a world class African city

JOBURG PROPERTY COMPANY

JPC Integrated Annual Report 2022/23

COMPANY INFORMATION

Company Information:

Registration number:	2000/017147/07
Registered address:	3rd Floor | B-Block | Forum I | Braam Park 33 Hoofd Street | Braamfontein
Postal address:	PO Box 31565 | Braamfontein | 2017
Telephone number:	+27 010 219 9000
Shareholder:	The City of Johannesburg Metropolitan Municipality
Website:	www.jhbproperty.co.za
Email Address:	clientservicingunit@jhbproperty.co.za
Bankers:	Standard Bank South Africa
Auditors:	Auditor-General of South Africa
Company Secretary:	Gontse Dlamini

Official Sign Off: It is hereby certified that this Annual Report:

- Was developed by the management of JPC SOC Ltd 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; and
- Accurately reflects the Performance that JPC SOC Ltd has achieved in the 2022/2023 Financial Year.

SIGNATURE PAGE	
Sinovuyo Mpakama **Acting Chief Financial Officer** **Signature**	04/12/2023 **Date of Approval**
Ms. Helen Botes **Chief Executive Officer** pp **Signature**	04/12/2023 **Date of Approval**
Mr. Enos Sithole **Chairperson of the Board** **Signature**	29/11/2023 **Date of Approval**
Cllr. Nomoya Mnisi **Member of the Mayoral Committee** **Signature**	05/12/2023 **Date of Approval**

ACRONYMS

ACRONYMS			
Acronym	**Name/phrase**	**Acronym**	**Name/phrase**
AFS	Annual financial statements	**IAS**	International Accounting Standards
AGM	Annual General Meeting	**ICT**	Information Communication Technology
AGSA	Auditor-General of South Africa	**IDP**	Integrated Development Plan
AIDS	Acquired Immune Deficiency Syndrome	**IFRS**	International Financial Reporting Standards
ARC	Audit and Risk Committee	**IIRC**	International Integrated Reporting Council
B-BBEE	Broad-Based Black Economic Empowerment	**ILP**	Individual Learning Plan
CAPEX	Capital Expenditure	**GLU**	Government of Local Unity
CBO	Client Business Operations	**MSA**	Local Government: Municipal Systems Act, No. 32