium- to high-density, mixed-use node, with good quality, affordable rental housing units of different typologies as the main driver. The redevelopment of the block into one development will also:

- Support densification that can accommodate more than five times the population that was housed at the Usindiso building, plus the ones at Erven 342 & 343 (City and Suburban).
- Revitalise and regenerate the Inner City.
- Generate economies of scale.
- Ensure a cleaner and safer city.
- Promote job creation and SMME empowerment during construction.

The CoJ only owns Erf 1210 (Marshalltown) and Erven 342 & 343 (City and Suburban), equating to 61.3% of the block. The remainder of the block (38.7%), comprising Erven 339, 340, 341, 344, 345, 346 & 347 (City and Suburban), is privately owned.

In order to realise the vision of the block, development opportunities, and precinct linkages, it is recommended that the 38.7% privately owned portion of the block be acquired. This acquisition would provide additional support and stimulus for the development of the CoJ-owned properties and increase income to the CoJ. A report recommending the acquisition (and simultaneous development and lease) of the properties was scheduled to be tabled at the Transactions Committee meeting in July 2024. Reports relating to the development and lease of 68% of the CoJ-owned properties was completed and was scheduled to be tabled at the July 2024 Transaction Committee meeting.

Progress made to date: A Section 14(2) report has been completed and submitted to the Transactions Committee meeting scheduled for July 2024.

Usindiso Block – Marshalltown

Yeoville Priority Block

A hijacked and dilapidated five-storey residential building currently stands on Erf 737 (Yeoville). Erven 1304, 729, 730, 731 & 732 (Yeoville) currently house the Yeoville Market, which is run by the JPC and the Yeoville Taxi Rank. Currently, no parking is available on the site to support the informal traders and their customers. The Yeoville Market possesses significant unrealised potential but has never been able to absorb all traders. Erf 658 is a burnt-down structure that was used as a CoJ library.

The Yeoville area has experienced rapid decay over the past 30 years and now contains a substantial number of dilapidated and hijacked buildings, including Erf 737. The vision is to consolidate Erven 1304, 729, 730, 731, 732 & 737 into the Yeoville Priority Block development, and to densify in terms of the Regional Spatial Development Framework and applicable town planning scheme.

The proposed Yeoville Priority Block development comprises high-density residential units, retail spaces to complement the existing retail establishments along Cavendish Road, and a well-designed informal traders' space (Yeoville Market) as part of the redevelopment of the area.

Yeoville Priority Block

The expected outcomes of the redevelopment of the block are:

- Economic stimulation and growth.
- Rejuvenation of Yeoville to its former glory and transformation into a tourist attraction.
- Prevention of the illegal usage of the building and restoration/rehabilitation of structures previously deemed irrecoverable.
- Elimination of the maintenance burden on the City.
- Revenue generation over the lease period.
- Job creation and SMME empowerment within the local community.

Progress made to date: A report requesting permission to initiate a public participation process in line with the Municipal Asset Transfer Regulations has been compiled and was to be tabled at the Transactions Committee meeting scheduled for July 2024.

Erf 1182 Marlboro (Alex Auto Hub)

This building is in a residential zone and is occupied by squatters. Furthermore, the building lacks sufficient parking to support a motor hub concept. A review of suitable repurposing options is therefore required. A report seeking permission to initiate and conduct a 60-day public participation process is currently in circulation. It will be tabled with CoJ governance structures for approval, in line with Municipal Asset Transfer protocols. JPC must verify the existence of approved building plans and an occupation certificate, while JMPD needs to submit the required compliance document to CoJ Planning.

Progress made to date: A report requesting permission to initiate public participation was tabled at the Sub Mayoral meeting in May 2024, and Council approval is anticipated by the first quarter of 2024/2025.

Erf 2004 Rosettenville

This property is currently being used by a number of car dealerships and has been invaded. An instruction has been submitted to JPC Legal to commence with the eviction process.

Progress made to date: A Section 14(2) report was completed and submitted to the Transactions Committee meeting scheduled for July 2024.

Erf 246 Mayfair (Mayfair Bowling Club)

The site is currently occupied illegally and used for parking. A report requesting permission to initiate public participation, in line with Municipal Asset Transfer Regulations approved by Council in 2019, has been submitted. Once approval is granted, JPC will conduct the public participation process. In addition, a report has been submitted to the Transactions Committee requesting approval for a permanent park closure of the site. Group Forensic and Investigative Services (GFIS) is currently investigating the possibilities of illegal subletting and collection of rent. The outcome of the GFIS investigation report will inform the course of action to be taken.

Properties at Land Preparation Stage

Listed below are properties that need to undergo a range of activities to improve them and make them attractive to potential purchasers or development partners. This stage pre-empts the activities that would need to be undertaken by a developer. Completion of these activities in advance not only adds valuable real rights to the property but also removes risk and lengthy time delays from the development equation, thereby maximising returns to the CoJ.

Street-By-Street: Bank City Precinct

Project overview: An Urban Designer has been appointed to strategically develop a precinct plan for the Inner City street-by-street approach, encompassing a total of 50 streets. The bid advertisement to appoint a professional team that would be commissioned to complete the precinct plan and prospectus closed on 02 April 2024.

Progress made to date: Subsequent to the tender closing, the CoJ Group Chief Operating Officer recommended that the project be put on hold and all stakeholders (CoJ departments and entities) provide input on the document.

Properties with Repurposing Opportunities

This section focuses on properties earmarked for repurposing, aimed at proposing a range of development opportunities and precinct linkages. These initiatives are intended to provide additional support and stimulus for property development, thus enhancing its potential and increasing income for CoJ.

Portion 45 of the Farm Driefontein 41IR

This property does not have a permanent structure and is currently invaded and land locked. It can only be accessed through the adjoining property, Portion 373 of the Farm Driefontein. The adjoining property was donated by the CoJ to Transvaal Association for Care of Cerebral Palsy (TACCP). The donation was subject to the following title deed conditions:

1. "The property shall be used solely for the purposes provided in the TACCP Constitution."
2. "In the event of a breach of paragraph 1 or 2, the CoJ shall have the right to claim the retransfer of the property, at the cost of TACCP, without being obliged to compensate it for improvements."
3. Current income to the CoJ: R99.00 per annum.
4. Potential income to the CoJ: an estimated amount of **R10 million** (once off).

For the process of repurposing, the following will need to be implemented and obtained:

- Approval for a structured land exchange deal with TACCP, which will help unlock the development of the River Park Precinct. This should include, amongst other key considerations, the removal of the restrictive title deed condition, subject to the following:

  - TACCP to agree for CoJ to be part of the tripartite agreement relating to the development of the site.
  - Grant TACCP the power of attorney to establish a township (on the land that was donated by CoJ to TACCP and the CoJ-owned one) and provisions of services at the cost of the appointed developer.
  - All income to be paid to CoJ.
  - Partial proceeds of the income to be ring-fenced for the development of a new facility for TACCP at a fixed amount.
  - Remaining income to be paid to the CoJ.

- If found that TACCP is in breach of the title deed conditions, the title deed conditions should not be removed and the land should revert back to the CoJ.

Progress made to date: Negotiations pertaining to this project are still underway.

Portion 145 of the Farm Syferfontein 51-IR (Killarney Golf Course)

This property is currently being utilised as a golf course – a zoned private open space with a property extent of 298 354 m^2. The proposed repurposing concept would be an improved sports centre and community residential precinct comprising three-storey walk-up residential units to a maximum density of 120 units per hectare. The average size of the units will range between 40 m^2 and 50 m^2. JPC is currently negotiating a settlement with the lessee.

Potential income to the CoJ would be derived from the following:

- Outdoor advertising income of approximately **R1 318 096** per month, escalating by 3% a year, totalling **R148 677 116** over 50 years.
- Rental to the approximate value of **R600 000** a month, totalling approximately **R30 million** over 50 years.
- Rates and taxes to the approximate value of **R642 978 747** over 50 years.

Progress made to date: Negotiations still underway.

Properties at Land Release Stage

This is the stage when requests for proposals (RFPs) are prepared in order to invite bidders to submit proposals for the sale and/or lease of properties by means of public tender. The properties discussed below are to be released in the upcoming financial year.

Progress made to date: The Bid Specification Committee composition memo has been approved by the City Manager and the RFPs are scheduled to be released in the first quarter of the 2024/2025 financial year.

Erven 1633, 1637, 1638, 1639, 1640 – Turffontein

This property is located at the corner of Hay and Church Streets, in Turffontein, with an extent of 2 477 m^2. There are currently no permanent structures on the site and no illegal occupants, except for makeshift structures used for cooking and selling food. The current zonings are Business 1 and Residential 4. Developers will be responsible for all land ennoblement approvals required for the proposed development.

The proposed mixed-use development will include a ground-floor retail space to support the public realm, with mixed-income residential units on the upper floors. The proposed salient conditions of the RFP would be as follows:

- The lease shall be entered into for a period of 50 years. Upon expiry of the lease, the land and all improvements to it are to revert to the City at no cost to the CoJ.
- The lessee is to bear all costs related to the land ennoblement and statutory approvals required for development, including, but not limited to, the consolidation of the subject properties.
- The lessee, the lessee's professional team, and the lessee's contractors shall at all times comply with all statutory requirements, including, but not limited to, compliance with all applicable by-laws, the Construction Industry Independent Board, and the National Home Builders Registration Council.

Erf 776 Turffontein

This property is located on De Villiers Street in Turffontein, with an extent of 495 m^2 and Residential 4 zoning. The current state of the building is a stand-alone house with outbuildings.

The proposed plan would be to sell the property for the development of residential units. The proposed salient conditions of the RFP would be that the bidder is to submit proof of availability of funds (purchase price), which will need to be transferred to the JPC-appointed conveyancing firms within 30 days of signature of the agreement.

Section 2.6: Informal Trading

Income collection

During the 2023/2024 financial year, the unit collected **R1 160 528.11** for stalls and shops occupied by traders, which is a slight decrease in collections from the previous financial year.

Leasing of shops and stalls located at various public transport facilities and trader markets

JPC is currently supporting the Department of Economic Development (DED) in the process of ensuring that the permit system is piloted for ease of verification of traders. It is envisaged that the roll-out of the permit system will occur in the new financial year; however, this is dependent upon DED. Until then, no leases will be entered into at this stage.

Piloting of permit system at Kwa Mai-Mai

The CoJ embarked on its first dry-run testing of the online permit system in May 2024 at Kwa Mai-Mai Market, which was identified as a strategic market to pilot the Informal Trading Permit System. Furthermore, DED outlined the process of application to the traders.

The Informal Trading Unit is grappling with the following challenges that are influencing its ability to generate revenue, secure, and maintain the facilities:

Challenges	Mitigating Measures
• Inadequate capacity to secure and maintain the cleanliness of the facilities. • Lack of repairs and maintenance of the facilities by the Transportation Department. • Ageing of some of the markets and transport facilities. • Competition amongst informal traders and taxi operators for the space to operate. • Some resistance and a lack of willingness by some of the traders to enter into leases. • Sense of entitlement by some traders who want to claim family inheritance of the municipal stalls. • Subletting of trader stalls. • The intended imminent takeover of the management of certain aspects of transport facilities by taxi associations. • Continuous burglaries due to lack of security. • Crime inside JPC facilities, such as pickpocketing, robberies, etc. • Non-payment of water and electricity, resulting in cut-offs.	• Trader engagement to communicate the lease renewal process and its importance. • Implementation of credit control measures and locking stalls where traders are not paying. • Internal engagement with JPC Project Managers to provide an execution plan for distressed Informal Trading Unit facilities. • Implementation of the CoJ Informal Trading Policy to address all pertinent issues, e.g. allocations, rights and duties of traders, law enforcement, permits, etc. • JMPD has promised a hybrid model of security to deal with current challenges. • Stricter by-law enforcement to eliminate illegal activities in the facilities. • Finance to implement debit order mechanism.

Leasing of Shops and Stalls located at various public transport facilities and traders markets

No leases will be entered into at this stage as the permit system is still being piloted by DED for ease of verification of traders.

Verification of Informal Traders: It can be reported that 63% verification of traders has been achieved to date. The process of verification will ensure readiness and focus on motivation for entering into leases through EAC when DED rolls out the permit system. Once the leases are signed, JPC will be in a position to monitor the occupants based on the updated rent roll. This will culminate in the reduction of the debtors account and a reduction of their arrears.

World Environment Day

JPC, together with the South African National Taxi Council (SANTACO), participated in a World Environment Day event on 02 May 2024, in collaboration with the Bombela Concession. The focus was to attend to cleanliness and environmental aspects at the taxi rank and its surroundings, specifically by:

- **Restoring the ecosystem** by halting pollution, reducing waste generation through avoidance, re-use, and recycling.
- **Replanting forests** to prevent fires (e.g. from incorrectly disposing of cigarette butts), stopping soil and land pollution, and promoting indigenous plant growth.

- **Rehabilitating marshes and reviving soil** by combatting sources of pollution such as oil leaks and poor disposal, vehicle emissions, and improper waste handling. Enhancing waste management practices in shops, and addressing environmental health concerns.

The programme included cleaning inside and around the Sandton Gautrain Station and clearing of alien plants behind the Sandton Public Transport Interchange (PTI). The campaign will continue with the training of informal traders at the PTI on waste handling and food safety. Passengers were educated on ground and water pollution. The partnership with Bombela Concession and SANTACO aims to promote working together in co-managing the facility.

Site Visits and Inspections

Detailed below are the facilities where site inspections were conducted and management is working on mitigation actions:

Market	Challenges	Mitigation Measures
Yeoville Market	• Lighting in this market (both internal and external) is non-existent and many globes and fittings need replacing. Plug points are faulty and most meter boxes have been damaged. • The drainage system is a major problem in the whole market, including the blocked gutters. • The facility roof is leaking and the offices are prone to flooding when it rains. • The roller gates need servicing. • Waste area: The palisade fence is broken; the neighbouring flats' drains are blocked, causing waste to overflow into the waste area, therefore damaging the paving and causing it to lift.	**Contractor appointed on 20 October 2023.** **Project is still a work in progress.** **Contractor expected to complete project in the last quarter of the 2023/24 FY.**
Jeppe Market	There are plumbing issues in the public conveniences opposite the taxi rank, and some stalls do not have fire extinguishers inside, as required by the Informal Traders Policy and OHSA.	**Contractor appointed on 20 October 2023.** **Project is still a work in progress.** **Contractor expected to complete project in the last quarter of the 2023/24 FY.**
Fleet Africa Market	• Part of the facility had caught on fire; refurbishments are underway and should be complete in the fourth quarter. • The roof is leaking, which affects business during rainy days. • The diesel station needs to be in a covered shelter, as it can ignite fires during extremely hot weather. • A gas station has been built; however the gas is stored in a different location to the gas station. This is a major concern as the pipes run along a busy road, which might damage the pipes and cause an explosion.	**Request for service memo:** 01–02 July 2024 **Compilation of RFQ:** 03–05 July 2024 **RFQ Advert:** 15 July 2024 **Closing:** 23 July 2024 **Evaluation:** 24–26 July 2024 **Probity:** 01–07 August 2024 **BAC sitting and award:** 08 August 2024 **Appointment:** 12–13 August 2024 **Construction start date to finish:** 14 August–20 November 2024

Market	Challenges	Mitigation Measures
Kwa Mai-Mai Market	• Lighting is non-existent throughout this facility, including the Nyameni area. • The toilets and showers need revamping. • Repairing of the roofs is needed in 65% of the market because the stalls get flooded during the rainy season, which damages stock. • The fencing and gates need replacing. • Revamping of the sink area is needed (Enyameni area). • Pest control required both at the Enyameni and Traditional Market areas. • Fitting of electric meters required in all stalls. • Deep cleaning required at the Nyameni area. • Firehoses and fire extinguishers need servicing. • Crime is on the increase - an incident occurred on 27 February 2024 when stall number 156 was robbed at gunpoint at 11am. More guards are required to ensure safety. • Traders and the community are not happy with the state of the facility and how it is currently managed. The traders are no longer willing to pay their rentals and have requested that JPC take over running of the toilets.	**Request for service memo:** 01–02 July 2024 **Compilation of RFQ:** 03–05 July 2024 **RFQ Advert:** 15 July 2024 **Closing:** 23 July 2024 **Evaluation:** 24–26 July 2024 **Probity:** 01–07 August 2024 **BAC sitting and award:** 08 August 2024 **Appointment:** 12–13 August 2024 **Construction start date to finish:** 14 August–20 November 2024
Faraday Market	• The grass needs to be attended to and cut. • A leaking pipe is seeping into the ground where people have been sleeping. • The facility is dilapidated, with broken locks and windows; lighting is a major issue; floors and walls require repair/replacement. • The roof and ceiling are damaged where the traders trade.	**Request for service memo:** 01–02 July 2024 **Compilation of RFQ:** 03–05 July 2024 **RFQ Advert:** 15 July 2024 **Closing:** 23 July 2024 **Evaluation:** 24–26 July 2024 **Probity:** 01–07 August 2024 **BAC sitting and award:** 08 August 2024 **Appointment:** 12–13 August 2024 **Construction start date to finish:** 14 August–20 November 2024

Market	Challenges	Mitigation Measures
Sandton PTI	Maintenance-related issues are impacting on the Gautrain operations in respect to the following: • Inadequate wastewater reticulation systems. • Damaged fire equipment and lack thereof. • Fire safety risks associated with non-compliance with fire safety by-laws, specifically the use of gas for cooking that exceeds the permitted number of cylinders. • Fire alarm and activation points. • Poor waste management, as waste is not collected and piles up at the waste area. • Concerns regarding the quality of water used by vendors for cooking. • Hygiene is a major concern regarding the eating area, toilet facilities, waste area, and wastewater collection. • Vendors are operating on West Street and Rivonia Road. • Taxis are operating in an area with damaged fire hoses. • The security control room showed two guards on shift, but only one guard was present. • JMPD security guards are not visible during the site inspection and are not easily identified due to the darkness of the facility and their uniforms. • Bombela informed JMPD Security that no guards will be allowed to use Gautrain facilities if not reflected on the shift deployment list. **Resolutions of the meeting with Bombela:** • Bombela to initiate discussions with CoJ Transport regarding some proposals/options to be explored. • Bombela to follow up with CoJ Transport regarding the progress on some proposed options. • Investigate current controls implemented including agreements between JPC and vendors. **Resolved matter** • A site inspection was conducted on 15 March 2024, and noticed that the dumping site at the facility was still not cleaned and was overflowing with waste. The department managed to contact Pikitup to assist in clearing the waste. • Pikitup assisted in bringing a waste truck and skip with the resources to clear the site. Pikitup promised to do a courtesy check on site on 18 March 2024 and to clear out all the waste. • Additional wheelie bins were provided at the facility. Deep cleaning was done at the facility, and pest control and fumigation services were also conducted at the facility. • On-site guards were arranged to help monitor the waste disposal area at the facility and to also ensure that this kind of waste disposal does not happen again. • Communication was sent out to the traders outside the facility regarding waste disposal.	**Request for service memo:** 01–02 July 2024 **Compilation of RFQ:** 03–05 July 2024 **RFQ Advert:** 15 July 2024 **Closing:** 23 July 2024 **Evaluation:** 24–26 July 2024 **Probity:** 01–07 August 2024 **BAC sitting and award:** 08 August 2024 **Appointment:** 12–13 August 2024 **Construction start date to finish:** 14 August–20 November 2024

Section 2.7: Client Business Operations

Client Servicing Unit (CSU)

The unit played a pivotal role in delivering exceptional service experiences throughout the 2023/24 financial year, with a total of 920 walk-in clients. The focal characteristics of all operations were focused on efficiency and value to meet and exceed client expectations. Key highlights of operations include:

- **Service excellence and responsive service offerings:** The CSU achieved a quantifiable performance rate for requests, enquiries, and complaints logged within one day of a call, thus reflecting its commitment to excellence in service delivery. The unit further achieved a high rating for the provision of answers and/or results related to the receipt of the requests and enquiries regarding properties, which is indicative of its commitment to achieving a customer-centric service offering, contributing to increased stakeholder satisfaction and reduced follow-up enquiries.

While notable gains have been noted in the unit, challenges hindering its efficiencies include:

- Outstanding or delayed responses to stakeholders and non-adherence to the regulated timelines by other internal departments as stated in the SDA, JPC performance standards and JPC Customer Charter.
- The escalation of enquiries to the Executive Mayor, MMC, the CEO's office or even the Public Protector, which bears an inherent reputational risk for the organisation.
- Capacitation of the CSU, which is currently short-staffed.
- The lack of an effective ticketing system to digitise processes and reporting.

JPC Performance Service Standards

During the 2023/24 financial year, JPC has adhered to the CoJ Shareholder Compact relating to client service functionality and turnaround times. The entity has achieved eight (8) of the ten (10) service standards and has developed mitigations to address the service standards that have not been achieved, going into the new financial year, as summarised in Table 29.

Core Service	Service Standard Indicator	Actual Performance
SLS 1.1 – Response in acknowledgement of requests, enquiries, and complaints	Within 1 day of logged call	☺
SLS 1.2 – Provision of answers and/or results related to the receipt of requests and enquiries regarding properties	Within 3 days of logged call	☺
SLS 1.3 – The performance of emergency work for JPC managed facilities	Within 1 day of logged call	☺
SLS 1.4 – Performance of minor works on facilities managed by JPC	Within 2 days of logged call	☺
SLS 1.5 – Performance of major works on facilities managed by JPC	Within 5 days of logged call	☺
SLS 1.6 – Completing the sale or lease and registration of servitudes of Council-owned land	Within 6 months after Council approval in terms of Section 14(2) of the Municipal Finance Management Act	☺
SLS 1.7 – Tender placed after Council approval and CoJ Executive Adjudication Committee	Within 4 months of CoJ Executive Adjudication Committee approval	☹
SLS 1.8 – Internal allocation of land and buildings to City Departments and Entities (PTOB: Permission to occupy and build and lease office space from third parties)	Within 60 days of application and budget confirmation	☹
SLS 1.9 – Performance of surveys on the condition of plant and equipment to allow the assessment of required repairs and maintenance of facilities managed by JPC	Quarterly	☺
SLS 1.10 – Response to applicants/interest to lease or acquire (formal applications) land and/or buildings	Within 30 days of application	☺

Table 29: Performance of Service Level Standards

Core Service	Service Level Standard	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD TOTAL	Variance explanation
SLS 1.1 – Response in acknowledgement of requests, enquiries and complaints	Within 1 day of logged call	513	380	468	447	2 135	None
SLS 1.2 – Provision of answers and/or results related to the receipt of the requests and enquiries regarding properties	Within 3 days of logged call	320	233	297	283	1 133	None
SLS 1.3 – The performance of emergency work for JPC-managed facilities	Within 1 day of logged call	231	222	233	246	932	None
SLS 1.4 – Performance of minor works on facilities managed by JPC	Within 2 days of logged call	131	118	144	122	515	None
SLS 1.5 – Performance of major works on facilities managed by JPC	Within 5 days of logged call	6	14	5	7	32	None
SLS 1.6 – Completion of the sale or lease and registration of servitudes of Council-owned land	Within 6 months after Council approval in terms of Section 14(2) of the MFMA	6	2	0	2	10	None
SLS 1.7 – Placement of tender after Council approval and CoJ EAC	Within 4 months of CoJ EAC approval	0	0	6	0	6	None
SLS 1.8 – Internal allocation of land and buildings to City departments and entities (Permission to occupy and build and lease office space from third parties)	Within 60 days of application and budget confirmation	2	4	2	7	15	None
SLS 1.9 – Performance of surveys on the condition of plant and equipment to allow assessment of the required repairs and maintenance of facilities managed by JPC	Quarterly	15	15	15	15	60	None
SLS 1.10 – Response to applicants/interest to lease or acquire (formal applications) land and/or buildings	Within 30 days of application	45/45 =100%	28/28 =100%	22/22 =100%	30/30 =100%	125	None

Table 30 : Service Level Standarads

The key performance indicators (KPIs) mentioned below have had an adverse effect on organisational performance, due to their periodic measurement intervals and the potentially short timeframes used as benchmarks for performance.

- KPI 1.7 was not measured as "No tender placed after Council and CoJ Executive Adjudication Committee. No request for internal allocation for land and buildings with budget was received from departments and entities" during this period.
- KPI 1.8 – Internal allocation of land and buildings to City Departments and Entities (PTOB (permission to occupy and build) and lease office space from third parties) was not fully implemented due to delays in processing requests and insufficient coordination between departments.

Reports in the Committee System

In this reporting tenure, the unit was instrumental in facilitating and processing the approval of thirty (30) Council Resolutions which include leases, sales, and acquisitions of properties.

Key transactions that have obtained Council resolution are:

- Office accommodation and parking facilities for the City of Johannesburg for a period of 9 years, 11 months: Compliance with Section 33 of the Municipal Finance Management Act (MFMA). This transaction will provide new office accommodation to the City's departments and entities and drive service delivery within the City.
- Acquisition of various properties along the Mining Belt Corridor (Main Reef Strip – Roodepoort) for mixed-use housing development

Currently, 106 transactions are still at various stages of the committee system, which will ultimately be tabled at Council in the next financial year.

Matters Arising at Various External Committees

The unit has ensured that matters arising from the various external committees and meetings are addressed expediently. In this reporting tenure, seven (7) matters arising for S79 Economic Development and Municipal Public Accounts Committee, respectively have been closed, as follows:

- Asset management plans.
- Feedback on the status of accessibility for persons with disabilities in corporate buildings: City of Johannesburg.
- Update on Bertrams Priority Block development.
- Update report on the uninhabitable state of the Metro Centre.
- Southern Farms Development progress report (this is a standing matter arising because it was tabled and the committee requested the status).
- A detailed status report of all City-owned buildings.
- Reasons for the closure of the Metro Centre building.

Open Petitions

The unit actively and purposely sought to reduce the number of petitions assigned to the Department. This initiative to address and close petitions ensured that, at a point during the reporting period, JPC reported to have closed all existing petitions.

The following one petition in this reporting cycle has been closed:

- PP23B/07/19/LO – Erf 3552 Portion 2 Naturena – Seventh Day Adventist Church – use of adjacent land

In March 2024, the CoJ's Petitions Unit undertook a process of resuscitating historical petitions that had not been resolved. Through this exercise, JPC was allocated six historical petitions, which were noted as unresolved. JPC only received one new petition in this current year. Table 32 provides details of the seven outstanding petitions.

While strides have been made in closing matters arising, the matters emanating from S79: Economic Development Committee in particular been of concern. The majority of these matters are historic, predating numerous political administrations, and have been overtaken by events to some extent.

The breakdown of the 42 current outstanding matters arising are as follows:

Name of Committee	Number of reports awaiting MMC's signature	Outstanding
Matters Arising – Section (79) Economic Development	34	4
Matters Arising – Section (79) Human Settlement	0	1
Matters Arising – Inner City Sub-Mayoral	0	2
Economic Growth Technical Committee	0	1

Table 31: Outstanding Matters Arising

Petition Number	Description of Petition	Status
P104/02/16	Conversion to a multi-purpose centre and verification of ownership of Mampuru Hall in Dube	**Historic petition:** Open – awaiting submission from the author
P222/06/17	Request for Construction of Churches on Institution Sites (Site 554, 838, 1017, 383); from Naledi Ext. 2 Soweto	**Historic petition:** Open – awaiting tabling at the next meeting
P250/04/18	Request for Institutional Land Allocation for Building of a Church on Stand 1915 (Cnr Nkelenga & Manamane Streets), Stand 521 (Cnr Umvumvu & Shimapana Streets), Stands 1002 (Monee Street), Stand 11324 (Cnr Nkelenga & Monamane Streets), Stand 1883 (Cnr Nkelenga & Mulembu Streets); from Lefhereng Ward 53	**Historic petition:** Open – awaiting submission from the author
P221/04/19	Request for fencing, maintenance, security or demolishing of a structure on Erf 419 between Twala and September Streets due to its dilapidated condition and it being a criminal hide-out; from Ward 25 Region D	**Historic petition:** Open – awaiting tabling at the next meeting
P107/11/19	Closure of passageways in Kenilworth	**Historic petition:** Open – awaiting submission from the author
P65/02/21	The illegal occupation of Municipal-owned property adjacent to Forest Farm Centre on the western bank of the Braamfontein Spruit, opposite Field and Study Centre, Bryanston	**Historic petition:** Open – awaiting submission from the author
P135/01/24	Request for removal of illegal occupants at Parkhurst Bowling Club and Soccer Club on Victory Road, Parkhurst (Portion 246 and 247 Farm Braamfontein 53IR) in Ward 117, covering Ward 87, Ward 117, Ward 90, Ward 80, and Ward 99 (Region B)	**New petition:** Open – awaiting submission from the author

Table 32: Open and New Petitions

Section 2.8: Outdoor Advertising

Project Description	FY23/24 Project Developments	Project Status
During the 2023/24 financial year review, meetings were held between JPC and media owner companies, focusing on the commercial aspects of leasing contracts for media companies. The commercial aspects of the negotiations dealt with current draft leases and proposals submitted by the media companies. During the engagements held with media owners the following objectives were discussed and agreed upon: • To increase revenue from outdoor advertising. • To improve the profitability of out-of-home advertising media within the City of Johannesburg. • To ensure that all outdoor media owners are properly contracted to display their signs pending approval of the EAC and Council reports. • To advance transformation within the outdoor advertising sector, in line with the City of Johannesburg's objectives. • To remove all non-compliant advertising structures situated on Council owned land. This is to be dealt with using a phased approach once the contract has been signed. EAC has granted approval to conclude 60-month lease agreements with 10 media owners for various advertising sites. This will lead to an increased income for the City. Seven contracts were finalised and two outstanding lease agreements are still being negotiated with media owners, namely: • **Outsmart Outdoor = 4 taxi ranks** • **Ad Reach = 7 600 street pole ads** One EAC report was resubmitted for amendment of three sites and was approved, namely: • Provantage Media Group = 10 sites (awaiting EAC resolution).	At this stage, seven signed agreements are in place with the media owners indicated below for 348 billboard sites: • JCDecaux South Africa = 193 sites • Primedia Outdoor = 98 sites • Kena Outdoor = 43 sites • Rishile Advertising = 3 sites • New Era Outdoor = 2 sites • FrontSeat One = 5 sites • Media Genius = 4 sites EAC approved reports for a 60-month lease period with the abovementioned media owners, and R35m income was raised as a result of these renewed leases. The outdoor advertising audit has led to: • The verification and formalisation of 175 sites that are either awaiting finalisation of contract negotiation or EAC resolutions and approval of submitted lease reports. • Investigation to address instances where sites are operated by unknown media entities, which is still underway. • Releasing of sites no longer required by the media owner or where media owners no longer exist; these sites will be removed using a phased approach. • Removal of illegal sites through a phased approach. JPC is still waiting for EAC resolution for the following media owners: • Ad Outposts (Pty) Ltd • Movie Magic (Pty) Ltd • JCDecaux (Pty) Ltd (street furniture portfolio).	**No. Media Owner** — **Rental due to the City** 1. Lanemode Outdoor — R386 309.00 2. Black Media — R1 108 157.00 3. New Wave Outdoor — R80 000.00 4. Kwema Media — R47 000.00 5. Clever Darkie — R102 000.00 6. Double Option Trading — R2 852 596.12 7. Indaba Outdoor — R47 000.00 8. New Wave Outdoor Media — R37 000.00 9. Kena Outdoor — R1 320 000.00 **Total** — **R5 980 062.12** **No. Media Owner** — **Rental due to the City** 1. Provantage Media Group — R1 700 000.00 **Total** — **R1 700 000.00** Rentals due will be paid when EAC grant JPC approval to enter into contracts with the listed media owner (signature date of the contract "to be recommended by EAC").

Phase 2

The focus for outdoor advertising has been on engagement with unregistered media owners and addressing illegal advertising sites to reduce visual clutter and non-compliance. Several media companies were consulted for this process, as listed below. Although EAC reports were submitted for these outdoor advertising media owners, they were returned for planning comments and approval in accordance with outdoor advertising by-laws.

- Lanemode Outdoor
- Black Media
- New Wave Outdoor
- Kwema Media
- Clever Darkie
- Double Option Trading
- Indaba Outdoor
- Relative Media
- New Media Entertainment and Communication

Project Challenges/Delays	Project Opportunities/Focus
• EAC resolutions not arriving on time. • Media owners taking time to finalise contract negotiations. • Loss of revenue income. • Illegal advertising – number of unknown advertising signs is very high.	• Increase revenue collection. • Transform outdoor advertising industry by entering into contracts with BBE companies. • Improve profitability of outdoor advertising portfolio. • Regularise contracts for compliant signs. • Deal with illegal advertising by removing all non-compliant signs through a phased-out approach once leases have been formalised and signed off.

Table 33: Outdoor Advertising Projects

Section 2.9: Information Technology

Electronic Records Document Management System

The implementation of Phase 2 of the Electronic Records Management System will lead to a fully operational ERDMS system. This phase will incorporate the framework and methodology adopted in Phase 1, completing departmental file analysis, and conducting comprehensive business process mapping. It will also ensure integration of department file plan mapping approvals into the system, ensuring compliance with the Electronic Communications and Transactions Act, 2002 (Act No. 25 of 2002) and POPIA.

Training for all JPC administrators in Group 1 has been successfully concluded. Group 2 training for JPC managers will commence before the end of the financial year, as JPC moves closer to a paperless environment. Activation of the ERDMS Odoo Record Management System is anticipated for the first quarter of 2024.

ICT Infrastructure

Installation of Access Control, CCTV and Boardroom Accessories

The installation of access control, closed-circuit television (CCTV), and boardroom accessories at the Braampark office space has been delayed, while a business case and bills of quantities have been prepared and submitted for engagement with Group ICT.

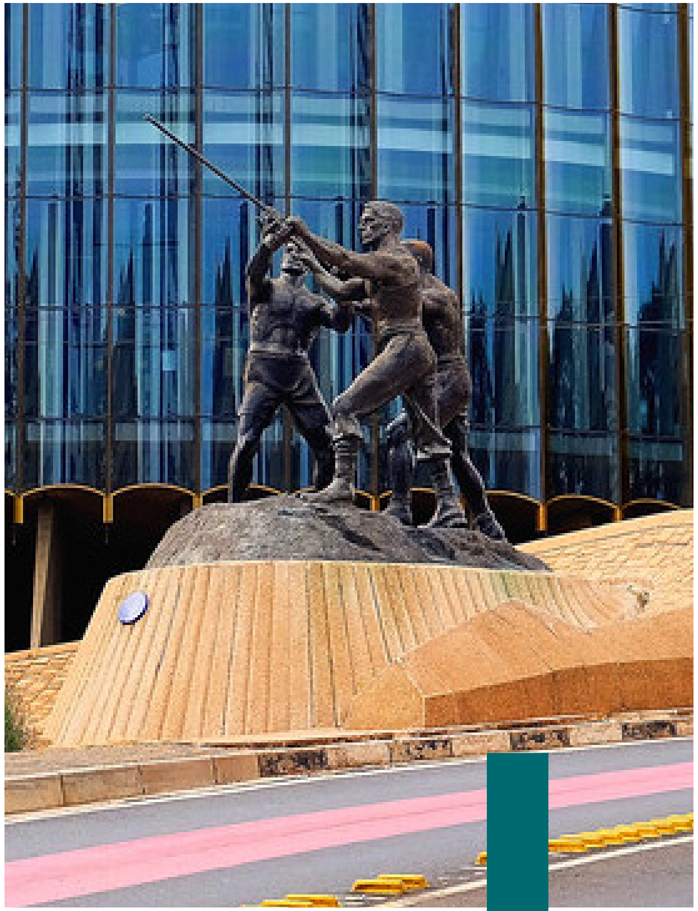
The CoJ Group Chief Technology Officer assisted in installing boardroom projection equipment for use in the two auditoriums in Braampark. JPC, in collaboration with CoJ and the central Chief Information Office forum, will continue to enhance IT services within JPC. The CoJ's Centralised Infrastructure Framework adopted City-wide, and the installation of access control and CCTV will be addressed in the same manner, thus providing a secure environment for JPC employees and stakeholders. The business case and bills of quantities have been tabled to MTC, including progress discussions held to ensure successful completion in 2024/2025.

JPC Website

The budgetary requirements for hosting and content management services has been made available for the sourcing of JPC's website service; therefore, MTC will proceed with procurement processes.

Laptops and Accessories

In this year, JPC issued new laptops to employees as a result of the conclusion of the tender for leasing of new laptops and accessories.



Section 2.10: Marketing and Communications

During the year under review, various interventions and activities were undertaken.

Conventions and Summits

SAIBPP Convention

JPC participated in two South African Institutions of Black Property Practitioners (SAIBPP) conventions. The first, for which JPC was the headline sponsor, was held on 26 and 27 June 2024 at the International Convention Centre in Durban. The JPC had an exhibition stand during the convention, hosted under the theme: **Levelling the Playing Field.**

The second, the Annual SAIBPP Convention, took place from 02 to 03 August 2023 at the Wanderers Club in Johannesburg. The JPC had an exhibition stand during the convention.

The 2024 annual convention's aim was to delve deeply into solutions-driven conversations and activities that create equity and unlock equal opportunities in the industry. Acknowledging the structural blockages that continue to characterise the sector and exclude Black players from full participation is a crucial step towards achieving equity.

The annual convention is a critical touchpoint between the SAIBPP and the industry, aimed at shaping advocacy efforts. As such, the convention focused on targeted topics and activities geared towards the following: property for economic development, knowledge and opportunity sharing, access to funding, and networking opportunities.

Empowawomen Summit

The entity also participated in the Empowawomen Summit held on 26 August 2023 in Bryanston, north of Johannesburg. JPC had its own property stage, where two speakers from JPC and a Board member participated and shared knowledge with women from different sectors. The topics that the panel members engaged in were: access to funding and investment for women in property development and real estate.

Media Coverage

JPC addressed several media queries regarding various matters, including the Usindiso Commission of Inquiry report, the Walter Sisulu Square of Dedication, crèches, and church owners from Orange Farm, Marlboro property, and a billboard in Wendywood. All queries were responded to promptly.

A media briefing was arranged on 31 August 2023, working together with the Group Communications and Marketing team. The media briefing was called following the tragedy that occurred when more than 70 people sadly lost their lives after a building caught fire in the Inner City.

Following the Usindiso disaster, the entity had to deal with daily media queries from different media houses. These were coordinated by JPC's Group Communications team and the City Manager's Office to ensure that the issues were dealt with accordingly.

On 19 March 2024, eight property developments were awarded to successful bidders. The event was branded and publicised on social media pages.

Outreach and Awareness Campaigns

The JPC Project Manager engaged with residents of Parkhurst Bowling Club, providing a breakdown of the development concept envisioned for the Bowling Club. The engagement took place on 31 January 2024. JPC participated in the IDP meeting at the Brixton Multipurpose Centre in Region F on 18 April 2024. On 24 April 2024, JPC hosted an education and awareness campaign in Region A, Diepsloot, with a focus on educating and informing residents about the organisation and the services it provides.

On 10 May 2024, JPC participated in the Kleena Joburg Campaign, held at Pennyville Park in Region B. On 17 May 2024, JPC conducted a presentation on the JPC enquiry process at the Capacitation and Support Group Workshop held at Roodepoort City Hall for non-governmental organisations, community-based organisations, and faith-based organisations.

JPC hosted an education and awareness campaign on 22 May 2024 in Region A, Modderfontein Road. On 05 June 2024, the JPC team joined the City's Transport Department, Environmental Health, Pikitup, and Bombela to celebrate World Environment Day. The team undertook a clean-up campaign around the Gautrain Station in Sandton.

The entity took part in an education and awareness campaign at 112 Crowthorne Shopping Centre in Region A. Various departments, including Citizen Relationship and Urban Management (CRUM), Johannesburg Water, City Power, the Department of Health and other departments and entities, participated in the programme.

JPC participated in the verification of informal traders at the Hillbrow Linear Market on 11 September 2023. The purpose was to enable traders to be issued with trading permits by the Department of Economic Development and ultimately enter into leases with JPC once due diligence and a thorough screening process had been concluded. On 15 September 2023, the verification process took place in the Johannesburg CBD. The last verification process was held at the Yeoville Market on 18 September 2023 where the department ensured brand visibility.

A Mayoral Accelerated Service Delivery Programme was attended by JPC on the 31 January 2024.

Brand Visibility and Social Media Updates

Southern Farms, a **R27 billion** biodiversity development, spanning approximately 4 000 hectares, was launched on Monday, 11 December 2023 at the Freedom Primary School, Freedom Park. The launch attracted about 7 000 people, double the expected number, and was a resounding success, with high levels of satisfaction reported.

The event featured various activities promoting agricultural awareness, education, and community engagement. This bio-diversity development is set to provide much-needed housing and create economic opportunities, including jobs, SMME prospects, and training initiatives in the CoJ.

The SAIBPP Episode 2 podcast, available on YouTube and Spotify, presents an opportunity to enhance brand visibility and raise awareness about JPC's mission, services, and the benefits of engaging in business with the organisation. The podcast is shared on JPC's social media platforms to increase its reach. On 23 May 2024, a webinar titled "Levelling the Playing Field" was hosted in collaboration with the SAIBPP team and other stakeholders. During the reporting period, JPC's social media posts focused primarily on the SAIBPP Convention. Its tweets and posts on other social media platforms receive an average of one thousand impressions per post.

JPC participated in the World Out of Home Organization's Africa Regional Forum in Cape Town from 11 to 13 March 2024.

Newsletter

A JPC special edition newsletter was produced during the month of February/March, featuring the launch of Southern Farms, the first ever **R27 billion** bio-diversity development in Johannesburg.

Internal Activities

JPC, in collaboration with the HR department, organised a graduation ceremony for staff members who had completed their trade tests. The event took place on 12 February 2024 and was streamed live on X (formerly Twitter) and Facebook.

CHAPTER 4
Human Resources & Organisational Management

a world class African city

JOBURG PROPERTY COMPANY

Section 1: Highlights and Achievements

Revised Human Resources Strategy

The Human Capital Strategy of the Joburg Property Company (JPC) features a comprehensive plan to effectively acquire, develop, and retain brand ambassadors across all employment groups, ensuring alignment with its strategic goals. This strategy was crafted with a profound awareness of JPC's new strategic direction, current market conditions, and the evolving demographics of employees in both the property industry and the global context. Through these efforts, JPC is on a journey of cultural transformation to solidify its position as an employer of choice.

Employee Engagement Sessions

Human capital engagement sessions were conducted with employees from February to March 2024. These sessions provided a platform for employees to share their experiences and offer input on human capital and the broader organisation. The insights gathered from these sessions played a crucial role in shaping future engagement plans, particularly in setting the agenda focus. The most significant achievement of these sessions was the high level of employee engagement, which positively impacted their overall well-being.

Employment Equity Compliance

Demonstrating its commitment to diversity, equity, and inclusion, JPC holds itself accountable for its employment practices. In compliance with employment equity legislation, the Joburg Property Company, as a designated employer, submitted its annual Employment Equity Report in January 2024.

Employment Equity Targets

JPC initiated employment equity and skills development (EESD) awareness sessions and a nomination process across various departments. These sessions were part of a consultation process designed to ensure that employees understand the legislative requirements, the importance of the EESD Forum, and JPC's compliance as a designated employer.

Declaration of Interest

As set out in the Code of Conduct and Ethics, all employees are required to disclose any personal interests that may create or be perceived to create a conflict between the organisation's interests and those of the employee. This declaration of private interests is conducted at the beginning of each financial year. As of June 2024, there was a 93% submission rate, with employees having declared their interests accordingly.

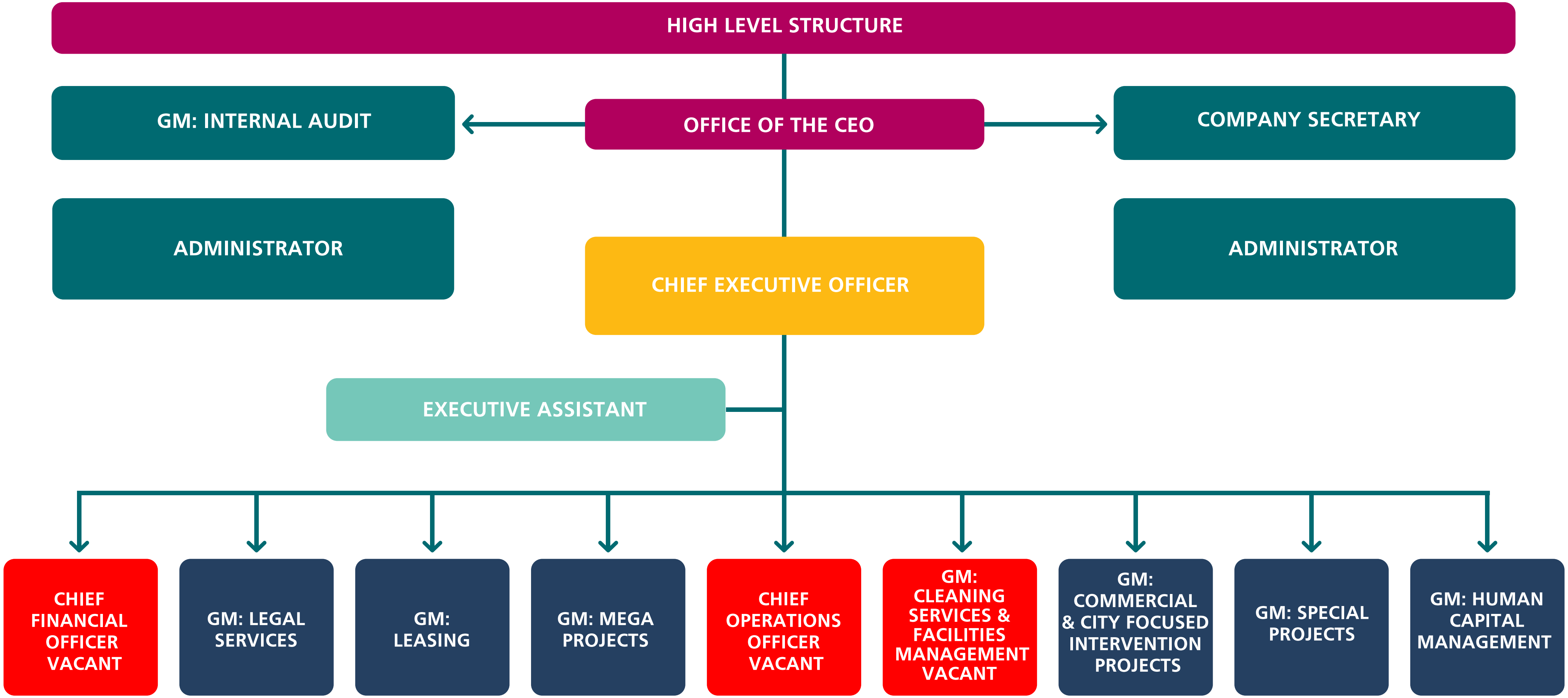


Figure 18: High-Level Structure

Section 2: Human Capital Landscape

Organisational Management

The approved staff establishment comprises **2 148** positions. The total number of vacant positions as of June 2024 is **633,** of which 548 are unfunded and **85** are funded.

Employee Remuneration & Cost

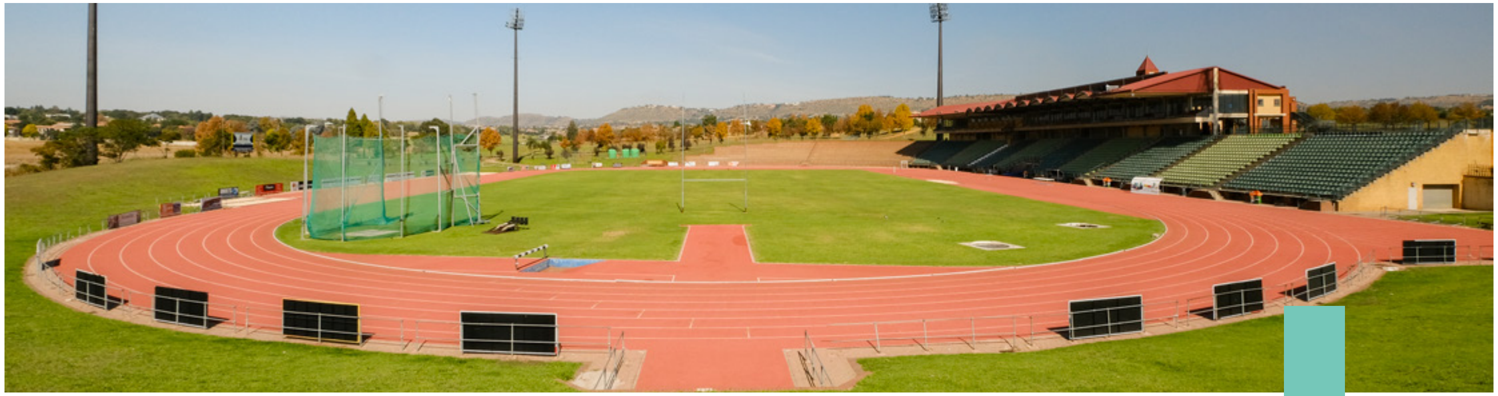
The total salary bill equates to an amount of **R521 310 471** for the 2023/2024 financial year. Salaries make up **57.2%** of the expenditure budget.

The salary bill for the 2023/2024 financial year includes the following transactions that emerged:

- Payment of thirteenth cheques.
- Leave encashments; the 2022/2023 executive performance bonuses.
- Placement of non-management employees who have temporarily acted in positions above their substantive roles for over a year.
- Implementing the Local Labour Forum resolution to rectify salary disparities and integrate cleaners into the general workforce.

ACTUAL			VARIANCE	
Employee related costs	**30 June 2024**	**30 June 2023**	**%**	**Rand value**
Employee related costs	**R521 310 471**	**R473 284 925**	**9.2%**	**R48 025 546**

Table 34: Total Remuneration



Name	Basic Salary	Travel Allowance	Housing Allowance	Leave Encashment	Acting Allowance	Performance Bonus/13th	Final Leave Pay	Non-Pensionable Allowance	Company Contribution	TOTAL
Helen Botes	R2 744 250	R250 000	R-	R-	R-	R419 195	R-	R10 908	R35 869	R3 460 222
Sizeka Tshabalala	R1 690 308	R120 000	R-	R63 689	R-	R288 407	R-	R-	R391 403	R2 553 806
Mduduzi Makhunga	R1 710 815	R96 000	R-	R-	R-	R288 407	R-	R-	R394 307	R2 489 528
Sipho Mzobe	R1 681 076	R120 000	R10 893	R50 951	R30 943	R288 407	R-	R-	R409 948	R2 592 218
Phaqa Mhlongo	R1 841 569	R-	R-	R-	R-	R-	R-	R-	R326 803	R2 168 372
Tshepo Mokataka	R1 792 003	R-	R-	R63 689	R-	R288 407	R-	R-	R409 948	R2 554 048
Imraan Bhamjee	R2 212 807	R96 000	R-	R-	R-	R363 060	R-	R-	R460 712	R3 132 579
Dlamini Gontse	R1 217 160	R-	R12 797	R-	R-	R100 294	R-	R-	R268 214	R1 598 465
Kgatuke Mathibela	R-	R-	R-	R-	R-	R-	R132 806	R-	R1 328	R134 134
Sifiso Mabizela	R1 276 963	R-	R4 266	R45 970	R48 442	R81 718	R-	R-	R245 873	R1 703 232
Sathekge Ogotlhe	R883 000	R-	R-	R-	R-	R-	R-	R-	R126 488	R1 009 488
	R17 049 951	**R682 000**	**R27 956**	**R224 298**	**R79 385**	**R2 117 893**	**R132 806**	**R10 908**	**R3 070 894**	**R23 396 091**

Table 35: Executive Management Remuneration for FY 2023/24

The discrepancy in payments to EXCO members stems from resignations and appointments that resumed duties in the middle of the year.

JPC's remuneration philosophy aims to promote the interests of the organisation and its members with equitable and competitive compensation that reflects the value we place on our employees and our appreciation for their work.

Overtime

The total overtime expenditure since the commencement of the 2023/2024 financial year amounts to **R27 104 795**, accrued by an average of 575 employees per month. Human Capital is collaborating with the Functional Head to develop strategies for reducing overtime costs, which are currently high and may pose a risk to employee wellbeing.

Figure 19, which depicts overtime expenditure per quarter, shows a peak in the second and third quarters due to an increase in Council meetings over key mayoral projects. This resulted in an increase in overtime worked by the cleaning department. The total overtime expenditure in this quarter amounts to **R9 114 456**, accrued by an average of 740 employees per month.

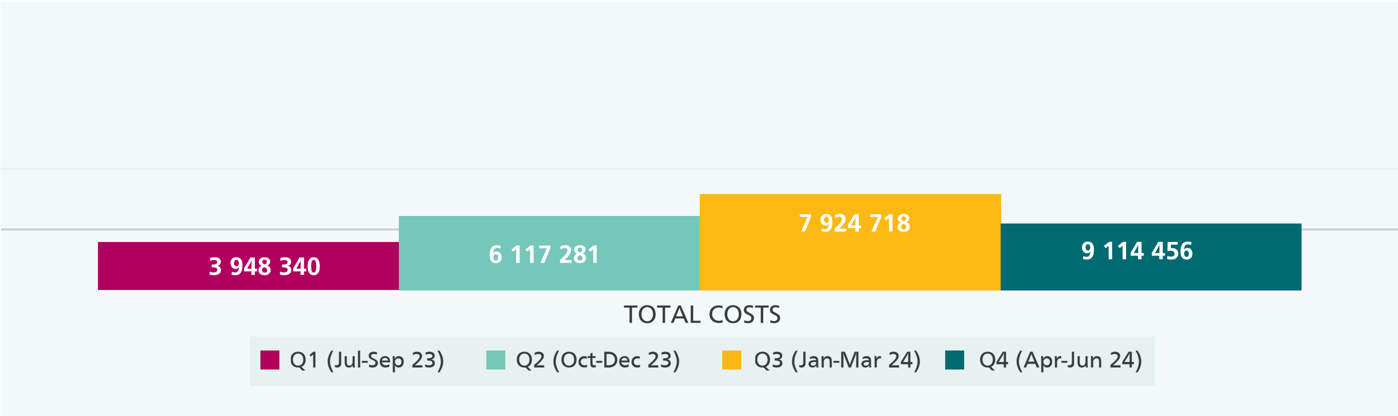


Figure 19: Overtime Expenditure 2023/2024

Staff Movements

Terminations: Thirty-six (36) terminations were realised for the period July 2023 to June 2024. The terminations were primarily the result of retirements and death, as follows:

- Resignation: Three (3) employees resigned for better prospects.
- Deceased: Eleven (11) employees passed away.
- Retirements: Seventeen (17) employees retired.
- Medical boarding: Two (2) employees were medically boarded due to ill health.
- Early retirements: Three (3) employees opted to retire early due to fatigue.

The graph in Figure 20 illustrates a staff turnover rate of 2%. This is considered acceptable, given that industry best practices indicate a healthy turnover rate typically ranges between 5% and 10%

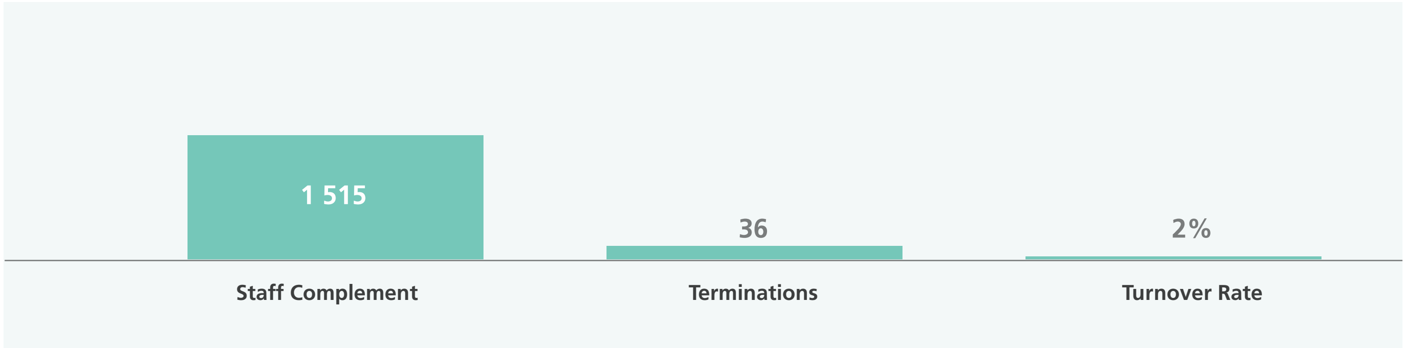


Figure 20: Staff Turnover Rate

Section 3: Key Vacancies

The process of filling strategic and critical positions commenced, and the positions described in Table 36 were advertised.

Position	Department	Status
Chief Financial Officer	Finance	The position has been advertised. Shortlisting will be concluded and the recruitment process concluded in the coming year.
Chief Operations Officer	Operations	The profile of this role is currently being reviewed to align with JPC strategy.
Assistant Managers IT	Corporate Support	The recruitment process for these vacancies has been completed. One incumbent has commenced while the other is still serving notice and will commence 01 July 2024
Human Resources Assistants	Corporate Support	The recruitment timelines lapsed owing to the high volume of applications, which exceeded 18 000. Budget constraints, particularly the salary bill overrun of approximately R42 million, pose significant challenges to readvertising and staffing these critical functions.
Assistant Manager: Credit Control	Finance & SCM	
Property Administrators	Property Management	
Stakeholder Consultants	Marketing & Communications	
Committee Officers	Finance & SCM	
Senior Manager: Finance	Finance & SCM	Recruitment process extended, in the shortlisting stage
Manager: Employee Relations & Wellness	Corporate Services	Position filled through lateral transfer from COJ

Table 36: Key Vacancies

JPC vacancy rate

JPC has a total number of 633 vacant positions, as at the end of June 2024, with a vacancy rate of 29%.

Job Level	2021/2022				2022/2023				2023/2024			
	Total no. of Positions	Total filled positions	Vacancies (Full-time equivalent)	Vacancies (as a % of total posts)	Total no. of Positions	Total filled positions	Vacancies (Full-time equivalent)	Vacancies (as a % of total posts)	Total no. of Positions	Total filled positions	Vacancies (Full-time equivalent)	Vacancies (as a % of total posts)
	No.	No.	No.	%	No.	No.	No.	%	No.	No.	No.	%
0–3	6	1	5	83%	6	1	5	83%	1	1	0	0%
4–6	111	57	54	49%	111	50	61	55%	111	63	48	43%
7–9	597	284	313	52%	597	261	336	56%	597	274	323	54%
10–11 etc.	1 433	1 260	173	12%	1 433	1 237	196	14%	1 433	1 175	262	22%
Total Permanent	**2 147**	**1 602**	**545**	**25%**	**2 147**	**1 549**	**598**	**28%**	**2 142**	**1 513**	**633**	**29%**
Temps	**1**	**1**	**0**	**N/A**	**0**	**0**	**0**	**N/A**	**0**	**2**	**0**	**N/A**
Total	**2 148**	**1 603**	**545**	**25%**	**2 147**	**1 549**	**598**	**28%**	**2 142**	**1 515**	**633**	**29%**

Table 37: Vacancy Rate

Section 4: Employment Equity and Workforce Demographics

The JPC employment equity demographics in Table 38 include permanent and temporary employees. For employment equity reporting purposes, as of June 2024, the total workforce is **1 515,** inclusive of two (2) temporary employees.

Employment Equity Compliance

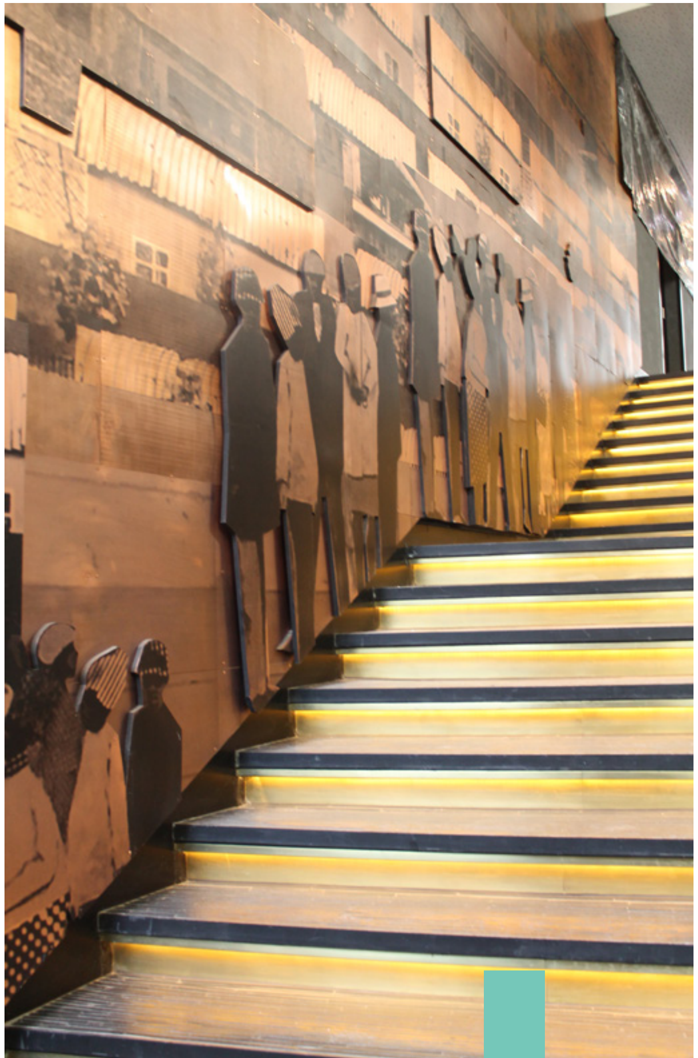
The EESD Forum plays a pivotal role in JPC's mission to foster an inclusive workplace and provide all employees with opportunities to enhance their skills and advance their careers. In alignment with the Employment Equity Act, the terms of reference will be meticulously formulated to ensure that all forum members understand their roles and responsibilities, thereby ensuring compliance with legal requirements. The EESD Forum will undergo comprehensive training to facilitate a smooth transition and promote a shared understanding of its mandate and obligations within the organisation.

Occupational Levels	Male				Female				Foreign Nationals		TOTAL
	A	C	I	W	A	C	I	W	I	W	
Top Management (1&2)	0	0	0	0	0	1	0	0	0	0	1
Senior Management (3&4)	6	0	1	0	4	0	0	0	0	0	11
Professional qualified & experienced specialists and mid-management (5&6)	17	1	2	2	23	1	3	3	0	0	52
Skilled & qualified workers, junior management, supervisors, foremen, superintendents (7&8)	84	6	6	5	93	14	2	0	1	0	211
Semi-skilled and discretionary decision making (9&10)	44	5	1	0	13	9	0	0	0	0	72
Unskilled and defined decision making (11)	303	0	0	1	853	9	0	0	0	0	1 166
Total Permanent Staff	454	12	10	8	986	34	5	3	1	0	1 513
Temporary Employees	1	1	0	0	0	0	0	0	0	0	2
GRAND TOTAL	**455**	**13**	**10**	**8**	**986**	**34**	**5**	**3**	**1**	**0**	**1 515**

Table 38: Employment Equity and Workforce Demographics

Racial Split – March 2024	Target	Actual	Current Numerical
African	81%	95.20%	1 441
Coloured	3.30%	3.02%	47
Indian	3.20%	0.99%	16
White	12.70%	0.72%	11
TOTALS	100%	100%	1 515
People with Disabilities	2%	0.46%	7

Table 39: Racial Demographics



Racial and Gender Split with Gap Analysis Against EAP Targets as at End June 2024

The JPC workforce status is based on the current provincial Economically Active Population (EAP) demographics, as follows:

EAP Target				JPC Actuals					
Demographics	Male%	Female%	Target Total%	Male%	Female%	Total%	Male No.	Female No.	TOTAL NUMBER
Africans	45%	36%	81%	30%	65%	95%	455	986	1 441
Coloureds	2%	2%	3%	1%	2%	3%	13	34	47
Indians	2%	1%	3%	1%	0.33%	1%	10	5	15
Whites	7%	6%	13%	1%	0.20%	1%	8	3	11
Foreign Nationals									0
Total	56%	44%	100%	32%	68%	100%	487	1 028	1 515
People with Disabilities			2.00%			0.46%			7

Table 40: JPC Workforce Demographics in terms of EAP

Gender and Racial Split Analysis

JPC's gender distribution comprises 68% female and 31% male representation. No significant changes in percentages were recorded for terminations or in the racial split.

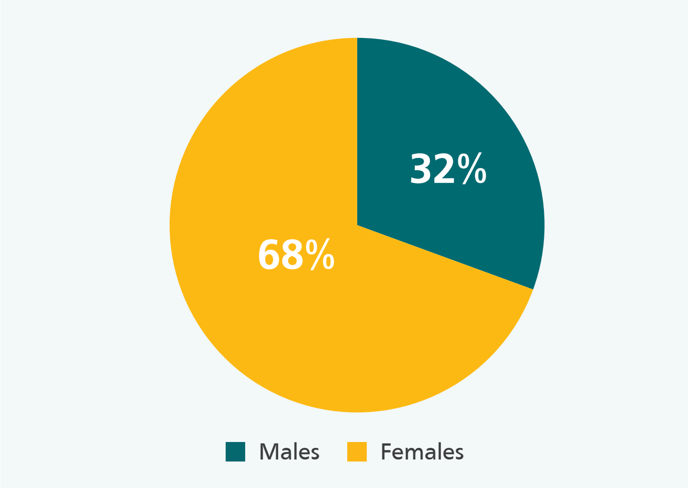


Figure 21: Gender Split

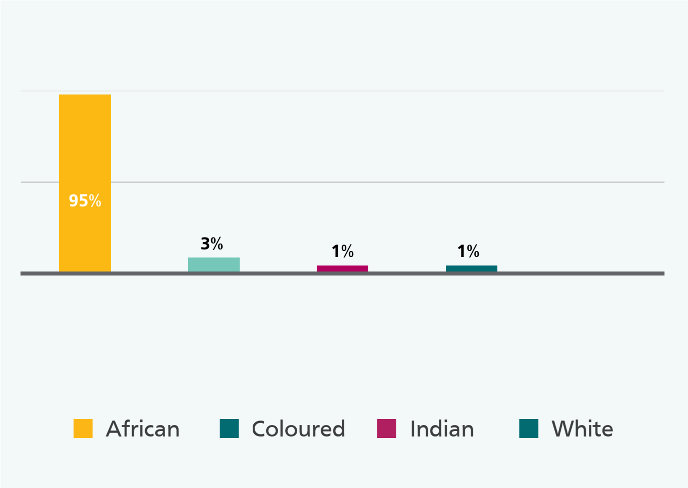


Figure 22: Racial Split

Section 5: Employee Capacitation

Training and development initiatives were implemented to address competency gaps. In the 2023/2024 financial year, the annual training target set at 800 employees was exceeded, with 806 employees participating in various training interventions.

Section 6: Disciplinary Matters and Outcomes

Current Internal Cases

Out of the five (5) precautionary suspensions initiated, one (1) employee had their suspension lifted after the investigation concluded. Two (2) of the employees have also been formally charged, and an external law firm has been appointed to assist JPC in terms of the JPC Disciplinary Policy. The other two (2) employees are still under suspension, pending the completion of the investigation process. The recommendations of the investigation will guide the next steps.

Grievances

During the current reporting period, two grievance matters were reported within the organisation. These matters are currently in the initial stage of the grievance process, which involves conducting the first-step procedure to determine the appropriate course of action and to address any issues identified. This initial step is crucial in understanding the nature of the grievances and working towards resolving them effectively.

External Disputes

Year-to-date external dispute matters total 1 (one) – an award was granted in favour of the employee by the South African Local Government Bargaining Council. JPC has filed for a review with the Labour Court.

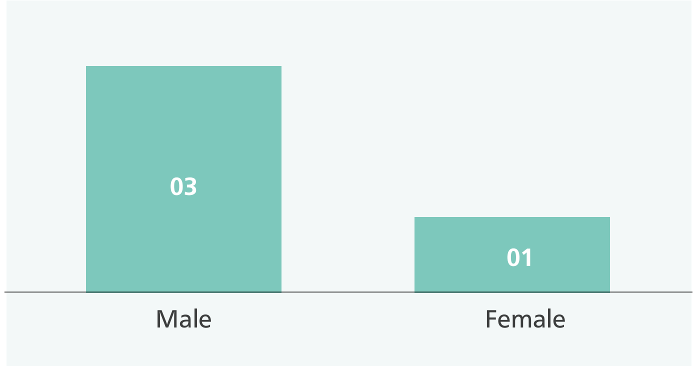


Figure 23: Disciplinary Cases

Section 7: Union Representation

As per the union representation and membership graph below, 70% of employees belong to SAMWU (South African Municipal Workers' Union), 29% belong to IMATU (Independent Municipal and Allied Trade Union), and 1% are non-union members subject to agency shop fees.

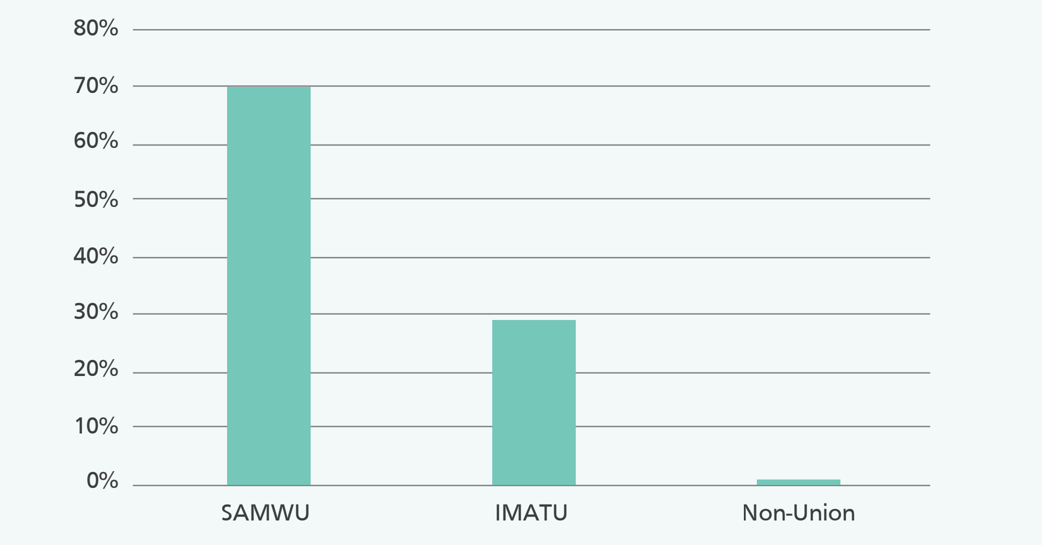


Figure 24: Union Representation

Section 8: Leave Provision

The leave liability amount based on the annual leave balances as of the end of June 2024 amounts to **R47 108 149.** The leave liability amount indicates a sturdy progression in line with the monthly two days accumulation per employee less the number of leave days encashed or paid out on termination.

Table 41 indicates the quarterly leave encashment during the 2023/2024 financial year, which amounted to **R9 467 289.** In this current financial year, the peak months for leave encashments have been towards the end of the calendar year (September, October, and December).

Period	Months	Days Encashment	Financial Impact
Q1	July to September	4 020	R3 636 960
Q2	October to December	4 748	R3 435 768
Q3	January to March	1 853	R1 712 029
Q4	April to June	488	R682 532
TOTAL		**11 109**	**R9 467 289**

Table 41: Leave Encashment

Absenteeism 2023/2024

Considering the year-to-date absenteeism rate per department, JPC has an absenteeism rate of 3%, which is within the South African threshold of 3.6% to 6%. The absenteeism rate in the previous quarter was calculated using the following formula:

Number of sick leave days ÷ the number of working days

Using this formula, the sick leave rate dropped from 4% to 3%. JPC is now aligning its goals and objectives with the South African threshold to ensure that the best employee standards are maintained within the organisation.

Abscondment Cases

The total cost of abscondments is **R3 716 225** to date, resulting from employees receiving salaries while absent without authorisation from line management. The salaries of employees who fail to report for duty for over 10 days are halted; upon their resumption of duty, disciplinary measures are instituted. Human Capital Management ensures that employees sign an Acknowledgment of Debt, enabling the organisation to recover these costs effectively.

Progress To Date

- The disciplinary process has commenced and is now awaiting the appointment of a Chairperson and a Prosecutor to proceed with the abscondment cases accordingly.
- Of the sixteen (16) employees who were reported, nine (9) reported back to work. The days on which they were absent without leave were captured as unpaid leave to recover the amounts paid while they were not on duty.
- For employees owing the organisation substantial amounts, arrangements regarding how to pay back the outstanding balance were initiated through the signing of Acknowledgements of Debt to recover the cost while waiting for line managers to initiate the disciplinary process.
- Four (4) new cases were reported and the line manager has to institute a disciplinary process following salary stoppages.

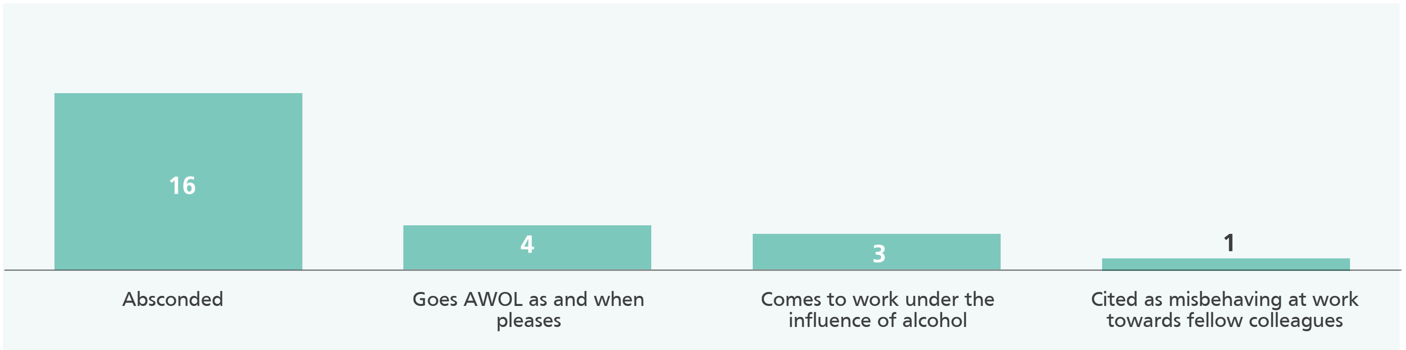


Figure 25: : Abscondment Matters

Section 9: Employee Wellness

The Employee Wellness procurement process is at its final stage. The service provider will be onboarded in the new financial year, July 2024.

HIV/AIDS

JPC's objective is to focus on HIV/AIDS by providing employees access to treatment, reducing stigma, and eliminating discrimination. Employees affected by HIV/AIDS have access to the HIV/AIDS programme offered by CoJ Group Occupational Health Clinics where they receive testing, treatment, and counselling. The psychological well-being of employees is also addressed by offering counselling services through the City's Employee Assistance Programme.

Section 10: Employee Benefits

Table 42 depicts the distribution of JPC memberships across accredited pension funds as of end June 2024. Pension fund membership is compulsory for all JPC employees, with the exception of the Chief Executive Officer, two (2) medically boarded employees who are already being paid by their respective pension funds, and two (2) temporary employees. In terms of the salary and wage collective agreement, pension fund contributions increase proportionally with salary increases.

Pension Fund Membership	TOTAL	Remarks
eJoburg Retirement Fund	1 471	Defined contributions
City of Johannesburg Pension Fund	33	Defined benefits
Municipal Employees Pension Fund	3	Defined contributions
Municipal Gratuity Fund	2	Defined contributions
Joint Municipal Pension Fund	1	Defined benefits
Non-Membership	5	CEO exception rule, temporary employees and employees on medical boarding
TOTAL	1 515	

Table 42: Pension Fund Membership

Accredited Medical Aid Schemes Membership Distribution

Table 43 specifies the accredited medical aid schemes and distribution of membership to each scheme as at the end of June 2024. The provision is based on the 60/40 principle, as set out in the Main Collective Agreement. The current maximum medical aid employer contribution rate to the accredited medical schemes is now **R5 277.38** for the 2023/2024 financial year.

Medical Aid Scheme	Membership
Bonitas	179
Discovery	9
Sizwe Hosmed	40
KeyHealth	79
LA Health	207
SAMWUMed	212
TOTAL MEMBERSHIP	726

Table 43: JPC Employee Medical Aid Fund Membership

Currently, **789** employees do not have medical aid coverage. The employer is exploring alternatives to mitigate the significant risk, aiming to balance affordability concerns with the need for comprehensive healthcare coverage.

CHAPTER 5
Financial Performance

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Section 1: Statement of Financial Position and High-Level notes

City of Joburg Property Company Statement of Financial Position as at 30 June 2023

	Note	2024	2023	Variance	Variance %
Assets					
Current Assets		**1 250 389 158**	**1 236 557 302**	**-13 831 856**	**-1.12%**
Cash and cash equivalents	1	2 000	2 000	-	0.00%
Receivables from exchange transactions	2	931 203 341	974 763 776	43 560 435	4.47%
Loans to shareholder	3	318 594 198	260 896 171	-57 698 027	-22.12%
Receivables from non-exchange transactions		141 649	-	141 949	-100%
Prepayments	4	-	895 355	895 355	0.00%
VAT receivable	5	447 670		447 670	-100%
Non-current assets		**103 593 609**	**87 194 015**	**-16 399 595**	**-18.81%**
Property, plant and equipment	6	77 050 864	43 902 300	-33 148 564	-75.51%
Intangible assets	7	223 223	13 267 309	13 044 086	98.32%
Deposits	8	1 222 722	1 027 922	-194 800	-18.95%
Deferred tax asset	9	25 096 801	25 707 009	610 208	2.37%
Current tax receivable	10	-	3 289 475	3 289 475	100%
Total Assets		**1 353 982 768**	**1 323 751 317**	**-30 231 451**	**-2.28%**
Liabilities					
Non-current assets		**1 291 826 015**	**1 315 979 237**	**24 153 222**	**1.84%**
Payables from exchange transactions	11	345 490 310	247 551 230	-97 939 080	-39.19%
Current tax payables	12	7 747 118	-	-7 747 118	100.00%
Finance lease obligation	13	8 279 331	84 150	-8 195 181	-9 738.78%
Loans from shareholders	14	920 355 724	1 060 066 819	139 711 095	13.17%
Provisions	15	7 757 269	5 958 718	-1 798 551	-30.16%
Vat payable	16	-	199 110	199 110	100.00%
Operating lease liability	17	2 196 263	2 119 210	-77 053	-3.64%

City of Joburg Property Company Statement of Financial Position as at 30 June 2023 (Continued)

	Note	2024	2023	Variance	Variance %
Non-Current Liabilities		**28 684 618**	**1 106 504**	**-27 578 114**	**-2492.36%**
Finance lease obligation	13	28 001 618	435 504	-27 566 114	-6329.70%
Employee benefit obligation	18	683 000	671 000	-12 000	-1.79%
Total Liabilities		**1 320 510 633**	**1 317 085 741**	**-3 424 892**	**-0.16%**
Net Assets		**33 472 134**	**5 298 568**	**28 173 567**	**-531.72%**
Share capital	19	5 142 721	5 142 721	-	0.00%
Accumulated surplus/(deficit)	20	28 329 413	155 847	-28 173 567	-18077.71%
Total Net Assets / (Liabilities)		**33 472 135**	**5 298 568**	**-28 173 567**	**-734.71%**

Table 44: Statement of Financial Position

Notes to the Statement of Financial Position

1. The petty cash float is maintained at **R2 000** every month.

2. Included in trade receivables is a provision for bad debts related to facilitation fees to the value of **R34 356 745.**. The total outstanding debt from related parties is **R913 045 999** of which approximately **R420 million** relates to cleaning services. Group Finance (Merchant Payments) has started paying invoices in the fourth quarter.

3. Represents the CoJ: Portfolio loan account with JPC and the sweeping account of **R318 million**. The cash position of JPC improved, as payments for related party loans were suspended to maintain liquidity in the balance sheet of the entity by only servicing operational and commercial obligations.

4. Per the new lease agreement for Forum 1, JPC received credits for rentals paid for March and April 2023. The remaining balance of **R895 355**, as per the previous financial year, has since been utilised in the new financial year.

5. VAT input exceeded VAT output in the month of June; thus June generated VAT receivable.

6. Property, plant, and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses. Where possible, the useful life of fixed assets has been extended due to their good condition. The increase in asset value can be attributed to the acquisition of laptops through a finance lease.

7. Intangible assets comprise computer software that has been procured or internally generated. The decrease in asset value is a result of amortisation expense as per GRAP 31. PIMS software is considered impaired due to JPC not using it and not anticipating any near future usage. The City is currently working on the SAP system to be used in the near future.

8. Electricity deposits with Eskom are for the Baragwanath informal trading facility and the Lenasia facilities management buildings. Interest on the deposit is accrued at financial year-end.

Notes to the Statement of Financial Position (Continued)

9. Deferred tax has been calculated to account for movements in the balance sheet and temporary differences. Due to the profitability of the reporting period, deferred tax assets were utilised in the financials of the 2023/2024 financial year. The tax consultant is currently working on the movements and disclosures for the 2023/24 financial year.

10. Provisional tax payments were made for the 2022/23 financial year. JPC received refunds of **R34 621** in the current year.

11. Consists of current liabilities that will become due and payable in the next 12 months. These liabilities include accruals, related party accruals, etc. Comparatively, JPC has had an increase in trade payables year on year due to non-payment of related party creditors.

12. This relates to normal tax expense incurred in the current year, as a result of leases not being renewed in the current year as anticipated. This was netted off against the provisional tax payments made in 2023.

13. The **R36.3 million** (current portion of **R8 279 331** plus non-current of **R28 001 618**) is as a result of the new finance lease entered into in May 2023 for the acquisition of motor vehicles; and November 2023 for the acquisition of new laptops.

14. Relates to loan accounts payable between JPC and various CoJ departments for the JPC and insourced cleaners' payroll, as well as transactional loan accounts for the acquisition of property for CoJ. Improved receipts from related party receivables will allow JPC to pay its related party liabilities, thus reducing this amount.

15. The provision relates to bonuses due to EXCO members for the 2022/23 and 2023/24 financial years.

16. VAT payable is nil as at 30 June 2024 as JPC has had more VAT input than VAT output in June 2024.

17. The GRAP 13 adjustment for the straight-lining of operating leases over the lease duration of office accommodation buildings. The GRAP 13 straight-lining is to be performed at year-end.

18. Provision on post-retirement medical aid raised based on the 2023/24 actuarial valuation report in respect of personnel that qualify for the benefit. The reports are prepared annually and a new value will be calculated and provided by the actuaries at year end.

19. JPC's share capital remains unchanged in the current financial year.

20. The statement includes accumulated surpluses and losses from the previous and current financial year.

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Section 2: Statement of Financial Performance and High-Level Notes

				Year-on-year Variance	
Revenue	REF	30-Jun-24	30-Jun-23	%	R
Revenue from exchange transactions		**325 163 438**	**290 853 180**	**12%**	**34 310 258**
Cell Mast services	1	19 539 743	19 751 484	-1%	-211 741
Commissions and ad hoc fees	2	26 742 911	19 294 573	39%	-7 448 338
Management fees	3	17 608 077	19 530 770	-10%	1 922 693
Other revenue	4	1 370 745	1 760 508	-22%	389 763
Cleaning services	5	235 112 530	217 592 703	8%	-17 519 827
Facilitation fees	6	-	0	0%	-
Interest received	7	24 789 432	12 923 142	92%	11 866 290
Revenue from non-exchange transactions		**624 915 720**	**502 003 954**	**24%**	**122 911 766**
Medical boarding refunds	8	934 734	884 428	6%	50 306
SETA refunds	9	465 984	340 344	37%	125 640
CoJ - Subsidies received	10	623 131 002	500 680 000	24%	122 451 002
Interest received	11	242 051	99 182	144%	-99 182
Staff Debtors		141 949	-	-100%	141 949
Total Revenue		**950 079 158**	**792 857 134**	**20%**	**-157 222 024**
Expenditure					
Employee-related costs	12	521 296 685	473 284 925	10%	-48 011 760
Depreciation and amortisation	13	18 020 648	10 035 976	79.56%	-7 984 672
Impairment losses	14	12 761 889	0	100%	-12 761 889
General and operating expenses	15	192 664 954	150 229 139	28%	-42 435 815
Interest and finance costs	16	2 034 056	96 103	2017%	-1 937 953
Debt impairment	17	4 853 920	-2 785 556	-274%	-7 639 476
Lease rentals on operating leases	18	158 261 366	140 910 593	12%	-17 350 773
Loss on disposal of fixed assets	19	157 839	3	5 261 200%	-157 836
Total Expenditure		**910 051 357**	**771 771 183**	**17.92%**	**-138 280 174**

Section 2: Statement of Financial Performance and High-Level Notes (Continued)

	REF	30-Jun-24	30-Jun-23	Year-on-year Variance %	Year-on-year Variance R
(Deficit)/surplus before taxation		**40 027 801**	**21 085 951**	**89.83%**	**18 941 850**
Taxation	20	**11 854 232**	**10 824 339**	**-9.51%**	**-1 029 893**
(Deficit)/surplus for the year		**28 173 569**	**10 261 612**	**172.55%**	**17 911 957**

Table 45: Statement of Financial Performance

Notes to the Statement of Financial Performance

1. Cell Mast revenue has decreased by 1% compared to the prior year. The revenue is generated in line with the contract.

2. The CoJ Rental Collection Commission, Servitudes, and Rates and Taxes have increased by 39% compared to the prior year, which is in line with rental collections in Portfolio. There is currently an undertaking to further renew leases, which will increase the amount of revenue Portfolio can collect and the commission receivable by JPC.

3. JPC earns a 10% management fee for facilitating and managing repairs and maintenance (R&M) and CAPEX projects for the CoJ's departments and other MOEs. Income decreased by 10% compared to the prior year due to fewer R&M and CAPEX projects facilitated by JPC for the CoJ's departments and other MOEs.

4. Other revenue relates to rental recovery for Forum 1 rental.

5. Cleaning service costs are billed and recovered for services rendered. The cleaning cost rate has been revised to a fixed rate that will cover all costs associated with the cleaning services that JPC provides. This has yielded higher revenue from previous financial years. The rate will increase in line with the CoJ's budget indicators.

6. Relates to development facilitation fees. For the YTD no transaction has transpired

7. Interest received from the sweeping account increased year-on-year as the account had accumulated a R291.6 million surplus by 30 June 2024. The increase in interest rates throughout the financial year have also been beneficial to the growth of the account balance.

8. Medical boarding is the inability of an employee to work according to the requirements of his/her job as a result of ill-health or injury. Refunds claimed vary and cannot be budgeted or planned for.

9. JPC received refunds from the Services SETA for staff training that was conducted during the financial year.

10. The subsidy was provided to JPC for the 2023/24 financial year. The subsidy was revised during the midterm budget review.

Notes to the Statement of Financial Performance (Continued)

11. Interest received is nil compared to the previous year.

12. Due to JPC being a human capital-intensive, service-based business, employee-related costs represent 57.2% of JPC's expenditure. The expenditure has increased slightly year-on-year to align with the reductions in budget. However, this has come at a disadvantage as the entity is unable to fill its critical vacancies.

13. Depreciation has increased year-on-year. There were additions worth the value of **R51m** that we were to acquire in the current year.

14. The PIMS software, with a cost of **R12 761 889**, is considered fully impaired due to JPC not using it and not anticipating any near-future usage. The City is currently working on implementing the SAP system for use in the near future.

15. General and operating expenditure has increased by 28% compared to the prior year. Operational expenditure includes large expenditure items such as rental, repairs and maintenance, utilities, and security, all of which have increased in the current year.

16. JPC incurred interest mainly due to the finance lease entered into in the current year.

17. The recoverability of third-party debtors is assessed annually and the provision for bad debts is adjusted accordingly in line with the requirements of GRAP 104.

18. Lease rentals increased year-on-year as annual escalations on existing office accommodation leases came into effect. The expense has increased as leases are renewed at current market rates in the 2023/24 financial year.

19. Loss on disposal of fixed assets is a result of scrapped items of property, plant and equipment.

20. JPC has a deferred tax expense for the 2023/24 financial year, as deferred tax assets were utilised due to the profitability for the current financial year.

Section 3: Cash Flow Statement

City of Joburg Property Company Statement of Cashflows as at 30 June 2024

	30-Jun-24	30-Jun-23
Cash flows from operating activities		
Rendering of services	355 042 999	82 850 852
Subsidies	623 131 002	500 680 000
Interest income	24 789 432	12 923 142
	1 002 963 433	**596 453 994**
Payments		
Employee costs	-517 335 747	-473 327 925
Suppliers	-257 515 532	-219 132 511
Finance costs	-2 034 056	-
Taxation paid	34 621	580 785
	-776 217 722	**-691 879 651**
Net cash flows from operating activities	**226 112 719**	**-95 425 657**
Cash flows from investing activities		
Purchase of personal protective equipment	-	-7 634 010
Purchase of deposits	-	-
Purchase of intangible assets	-	-
Net cash flows from investing activities	**-**	**-7 634 010**
Cash flows from financing activities		
Net movement of shareholder loan	-212 740 303	103 079 030
Finance lease payments	-13 372 416	-19 363
Net cash flows from financing activities	**-226 112 719**	**103 098 393**
Net increase/(decrease) in cash and cash equivalents	-	-
Cash and cash equivalents at 01 July 2023	**2 000**	**2 000**
Cash and cash equivalents at 30 June 2024	**2 000**	**2 000**

Table 46: Statement of Cashflows

Overview

The statement of cash flows indicates how the entity has generated its cashflows and how it has utilised its cash. A review of JPC's statement of cash flows at 30 June 2024 indicate:

- Constrained inflows of monies from trade receivables and the subsidy.
- Cash outflows to suppliers exceeding inflows from the rendering of services, as JPC abides by the MFMA provisions to settle its suppliers within 30 days.
- Utilisation of CAPEX budgets to capacitate the JPC's IT infrastructure and cleaning services.
- Reduction in financial obligations for loans from shareholders, as the entity is funded through its operating activities rather than its financing activities with the shareholder. This is evidenced by a **R226.1 million** inflow from operating activities and a **R226.1 million** outflow from financing activities.

Section 4: Capital Projects and Expenditure

Project Name	2023/24 Budget	YTD Actual	YTD Variance	% Spent
Revamping of the informal trading stalls within the Inner City Renewal: Operational CAPEX Johannesburg F Ward	4 000 000	3 774 176	225 823	94%
Orlando Ekhaya Waterfront Development Renewal: Park Orlando Ekhaya D Regional	2 800 000	2 800 000	-	100%
Office Space Optimisation Programme New Precinct Redevelopment: Johannesburg F City-Wide	1 420 000	1 407 672	12 327	99%
Metromall Taxi Rank Shop Revitalisation and Waste Management Area Redesign	4 600 000	4 599 998	1	100%
Acquisition of various properties in Soweto	400 000	374 829	25 170	94%
Acquisition of cleaning equipment	2 836 000	2 828 100	7 900	100%
23776_Walter Sisulu Square Upgrade	8 935 000	8 207 990	727 009	92%
	24 991 000	23 992 767	998 231	96%

Table 47: CAPEX Spend

Section 5: Ratio Analysis

Ratio	2024	2023
Liquidity Ratio (1:1)	0.97	0.93
Solvency Ratio (1:1)	1.03	1

Trade receivables turnover

Related parties (30 days)	881	777
Provision for bad debts	34 356 745	29 502 825
Trade receivables to total assets (%)	69%	73%
Cash coverage ratio (1:1)	0.33	0.33
Cash position	291 688 290	250 504 196

Table 48: Ratio Analysis of the Statement of Financial Performance

Liquidity Ratio

JPC is currently owed **R930.8 million** from trade and intercompany debtors, with cash collections in excess of **R300 million** being achieved YTD for trade receivables. JPC has a current ratio of 0.97:1; the ratio has marginally improved from the 2023/24 financial year-end.

The sweeping account currently reflects a positive **R291.6 million**, with related party loans exceeding **R920.4 million** for salary costs, which are still to be paid to the CoJ's Group Finance and Corporate Shared Services for previous and current financial year/s. The reduction in the cash position is the result of JPC receiving limited outstanding monies from the CoJ for facilities management services that have been rendered to the CoJ.

The cash position improved as collections for the subsidy and from related parties streamed in during the fourth quarter of the 2023/24 financial year. Payments to service providers were also halted across the CoJ in the weeks leading up to the financial year-end. Upon the conclusion of the cleaning SLA, JPC will recover costs of **R420 million** from the CoJ's departments for cleaning services provided; this will further enhance the liquidity of JPC, and will also give the entity cash flow to settle the outstanding loan accounts.

Solvency Ratio

JPC has a solvency ratio of 1.03:1 against the norm of 2:1 and is factually solvent, as the financial statements indicate that there are sufficient assets to cover all liabilities. The solvency is illustrated by a net asset position of **R33.4 million**. Given the financial support, and access to cash facilities, JPC remains commercially solvent and will be able to service its operational obligations as they arise. The solvency position is attributable to losses incurred in previous financial years. Increased revenue from facilitation fees and outdoor advertising and rentals will bolster the solvency position of JPC through commissions receivable from Portfolio.

Cost Coverage Ratio

Due to JPC's positive cash position, the cost coverage ratio is positive at 0.33:1. Management has reviewed JPC's cash flows and will seek to maintain the ratio between 1.5:1 to 2:1 into the 2025 financial year. Surplus cash, if any, will be utilised to settle CoJ salary loan accounts.

Debtors Collection Period

JPC has a debtors' collection ratio in excess of two years for third-party/external debtors. The collection of third-party debtors has declined significantly due to the timing difference for the receipt of Cell Mast income and the non-recovery of facilitation fees for the 2019 and 2020 financial years. The debtors' collection ratio for intercompany and related party debtors is 881 days. The intercompany debtors' collection ratio can be attributed to non-payment by CoJ departments and other municipal-owned entities for services rendered by JPC, as well as for cleaning services that are yet to be recovered.

Provision for Bad Debts

JPC raised a provision for bad debts related to facilitation fees previously raised. The provision accounts for 100% of total external debtors. Although the facilitation fees are due and payable based on the stage of completion, the companies that were awarded the sites for development have not initiated their projects due to various delays. From an accounting perspective, JPC has raised a provision for bad debts against these facilitation fees at 100% of the value of the awards. As per GRAP 104, additional debtors have been added to the provision by discounting active third-party debtors at amortised cost at an effective interest rate linked to the prime lending rate.

Creditors Payment Cycle

JPC currently pays service providers and creditors within 30 days, as defined by the MFMA.

Surplus/(Deficit)

The net surplus as at 30 June 2024 is **R28.1 million** and was at a surplus of **R10.2 million** when compared to restated figures for the period ended 30 June 2023.

JPC prepares a breakeven budget; estimated income is matched with estimated expenditures. The majority of JPC's expenses are fixed, with the exception of repairs and maintenance. However, expenditure is managed to ensure that overspending does not occur.

Expenditure

A review of JPC's expenditure indicates that the main drivers are employee costs, repairs and maintenance, security, and leased office accommodation. Due to the under-spend on repairs and maintenance for the financial year, the expense base upon which the ratios are determined is lower than the previous financial year. Employee costs are higher year-on-year, and the percentage representation of expenditure has increased, resulting in a ratio of 57.2%.

Rental expenditure is expected to increase further in 2024/25, as office accommodation lease contracts have come to the end of their terms and are undergoing the extension and renewal process. The supply chain processes for the extensions and renewals are activated and approved by the Executive Adjudication Committee of the CoJ. Undergoing this approval has resulted in delays in initiating the renewal process of the leases. Upon conclusion of the lease renewal process, expenditure is anticipated to increase in 2024/25 as the leases will be renewed at current market rates for office accommodation.

	2024	2023
Surplus before Tax	40 027 801	21 085 951
Net surplus/(deficit)	28 173 569	10 261 612
Net operating margin (%)	2.88%	1.3%
Operating subsidy to total revenue (%)	66.10%	63.2%
Exchange transactions to total revenue (%)	33.90%	36.68%
Employee costs to total expenditure (%)	57.20%	61.35%
R&M to total expenditure (%)	2.63%	0.67%
Rental to total expenditure (%)	17.43%	18.26%

Table 49: Ratio Analysis of the Statement of Financial Performance

Section 6: Irregular, Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure refers to unnecessary expenditure that would have been avoided had reasonable care been exercised.

	2024	2023
Opening balance	70 754 362	70 675 888
Current year additions	R3 588 850	R78 474
Less: Amount written off- current	(70 240 059)	-
Closing Balance	**R4 103 153**	**R70 754 362**

Table 50: Year-on-Year Fruitless and Wasteful Expenditure Movement

For the financial year ended 30 June 2024, fruitless and wasteful expenditure increased by **R3 588 850.** The incidents that gave rise to the fruitless and wasteful expenditure are as follows:

Category	Description	Disciplinary Status	Amount
Supplier disputes	SARS interest	Under investigation by Internal Audit	7 575
Salaries	Overpayment due to abscondment	Under investigation by Internal Audit	3 560 649
Supplier disputes	SARS penalty	Under investigation by Internal Audit	15 606
Supplier disputes	JPC incurred R5 020 interest on supplier accounts which were disputed	Under investigation by Internal Audit	5 020

Table 51: Incidents Leading to Fruitless and Wasteful Expenditure

Treasury guidelines on irregular expenditure provide that this is only recognised when payment pertaining to non-compliance is actually made. Any irregular expenditure determined prior to a payment being made shall only be regarded as non-compliant until the payment is made, at which point the irregular expenditure shall be recorded.

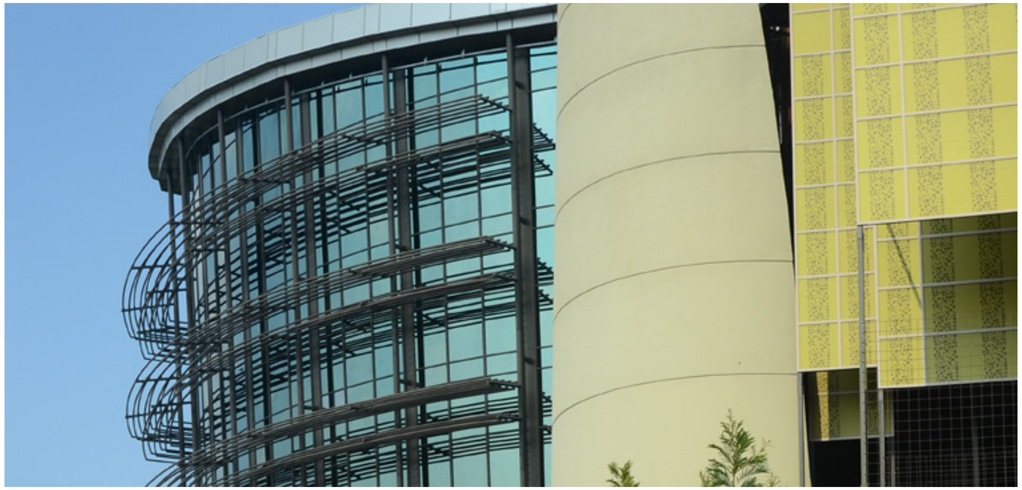
Irregular expenditure	2024	2023
Opening balance	216 366 561	103 196 390
Current year additions	171 202 873	153 320 508
Prior period additions	-	-
Amount written off	-167 943 025	-40 150 337
Closing balance	**219 626 409**	**216 366 561**

Table 52: Year-on-Year Irregular Expenditure Movement

For the financial year, irregular expenditure increased by **R219 545 375.** The incidents that gave rise to the irregular expenditure are as follows:

Category	Description	Disciplinary Status	Amount
Non-compliance with laws and regulations	Non -compliance to Circular 62 of MFMA (leases)	Tender process currently underway Under review by CoJ	157 239 963
Non-compliance with laws and regulations	Competitive bidding not invited – current period – IT expenses	Under investigation	3 908 845
Non-compliance with laws and regulations	City centralised fleet contract.	Under review by CoJ	10 054 065

Table 53: Irregular Expenditure



Section 7: Pending Litigations and Possible Liabilities

JPC currently has six matters of litigation against the entity from external parties. The matters are currently in varying stages of litigation, with the likelihood that they may be concluded and/or finalised in the coming 2025 calendar year.

Plaintiff	Claim	Status
Alleged negligence: the plaintiff suffered alleged bodily injuries	R4 500 000	Dispute in litigation
Damages suffered due to an alleged malfunctioning gate at a COJ property	R27 934.50	Dispute in litigation
4T Group: claim is for outstanding invoices	Amount not specified	Invoice deemed to be fraudulent, plaintiff informed.
YMCA	R5 500 000	Dispute in litigation
Red Coral Investments	Amount not specified	Dispute in litigation
Atlelga Development	R126 500	Dispute in litigation
Atlelga Development	R589 950	Dispute in litigation

Table 54: Litigations from External Parties

Section 8: Insurance Claims Against/to JPC

For the 2023 financial year, JPC initiated the following insurance claims for theft/loss of company assets:

Barcode	Description	Status	Purchase Price
JPC15423	Laptop Dell 5540	Pending insurance investigation	R65 928.22
			R65 928.22

Table 55: Insurance Claims

Section 9: Statement of Amount Owed to Government Departments and Public Entities

JPC does not have amounts owed to any government departments or public entities.

CHAPTER 6
Internal & External Audit

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JOBURG PROPERTY COMPANY

Section 1: Internal Audit

The internal audit function is co-sourced, with a panel of professional external service providers assisting the entity with the audit function. The Internal Audit Department is capacitated with staff who have the requisite skills and competencies to perform the function. It has a specific mandate from the audit committee, and independently appraises the adequacy and effectiveness of the company's system, financial internal controls, and accounting records, reporting its findings to the Audit and Risk Committee (ARC). The GM: Internal Audit reports administratively to the CEO and has direct access to the ARC and the Board Chairperson.

JPC subscribes to the definition of internal audit as defined by the International Standards for the Professional Practice of Internal Auditing (ISPPIA), which defines internal audit as "an independent, objective, assurance and consulting activity designed to add value and improve an organisation's operations".

The ARC takes the issue of objectivity seriously and has requested that the internal audit function undergo an independent review after every three years, instead of the five years prescribed by the ISPPIA.

Internal audits were conducted throughout the 2023/24 financial year. The external audit undertaken by the Auditor-General of South Africa (AGSA) is a single annual audit conducted during the August–November period.

The role of internal audit is to provide independent assurance that an organisation's risk management, governance and internal control processes are operating effectively. The roles and responsibilities of the internal audit function are in the Audit Charter, which includes the following:

- Prepare a rolling three-year strategic internal audit plan based on the assessment of key risk areas for JPC, considering its current operations, those proposed in the strategic plan, and its risk management strategy.
- Develop a flexible audit plan using a process-based approach linked to an appropriate risk-based methodology for review and approval, as well as quarterly/periodic updates.
- Implement the annual audit plan, as approved, including time, as appropriate for any special consulting tasks or projects requested by management and the Audit and Risk Committee.
- Assist in the investigation of significant suspected fraudulent activities in the business unit and notify management and the Audit and Risk Committee of the results.

Figure 26: Roles and Responsibilities of Internal Audit

The internal audit coverage plan on risk assessment based on the risk assessment undertaken is updated annually in line with the outcomes of the audit work performed.

Internal audit carried out its activities as per the approved audit plan. The nature of the audits included human resources, supply chain management, audit of pre-determined objectives, information technology, record management, risk and compliance to legislation, financial reporting, and stakeholder management.

In accordance with legislated requirements, Internal Audit assists management in maintaining efficient and effective controls by evaluating those controls to determine effectiveness and efficiency and by developing recommendations for enhancement or improvement. The controls that are subject to evaluation encompass:

- The information system environment.
- The reliability and integrity of financial and performance information.
- The effectiveness of operations.
- The safeguarding of assets.
- Compliance with laws, regulations, and controls.

Internal Audit provided assurance on the high risks identified during risk assessment by prioritising these areas during annual planning. Some of the medium- to low-risk areas were also audited where possible. The system of internal controls was reasonably adequate and effective for the 2023/2024 financial year.

The results of the reviews and audits conducted throughout the 2023/2024 financial year were communicated to management, who has committed to addressing the issues raised. The mitigating control actions implemented by management will be followed up by Internal Audit.

The internal audits are coordinated with the other internal and external assurance providers so as to minimise duplication and ensure proper coverage.

Section 2: Progress Made on the Annual Audit Plan and Resolution of Internal Audit Findings

The three-year Internal Audit Plan represents a balance between risk and compliance and was approved by the Board following deliberations between ARC members and management. In the period under review, thirteen audits were completed across functions or audit areas, not limited to these listed below:

- **Follow-up review:** This audit assessed progress made with regards to Resolution 27 of the internal audit findings identified in the previous internal audit report (i.e. 2022/23). A **96%** resolution rate has been achieved, with only one finding still remaining unresolved. One hundred percent of AGSA findings have been resolved.

- **Audit of pre-determined objectives:** This audit entails the testing of performance information reported to ensure accuracy, validity, and completeness, thus confirming the adequacy and effectiveness of controls in the technical indicator descriptions. The auditors determined that improvement is required in respect of the timely submission of supporting information in order to change the overall control environment rating. Management will implement the Internal Auditors' recommendations.

- **Finance and Supply Chain Management (SCM) review:** During this audit, the financial and SCM policies, procedures, practices, and processes applied were assessed. The managerial control environment and internal control system were determined to be satisfactory, with preventative controls in place.

- **HR audit:** The review focused on HR policies, procedures, practices, and processes applied. The audit determined that the control environment requires improvement.

- **Information technology audit:** The review assesses the effectiveness of general controls within the computer system environment, such as reviewing and appraising those controls within the computer system environment that support reliable and continuous processing of data by computerised accounting systems; and reporting to management any areas of perceived control weaknesses where such improvements could be made. Management will implement the Internal Auditors' recommendations.

- **Records management:** This aims to provide reasonable assurance that key management controls in place are adequate, effective, and efficient to mitigate or minimise high-risk areas within the process, and to manage these risks at an acceptable level.

- **Compliance:** This entails ensuring compliance with legislation, policies, and procedures. The internal control system was determined to be satisfactory, with preventative controls in place.

- **SCM, compliance, and contract management:** This aims to ensure that contracts or projects are effectively managed to ensure that goods/services are delivered or rendered in accordance with the contract. The internal control system was determined to be satisfactory, with preventative controls in place.

- **Fleet and fuel management:** This requires providing reasonable assurance that key controls in place are adequate, effective, and efficient to mitigate or minimise high-risk areas within the process and manage these risks at an acceptable level

- **Information technology:** This aims to review and appraise key controls within the Information Technology General Control environment that support reliable and continuous processing of data by computerised accounting systems. The internal control system was determined to be satisfactory, with preventative controls in place.

Progress Made on the Annual Audit Plan

The table below indicates the control environment rating based on the audit plan for the 2023/24 financial year.

Internal Audit (IA) ref no	Audit description	Status	Control Environment Rating	Rating comparison from previous year
1	Follow up on Internal and AGSA Findings	Completed		▲
2	Audit of Pre-determined Objectives	Completed		▶
3	Contract Management	Completed		▲
4	Fleet and Fuel Management	Completed		▼
5	Annual Financial Statement Review	Completed		▲
6	Supply Chain Management	Completed		▼
7	Related Parties Transactions	Completed		▼
8	Human Resources	Completed		▼
9	Revenue and Expenditure Management	Completed		▶
10	Compliance	Completed		▲
11	Information Technology	Completed		▶
12	Record Management	Completed		▶
13	Stakeholder Management	Completed		▼

Control Environment Rating Legend:

	Preventative or detective controls are in place	▲	improvement
	Control environment requires improvement	▶	Stagnant
	Internal controls are not in place and intervention is required to design and implement appropriate controls	▼	Decline
	Not yet due		

Table 56: Control Environment Rating 2023/24

Management is committed to addressing control weaknesses identified by Internal Audit through the implementation of audit recommendations and monitoring of action plans.

The findings from both internal audit reports are tracked and followed up to confirm that corrective action by management is in place. Internal Audit is continuously following up on unresolved findings to verify that root causes are addressed by management, thus preventing the recurrence of the control deficiency. The process of following up on the resolution of both internal and external audit findings is performed on a quarterly basis.

The rate of resolution of the internal audit findings improved. Overall, the percentage resolution of internal audit findings is at 96% for the 2023/24 financial year.

Section 3: Progress on the Resolution of the Auditor General's Findings

The review by the Auditor General of South Africa (AGSA) will commence in September 2024 and may be concluded by 30 November 2024. This section will be updated upon the conclusion of the AGSA's audit for the 2023/24 financial year.

Category	Total as at 30 Nov 2024	Resolved		Unresolved	
		#	%	#	%
Matters that will be reported in the auditor's report and should be addressed urgently	3	2	67%	1	33%
Matters that should be addressed to prevent material misstatements in the financial statements or material findings on the annual performance report and compliance with legislation in future; also includes matters that significantly affected auditee performance	10	9	90%	1	10%
Matters that do not have a direct impact on the audit outcome or a significant impact on auditee performance, but were communicated to assist with improving processes and mitigating risks	0	0	0%	0	0%
Total	**13**	**11**	**85%**	**2**	**15%**

Table 57: Unresolved Auditor General's Findings

Financial Year	Total Findings	Repeat Findings	Resolved	In Progress	Unresolved
2018/19	10	0	9	0	1
2019/20	40	0	37	0	3
2020/21	17	0	16	0	1
2021/22	16	0	7	0	9
2022/23	12	2	12	0	0
2023/24	13	2	11	0	2
Percentage			85%		15%

Table 58: Previous Years' Findings

The details of the two unresolved AGSA findings are:

- CIDB – The winning contractor's grading not suitable for value of contract
- Prevention of fruitless and wasteful expenditure

Section 4: State of Internal Controls

The Internal Audit Department evaluates the adequacy and effectiveness of the internal control systems, governance processes, and risk management processes. In assessing these, consideration of the abovementioned internal control objectives and the audit evidence obtained during the execution of audits should be used as a basis for the opinion. Only completed assurance engagements or projects should be considered for the overall internal control opinion.

The results of the internal audit support the organisation in achieving its goals in the short, medium, and long term. The risk-based approach ensures that the internal audit function focuses on the organisation's financial sustainability, as well as areas that are material for the stakeholder.

Effectiveness of Controls

The control deficiencies have been satisfactorily resolved, preventative controls are in place, and the control environment is deemed to be effective.

Impact

To improve audit outcomes, management will continue to work together to strengthen daily, monthly, and quarterly processing of financial and performance-related internal controls. This will ensure that accurate and complete financial and performance reporting is supported by valid information. Management intends to continue resolving all findings raised by both internal and external auditors, as this positively impacts on the state of controls and its effectiveness.

APPENDIX A
Annual Financial Statements

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JOBURG PROPERTY COMPANY

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JOBURG
PROPERTY COMPANY

City of Joburg Property Company (SOC) Liminted
(Registration number 2000/017147/07)
Annual Finacial Statements
for the year ended 30 June 2024

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Provide property and facilities management functions for the City of Johannesburg Metropolitan Municipality and other municipal owned entities within the group.
Business address	33 Hoofd Street Forum 1 Braampark Building Braamfontein 2000
Postal address	P O Box 31565 Braamfontein 2017
Controlling entity	The City of Johannesburg Metropolitan Municipality incorporated in South Africa
Bankers	Standard Bank
Auditors	Auditor General South Africa
Secretary	Ms G Dlamini
Company registration number	2000/017147/07
Tax reference number	9292/129/146
Preparer	The annual financial statements were internally compiled by: Mr Imraan Bhamjee Acting Chief Financial Officer

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Abbreviations used

COJ	City of Johannesburg Metropolitan Municipality
GRAP	GRAP Generally Recognised Accounting Practice
IAS	IAS International Accounting Standards
IPSAS	IPSAS International Public Sector Accounting Standards
JPC	JPC City of Joburg Property Company
mSCOA	mSCOA Municipal Standard Chart of Accounts
MFMA	MFMA Municipal Finance Management Act
SARS	SARS South African Revenue Services

Board of Director's Responsibilities and Approval

The Directors are required by the Municipal Finance Management Act (Act 56 of 2003) to ensure adequate accounting records are kept The Directors 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 the Standards of Generally Recognised Accounting Practice (GRAP), 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 Board 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 and operational budget for the year to 30 June 2025, in 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 itself for the continued funding of its operations. The annual financial statements are prepared on the basis that the entity is a going concern and that it has neither the intention nor the need to materially liquidate or curtail its scale of operations.

Although the Board is primarily responsible for the financial affairs of the entity, it is supported by the entity's management and internal auditors.

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

The annual financial statements set out on page 6, which have been prepared on the going concern basis, were approved by the Board on 28 November 2024 and were signed on its behalf by:

Ms HM Botes
Chief Executive Officer

Mr S Motha
Chairperson

Audit and Risk Committee Report

We present our report for the financial year ended 30 June 2024.

Audit and Risk Committee Members and Attendance

The Audit and Risk Committee (ARC) consists of the members listed hereunder, who should meet at least 4 times per annum as per its approved terms of reference. The committee has met on 9 occasions during the financial year.

Name of member	Number of meetings attended
Mr S Mtolo (Retired 30 June 2024)	9
Mr F Ratshikhopha (Interim Chairperson) Appointed 13 August 2024	9
Mr X Lingani (Independent)	8
Ms R Makwela (Independent)	8
Mr T Chiloane (Independent)	9
Miss Y Pamla (Independent)	7
Mr M Karedi (Independent) *	
Mr M Zondo *	

*Mr M Karedi and Mr M Zondo were appointed post year-end. They attended the special ARC meeting held in August 2024 (Quarter 1 of 2024/25 financial year and October 2024 (Quarter 2 of the 2024/25 financial year).

Audit and Risk Committee Responsibility

The ARC reports that it has complied with its responsibilities arising from section 166(2)(a) of the Municipal Finance Management Act (MFMA).

The ARC also reports that it has adopted appropriate formal terms of reference as its

Audit Committee Charter has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

Internal audit

The company's internal audit function is carried out internally, with support from a panel of auditor, and is overseen by the GM: Internal Audit. The team is responsible for completing internal audit engagements in accordance with the approved annual plan and the three-year rolling plan. Appointments to the internal audit function are made in compliance with Section 165 of the Municipal Finance Management Act No. 56 of 2003.

The Effectiveness of Internal Control

The system of internal controls applied by the company over financial and risk management are satisfactory. In line with the MFMA and the King Code on Corporate Governance requirements, Internal Audit gives the ARC and management assurance that the internal controls are satisfactory. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to controls and processes. From the Internal Auditors' various reports, the audit report on the financial statements, and the management report of the Auditor-General South Africa (AGSA), it was noted that no matters relating to the annual financial statement audit were reported (besides the matters highlighted by the Auditor-General) that indicate any material deficiencies in the system of internal control or any deviations therefrom.

Audit and Risk Committee Report

Evaluation of 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 Board;
- Reviewed the AGSAs management report and management's response thereto;
- Reviewed changes in accounting policies and practices;
- Reviewed the entity's compliance with legal and regulatory provisions;
- Reviewed significant adjustments resulting from the audit.

The audit and risk committee concurs with and accepts the Auditor-General of South Africa's report on the annual financial statements, and is of the opinion that the audited annual financial statements should be accepted and read together with the management report of the Auditor-General of South Africa.

Risk Management

The ARC ensures that the company has effective policies and plans for risk management. The committee also oversees the following:

- Development and review of risk management policies and plans.
- Monitors implementation of risk management policies and plans.
- Recommends to the Board on levels of risk tolerance and appetite.
- Ensures risk management is integrated into business operations.
- Ensures risk management assessments are conducted on a continuous basis.
- Ensures frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks.
- Ensures that management's considerations and implements appropriate risk responses.

The ARC ensures that the company has effective policies and plans for risk management. The committee also oversees the following:

- Development and annual review of risk management policies and plans.
- Implementation of risk management policies and plans.
- Recommendations to the Board on levels of risk tolerance and appetite.
- Integration of risk management into business operations.
- Continuous conducting of risk management assessments.
- Implementation of frameworks and methodologies to increase the possibility of anticipating unpredictable risks.
- Management's considerations and implementation of appropriate risk responses

Finance Function

The Chief Financial Officer (CFO) remains vacant. The committee has reviewed and considered the experience and resources available to the company's finance function, and Acting Chief Financial Officer was appointed. The committee is concerned with the delay in appointing a permanent CFO and has escalated the matter to the Board.

Auditor-General of South Africa

The ARC has met with the AGSA to ensure that no unresolved issues remain.

Chairperson of the Audit Committee

29/11/2024

Date

Board of Director's Report

The Directors have pleasure in submitting to the Shareholders their report together with the annual financial statements for the year ended 30 June 2024.

1. Incorporation

The entity was incorporated on 27 July 2000 and obtained its certificate to commence business on the same day.

2. Controlling Entity

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

3. Going Concern

The annual financial statements (AFS) 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 remain a going concern is dependent on funding received from the shareholder, namely the City of Johannesburg Metropolitan Municipality (CoJ). Surety has been provided through the Office of the City Manager that the entity is funded and backed by the CoJ. The surety will remain in effect for as long as it takes the entity to restore its solvency.

4. Review of Activities

Main Business and Operations

The net surplus of the entity was R28 173 569 (2023: surplus R10 261 612), after taxation of R11 854 232 (2023 deficit R10 824 339).

5. Subsequent Events

No subsequent events have been identified to date.

6. Directors' Interest in Contracts

The Directors' personal financial interest in any contracts has been disclosed and no Directors, both Executive and Non-Executive, have any interest in contracts with the company.

7. Share Capital / Contributed Capital

The entity's authorised and issued share capital remained unchanged during the year under review.

8. Borrowing Limitations

In terms of the sale of business agreement, the City of Joburg Property Company (SOC) Limited does not have the authority to borrow funds on its own behalf. All external funding is managed under the auspices of the City of Johannesburg Metropolitan Municipality.

9. Non-Current Assets

The nature of the company's non-current assets remained unchanged during the year.

Board of Director's Report

10. Board

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

Name	Nationality	Changes
Ms HM Botes	South African	-
Mr IM Bhamjee	South African	-
Mr E Sithole	South African	Retired 28 November 2023
Mr S Motha	South African	Appointed 28 November 2023
Mr N Mabundza	South African	-
Adv D Mpofu	South African	-
Ms L Mthembu	South African	Resigned 31 May 2024
Mr S Mtolo	South African	-
Ms E Rakodi South African	South African	-
Mr F Ratshikhopha	South African	-
Ms B Teffo	South African	-
Adv T Thatelo	South African	-
Ms N Tini	South African	-
Mr M Zondo	South African	-

11. Secretary

The secretary of the entity is Ms G Dlamini.

Business address
33 Hoofd Street
Forum 1
Braampark Building
Braamfontein
2000

Postal address
P O Box 31565
Braamfontein
2017

12. Corporate Governance General

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

The City of Joburg Property Company SOC Ltd (JPC) confirms and acknowledges its responsibility to comply with the Code of Governance Principles ("the Code") as laid out in the King Code on Corporate Governance for South Africa. The Board of Directors discusses the management's responsibilities in this respect at board meetings and monitors the company's compliance with the Code on a continuous basis.

12. Corporate Governance (continued)

Board of directors

The Board:

- Retains full control over the entity, its plans and strategy.
- Acknowledges its responsibilities regarding strategy implementation, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the entity.
- Is of a unitary structure comprising:

> 11 non-executive directors, all of whom are independent directors as defined in the Code; and

> 2 executive directors.

Chairperson and Chief Executive

The Chairperson is a Non-Executive and independent Director (as defined by the Code).

The roles of Chairperson and Chief Executive are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion.

Remuneration

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 the parent entity. The Board will determine their remuneration within the above mentioned limits.

Corporate Governance (continued)

Board meetings

The Board has met on 13 separate occasions during the financial year. The Board schedules to meet at least 4 times per annum.

Non-Executive Directors have access to all members of management of the entity. Directors' attendance at board and sub-committee meetings are as follows:

The board has delegated responsibilities to:

1. The Audit and Risk Committee must:

a. Advise the Municipal Council, the political office-bearers or the Board of Directors, the Accounting Officer and the management staff of the municipal entity on matters relating to:

   I. Internal financial control and internal audits
   II. Risk management
   III. Accounting policies
   IV. The adequacy, reliability, and accuracy of financial reporting and information
   V. Performance management
   VI. Effective governance
   VII. Compliance with this Act, the annual Division of Revenue Act and any other applicable legislation
   VIII. Performance evaluation
   IX. Any other issues referred to it by the municipality or municipal entity.

b. Review the annual financial statements to provide the Council of the municipality or, in the case of a municipal entity, the Council of the parent municipality and the Board of Directors of the entity, with an authoritative and credible view of the financial position of the municipality or municipal entity, its efficiency and effectiveness, and its overall level of compliance with this Act, the annual Division of Revenue Act, and any other applicable legislation.

c. Respond to the Council on any issues raised by the Auditor-General in the audit report.

d. Carry out such investigations into the financial affairs of the municipality or municipal entity, as the Council of the municipality, or in the case of a municipal entity, the Council of the parent municipality or the Board of Directors of the entity, may request.

e. Perform such other functions as may be prescribed.

2. The Social, Ethics, Transformation and Remuneration Committee:

Advises the Board on the remuneration policies, remuneration packages and other terms of employment for senior managers. Its specific terms of reference also include recommendations to the Board on matters relating to, inter alia, human resources policies, executive remuneration, and other human resource affairs of the company.
It is further tasked with looking into the entity's social and ethics, and transformation, including the organisation's standing in terms of the goals and purposes; good corporate citizenship; the environment; health and public safety; consumer relationships including the entity's advertising, public relations and compliance with consumer protection laws; and labour and employment.

3. Transactions and Service Delivery Committee:

The primary objective of this committee is to assist the Board in discharging its responsibility by considering all reports relating to property transactions. The committee also ensures that revenue generation targets are achieved in relation to the property portfolio and to make the necessary recommendations to the Board to ensure that service delivery is enhanced and property-related transactions are concluded efficiently within the legal framework that JPC operates in.

Board of Director's Report

Corporate Governance (continued)

Directors attendance at board and sub-committee meetings are as follows:

Name	Board Meeting	Audit and risk committee	Social, ethics remuneration and transformation committee	Transaction and service delivery committee	Other	Total
Mr S Motha (Started 01 December 2023)	9	-	6	2	5	22
Mr X Lingani	-	8	-	-	-	8
Miss B Teffo	13	-	7	6	6	32
Mr F Ratshikhopha	13	9	-	6	6	34
Miss Rakodi	13	-	10	-	6	29
Mr E Sithole (Resigned 28 November 2023)	8	-	5	-	17	30
Mr L Mthembu (Resigned 30 May 2024)	12	-	-	6	5	23
Mr M Zondo	13	-	-	6	8	27
Miss N Tini	13	-	9	-	6	28
Miss R Makwela	-	8	-	-	1	9
Mr S Mtolo	11	9	-	1	16	37
Mr T Chilaone	-	9	-	-	1	10
Mr T Thatelo	12	-	10	-	15	37

Audit and Risk Committee

As at 30 June 2024, the committee comprised 2 (two) Non-Executive Directors.

In terms of Section 166 of the Municipal Finance Management Act, the CoJ, as a parent municipality, must appoint members of the ARC. Notwithstanding that Non-Executive Directors appointed by the parent municipality constituted the municipal entity's ARC, National Treasury policy requires that parent municipalities should appoint further members of the municipal entity's ARC who are not Directors of the municipal entity onto the ARC. These independent members are Mr T Chiloane, Mr X Lingani, Ms R Makwela and Ms Y Pamla. The ARC has fulfilled its responsibilities as provided for in Section 166 of the Municipal Finance Management Act.

Corporate Governance (continued)

Transactions and Service Delivery Committee

The Transaction and Service Delivery Committee is comprised of 6 (six) members.

The primary objective of the committee is to assist the Board in discharging its responsibility by considering all reports relating to property transactions. The committee also ensures that revenue generation targets are achieved in relation to the property portfolio and to make the necessary recommendations to the Board to ensure that service delivery is enhanced and property related transactions are concluded efficiently within the legal framework in which JPC operates.

Social, Ethics, Transformation and Remuneration Committee

The committee comprises 5 (Five) members.

The committee advises the Board on the remuneration policies, remuneration packages and other terms of employment for senior managers. Its specific terms of reference also include recommendations to the Board on matters relating to, inter alia, human resources policies, executive remuneration and other human resource affairs of the company.

It is further tasked with looking into the entity's social and ethics, and transformation practices. This includes the organisation's standing in terms of its goals and purposes, good corporate citizenship, the environment, health and public safety, consumer relationships including the entity's advertising, public relations and compliance with consumer protection laws, and labour and employment.

13. Auditors

The AGSA will continue in office in accordance with the Public Audit Act 25 of 2005, section 92 of the Municipal Finance Management Act No. 56 of 2003.

The annual financial statements set out on page 6, which have been prepared on the going concern basis, were approved by the board on 27 August 2024 and were signed on its behalf by:

Ms H Botes
Chief Executive Officer

Mr S Motha
Chairperson

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, and the Municipal Finance Management Act No. 56 of 2003, I, Gontse Dlamini, certify that, to the best of my knowledge and belief, 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.

Ms G Dlamini
Company Secretary

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JOBURG PROPERTY COMPANY

Statement of Financial Position as at 30 June 2024

Figures in Rand	Note(s)	2024	2023 Restated*
Assets			
Current Assets			
Loans to shareholders	5	318 594 198	260 896 171
Receivables from exchange transactions	4	931 203 341	974 763 776
Receivables from non-exchange transactions	8	141 949	-
VAT receivable	6	447 670	-
Prepayments	7	-	895 355
Cash and cash equivalents	3	2 000	2 000
		1 250 389 158	**1 236 557 302**
Non-Current Assets			
Property, plant and equipment	10	77 050 864	43 902 300
Intangible assets	11	223 223	13 267 309
Deferred tax	15	25 096 801	25 707 009
Income tax receivable	12	(1)	3 289 475
Deposits	9	1 222 722	1 027 922
		103 593 609	**87 194 015**
Total Assets		**1 353 982 767**	**1 323 751 317**
Liabilities			
Current Liabilities			
Loans from shareholders	5	920 415 423	1 060 066 819
Current tax payable	12	7 747 118	-
Finance lease obligation	17	8 279 331	-
Operating lease liability	18	2 196 263	2 119 210
Payables from exchange transactions	13	345 490 310	247 551 230
VAT payable	16	-	1 556 118
Provisions	14	7 757 269	5 958 718
		1 291 826 015	**1 317 346 245**

*See note 38

Statement of Financial Position as at 30 June 2024

Figures in Rand	Note(s)	2024	2023 Restated*
Non-Curent Liabilities			
Finance lease obligation	17	28 001 618	435 504
Employee benefit obligation	19	671 000	671 000
		28 684 618	**1 106 504**
Total Liabilities		**1 320 510 633**	**1 318 452 749**
Net Assets		**33 472 134**	**5 298 568**
Share capital / contributed capital	20	5 142 721	5 142 721
Accumulated surplus		28 329 413	155 847
Total Net Assets		**33 472 134**	**5 298 568**

*See note 38

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JOBURG PROPERTY COMPANY

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Cellmast services	21	19 539 743	19 751 484
Commissions and ad hoc fees	21	26 742 911	19 294 573
Management fees	21	17 608 077	19 530 770
Other revenue	21	1 370 745	1 760 508
Cleaning services	21	235 112 530	217 592 703
Interest received	21 & 22	24 789 432	12 923 142
Total revenue from exchange transactions		**325 163 438**	**290 853 180**
Revenue from non-exchange transactions			
Interest received	23	242 051	99 182
Transfer revenue			
Subsidies	21	623 131 002	500 680 000
Staff debtors	21	141 649	-
Medical boarding refunds	21	934 734	884 428
SETA refunds	21	465 984	340 344
Total revenue from non-exchange transactions		**624 915 420**	**502 003 954**
Total Revenue	21	**949 707 858**	**792 857 134**
Expenditure			
Employee related costs	24	(521 298 471)	(473 284 925)
Depreciation and amortisation	25	(18 020 648)	(10 035 976)
Impairment losses	26	(12 761 889)	-
Finance costs	27	(2 034 056)	(96 103)
Lease rentals on operating lease	28	(158 261 367)	(140 910 593)
Doubtful debts	29	(4 853 920)	2 785 556
Loss on disposal of assets	30	(157 838)	(3)
General Expenses	31	(192 664 954)	(150 299 139)
Total Expenditure		**(910 051 357)**	**(771 771 183)**
Surplus before taxation		**40 027 801**	**21 085 951**
Taxation	32	11 854 232	10 824 339
Surplus for the year		**28 173 569**	**10 261 612**

*See note 38

Statement of Changes in Net Assets

Figures in Rand	Share capital contributed capital	Share premium	Total share capital	Accumulated surplus / deficit (Restated)	Total net assets (Restated)
Balance at 01 July 2022					
Changes in net assets	1 000	5 141 721	5 141 721	(10 105 765)	(4 963 044)
Surplus for the year	-	-	-	10 261 612	10 261 612
Total changes	-	-	-	**10 261 612**	**10 261 612**
Restated* Balance at 01 July 2023					
Changes in net assets	1 000	5 141 721	5 141 721	155 844	5 298 565
Surplus for the year	-	-	-	28 173 569	28 173 569
Total changes	-	-	-	**28 173 569**	**28 173 569**
Balance at 30 June 2024	1 000	5 141 721	5 141 721	28 329 413	33 472 134
Note(s)	20	20	20		

*See note 38

Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		355 042 999	82 850 852
Grants		623 131 002	500 680 000
Interest income		24 789 432	12 923 142
		1 002 963 433	**596 453 994**
Payments			
Employee costs		(517 335 747)	(473 327 925)
Suppliers		(257 515 532)	(219 151 874)
Interest paid		(2 034 056)	-
Taxation received/(paid)	12	34 621	580 785
		(776 850 714)	**(691 899 014)**
Net cash flows from operating activities	35	**226 112 719**	**(95 445 020)**
Cash flows from investing activities			
Purchase of property, plant and equipment	10	-	(7 634 010)
Cash flows from financing activities			
Repayment of shareholders' loan		(212 740 303)	103 079 030
Finance lease payments		(13 372 416)	(19 363)
Net cash flows from financing activities		**(226 112 719)**	**103 079 030**
Cash and cash equivalents at the beginning of the year		2 000	2 000
Cash and cash equivalents at the end of the year	3	**2 000**	**2 000**

The accounting policies on pages 182 to 197 and the notes on pages 198 to 238 form an integral part of the annual financial statements.

*See note 38

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JOBURG PROPERTY COMPANY

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved Budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange						
Revenue from exchange						
Cellmast services	20 742 000	(9 000 000)	**11 742 000**	15 235 418	**3 493 418**	**1**
Commissions and ad hoc revenue	36 758 000	35 910 000	**72 668 000**	26 742 911	**(45 925 089)**	**2**
Management fees	17 901 000	-	**17 901 000**	17 237 077	**(663 923)**	
Other revenue	1 053 000	-	**1 053 000**	1 370 745	**317 745**	**3**
Cleaning services	309 095 000	(29 267 000)	**279 828 000**	235 112 530	**(44 715 470)**	**4**
Interest received	-	-	**-**	24 789 432	**24 789 432**	**5**
Total revenue from exchange transactions	**385 549 000**	**(2 357 000)**	**383 192 000**	**324 792 438**	**(58 399 562)**	
Revenue from non-exchange transactions						
Interest - Taxation revenue	-	-	**-**	242 051	**242 051**	**6**
Transfer revenue						
Government grants & subsidies	671 270 000	(48 139 000)	**623 131 000**	623 131 002	**2**	
Staff Debtors	-	-	**-**	141 949	**141 649**	**16**
Interest received	6 845 000	-	**6 845 000**	-	**(6 845 000)**	**7**
Medical boarding refunds	-	-	**-**	934 734	**934 734**	**8**
SETA refunds	-	-	**-**	465 984	**465 984**	**9**
Total revenue from non- exchange transactions	**678 115 000**	**(48 139 000)**	**629 976 000**	**624 915 720**	**5 060 280)**	
Total revenue	**1 063 664 000**	**(50 496 000)**	**1 013 168 000**	**950 079 158**	**(63 088 842)**	

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JOBURG PROPERTY COMPANY

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved Budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Expenditure						
Employee related costs	524 662 000)	(17 680 000)	**(542 342 000)**	(521 296 685)	**21 045 315**	10
Depreciation and amortisation	(12 600 000)	(9 434 000)	**(22 034 000)**	(18 020 648)	**4 013 352**	11
Impairment loss/ Reversal of impairments	-	-	**-**	(12 761 889)	**(12 761 889)**	12
Finance costs	(2 580 000)	-	**(2 580 000)**	(2 034 056)	**545 944**	13
Lease rentals on operating lease	(332 212 000)	77 388 000	**(254 824 000)**	(158 261 367)	**96 562 633**	14
Debt impairment	-	-	**-**	(4 853 920)	**(4 853 920)**	18
General expenses	(191 610 000)	222 000	**(191 388 000)**	(192 664 954)	**(1 276 954)**	
Total Expenditure	**(1 063 664 000)**	**50 496 000**	**(1 013 168 000)**	**(909 893 519)**	**103 274 481**	
Operating Surplus	-	-	**-**	**40 185 639**	**40 185 639**	-
Loss on disposal of assets	-	-	**-**	(157 838)	**(157 838)**	16
Surplus Before Taxation	-	-	**-**	**37 054 559**	**40 027 801**	-
Taxation	-	-	**-**	11 854 232	**11 854 232**	17
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	**-**	**28 173 569**	**28 173 569**	

Statement of Comparison of Budget and Actual Amounts

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

1. Cell mast is above the budget; the revenue is generated in line with the contract. JPC saw an increase in upliftment fees of R3.7m in the month of May and R4.9m June due to increased sites.

2. Rentals commission is below the budget. This is in line with poor rental billing and collections in Portfolio. Commission has been severely hampered by the expiry, non-renewal and delay in renewal of leases.

3. Recovery of rent from Group Governance for occupation of the 6th floor of Forum 1.

4. Cleaning service costs are billed and recovered for services rendered. The cleaning services are below budget as a result of the closure of Metro Centre, resulting in less billing services for the current financial year.

5. Interest received from the sweeping account increased year-on-year as the account had accumulated a R291.6 million positive balance by 30 June 2024. The increase in interest rates throughout the financial year has also been beneficial to the growth of the account balance.

6. This is interest earned in the current year on the provisional tax paid to SARS.

7. No interest was earned in the current year from receivables.

8. Medical boarding is as a result of the inability of an employee to work according to the requirements of his/her job as a result of ill -health or injury. Refunds claimed vary and cannot be budgeted or planned for, hence the variance.

9. The EPWP Grant is the SETA refund received by JPC on the training offered to interns.

10. Expenditure has increased slightly year-on-year to align with the reductions in budget; however, this has come at a disadvantage as the entity is not able to capacitate its critical vacancies. R17 million of the variance relates to cost for employees on the City pool, which should be carried by the City, but was included in the JPC's expenditure.

11. Depreciation has increased year-on-year. Additions worth R51m were added in the period under review. This was, however, not enough to meet the budgeted increase in depreciation.

12. PIMS software, with a cost of R12 761 889 is considered fully impaired as JPC neither uses it currently nor anticipates its use in the near future. The City is currently working on the SAP system to be used in the near future.

13. JPC incurred interest due to mainly to the finance lease entered into in the current year. Other interest costs associated with overdrawn bank balances were avoided.

14. Lease rentals on operating leases is below budget as renewal of leases took longer than initially anticipated. This expense is expected to increase in the 2024/2025 financial year.

15. The provision for doubtful debts increased in the current year due to external debtors not paying long outstanding debts.

16. This relates to the scrapping of various old and unusable items of property, plant and equipment.

17. This relates mainly to normal tax expenses incurred in the current year. This was not budgeted for, as it was anticipated tha t leases would be renewed on time, resulting in minimal profits for JPC.

18. This relates to staff debtors who owe JPC for going absent without leave. This cannot be budgeted for hence the variance.

Significant Accounting Policies

Figures in Rand	Note(s)	2024	2023 Restated*

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 in accordance with the 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 g oing concern for at least the next 12 months.

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 r epresented in the annual financial statements and related disclosures. Use of available information and the application of judgemen t 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 st atements. Significant judgements include:

Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date.

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 14 - Provisions.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many tran sactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final ta x outcome of these matters is different from the amounts that were initially recorded, such differences will impact the i ncome tax and deferred tax provisions in the period in which such determination is made.

The entity recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the entity to make s ignificant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cas h flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the entity to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Post Retirement Benefits

The present value of the post-retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assump tions will impact on the carrying amount of post-retirement obligations.

The entity determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle pension obligations. In determining the appropriate discount rate, the entity considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 19.

1.3. Significant Judgements and Sources of Estimation Uncertainty (Continued)

Effective Interest Rate

The company used the City of Johannesburg Metropolitan Municipality average borrowing rate as a reference rate.

1.4. Property, Plant and Equipment

Property, plant and equipment are tangible non-current assets (including infrastructure 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 for more than one year.

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 comprises the purchase price and other costs attributable to bringing 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 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 is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Costs include those 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 derecognised.

Property, plant and equipment are depreciated on a 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	Average useful life
Land	Straight line	Indefinite
Buildings	Straight line	36 years
Plant and machinery	Straight line	14 years
Furniture and fixtures	Straight line	25 years
Motor vehicles	Straight line	Lease period
Office equipment	Straight line	13 years
IT equipment	Straight line	12 years
Computer software	Straight line	10 years
Leasehold improvements	Straight line	Term of lease
Cleaning equipment	Straight line	5 years

Significant Accounting Policies

1.4. Property, Plant and Equipment (Continued)

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

The depreciation method 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 have changed significantly, 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's expectations about the residual value and 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 are expected from its 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.

Assets which the entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

Significant Accounting Policies

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 sep arable 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 when:

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

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

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

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

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant facto rs, 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 in tangible 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 reporti ng date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indi cator 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.

Internally generated goodwill is not recognised as an intangible asset.

Significant Accounting Policies

1.5. Intangible Assets (Continued)

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

Item	Depreciation method	Average useful life
Computer software, internally generated	Straight line	Indefinite
Computer software	Straight line	7 years

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 11).

Intangible assets are derecognised:

- On disposal; or
- When no future economic benefits or service potential are expected from their use or disposal.

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

The amortisation charge for each period shall be recognised in surplus or deficit unless this or another standard permits or requires it to be include in the carrying amount of another asset.

The amortisation period and the amortisation method for an intangible asset with a finite useful life shall be reviewed at least at each reporting date. If the expected useful life of the asset differs from previous estimates, the amortisation period shall be changed accordingly. If there has been a change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the amortisation method shall be changed to reflect the changed pattern. Such changes shall be accounted for as changes in accounting estimates in accordance with the Standard of GRAP, on Accounting Policies, Changes in Accounting Estimates and Errors.

1.6. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a resi dual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference b etween that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectible.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing t o discharge an obligation.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

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

A financial asset is:

- Cash;
- A residual interest of another entity; or
- A contractual right to:

  - Receive cash or another financial asset from another entity; or

  - Exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

1.6. Financial Instruments (continued)

A financial liability is any liability that is a contractual obligation to:

- Deliver cash or another financial asset to another entity; or
- Exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. Residual interest includes contributions from owners, which may be shown as:

- Equity instruments or similar forms of unitised capital;
- A formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- A formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- The entity designates at fair value at initial recognition; or
- Are held for trading.

Initial Recognition

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

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability, or an equity instrument in accordance with the substance of the contractual arrangement.

Loans to (from) Group Companies

These include loans to and from controlling entities, fellow controlled entities, controlled entities, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to Shareholders

These financial assets are initially measured at fair value plus direct transaction costs.

Subsequently, these loans are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

Loans to group company (City of Johannesburg Metropolitan Municipality) are classified as loans and receivables.

Significant Accounting Policies

1.6. Financial Instruments (continued)

Receivables from Exchange Transactions

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost. A ppropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impai red. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recogni sed in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.

Amounts that are receivable within 12 months from the reporting date are classified as current.

Payables from exchange transactions

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank Overdrafts

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

Other financial liabilities are measured initially at fair value and subsequently at amortised cost, using the effective interest rate method.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

1.6. Financial Instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date 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:
  - Derecognises the asset; and
  - Recognises separately any rights and obligations created or retained in the transfer.

Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existi ng liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, a nd the difference in the respective carrying amounts is recognised in surplus or deficit.

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

The 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 thei r 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. Taxation

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.

The tax currently payable is based on taxable income for the year. Taxable income differs from surplus as reported in the statement of financial performance, because it includes income and expenses that are taxable or tax deductible in other years and it further excludes items that are never taxable or tax deductible.

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 a 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 that affects neither accounting surplus nor taxable profit (tax loss).

Deferred Tax Assets and Liabilities (continued)

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 are included in surplus or deficit for the period, except to the extent that the tax arises from:

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

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

1.8. 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.

Operating Leases - Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.9. Impairment of Non-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).

The 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.

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

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.

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 tha is a requirement in the Standard of GRAP.

Reversal of an Impairment Loss

The entity assesses at each reporting date whether there is any idnication that an impairment loss recognised in prior periods for a non-cashgenerating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, 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.

Equity instruments issued by the company are classified according to the substance of the contractual arrangements entered into.

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

1.11. Employee Benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees

Termination benefits are employee benefits payable as a result of either:

- The entity's decision to terminate an employee's employment before the normal retirement date; or
- An employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (Other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employee's render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

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 services.

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 services;
- Bonus, incentive and performance related payment payable within twelve months after the end of the reporting period in which the employees render the related services; 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 p aid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extend that the repayment 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 experse as the employee render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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

1.11. Employee Benefits (continued)

Post-employment benefits: Defined contribution plan

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee services in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

- As a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise that excess as an asset (prepaid expense) to the extend 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 contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after th e end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money is consistent with the currency and estimated term of the obligation.

Defined benefits plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprises experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognise actuarial assumptions gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from that reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- The remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- The assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service i n the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains and losses on the plan assets, less any costs of administering the plan (other than those included in the a ctuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

1.11. Employee Benefits (continued)

Post-employment benefits: Defined contribution plan

The entity account not only for its legal obligation under the formal terms of the defined benefit plan, but also for any constructive obligation that arises from entities informal practices. Informal practices give rise to a constructive obligation where the entity has no r ealistic alternative but to pay employee benefits. An example of constructive obligation is where informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- The present value of the defined benefit obligation at the reporting date;
- Minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- Plus any liability that may arise as a result of minimum funding requirement.

The amount determined as a defined benefit liability may be negative (an assets). The entity measures the resulting asset at the lower of:

- The amount determined above and the present value of any economic benefit available in the form of refunds from the plan of reduction in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amount that would be determined at the reporting date.

The entity recognises the net total of the following amounts in surplus or deficit except to the extent that another standard requires or permits their inclusion in the cost of an asset:

- Current service cost;
- Interest cost;
- The expected return on any plan assets and on any reimbursement rights;
- Actuarial gains and losses;
- Past services cost;
- The effect of any curtailments or settlements and the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute to periods of service under the plans benefit formula. However, if an employees service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight line basis from:

- The date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditionally on further service), until;
- The date when the further service by the employee will leads to no material amount of further benefit under the plan, other than from further salary increases.

Actuarial valuations are conducted by independent actuaries separately from each plan. The results of the valuations are updated for any material transactions and other material changes in circumstances (including change in market prices and interest rates) up to the reporting date.

The entity recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or set tlement occurs. The gain or loss on a curtailment or settlement comprises:

- Any resulting change in the present value of the defined benefit obligation, and
- Any resulting change in the fair value of the plan asset.

Other post-retirement obligations

The municipality provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement of post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of minimum service period. The expected costs of those benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

1.11. Employee Benefits (continued)

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- The present value of the defined value benefit obligation at the reporting date
- Minus the fair value of the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits the inclusion of the cost of an asset:

- Current service cost;
- Interest cost;
- The expected return on any plan assets and on any reimbursement right recognised as an asset;
- Actuarial gains and losses, which shall all be recognised immediately;
- Past service cost, which shall all be recognised immediately, and
- The effect of any curtailment or settlement.

1.12 Provisions and contingencies

Provisions are recognised when:

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 45.

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.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both of 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.

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

Measurement

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

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions 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.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the entity's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

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 are required to be consumed by the recipient as specified, or that the future economic benefits or service potential must be returned to the transferor.

Control of an asset arises 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 a 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 are required to be returned to the transferor if not deployed as specified.

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

1.15. Revenue from Non-Exchange Transactions (continued)

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.

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.

1.16. Accounting by Principles and Agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf of, and for the benefit of, another entity (the principal).

Recognition

The entity, as an agent, recognises only the portion of the revenue and expenses that it receives or incurs in executing the transactions on behalf of the principal, in accordance with the requirements of the relevant GRAP standards.

1.17. Comparative Figures

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

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as practicable, and prior year comparatives are restated accordingly. Similarly, where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as it is practicable, and prior year comparatives are restated accordingly.

1.18. Fruitless and Wasteful Expenditure

Fruitless expenditure refers to unnecessary expenditure that would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure is accounted for in line with all relevant requirements, including, but not limited to, ruling legislation, regulations, frameworks, circulars, instruction notes, practice notes, guidelines, etc. (as applicable).

1.19. Irregular Expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998), or that is in contravention of the economic entity's supply chain management policy.

Irregular expenditure is accounted for in line with all relevant requirements, including, but not limited to, ruling legislation, regulations, frameworks, circulars, instruction notes, practice notes, guidelines etc. (as applicable).

1.20. Budget Information

Entities are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which are given effect through authorising legislation, appropriations or similar measures.

General purpose financial reporting by an entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

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

1.20. Budget Information (continued)

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

The budget for the economic entity includes all the entity's approved budgets under its control.

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.

1.21. Related Parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity to benefit from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement. It exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).
A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but it does not include control over those policies.

Management comprises those persons responsible for planning, directing and controlling the activities of the entity, including those charged with its governance in accordance with legislation when required to perform such functions.

The entity is exempt from disclosure requirements in relation to related party transactions if the transaction occurs within normal supplier and/or client/recipient relationships. This exemption applies when terms and conditions of the transaction are no more or less favourable than those the entity would reasonably expect to adopt if dealing with an individual or entity in similar circumstances. Additionally, the terms and conditions must fall within the normal operating parameters established by the reporting entity's legal mandate.

Where the entity is exempt from disclosures outlined above it, must disclose narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

2. New Standards and Interpretations

2.1. Standards and Interpretations Issued, but not yet Effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 July 2024 or later periods:

Standard/ Interpretation	Effective date	Expected impact
Expected impact:	**Years beginning on or after**	
GRAP 1(Updated)	Not yet effective	Not yet evaluated
GRAP 104(Updated)	01 July 2024	Not yet evaluated
Amendments to GRAP	Not yet effective	Not yet evaluated

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
3. Cash and Cash Equivalents		
Receipts		
Cash and cash equivalents consist of:		
Cash on hand	2 000	2 000

The entity had the following bank accounts

Account number / description	30 June 2024	30 June 2023	30 June 2022	30 June 2024	30 June 2023	30 June 2023
	291 688 290	250 504 196	320 716 726	291 688 290	250 504 196	320 716 726
Standard Bank – Current Account - 000198900						

Figures in Rand	2024	2023
4. Receivables from Exchange Transactions		
External trade debtors	39 306 717	40 372 614
Doubtful debts	(34 356 745)	(29 502 825)
Related party debtors	926 253 369	963 893 987
	931 203 341	**974 763 776**
5. Loans to (from) Shareholders		
City of Johannesburg Metropolitan Municipality - Group Finance Loan payable to Group Finance for the administration of the JPC payroll. The loan bears no interest.	(166 214 354)	(524 102 818)
City of Johannesburg Metropolitan Municipality - Portfolio The loan account through which accounting transactions transfer between JPC and Portfolio for commissions. The loan bears no interest	26 905 908	10 391 975
City of Johannesburg Metropolitan Municipality - Group Treasury The sweeping account bears interest at an average interest rate of 6.78% p.a. Irrespective of a favourable bank balance or not	291 688 290	250 504 196
City of Johannesburg Metropolitan Municipality - Revenue Services The loan account for the administration of payroll deductions for employees in the service of the municipality. The loan bears no interest.	(4 803 577)	(4 803 577)
City of Johannesburg Metropolitan Municipality - Group Corporate Services Loan payable to Group Corporate and Shared Services for the administration of the insourced cleaners' payroll. The loan bears no interest.	(749 337 793)	(531 160 424)

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Notes to the Annual Financial Statements (Continued)

Figures in Rand	2024	2023
5. Loans to (from) Shareholders (Continued)		
	(601 761 526)	(799 170 648)
Current assets	318 594 198	260 896 171
Current liabilities	(920 415 423)	(1 060 066 819)
	(601 761 526)	**(799 170 648)**
6. VAT Receivables		
VAT	447 670	-

VAT is a statutory receivable as defined in GRAP 108, there is currently no impairment against VAT.

7. Prepayments		
	-	895 344

For the 2023 financial year, JPC received a credit for payments made for rental for March and April 2023 for office accommodation.

8. Receivables from Non-Exchange Transactions		
Staff debtors	232 874	90 925
Provision for doubtful debts (non-exchange)	(90 925)	(90 925)
	141 949	-
9. Deposits		
Eskom	1 222 722	1 027 922

Deposits held by Eskom for electricity at informal trading facilities.

Notes to the Annual Financial Statements (Continued)

Figures in Rand	2024	2023

10. Property, Plant and Equipment

Figures in Rand	2024 Cost / Valuation	2024 Accumulated depreciation and accumulated impairment	2024 Carrying value	2023 Cost / Valuation	2023 Accumulated depreciation and accumulated impairment	2023 Carrying value
Land	487 200	-	487 200	487 200	-	487 200
Buildings	6 350 957	(4 841 539)	1 509 418	6 350 957	(4 586 803)	1 764 154
Plant and machinery	2 086 854	(1 477 594)	609 260	2 086 854	(1 271 185)	815 669
Furniture and fixtures	7 242 220	(4 113 717)	3 128 503	7 242 220	(3 660 090)	3 582 130
Motor vehicles	27 680 301	(2 455 407)	25 224 894	539 017	(27 763)	511 254
Office equipment	5 734 678	(2 943 034)	2 791 644	5 734 678	(2 250 604)	3 484 074
IT equipment	64 697 335	(32 377 588)	32 319 747	43 683 447	(24 705 174)	18 978 273
Leasehold improvements	25 151 192	(25 127 125)	24 067	25 151 192	(21 260 398)	3 890 794
Cleaning equipment	14 077 622	(3 121 491)	10 956 131	11 249 522	(860 770)	10 388 752
Total	**153 508 359**	**(76 457 495)**	**77 050 864**	**102 525 087**	**(58 622 787)**	**43 902 300**

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Total
Land	487 000	-	-	-	487 000
Buildings	1 764 153	-	-	(254 735)	1 509 418
Plant and machinery	815 669	-	-	(206 409)	609 260
Furniture and fixtures	3 582 130	-	-	(453 627)	3 128 503
Motor vehicles	511 254	27 141 284	-	(2 427 644)	25 224 894
Office equipment	3 484 074	-	-	(692 430)	2 791 644
IT equipment	18 978 273	21 075 470	(57 847)	(7 676 149)	32 319 747
Leasehold improvements	3 890 794	-	-	(3 866 727)	24 067
Cleaning equipment	10 388 752	2 828 101	-	(2 260 722)	10 956 131
Total	**43 902 299**	**51 044 855**	**(57 847)**	**(17 838 443)**	**77 050 864**

Notes to the Annual Financial Statements (Continued)

Figures in Rand	2024	2023

10. Property, Plant and Equipment (Continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Depreciation	Total
Land	487 200	-	-	487 200
Buildings	1 940 570	-	(176 416)	1 764 154
Plant and machinery	970 801	6 807	(161 939)	815 669
Furniture and fixtures	4 026 071	-	(443 941)	3 582 130
Motor vehicles	-	539 017	(27 763)	511 254
Office equipment	4 147 034	9 800	(672 760)	3 484 074
IT equipment	24 057 826	361 564	(5 441 117)	18 978 273
Leasehold improvements	5 798 265	25 298	(1 932 769)	3 890 794
Bins and containers	3 969 935	7 230 538	(811 721)	10 388 752
Total	**45 397 702**	**8 173 024**	**(9 668 426)**	**43 902 300**

Depreciation rates

Land	Straight line	Indefinite
Buildings	Straight line	36 years
Plant and machinery	Straight line	14 years
Furniture and fixtures	Straight line	25 years
Motor vehicles	Straight line	Lease period
Office equipment	Straight line	13 years
IT equipment	Straight line	12 years
Computer software	Straight line	10 years
Leasehold improvements	Straight line	Term of lease
Cleaning equipment	Straight line	5 years

Notes to the Annual Financial Statements (Continued)

Figures in Rand	2024	2023
10. Property, Plant and Equipment (Continued)		
Included in the property, plant and equipment above, is the assets subject to finance leases (net carrying amount):		
Motor vehicles	24 685 877	511 254
IT equipment	19 525 232	-
Leasehold improvements	24 067	3 890 794
	44 235 176	**4 402 048**
Details of Properties		
Property 1		
- Purchase price: 1 December 2008	487 200	487 200
Property 1		
- Purchase price: 1 December 2008	6 350 957	6 350 957
- Additions since purchase or valuation	(4 841 538)	(4 586 803)
	1 509 419	**1 764 154**

11. Intangible Assets

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Computer software, internally generated	12 761 889	(12 761 889)	-	12 761 889	-	12 761 889
Computer software, other	565 668	(342 445)	223 223	2 668 648	(2 163 228)	505 420
Total	**13 327 557**	**(13 104 334)**	**223 223**	**15 430 537**	**(2 163 228)**	**13 267 309**

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Notes to the Annual Financial Statements (Continued)

11. Intangible Assets (Continued)

	2024		2023
	Opening balance	Amortisation	Total
Computer software, internally generated	12 761 889	-	12 761 889
Computer software, other	872 870	(367 550)	505 420
Total	**13 634 859**	**(367 550)**	**13 267 309**

Computer software impairment with an amount of R 12 761 889 is required for intangible assets in the 2023/24 financial year.

Pledged as security

No intangible assets are pledged as security.

12. Income tax receivable

Balance at the beginning of the year	3 664 084	4 145 687
Interest received	-	99 182
Refunds received	(34 621)	(580 785)
Local income tax – current period	(11 244 023)	-
	(7 747 118)	**3 289 475**

13. Payables from Exchange Transactions

Trade payables	163 423	162 946
Related parties	174 911 959	107 199 272
Accrued leave pay	47 108 149	32 362 791
Accrued 13th cheques	17 478 402	15 407 130
Accruals	102 347 757	90 588 208
	342 009 690	**245 720 347**

Notes to the Annual Financial Statements (Continued)

Figures in Rand			2024	2023

14. Provisions

Reconciliation of provisions - 2024	Opening balance	Additions	Utilised during the year	Total
Exco bonuses	5 958 718	3 948 939	(2 150 388)	7 757 269

Reconciliation of provisions - 2023	Opening balance	Additions	Utilised during the year	Total
Legal proceedings	23 975 459	-	(23 975 459)	-
Exco bonuses	3 594 142	2 364 576	-	5 958 718
	27 569 601	**2 364 576**	**(23 975 459)**	**5 958 718**

2023/24: The provision relates to bonuses due to EXCO members for the 2023/24 financial year. The bonuses are subject to review of KPIs and performance targets being met for the 2023 financial year prior to approval for disbursement. The disbursement is weighted against achieved KPIs for the 2024 financial year.

2022/23: The provision relates to bonuses due to EXCO members for the 2022/23 financial year. The bonuses are subject to review of KPIs and performance targets being met for the 2023 financial year prior to approval for disbursement. The disbursement is weighted against achieved KPIs for the 2023 financial year.

15. Deferred Tax

Deferred tax liability	2024	2023
Prepaid expenses	-	(241 746)
Property, plant, equipment and intangibles	(10 575 082)	511 024
Total deferred tax liability	**(10 575 082)**	**269 278**

Notes to the Annual Financial Statements (Continued)

Figures in Rand	2024	2023
15. Deferred Tax (continued)		
Deferred tax asset		
Post-retirement benefit obligation	184 410	192 780
Provision for leave pay	12 719 201	9 004 875
Provision for bonuses and 13th cheques	6 813 632	4 176 411
Provision for doubtful debts	5 565 793	4 779 458
Straight-lining of operating leases	592 991	572 187
Finance lease obligations	9 795 856	-
Accumulated losses	-	6 712 020
Total deferred tax asset	**35 671 883**	**25 437 731**

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Deferred tax liability	(10 575 082)	269 278
Deferred tax asset	35 671 883	25 437 731
Total deferred tax asset	**25 096 801**	**25 707 009**

Management has reviewed future revenue forecasts and profits are anticipated in the foreseeable future against which losses incurred in previous financial years can be offset. The entity will therefore recognise a deferred tax asset for assessed losses brought forward from previous financial years.

16. VAT payable

Tax refund payables	-	1 566 118

Notes to the Annual Financial Statements (Continued)

Figures in Rand	2024	2023
17. Finance Lease Obligation		
Minimum lease payments due		
- Within one year	12 434 264	147 967
- In second to fifth year inclusive	34 361 336	554 877
	46 795 600	**702 844**
Less: future finance charges	(10 355 986)	(183 190)
Present value of minimum lease payments	**36 439 614**	**519 654**
Present value of minimum lease payments due		
- Within one year	8 279 331	84 150
- In second to fifth year inclusive	28 001 618	435 504
	36 280 949	**519 654**
Non-current liabilities	28 001 618	435 504
Current liabilities	8 279 331	84 150
	36 280 949	**519 654**

The entity leased IT infrastructure and equipment and motor vehicles under a finance lease. These assets were leased over a period of three to five years at an interest rate linked to the prime lending rate of 11.75% (IT equipment) and 13.24% (motor vehicles). Refer to note 10.

Interest rates are fixed at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

Notes to the Annual Financial Statements (Continued)

Figures in Rand	2024	2023
18. Operating Lease Asset (Liability)		
Current liabilities	2 196 263	2 119 210

Office accommodation leases were renewed in the 2024 financial year resulting in a operating lease liability from the straight lining of the lease contract. The liability will be amortised over the term of the lease.

19. Employee Benefits Obligations

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Present value of the defined benefit obligation	(671 000)	(714 0000
Net expense recognised in the statement of financial performance	(12 000)	43 000
	(683 000)	**(671 000)**

Actuarial valuations are done at an interval of not more than one year using the projected credit method.

The fair value of plan assets includes:

Net expenses recognised in the statement of financial performance

Actuarial (gains) losses	5 088	(59 412)
Benefits paid to members	(68 088)	(63 588)
Interest cost	75 000	80 000
	12 000	**(43 000)**

Notes to the Annual Financial Statements (Continued)

Figures in Rand				2024	2023
19. Employee Benefits Obligations (Continued)					
Comparative figures	2023/24	2022/23	2021/22	2020/21	2019/20
Present value	(671 000)	(714 000)	(774 000)	(686 000)	(824 000)
Net expense recognised	(12 000)	43 000	60 000	(88 000)	138 000
	(683 000)	**(671 000)**	**(714 000)**	**(774 000)**	**686 000**

Key assumptions used

Assumptions used at the reporting date:	2024	2023
Discount rates used	11.35%	11.72%
Consumer price inflation	5.89%	6.50%
Expected increase in healthcare costs	6.89%	7.50%
Net effective discount rate	4.18%	3.92%

The calculations for post-retirement medical aid were based on the policy adopted by the CoJ with regards to post-retirement medical aid subsidies.

Employees over the age of 55 on the 1 July 2023 will get a 60% subsidy on retirement. Employees over the age of 50 but under age of 55 will get a 50% subsidy on retirement. Employees under the age of 50 on the 1 July 2023 will not receive any post retirement medical aid subsidies.

The valuation method and assumptions do not affect the ultimate cost of the long-term benefits – this is determined by actuarial experience and by the benefits provided. The method and assumptions influence how the past service liability and future service costs are recognised over time.

The projections assume that the entity's benefits and subsidy policies will remain consistent, and that all the actuarial assumptions made are borne out in practice.

In addition, it is assumed that no contributions are made by the entity towards prefunding its liability via an off-balance sheet vehicle.

Benefits paid refer to the Municipality's subsidy of current continuation members or beneficiaries.

There are no past service costs, curtailments or settlements to reflect.

Notes to the Annual Financial Statements (Continued)

Figures in Rand	2024	2023
20. Share Capital / Contributed Capital		
Authorised		
1000 Ordinary shares of xxx each or par value of xxx	1 000	1 000
Reconciliation of number of shares issued:		
Reported as at 01 July 2023	1 000	1 000
Issued		
Ordinary	1 000	1 000
Share premium	5 141 721	5 141 721
	5 142 721	**5 142 721**
21. Revenue		
Cellmast services	19 539 743	19 751 484
Commissions and ad hoc fees	26 742 911	19 294 573
Management fees	17 608 077	19 530 770
Other revenue	1 370 745	1 760 508
Cleaning service	235 112 530	217 592 703
Interest received	24 789 432	12 923 142
City of Johannesburg Metropolitan Municipality - Subsidy	623 131 002	500 680 000
Staff debtors	141 949	-
Medical boarding refunds	934 734	884 428
SETA refunds	465 984	340 344
	949 837 107	**792 757 952**

Notes to the Annual Financial Statements (Continued)

Figures in Rand	2024	2023
The amount included in revenue arising from exchanges of goods or services are as follows:		
Cellmast services	19 539 743	19 751 484
Commissions and ad hoc fees	26 742 911	19 294 573
Management fees	17 608 077	19 530 770
Internal recoveries	1 370 745	1 760 508
Cleaning services	235 112 530	217 592 703
Interest received	24 783 432	12 923 142
	325 163 438	**290 853 180**
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Transfer revenue		
City of Johannesburg Metropolitan Municipality - Subsidy	623 131 002	500 680 000
Medical boarding refunds	934 734	884 428
SETA refunds	465 984	340 344
	624 531 720	**501 904 772**

22. Interest Revenue

Figures in Rand	2024	2023
Interest revenue		
Standard Bank sweeping account	24 710 913	12 923 142
Interest received on deposits	29 697	-
	24 740 610	**12 923 142**

23. Interest from Non-Exchange Receivables

Figures in Rand	2024	2023
Interest revenue		
South African Revenue Services	242 051	99 182

Notes to the Annual Financial Statements (Continued)

Figures in Rand	2024	2023
24. Employee Related Costs		
13th Cheques	31 377 534	24 045 591
Basic	340 308 709	333 575 498
Exco bonuses	4 019 667	2 293 848
Housing benefits and other allowances	4 643 550	4 700 359
Leave pay	25 942 421	12 822 845
Medical aid contributions	21 048 499	19 156 223
Overtime payments	27 470 121	13 347 317
Payroll levies	205 117	202 185
Pension fund contributions	59 364 154	56 775 368
Post-retirement medical aid benefits	12 000	(43 000)
SDL	4 041 286	3 737 060
UIF	2 863 087	2 671 631
	521 296 685	**473 284 925**

Remuneration of Mr. S Mabizela - General Manager: Internal Audit

Annual remuneration	1 276 963	921 759
Leave encashment	45 970	36 870
Other allowances	-	4 000
Performance bonus	81 718	-
Contributions to UIF, medical, and pension funds	245 873	218 012
Housing allowance	4 266	12 141
Acting allowance	48 442	110 181
13th cheque	-	76 813
	1 703 232	**1 379 776**

Notes to the Annual Financial Statements (Continued)

Figures in Rand	2024	2023
24. Employee Related Costs (continued)		
Remuneration of Mr. TF Mokataka - General Manager: Legal		
Annual remuneration	1 792 003	1 695 083
Leave encashment	63 689	83 621
Performance bonuses	288 407	-
Contributions to UIF, medical, and pension funds	409 948	385 396
	2 554 048	**2 164 100**
Remuneration of Ms. G Dlamini - Senior Manager: Compliance and Secretarial		
Annual remuneration	1 217 160	1 133 247
Leave encashment	-	36 263
13th cheque	100 294	94 437
Contributions to UIF, medical, and pension funds	268 214	226 449
Housing allowance	12 797	12 141
	1 598 464	**1 502 537**
Remuneration of Mrs. O Sathekge - General Manager: Human Capital Management		
Annual remuneration	883 000	-
Contributions to UIF, medical, and pension funds	126 488	-
	1 009 488	**-**

Mrs. B Jacobs left the employ of the JPC during the 2023 financial year.

Notes to the Annual Financial Statements (Continued)

Figures in Rand	2024	2023
24. Employee Related Costs (continued)		
Remuneration of Mr. S Mhlongo - General Manager: Leasing		
Annual remuneration	1 841 569	1 770 706
Contributions to UIF, medical, and pension funds	326 803	308 787
	2 168 372	**2 079 493**
Remuneration of Mr. SG Mzobe - General Manager: Finance & SCM		
Annual remuneration	1 681 076	1 584 157
Travel allowance	120 000	120 000
Performance bonuses	288 407	-
Contributions to UIF, medical, and pension funds	386 923	365 967
Housing allowance	10 893	10 893
Leave encashment	50 951	48 065
Acting allowance	30 943	113 319
	2 572 193	**2 242 401**
Remuneration of Mr. M Makhunga - General Manager: Mega Projects		
Annual remuneration	1 710 815	1 613 727
Travel allowance	96 000	96 000
Performance bonuses	288 407	-
Contributions to UIF, medical, and pension funds	394 307	370 325
Leave encashment	-	60 082
	2 489 529	**2 140 134**

Notes to the Annual Financial Statements (Continued)

Figures in Rand	2024	2023

24. Employee Related Costs (continued)

Remuneration of Mr. IM Bhamjee - General Manager: Special Projects

Annual remuneration	2 212 807	2 090 212
Travel allowance	96 000	96 000
Performance bonuses	363 060	-
Contributions to UIF, medical, and pension funds	460 712	431 571
	3 132 579	**2 617 783**

Remuneration of Ms. S Tshabalala - General Manager: Property Portfolio

Annual remuneration	1 690 308	1 593 388
Travel allowance	120 000	120 000
Performance bonuses	288 407	-
Contributions to UIF, medical, and pension funds	391 403	366 687
Leave encashment	63 689	48 065
Acting allowance	-	19 117
	2 553 807	**2 147 257**

Remuneration of Mr. M Kgatuke - General Manager: Facilities Management

Annual remuneration	-	1 306 583
Travel allowance	-	82 500
Performance bonuses	-	165 000
Contributions to UIF, medical, and pension funds	1 328	154 009
Leave encashment	-	42 606
Final leave pay	132 806	-
	134 134	**1 750 698**

Notes to the Annual Financial Statements (Continued)

Figures in Rand	2024	2023
25. Depreciation and Amortisation		
Property, plant and equipment	17 838 443	9 668 426
Intangible assets	182 205	367 550
	18 020 648	**10 035 976**

26. Impairment Loss

	2024	2023
Impairments		
Computer software	12 761 889	-

The main events and circumstances that led to the recognition of these impairment losses are as follows:
The PIMS software has not been utilised for the current year and JPC does not anticipate any near future use and thus considers the software to be fully impaired.

27. Interest Paid

	2024	2023
Finance leases	2 029 036	17 629
Disputed supplier accounts	5 020	78 474
	2 034 056	**96 103**

28. Lease Rental on Operating Lease

	2024	2023
Office accommodation	138 257 503	117 169 011
Parking	19 926 810	21 822 504
GRAP 13 – Straight lining of operating leases	77 053	1 919 078
	158 261 366	**140 910 593**

Notes to the Annual Financial Statements (Continued)

Figures in Rand	2024	2023
28. Lease Rental on Operating Lease (Continued)		
Office accommodation		
Office accommodation	158 261 367	140 910 593
29. Debt Impairment		
Contributions to debt impairment provision	4 853 920	(2 785 556)

The provision for doubtful debts increased in the current year due to external debtors not paying long outstanding debts.

30. Loss on disposal of assets		
Property, plant and equipment and intangibles	(157 838)	(3)

Notes to the Annual Financial Statements (Continued)

Figures in Rand	2024	2023
31. General Expenses		
Advertising	426 113	1 085 380
Auditors remuneration	5 402 014	4 173 664
Bank charges	28 658	29 443
Board expenses	163 424	160 245
Board fees	176 989	3 029 617
Cleaning consumables	5 888 064	9 203 907
Conferences and seminars	-	97 488
Consulting and professional fees	6 401 073	1 621 640
Document storage	404 458	360 054
Electricity and water	33 150 085	27 667 250
Fleet	11 233 921	19 252 555
Insurance	5 652 216	4 277 633
IT expenditure	5 154 648	4 760 609
Minor assets	820 558	189 051
OHASA	7 300	123 267
Operating costs	10 793 537	4 316 595
Parking	-	44 010
Pest control	-	319 447
Printing and stationery	2 294 127	1 817 542
Promotions	2 065 217	82 000
Protective clothing	3 539 718	1 225 501
Rates and taxes	10 007 081	6 496 775
Refuse	661 009	615 154
Repairs and maintenance	23 954 661	5 192 220
Sanitation and sewerage	1 456 605	1 283 251
Security	51 999 686	47 997 306
Software licensing	1 829 053	1 051 466
Staff welfare	353 385	37 561
Subscriptions and membership fees	679 540	576 920
Telecommunications	2 469 951	2 378 528
Training	1 768 189	604 400
Travel - local	292 368	195 652
	192 664 954	**150 229 139**

Notes to the Annual Financial Statements (Continued)

Figures in Rand	2024	2023
32. Taxation		
Major components of the tax expense		
Current		
Local income tax - current period	11 244 023	-
Deferred		
Originating and reversing temporary differences	610 209	10 824 339
Total deferred tax asset	**11 854 232**	**10 824 339**
Reconciliation of the tax expense		
Reconciliation between accounting surplus and tax expense.		
Accounting surplus	40 027 801	21 085 951
Tax at the applicable tax rate of 27% (2023: 27%)	10 807 506	5 695 474
Tax effect of adjustments on taxable income		
Fines income	-	13 900
Tax losses carried forward	-	5 117 232
Other	1 046 726	-
	11 854 232	**10 824 339**
33. Auditors' Remuneration		
Fees	5 402 014	4 173 664
External audit	2 253 976	2 059 703
Internal audit	3 148 038	1 163 021
	5 402 014	**3 222 724**

Notes to the Annual Financial Statements (Continued)

Figures in Rand	2024	2023

34. Directors' and Prescribed Officers' Remuneration and Other Benefits Paid, Payable or Receivable

	Basic Salary	Travel Allowance	Company Contribution	Performance bonus	Other Allowances	Total
Executive						
2024						
Ms HM Botes	2 744 250	250 000	35 869	419 195	10 908	3 460 222
Mr IM Bhamjee	2 212 807	96 000	460 712	363 060	-	3 132 579
	4 957 057	**346 000**	**496 581**	**782 255**	**10 908**	**6 592 801**

	Basic Salary	Backpay	Travel Allowance	Company Contributions	Leave Encashment	Acting Allowance	Housing Allowance	Other Allowances	Total
Executive									
2024									
Ms HM Botes	2 722 125	36 875	250 000	32 119	-	-	-	40 408	3 081 527
Mr SG Mzobe	1 584 157	-	120 000	365 967	48 065	113 319	10 893	-	2 242 401
	4 306 282	**36 875**	**370 000**	**398 086**	**48 065**	**113 319**	**10 893**	**40 408**	**5 323 928**

Notes to the Annual Financial Statements (Continued)

Figures in Rand	2024	2023

34. Directors' and Prescribed Officers' Remuneration and Other Benefits Paid, Payable or Receivable (continued)

Non-Executive
2024

	Directors' fees	Total
Mr E Sithole	278 000	278 000
Mr X Lingani	73 600	73 600
Mr S Motha	204 000	204 000
Ms L Mthembu	244 000	244 000
Mr S Mtolo	364 000	364 000
Ms E Rakodi	304 000	304 000
Mr F Ratshikhopha	340 000	340 000
Ms B Teffo	316 000	316 000
Ms R Makwela	100 000	100 000
Ms Y Pamla	68 000	68 000
Mr T Chilaone	76 000	76 000
Adv T Thatelo	328 000	328 000
Ms N Tini	304 000	304 000
Mr M Zondo	308 000	308 000
	3 307 600	**3 307 600**

Notes to the Annual Financial Statements (Continued)

Figures in Rand	2024	2023

34. Directors' and Prescribed Officers' Remuneration and Other Benefits Paid, Payable or Receivable (continued)

Non-Executive 2024	Directors' fees	Total
Mr E Sithole	144 000	144 000
Mr N Mabundza	200 000	200 000
Mr R Gallocher	182 000	182 000
Adv B Madumise	72 000	72 000
Mr X Lingani	75 600	75 600
Mr Konosang	56 000	56 000
Mr S Mda	258 000	258 000
Mr B Mgoza	197 000	197 000
Ms L Mthembu	116 000	116 000
Mr S Mtolo	126 000	126 000
Ms E Rakodi	112 000	112 000
Mr F Ratshikhopha	132 000	132 000
Ms B Mthimkhulu	136 000	136 000
Ms B Teffo	116 000	116 000
Ms K Ng'ambi	154 000	154 000
Mr T Ngcobo	32 000	32 000
Ms P Numa	78 000	78 000
Mr T Ramawa	184 000	184 000
Mr B Sneech	176 000	176 000
Ms N Makhanya	84 000	84 000
Mr L Langalibalele	64 000	64 000
Ms R Makwela	20 000	20 000
Mr T Chiloane	52 000	52 000
Mr T Ndadza	64 000	64 000
Ms Y Pamla	32 000	32 000
Adv T Thatelo	78 000	78 000
Ms N Tini	84 000	84 000
Mr M Zondo	167 000	167 000
	3 191 600	**3 191 600**

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Notes to the Annual Financial Statements (Continued)

Figures in Rand	2024	2023
35. Cash Generated from (Used in) Operations		
Surplus	28 173 569	10 261 612
Adjustments for:		
Depreciation and amortisation	18 020 648	10 035 976
Gain/loss on sale of assets and liabilities	157 838	3
Finance costs	(242 051)	(99 182)
Impairment deficit	12 761 889	-
Movements in operating lease assets and accruals	77 053	1 919 077
Movements in retirement benefit assets and liabilities	12 000	(43 000)
Movements in provisions	3 948 939	(21 610 883)
Taxation	11 244 023	-
Annual charge for deferred tax	754 509	10 824 339
Movement in provision for bad debts (exchange)	4 853 920	(2 876 481)
Movement in provision for bad debts (non exchange)	-	90 925
Changes in working capital:		
Receivables from exchange transactions	53 735 329	(193 518 402)
Other receivables from non-exchanged transactions	(141 949)	-
Prepayments	895 355	(895 355)
Payables from exchange transactions	97 939 080	89 904 929
VAT	(2 582 206)	-
Taxation refunded/(paid)	34 621	580 785
	226 112 719	**(95 425 657)**
36. Commitments		
Operating leases - as lessee (Office accommodation)		
Minimum lease payments due		
- Within one year	32 237 085	55 315 790
- In second to fifth year inclusive	11 621 560	28 293 613
	43 858 645	**83 609 403**

Operating lease payments represent rentals payable by the entity for certain office accommodation. Leases have been negotiated for a period of one year to three years. No contingent rent is payable.

Notes to the Annual Financial Statements (Continued)

Figures in Rand	2024	2023
36. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
Property, plant and equipment	1 912 950	-
Total capital commitments		
Already contracted for but not provided for	1 912 950	-
Operating leases - as lessee (Office accommodation)		
Minimum lease payments due		
- Within one year	32 237 085	55 315 790
- In second to fifth year inclusive	11 621 560	28 293 613
	43 858 645	**83 609 403**

Operating lease payments represent rentals payable by the entity for certain office accommodation. Leases have been negotiated for a period of one year to three years. No contingent rent is payable.

Notes to the Annual Financial Statements (Continued)

Figures in Rand	2024	2023

37. Related Parties (Continued)

Relationships	The City of Johannesburg Metropolitan Municipality
Controlling entity	City Power Johannesburg SOC Ltd
Fellow subsidiaries	Johannesburg City Parks and Zoo SOC Ltd
	Johannesburg Development Agency SOC Ltd
	Johannesburg Fresh Produce Market SOC Ltd
	Johannesburg Metropolitan Bus Services SOC Ltd
	Johannesburg Roads Agency SOC Ltd
	Johannesburg Social Housing Company SOC Ltd
	Johannesburg Theatre SOC Ltd
	Johannesburg Water SOC Ltd
Members of key management	Metropolitan Trading Company SOC Ltd
	Pikitup SOC Ltd
	Johannesburg Tourism Company SOC Ltd
	Ms HM Botes - Chief Executive Officer
	Mr IM Bhamjee - Acting Chief Financial Officer
	Mr SG Mzobe - GM: Finance & SCM
	Mr TF Mokataka - GM: Legal
	Ms S Tshabalala - GM: Property Portfolio
	Mr S Mabizela - GM: Internal Audit
	Ms G Dlamini - Company Secretary
	Mr M Makhunga - GM: Mega Projects
	Ms Ogotlhe Sathekge – GM: HCM
	Mr Sipho Mhlongo – GM: Property Management
	Mr M Kgatuke - GM: Facilities Management

Please refer to note 24 for the key management salaries

Related Party Balances

Loan accounts - Owing by related parties

	2024	2023
City of Johannesburg Metropolitan Municipality - Group Treasury	291 691 005	250 504 196
City of Johannesburg Metropolitan Municipality - Portfolio	26 905 908	10 391 975
	318 596 913	**260 896 171**

Notes to the Annual Financial Statements (Continued)

Figures in Rand	2024	2023
37. Related Parties (Continued)		
Loan accounts - Owing to related parties		
City of Johannesburg Metropolitan Municipality - Group Finance	(166 214 354)	(524 102 818)
City of Johannesburg Metropolitan Municipality - Group Corporate and Shared Services	(749 337 793)	(531 160 424)
City of Johannesburg Metropolitan Municipality - Revenue Services	(4 803 577)	(4 803 577)
	(920 355 724)	**(1 060 066 819)**
Services rendered to related parties		
City of Johannesburg Metropolitan Municipality - Commissions received	26 742 911	19 176 605
City of Johannesburg Metropolitan Municipality - Cleaning services	235 112 530	217 040 085
City of Johannesburg Metropolitan Municipality - Management fees	17 510 441	10 561 782
City of Johannesburg Metropolitan Municipality - Subsidies	623 131 002	500 680 000
City Power SOC Ltd	704 847	71 662
Johannesburg Fresh Produce Market SOC Ltd	123 592	3 011 553
Johannesburg Metropolitan Bus Services SOC Ltd	83 112	814 966
Johannesburg Water SOC Ltd	6 456 946	5 371 581
Johannesburg Tourism Company SOC Ltd	603 368	537 683
Metropolitan Trading Company SOC Ltd	452 526	358 455
	910 921 275	**757 624 372**

Notes to the Annual Financial Statements (Continued)

Figures in Rand	2024	2023
37. Related Parties (Continued)		
Balances included in trade receivables		
City of Johannesburg Metropolitan Municipality	801 612 832	861 129 499
City Power SOC Ltd	164 460	192 012
Johannesburg Development Agency SOC Ltd	3 000 003	3 000 003
Johannesburg Fresh Produce Market SOC Ltd	60 082 852	58 519 412
Johannesburg Metropolitan Bus Services SOC Ltd	892 785	11 742 889
Johannesburg Roads Agency SOC Ltd	109 474	109 474
Johannesburg Tourism Company SOC Ltd	347 094	51 528
Johannesburg Water SOC Ltd	59 518 673	39 721 016
Metropolitan Trading Company SOC Ltd	154 194	297 943
	124 105 075	**113 442 265**
Balances included in trade payables		
JOSHCO	9 906 000	-
Johannesburg City Parks and Zoo SOC Ltd	-	1 494 581
Johannesburg Metropolitan Police Department	165 005 958	107 199 272
Johannesburg Theatre SOC Ltd	-	1 314 770
	174 911 958	**110 008 623**
Services rendered from related parties		
Johannesburg City Parks and Zoo SOC Ltd	-	1 299 636
Johannesburg Metropolitan Police Department	50 266 684	47 691 372
Johannesburg Theatre SOC Ltd	176 990	1 143 279
	50 443 674	**50 134 287**

Notes to the Annual Financial Statements (Continued)

Figures in Rand	Ref	2024	2023
37. Related Parties (Continued)			
Balances included in non-current liabilities			
City of Johannesburg Metropolitan Municipality - Group Finance		671 000	714 000
Interest received from related parties			
City of Johannesburg Metropolitan Municipality - Group Treasury		24 710 913	12 923 143
38. Prior Period Adjustments			
The correction of the error(s) results in adjustments as follows:			
Statement of financial position			
Receivables from exchange transactions and management fees	1	-	9 440 972
Current tax receivable	2	-	(374 609)
Deferred tax	3	-	(1 988 765)
Accumulated surplus	4	-	(519 565)
VAT payable	5	-	(1 566 119)
Payables from exchange	5.1	-	(1 830 883)
Payables from exchange	5.2	-	199 110
Property, plant and equipment	6	-	1 329 717
Deposits	7	-	427 335
Accumulated surplus	8	-	(5 117 193)
		-	-
Statement of financial performance			
Depreciation and amortisation	9	-	27 763
General and operating expenses	10	-	(36 992)
Interest and finance costs	11	-	17 629
		-	**8400**

Notes to the Annual Financial Statements (Continued)

Figures in Rand	2024	2023

1. Receivables from exchange transactions. Related party transactions previously invoiced to departments were corrected after consultation and review of the transactions.

2. JPC corrected the current tax receivable to align to the SARS issued statement as at 30 June 2023.

3. Deferred tax has been corrected in the prior period to take into account the tax rate change that occurred in the financial y ear ended 30 June 2023.

4. This relates to finance leases entered into in the prior financial year, however was not correctly accounted for. Management has since made the correction.

5.

   5.1. Relates to invoices relating to work performed in the prior years that were not received and raised.

   5.2. Vat payable was reclassified from payables from exchange and disclosed separately in the face of the statement of financial position.

6. This relates to finance leases entered into in the prior financial year, however was not correctly accounted for. Management has since made the correction.

7. Deposits have been correctly adjusted to reflect to reflect the values as per the eskom invoices.

8. Accumulated surplus- Movement as a result of the various prior adjustments.

9. This relates to finance leases entered into in the prior year, however was not correctly accounted for. This depreciation has been adjusted accordingly.

10. This relates to finance leases entered into in the prior year, however was not correctly accounted for. The general and opera ting expenses has been adjusted accordingly

11. This relates to finance leases entered into in the prior year, however was not correctly accounted for. Interest and finance costs has been adjusted accordingly.

Notes to the Annual Financial Statements (Continued)

Figures in Rand	2024	2023

39. Risk Management

Financial Risk Management

The entity's activities expose it to a variety of financial risks: liquidity risk, credit risk, and interest rate risk.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, entity treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Cash flow forecasts are prepared and adequate utilised facilities are monitored. The entity's cash is swept on a daily basis to The City of Johannesburg Metropolitan Municipality main account. Group Treasury releases funding for use by the JPC as and when funds are needed to settle operational obligations.

	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years	Total
At 30 June 2024					
Trade and other payables	280 903 759	-	-	-	280 903 759
Loans from shareholder	-	-	-	-	920 355 724
	280 903 759	**-**	**-**	**-**	**1 201 259 483**
At 30 June 2023					
Trade and other payables	35 564 900	1 024 501 919	-	-	1 060 066 819
Loans from shareholder	199 781 309	-	-	-	199 781 309
	235 346 209	**1 024 501 919**	**-**	**-**	**1 259 848 128**

Notes to the Annual Financial Statements (Continued)

Figures in Rand	2024	2023

39. Risk Management (Continued)

Credit risk

Credit risk is managed on a group basis.

Credit risk consists mainly of cash equivalents and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise related parties with little to no risk of default. Management evaluates the credit risk relating to customers on an ongoing basis. Customer credit limits are set for each individual department within the CoJ based on internal arrangements and enforced through a service level agreement The utilisation of credit limits is regularly monitored and upheld.

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

Financial instrument	2024	2023
Trade and other receivables from exchange transactions	931 203 341	974 763 776
Cash and cash equivalents	2 000	2 000
Loans to shareholder	318 594 198	260 896 171

Market Risk
Interest Rate Risk

As the entity has no significant interest-bearing assets, its income and operating cash flows are substantially independent of changes in market interest rates.

The company policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on surplus/(deficit). Fixed rate borrowings expose the company to fair value interest rate risk; however, interest rates on finance lease assets are fixed over the duration of the lease term.

JPC is exposed to interest rate risks associated with the CoJ and its group companies as the interest rates are determined by the CoJ Group Treasury.

Notes to the Annual Financial Statements (Continued)

Figures in Rand	2024	2023

40. Financial Instruments Disclosure

Categories of Financial Instruments

2024
Financial assets

	At amortised cost	Total
Loans to shareholders	318 594 198	318 594 198
Trade and other receivables from exchange transactions	931 203 341	931 203 341
Cash and cash equivalents	2 000	2 000
Deposits	1 222 722	1 222 722
	1 251 022 261	**1 251 022 261**

Financial liabilities

	At amortised cost	Total
Loans from economic entities	920 355 724	920 355 724
Trade and other payables from exchange transactions	280 903 759	280 903 759
	1 201 259 483	**1 201 259 483**

Notes to the Annual Financial Statements (Continued)

Figures in Rand	2024	2023

40. Financial Instruments Disclosure (Continued)

2023
Financial assets

	At amortised cost	Total
Loans to shareholders	260 896 171	260 896 171
Trade and other receivables from exchange transactions	974 763 776	974 763 776
Cash and cash equivalents	2 000	2 000
Deposits	1 027 922	1 027 922
	1 236 689 869	**1 236 689 869**

Financial liabilities

	At amortised cost	Total
Loans from economic entities	1 060 066 819	1 060 066 819
Trade and other payables from exchange transactions	199 781 309	199 781 309
	1 259 848 128	**1 259 848 128**

41. Going Concern

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 company's existence is dependent on the continued support of its sole shareholder, being the City of Johannesburg Metropolitan Municipality, by way of commissions and management fees paid each year in terms of a service delivery agreement entered into, as well as a non- conditional subsidy.

To support the continuous collection of management fees, JPC has a 30-year agreement with the CoJ, of which 7 years are remaining. The surplus of the company before taxation is R40 027 801 (2023: surplus R21 085 951). After taxation, the surplus of R28 173 569 (2023: surplus R10 261 612). In light of the entity's current financial position, the CoJ has issued a letter of surety for the entity's debt and loans.

Notes to the Annual Financial Statements (Continued)

Figures in Rand	2024	2023
42. Fruitless and Wasteful Expenditure		
Opening balance as previously reported	70 754 362	70 675 888
Add: Fruitless and wasteful expenditure identified - current	3 588 580	78 474
Less: Amount written off - current	(70 240 059)	-
Closing balance	**4 103 153**	**70 754 362**

Details of fruitless and wasteful expenditure

SARS penalty	15 606	
Salaries	3 560 649	
SARS interest	7 575	
Disputed supplier	5 020	
Accounts		
	3 588 580	

SARS issued JPC a penalty of R15 606 for the July VAT return submission. Interest related to this penalty amounted to R7 575.

Amount written-off

After the investigations, the JPC Board of Directors adopted the ARC recommendation to write off an amount of R70 240 059 expenditure, as it was proven without reasonable doubt that the amounts incurred were not due to negligence or malfeasance.

Condoned by (Condoning authority)

Court judgement	635 809	-
Office accommodation	64 623 703	-
Interest on late payment	36 870	-
SARS interest and penalties	4 778 648	-
Acting allowance	165 029	-
	70 240 059	**-**

Notes to the Annual Financial Statements (Continued)

Figures in Rand		2024	2023
43. Irregular Expenditure			
Opening balance as previously reported		216 366 561	103 196 390
Add: Irregular expenditure - (non-compliance with laws and regulations) - current		171 202 873	153 320 508
Less: Amount written off - current		(167 943 025)	(40 150 337)
Closing balance		**219 626 409**	**216 366 561**
Incidents/cases identified/reported in the current year include those listed below:			
Disciplinary steps taken/criminal proceedings			
Non-compliance with laws and regulations (Non- compliance to Circular 62 of MFMA)	Tender process currently underway	157 239 963	139 481 013
Non-compliance with laws and regulations (Centralised Fleet Contract)	Under review by the CoJ	10 054 065	10 078 663
Non-compliance with laws and regulations (Competitive bidding not invited - current period – IT expenses)	Under investigation	3 908 845	3 760 832
		171 202 873	**153 320 508**

Amount written-off

After the investigations, the JPC Board of Directors adopted the ARC recommendation to write off an amount of R167 943 025 from the total irregular expenditure amount as it was proven without reasonable doubt that the amounts incurred were not due to negligence or malfeasance.

SCM non-compliance in the establishment of a panel	-	34 645 639
Appointment without following SCM processes	-	485 684
Expiry of validity	-	5 019 014
Non-compliance with laws and regulations	167 943 025	-
	167 943 025	**40 150 337**

Figures in Rand	2024	2023

44. Accounting by Principals and Agents

The entity is a party to a principal-agent arrangement(s).

Details of the arrangement(s) are as follows:

The JPC is mandated to provide facilities management that incorporates repairs and maintenance (R&M) for the CoJ and other MOEs in the CoJ group. The JPC is the agent in the arrangement. The JPC facilitates and manages the R&M projects on behalf of the CoJ and receives a management fee equivalent to 10% of the project value.

The arrangement requires JPC to procure goods and services related to property and facilities management, and to thereafter project manage the works to ensure that they are executed according to the scope agreed upon with the CoJ departments and other MOEs. The arrangement is facilitated by a service level agreement between JPC and the various CoJ departments.

JPC generated management fees from this arrangement as follows:

Management fees	17 237 077	19 530 770

Notes to the Annual Financial Statements (Continued)

Figures in Rand	2024	2023

45. Contingencies

JPC currently has the following matters of litigation against the entity from external parties:

1. JPC appointed Bayete Capital as a Turnkey Project Manager for construction works at the IOC.

   TIRO projects was appointed as a subcontractor and full and final payment was made in terms of a final payment certificate issued by the quantity surveyors, as is practice, for all works done by TIRO.

   TIRO is claiming for amounts allegedly due to them in terms of their agreement.

   The claim is denied. No payment is due and payable to TIRO.

2. The Plaintiff claims an amount of R4 500 000 from JPC.

   On the 14 July 2017, the plaintiff entered an elevator in Proton House, the elevator fell from the 5th floor to the basement, falling 6 floors.

   Due to JPC's alleged negligence the plaintiff sustained bodily injuries.

3. The Plaintiff claims payment of R27 934.50 for damages suffered by him due to an alleged malfunctioning gate at 100 Christiaan de Wet (Region C Offices). The joinder application was to be heard on 29 June 2023; we did not oppose same. The matter was not enrolled and we are currently awaiting a new date for the joinder to be heard.

4. 4T Group Pty Ltd served the JPC with a notice of motion to claim for an unpaid outstanding invoice for work done around 2019/2020. The investigation emanated from an invoice submitted by the applicant which appeared to be fraudulent. The applicant was informed of such an invoice and that an investigation will be conducted. The applicant did not respond to the correspondence of JPC.

5. The Plaintiff, YMCA Soweto, a non-profit organisation, issued combined summons against the JPC in terms of which it claims a sum of R5 525 612.02 against the JPC. The Plaintiff alleges that, during the COVID-19 pandemic, an oral agreement was reached between the JPC and the Plaintiff in terms of which the Plaintiff would accommodate homeless people on its facility free of charge to the CoJ to assist the CoJ in curbing the spread of COVID-19. It further alleges that the homeless people damaged its facility for the amount claimed. The JPC is defending the matter.

6. Red Coral Investments (RCI) was an IT service provider for MTC during 2011/2012, prior to MTC being transferred to JPC. The service provider did not complete the scope of work as originally awarded and continued to do additional work that was not part of the scope of work. The service provider issued summonses against the JPC claiming for work they did that did not fall within the scope of work awarded as well as the uncompleted work. The summons were withdrawn by the service provider. On 27 February 2023, summons were re-issued against the JPC and CoJ by RSC. The JPC filed a notice to defend the matter. The JPC proceeded to file a discovery notice so as to obtain all the information/documentation that the Plaintiff (Red Coral Investments) referred to in their plea. The JPC has not received any responses from its discovery notice. The JPC is not the dominus litis (the initiator of the litigation) and must wait for RCI to proceed with the litigation.

7. Summons in the amount of R126 500 received for non-payment of services rendered by Atlega Development Practitioners for the project Mooki Street Project 28 June 2024, requested attorney for progress report in this matter.

8. The applicant contends in the Notice that they have taken ownership by appropriation of the abandoned movable, chemically treated sand (mine dump) located at the property owned by the CoJ and they have therefore become the lawful sole owner of the mine dump. On 31 May, 2024 the attorney confirmed that the hearing had taken place on the 23 May, 2024 and that judgement was reserved.

Notes to the Annual Financial Statements (Continued)

Figures in Rand	2024	2023

45. Contingencies (continued)

9. Summons in the amount of R589 950, was received for non-payment of services rendered by Atlega Development Practitioners for the project Farm Langlaagte. 28 June 2024, contracted attorney for progress report on this matter.

Litigation is in process against the entity relating to the dispute of various employee dismissals at the b argaining council and labour courts. Management is uncertain about the outcome of these various litigations, and due to the nature of the various claims, cannot quantify the potential financial impact as at 30 June 2023.

47. Change in Estimate

Property, Plant and Equipment and Intangibles

The useful life of certain property, plan and equipment was revised as follows

Asset category	Original useful life	Revised useful life
IT equipment	7	11
Leased assets	3	6
Furniture and fittings	16	24
Plant and machinery	10	14
Office equipment	8	10

The effect of this revision has increased the depreciation charges for the current and future periods as follows:

	30 June 2023	Revised useful life
Current depreciation	65 605	752 856
Deferred taxation	17 713	203 271

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JOBURG PROPERTY COMPANY

APPENDIX B
Auditor-General's Audit Report

Report of the auditor-general to the Gauteng Provincial Legislature and the council of the City of Johannesburg Metropolitan Municipality on City of Joburg Property Company (SOC) Limited

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the City of Joburg Property Company (SOC) Limited set out on pages 162 to 238, 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 City of Joburg Property Company (SOC) Limited as at 30 June 2024 and its financial performance and cash flows for the year then ended in accordance 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 of South Africa).

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 matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Uncertainty relating to future outcomes of exceptional litigations

8. With reference to note 45 to the financial statements, the municipal entity is the defendant in various lawsuits. The ultimate outcome of these matters could not be determined and no provision for any liability that may result was made in the financial statements.

Material impairment

9. As disclosed in note 4 to the financial statements, the trade debtor's balance has been impaired. The allowance for impairment of trade debtors is R34 356 745 (2022-23: R29 502 825), which represents a significant portion of the total trade debtors.

Other matter

10. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited disclosure note

11. In terms of section 125(2)(e) of the MFMA, the municipal entity is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

12. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the MFMA and the Companies Act of South Africa; 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.

Responsibilities of the accounting officer for the financial statements

13. 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

14. 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.

15. 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 9, forms part of our auditor's report.

Report on the annual performance report

16. 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.

17. I selected the following material performance indicators related to Financial Sustainability 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.

    - Number of asset management plans formulated (KPI: 10.1.5)
    - Release of 120 properties on social and economic leases including servitudes and sales (KPI: 10.1.7)
    - Implementation of the Outdoor Advertising masterplan (KPI: 10.1.8)
    - Renewal of Office Accommodation Leases (KPI: 10.1.10)
    - Income generated through property transactions (KPI: 10.1.12)
    - Spend of allocated CAPEX (KPI: 10.1.13)
    - Percentage spent on operating budget against approved operating budget (KPI: 10.1.14)
    - Percentage of spent on repairs and maintenance budget (KPI: 10.1.15)

18. 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.

19. 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 and is comparable and understandable.

20. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.
21. I did not identify any material findings on the reported performance information for the selected indicators.

Report on compliance with legislation

22. 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.
23. 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.
24. 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.
25. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements

26. 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 disclosure items identified by the auditors in the submitted financial statement were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

Procurement and contract management

27. Some of the construction contracts were awarded to contractors that did not qualify for the contract in accordance with CIDB Regulations 17 and 25(7A).

Other information in the annual report

28. 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 development priority presented in the annual performance report that have been specifically reported on in this auditor's report.
29. 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.
30. 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 development priority presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
31. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

32. 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.

33. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report

34. Senior management did not ensure that adequate reviews were performed on financial statement preparation processes and compliance with laws and regulations. This resulted in material amendments to the financial statements and material non-compliance being reported.

Material irregularities

35. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities 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

Rental payments made for unoccupied office space at Proton House

36. The municipal entity paid rent for failure to remove equipment from the offices of the landlord after expiry of the lease between September 2020 and August 2022 at Proton House due to failure to utilise the resources of the municipal entity in an economical manner, as required by section 95(a) of the MFMA.

37. Rental payments made for failure to remove the equipment, if not recovered, is likely to result in a material financial loss.

38. The accounting officer was notified of the material irregularity on 17 May 2023.

39. The actions taken by the accounting officer to resolve the material irregularity were as follows:

- Appointed a service provider in May 2023 to determine circumstances that led to rent paid for unoccupied office space. The investigation was finalized in November 2023 however the investigation conducted did not address the material irregularity and I notified the accounting officer of the outcome of the assessment in November 2023. The accounting officer addressed deficiencies in the investigation report in September 2024.
- The investigation concluded that the responsible official is no longer in the employment of the group and no disciplinary process was instituted. The investigation further concluded that the municipal entity suffered financial loss amounting to R 27 571 777.
- Upon assessing the information at the municipal entity's disposal, the accounting officer concluded that the possibility of recovering the financial loss suffered is highly unlikely.
- The following actions have been taken to prevent a re-occurrence:
  - The council at the City of Johannesburg Metropolitan Municipality approved and gave a mandate to Joburg Property Company in April 2024 to control budget and accommodation related matters for the City of Johannesburg Metropolitan Municipality group. In addition council approved the change of lease term for office accommodation from 3 years to 9 years and 11 months.
  - Office accommodation for the City of Johannesburg Metropolitan Municipality is sought after the budget has been confirmed by Joburg Property Company. The service level agreement between Joburg Property Company and user departments or entities have been updated to prevent occupation or vacation of rented office premises without approval of the accounting officer at Joburg Property Company.

40. The material irregularity has been resolved.

Rental payments made for unoccupied office space at 222 Smit Street

41. The municipal entity paid rent for unoccupied office space between September 2019 and March 2020 at 222 Smit Street due to failure to utilise the resources of the municipal entity in an economical manner, as required by section 95(a) of the MFMA.

42. Rental payments made for unoccupied office space, if not recovered, is likely to result in a material financial loss.
43. The accounting officer was notified of the material irregularity on 17 May 2023.
44. The actions taken by the accounting officer to resolve the material irregularity were as follows:

- Appointed a service provider in May 2023 to determine circumstances that led to rent paid for unoccupied office space. The investigation was finalized in November 2023 however the investigation conducted did not address the material irregularity and I notified the accounting officer of the outcome of the assessment in November 2023. The accounting officer addressed deficiencies in the investigation report in September 2024.
- The investigation concluded that the responsible official is no longer in the employment of the group and no disciplinary process was instituted. The investigation further concluded that the municipal entity suffered financial loss amounting to R 8 470 182.
- Upon assessing the information at the municipal entity's disposal, the accounting officer concluded that the possibility of recovering the financial loss suffered is highly unlikely.
- The following actions have been taken to prevent a re-occurrence:

- The council at the City of Johannesburg Metropolitan Municipality approved and gave a mandate to Joburg Property Company in April 2024 to control budget and accommodation related matters for the City of Johannesburg Metropolitan Municipality group. In addition council approved the change of lease term for office accommodation from 3 years to 9 years and 11 months.
- Office accommodation for the City of Johannesburg Metropolitan Municipality is sought after the budget has been confirmed by Joburg Property Company. The service level agreement between Joburg Property Company and user departments or entities have been updated to prevent occupation or vacation of rented office premises without approval of the accounting officer at Joburg Property Company.

45. The material irregularity has been resolved.

Rental payments made for unoccupied office space at Braampark

46. The municipal entity paid rent for unoccupied office space between May 2019 and August 2021 at Braampark due to failure to utilise the resources of the municipal entity in an economical manner, as required by section 95(a) of the MFMA.
47. Rental payments made for unoccupied office space, if not recovered, is likely to result in a material financial loss.
48. The accounting officer was notified of the material irregularity on 17 May 2023.
49. The actions taken by the accounting officer to resolve the material irregularity were as follows:

The investigation was finalized in November 2023 however the investigation conducted did not address the material irregularity and I notified the accounting officer of the outcome of the assessment in November 2023. The accounting officer addressed deficiencies in the investigation report in September 2024.

- The investigation concluded that the responsible official is no longer in the employment of the group and no disciplinary process was instituted. The investigation further concluded that the municipal entity suffered financial loss amounting to R 40 057 839.
- Upon assessing the information at the municipal entity's disposal, the accounting officer concluded that the possibility of recovering the financial loss suffered is highly unlikely.
- The following actions have been taken to prevent a re-occurrence:

- The council at the City of Johannesburg Metropolitan Municipality approved and gave a mandate to Joburg Property Company in April 2024 to control budget and accommodation related matters for the City of Johannesburg Metropolitan Municipality group. In addition council approved the change of lease term for office accommodation from 3 years to 9 years and 11 months.
- Office accommodation for the City of Johannesburg Metropolitan Municipality is sought after the budget has been confirmed by Joburg Property Company. The service level agreement between Joburg Property Company and user departments or entities have been updated to prevent occupation or vacation of rented office premises without approval of the accounting officer at Joburg Property Company.

50. The material irregularity has been resolved.

Other reports

51. In addition to the investigations relating to material irregularities, 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.

52. Thirty one (31) investigations were conducted by the group forensic for allegations against employees of the municipal entity. These investigations included allegations of fraud, corruption, hijacking or non compliance with property bylaws, maladministration and irregularities. Reports on 19 investigations were completed and some closed during the year under review.

Auditor-General

Johannesburg
30 November 2024

AUDITOR-GENERAL
SOUTH AFRICA

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 to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipal entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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 no. 56 of 2003	99(2)(b); 99(2)(c), 95(d); 87(8); 87(6)(c); 122(1); 126(2)(b); 133(1)(a); 133(1)(c)(i); 133(1)(c)(ii) 97(h); 97(e); 97(f); 96(2)(a); 96(2)(b; 99(2)(g) 102(1); 102(2)(a); 172(3)(a) 87(5)(b); 88(1)(a) 116(2)(b); 116(2)(c)(ii); 112 (1)(j)
Municipal Supply Chain Management Regulations	12(1)(c), 16(a), 17(a)& (c); 17(a) & 17(b); 13(c); 43; 19(a) &(b); 36(1)(a); 12(3); 27(2)(a)&(e); 22(1)(b) & 22(2); 28(1)(a)(i); 21(b); 29(1) (a) & (b), 29(5)(a)(ii) & (b)(i); 38(1)(d)(ii) & (g)(iii); 38(1)(e.); 38(1)(g)(i)"; 38(1)(g)(ii); 32; 5; 44; 46(2)(f)
Municipal budget and reporting regulation	73(1); 73(2); 75(1); 75(2);
Companies Act	46(1)(a); (b); (c); 112(2)(a); 45(2); 45(3)(a)(ii); 45(3)(b)(i); 45(3)(b)(ii); 45(4); 45(2)
Municipal investment regulation	3(2); 3(3); 6; 7; 12(2); 12(3); 90(1); 90(2)(a); 90(2)(b)
Financial Misconduct regulation	5(4); 6(8)(b); 10(1)
PRECCA	34(1)
Municipal Systems Act	93B(a); 5(2), 7(1) & (2); 5(1) and 5A(1) & (2).
PPPFA	2(1)(a); 2(1)(f);
PPR 2017	6(1) and 7(1); 6(8), 7(8), 10(1)&(2) & 11(1); 5(1) & 5(3); 5(6); 5(7); 9(1); 8(5)
PPR 2022	4(1) and 5(1); 4(4) & 5(4)
CIDB	18(1); 17; 25(7A)

APPENDIX G

Recommendations of the Audit and Risk Committee 2023/24

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JOBURG PROPERTY COMPANY

Recommendations of the Audit and Risk Committee 2023-2024

Date of Meeting	Subject	Resolution	Status: Implemented/ Not Implemented
FIRST QUARTER STATUTORY SUBMISSIONS			
13 October 2023	JPC First Quarter Performance Report for 2023/2024 Financial Year (including Financial Overview)	The JPC First Quarter Performance Report for the Financial Year 2023/2024 was recommended to Board for approval; the submission was duly approved.	Implemented
	JPC First Quarter Acquisition Report 2023/2024	The JPC First Quarter Acquisition Report 2023/2024 was recommended to Board for approval; the submission was duly approved.	Implemented
	Litigation Report and Litigation Cover Report 2023/2024	The Litigation Report and Litigation Cover Report 2023/2024 were noted and recommended for further noting by the Board.	Implemented
	Update on the Protection of Personal Information Act (POPIA 2023/2024)	The update on the Protection of Personal Information Act (POPIA 2023/2024) was noted and recommended for further noting by the Board.	Implemented
	First Quarter Compliance Universe Report 2023/2024	The First Quarter Compliance Universe Report 2023/2024 was noted and recommended for further noting by the Board.	Implemented
	First Quarter Risk Universe Report 2023/2024	First Quarter Risk Universe Report 2023/2024.	Implemented
	First Quarter Internal Audit Progress Report 2023/2024	First Quarter Internal Audit Progress Report 2023/2024.	Implemented
	First Quarter OPCA Report 2023/2024	First Quarter OPCA Report 2023/2024.	Implemented

Recommendations of the Audit and Risk Committee 2023-2024

Date of Meeting	Subject	Resolution	Status: Implemented/ Not Implemented
MID-TERM STATUTORY SUBMISSIONS			
17 January 2024	JPC Mid-term Performance Report for 2023/2024 Financial Year (including Financial Overview)	The JPC Mid-term Performance Report for 2023/2024 and its Financial Overview were recommended to Board for approval; the submission was duly approved.	Implemented
	JPC Deviation Submission for 2023/2024 Business Plan	The Deviation Submission for 2023/2024 the Business Plan was recommended to Board for approval; the submission was duly approved.	Implemented
	JPC Budget Adjustment for 2023/2024	The JPC Budget Adjustment for 2023/2024 was recommended to Board for approval; the submission was duly approved.	Implemented
	Amended JPC Business Plan for 2024/2025	The amended JPC Business Plan for 20/24/2025 was recommended to Board for approval; the submission was duly approved.	Implemented
	Second Quarter Acquisition Plan 2023/2024	The Second Quarter Acquisition Plan 2023/2024 was recommended to Board for approval; the submission was duly approved .	Implemented
	Submission in respect of the Amendment of Municipal Supply Chain Management (SCM) Regulation	Submission in respect of the Amendment of the Municipal Supply Chain Management (SCM) Regulation was recommended to Board for noting and approval; the submission was duly approved.	Implemented
	Submission in respect of the Reversal of Irregular Expenditure for Fleet reported in the 2021/2022 Financial Year	Submission in respect of the Reversal of Irregular Expenditure for Fleet reported in the Financial Year was recommended to Board for noting and approval; the submission was duly approved.	Implemented
	JPC Strategic Risk Register 2023/2024	The JPC Strategic Risk Register 2023/2024 was recommended by the ARC to Board for approval; the submission was duly approved by the Board.	Implemented
	Second Quarter Risk Report 2023/2024	The Second Quarter Risk Report 2023/2024 was recommended by the ARC to Board for approval; the submission was duly approved by the Board.	Implemented
	JPC Internal Audit Three-Year Rolling 2024–2026 Plan and Annual Plan	The JPC Internal Audit Three-Year Rolling 2024–2026 Plan, was approved by the ARC and recommended to Board for noting.	Implemented
	Internal Audit Annual Plan 2024	The Internal Audit Annual Plan 2024 was approved by the ARC and recommended to Board for noting.	Implemented
	JPC Mid-Term Budget Adjustment	The JPC Mid-Term Budget Adjustment was noted by the ARC and recommended for further noting by the Board.	Implemented
	Second Quarter Compliance Status Universe Report	The Second Quarter Compliance Status Universe Report was noted and recommended for further noting by the Board.	Implemented
	Second Quarter Risk Report 2023/2024	The Second Quarter Risk Report 2023/2024 was noted and recommended for further noting by the Board.	Implemented
	Second Quarter Litigation Report	The Second Quarter Litigation Report was noted and recommended for further noting by the Board.	Implemented
	Second Quarter Internal Audit Progress Report	The Second Quarter Internal Audit Progress Report was noted and recommended for further noting by the Board.	Implemented
	Second Quarter OPCA (Operation Clean Audit) Report	The Second Quarter OPCA (Operation Clean Audit) Report was noted and recommended for further noting by the Board.	Implemented

Recommendations of the Audit and Risk Committee 2023-2024

Date of Meeting	Subject	Resolution	Status: Implemented/ Not Implemented
THIRD QUARTER STATUTORY SUBMISSIONS			
22 April 2024	JPC Third Quarter Performance Report for 2023/2024 Financial Year (including Financial Overview)	The JPC Third Quarter Performance Report for 2023/2024 and its financial overview, was recommended to Board for approval.	Implemented
	JPC Third Quarter Acquisition Plan 2023/2024	The JPC Third Quarter Acquisition Plan 2023/2024 was recommended to Board for approval and was duly authorised by the Board.	Implemented
	JPC Delegations of Authority Framework	JPC's Delegations of Authority Framework was recommended to Board for approval, and approved by the Board.	Implemented
	Write-offs in respect of Unauthorised, Irregular, Fruitless and Wasteful Expenditure Submissions (UIFW): • Irregular expenditure relating to internet solutions • Fruitless and wasteful expenditure relating to court judgement (Employee Relations) • Fruitless and wasteful expenditure relating to office accommodation (Braampark) • Fruitless and wasteful expenditure relating to office accommodation (222 Smit Street) • Irregular expenditure relating to lease agreements of existing office accommodation • Irregular expenditure relating to supply and delivery of Wheelie Bins • Fruitless and wasteful expenditure relating to office accommodation (Proton House)	The following write offs were recommended to Board for approval and approved by the Board: • Irregular expenditure relating to internet solutions • Fruitless and wasteful expenditure relating to court judgement (Employee Relations) • Fruitless and wasteful expenditure relating to office accommodation (Braampark) • Fruitless and wasteful expenditure relating to office accommodation (222 Smit Street) • Irregular expenditure relating to lease agreements of existing office accommodation • Irregular expenditure relating to supply and delivery of Wheelie Bins • Fruitless and wasteful expenditure relating to office accommodation (Proton House).	Implemented
	Third Quarter Compliance Universe Report	The Third Quarter Compliance Universe Report was noted and recommended for further noting by the Board.	Implemented
	Third Quarter Litigation Report	The Third Quarter Litigation Report was noted and recommended for further noting by the Board.	Implemented
	Third Quarter Internal Audit Progress Report	The Third Quarter Internal Audit Progress Report was noted and recommended for further noting by the Board.	Implemented
	Third Quarter OPCA (Operation Clean Audit) Report	The Third Quarter OPCA (Operation Clean Audit) Report was noted and recommended for further noting by the Board.	Implemented
	Third Quarter Information Technology (IT) Update Report	The Third Quarter Information Technology (IT) Update Report was noted and recommended for further noting by the Board.	Implemented

Recommendations of the Audit and Risk Committee 2023-2024

Date of Meeting	Subject	Resolution	Status: Implemented/ Not Implemented
FOURTH QUARTER STATUTORY SUBMISSIONS			
11 July 2024	JPC Fourth Quarter Performance Report for 2023/2024 Financial Year (including Financial Overview)	The JPC Fourth Quarter Performance Report for 2023/2024 and its financial overview were recommended to Board for approval.	Implemented
	JPC Fourth Quarter Acquisition Plan	The JPC Fourth Quarter Acquisition Plan for 2023/2024 was recommended to Board for approval.	Implemented
	Fourth Quarter Litigation Report	The JPC Fourth Quarter Litigation Report was noted by the ARC and recommended for further noting by the Board.	Implemented
	Fourth Quarter Compliance Universe Report – 2023/2024	The Fourth Quarter Compliance Universe Report was noted by the ARC and recommended for further noting by the Board.	Implemented
	Fourth Quarter Risk Report – 2023/2024	The Fourth Quarter Risk Report was noted by the ARC and recommended for further noting by the Board	Implemented
	Fourth Quarter Internal Audit Progress Report – 2023/2024	The Fourth Quarter Internal Audit Progress Report was noted by the ARC and recommended for further noting by the Board.	Implemented
	Fourth Quarter OPCA (Operation Clean Audit) Report – 2023/2024	The Fourth Quarter OPCA (Operation Clean Audit) Report was noted by the ARC and recommended for further noting by the Board.	Implemented
	Fourth Quarter Information Technology (IT) Update Report.	The Fourth Quarter Information Technology (IT) Update Report was noted by the ARC and recommended for further noting by the Board.	Implemented

Table 59: ARC Resolutions 2023/24

APPENDIX J
Disclosure of Financial Interest

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JOBURG PROPERTY COMPANY

2023/24 Disclosure of Financial Interest

The Municipal Systems Act No. 32 of 2000, Section 4(3) of Schedule 2 provides that no board member may be a party to or beneficiary under a contract for the provision of goods and services to any municipality or municipal entity established by a municipality. This stipulates that municipal employees should not be involved in private business or work with any organ of state, including a municipality.

All members of the Board of Directors of JPC submitted their declaration of interest forms for 2023/24, and no conflict of interest could be detected. Descriptions of interests declared are summarised below.

Surname	First name	Description of interests	Member of Close Corporation
Botes	Helen	Shares and Securities: • ETF – 40 • SATRIX	N/A
Bhamjee	Imraan	Shares and Securities: N/A	• Cubic Management & Consultancy (100%) • Fascine Investments (100%)
Motha	Simon	**N/A**	**N/A**
Zondo	Mxolisi	**N/A**	**N/A**
Thatelo	Tshepang	**Shares and Securities:** Thatelo Attorneys (100%)	Director Thatelo Attorneys
Tini	Ntombikayise	**Shares:** N/A	GP Sports (R2 500.00)
Teffo	Bettycourt	Shares and Securities: • Mamokeko Medical Suppliers and Distributors (100%) • Bandas Concepts Projects (Pty) Ltd (40%) • TGN Trading CC (40%)	• Director of Horticulture (N/A) • Director of Home Décor (N/A) • Director of Medical Suppliers (N/A) • Gauteng Liquor Board (R2 176.00)
Rakodi	Ellen	**N/A**	**N/A**
Ratshikhopha	Fulufhelo	**Shares and Securities:** Ronewa Lushaka Co-operative (15%)	Ronewa Lushaka (N/A)
Sithole	Enos	**Shares and Securities:** Sabile Human Resources Consulting Limited (100%)	HR Consultant-Executive Director (dividends)
Mthembu	Londiwe	**Shares and Securities:** • Anisi (Pty) Ltd (100%) • ABOC investments (15%)	• ABOC Holdings (R28 000) • Abheka Investments (R24 000) • Abcon Groups Foundation (N/A) • Mvusi wa Africa (N/A)
Mtolo	Sabelo	**Shares and Securities:** Tudo Furniture (100%)	• Tudo Furniture (R200 000 p.a.) • Standard Bank (R1 400 000 p.a.)
Lingani	Xola	**Shares and Securities:** Phambili Group Holdings (100%)	• Fasset - R200 000 per annum • Tshedza Trust (R120 000 p.a.) • NEHAWU (N/A) • ITA (N/A) • UNISA contract (R2 000 000 p.a.) Limpopo Office premium (R3 119 per hour)
Pamla	Yongama	**Shares and Securities:** Pamla Financial Solutions – 100% POYA Investments – 100%	• Lepelle Northern Water Board 0% • Health and Welfare SETA (HWSETA) 0% • Magalies Water Board 0% • Gauteng Provincial Government 0% • Insurance SETA (INSETA) 0%
Makwetla	Rachel	**N/A**	**N/A**
Chiloane	Rachel	**Shares and Securities:** Lethabo Service Group – 100%	Board member (NPO) – N/A

Table 60: Board of Directors Declaration of Interest

APPENDIX K
Compliance Regulatory Assessment

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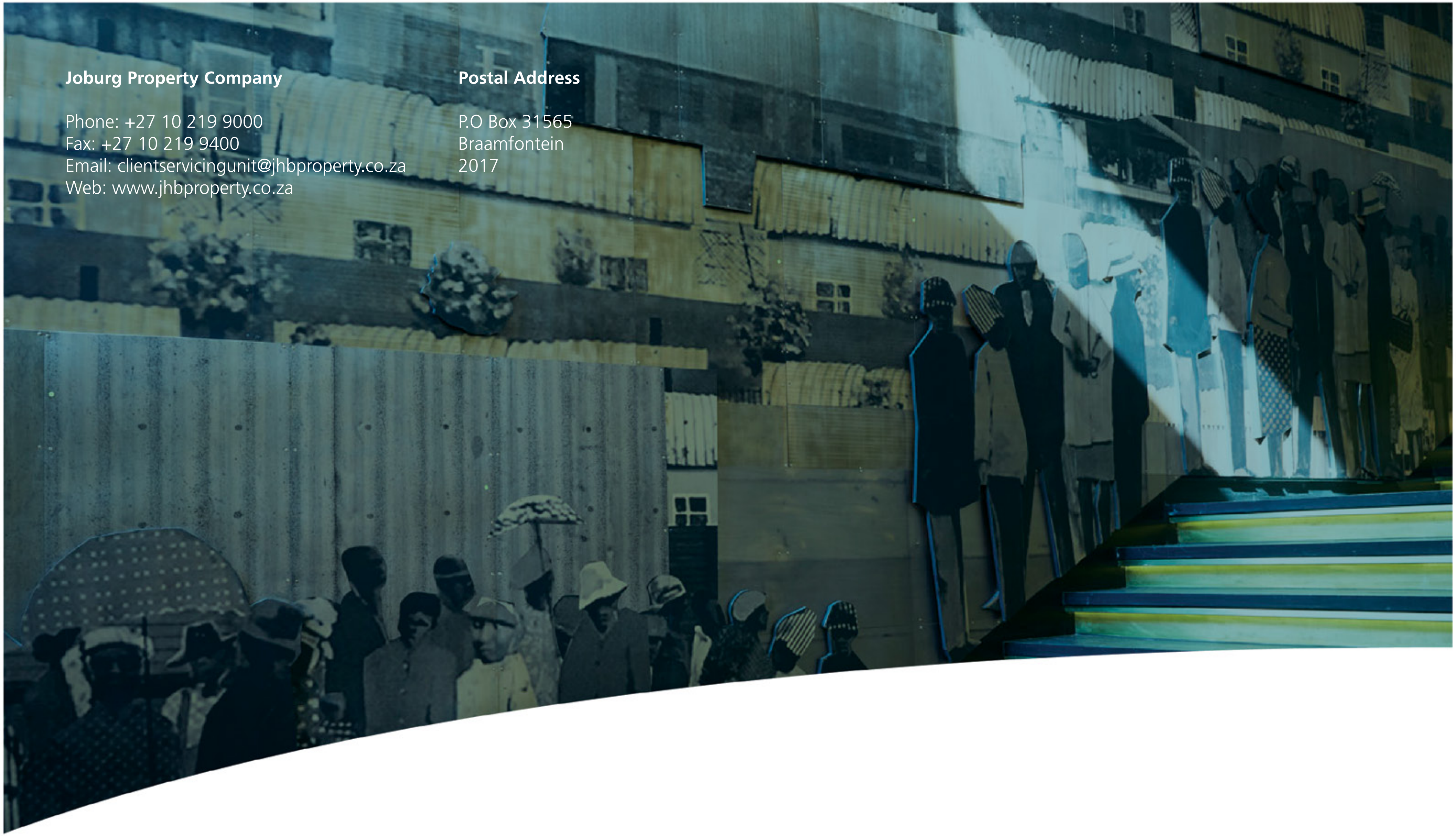
JOBURG PROPERTY COMPANY

NO:		CATEGORY	COMMENTS
1	Advertising on Roads and Ribbon Development, 1940 (Act No. 21 of 1940)	GENERIC (Outdoor)	Non-compliant
2	Advertising on Roads and Ribbon Development, 1940 (Act No. 21 of 1940)	CORE (Outdoor)	Non-compliant
3	Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2004)	CORE (Legal)	Compliant
4	Basic Conditions of Employment Act, 1997 (Act No. 75 of 1997)	CORE (HR)	Compliant
5	Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003)	CORE (SCM)	Compliant
6	Companies Act, 2008 (Act No. 71 of 2008)	CORE (ALL)	Compliant
7	Companies Act Regulations	CORE (ALL)	Compliant
8	Construction Industry Development Board Act, 2000 (Act No. 38 of 2000)	CORE (SCM)	Compliant
9	Constitution of the Republic of South Africa,1996 (Act No. 108 of 1996)	CORE (ALL)	Compliant
10	Consumer Protection Act, 2008 (Act No. 68 of 2008)	CORE (PDU)	Non-compliant
11	Disaster Management Act, 2002 (Act No. 57 of 2002)	CORE (OHSA)	Non-compliant
12	Electronic Communications and Transactions Act, 2002 (Act No. 25 of 2002)	CORE (IT)	In progress
13	Employment Equity Act, Code of Good Practice: Human Resource Policies and Practices	CORE (HR)	Compliant
14	Employment Equity Amendment Act, 2022 (Act No. 4 of 2022)	CORE (HR)	Non-compliant
15	Employment Equity Act, 1998 (Act No. 55 of 1998)	(HR)	Non-compliant
16	Employment Equity Regulations	CORE (HR)	Non-compliant
17	Gauteng Planning and Development Act, 2003 (Act No. 3 of 2003)	GENERIC (Property Portfolio)	Not applicable
18	Generally Accepted Compliance Practices Framework	GENERIC (all)	Compliant
19	Generally Recognised Accounting Practice	CORE (Finance)	Compliant
20	Hazardous Substances Act, 1973 (Act No. 15 of 1973)	GENERIC (OHSA)	Non-compliant
21	King IV Code on Corporate Governance	GENERIC (ALL)	Compliant
22	IIA Code of Conduct and Ethics	CORE (HR)	Compliant
23	Income Tax Act, 1962 (Act No. 58 of 1962)	CORE (FINANCE)	Compliant
24	Intergovernmental Relations Framework, 2005 (Act No. 13 of 2005)	CORE (Property management)	Not applicable
25	Local Government Anti-corruption Strategy	GENERIC (Legal)	Compliant
26	Local Government: Municipal Planning and Performance Management Regulations, 2001	GENERIC (Strategic support)	Compliant
27	Local Government: Municipal Finance Act, 2003 (Act No. 56 of 2003)	CORE (All)	Partially compliant
28	Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000)	CORE (ALL)	Compliant
29	Municipal Finance Management Act MFMA – Asset Transfer Regulations	CORE (ALL)	Non-compliant

NO:		CATEGORY	COMMENTS
30	Municipal Property Rates Act, 2004 (Act No. 6 of 2004)	CORE (ALL) Property Management)	Non-compliant
31	Municipal Structures Act, 1998 (Act No. 117 of 1998)	Generic (All)	Compliant
32	Municipal Supply Chain Management Regulations Gazette No. 27636, 30 May 2005	Core (SCM)	Compliant
33	National Archives and Record Service of South Africa, No. 43 of 1996	Core (CSM Records)	In progress
34	National Building Regulations and Building Standards Act, 1977 (Act No. 103 of 1977)	Core (Assets)	Compliant
35	National Heritage Resources, Act 1999 (Act No. 25 of 1999)	Core (Assets)	Not applicable
36	National Qualifications Framework Act, 2008 (Act No. 67 of 2008)	Core (HR)	Compliant
37	National Road Traffic Act, 1996 (Act No. 93 of 1996)	Generic (Logistics) JPC Fleet	Non-compliant
38	National Treasury Public Sector Risk Management Framework	Core (SCM & Finance)	Compliant
39	Occupational Health and Safety Act, 1993 (Act No. 85 of 1993)	Core (HR)	Non-compliant
40	Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000)	Core (SCM)	Compliant
41	Promotion of Access to Information Act, 2000 (Act No. 2 of 2000)	Core (All)	Compliant
42	Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000)	Core (All)	Not applicable
43	Promotion of Equality and Prevention of Unfair Discrimination Act, 2000 (Act No. 4 of 2000)	Core (All)	Compliant
44	Property Practitioners Act, 2019 (Act No. 22 of 2019)	Generic (Assets)	Compliant
45	Protected Disclosures Act, 2000 (Act No. 26 of 2000)	Core (HR)	Compliant
46	Protection of Information Act, 1982 (Act No. 84 of 1982)	Core (HR)	Compliant
47	Protection of Personal Information Act, 2013 (Act No. 4 of 2013)	Core (HR)	Compliant
48	Public Audit Amendment Act, 2018 (Act No. 5 of 2018)	Core (Internal Audit)	Compliant
49	Regulation of Interception of Communications and Provision of Communication-Related Information Act, 2002 (Act No. 70 of 2002)	Core (Comms & stakeholder)	Not applicable
50	Skills Development Act, 1998 (Act No. 97 of 1998)	Generic (HR)	Compliant
51	Skills Development Levies Act, 1999 (Act No. 9 of 1999)	Generic (HR)	Compliant
52	Unemployment Insurance Act, 2001 (Act No. 63 of 2001)	Generic (HR)	Compliant
53	Unemployment Insurance Contributions Act, 2002 (Act No. 4 of 2002)	Generic (HR)	Compliant
54	Value-Added Tax Act, 1991 (Act No. 89 of 1991)	Core (Finance)	Compliant

Table 61: Compliance Regulatory Assessment



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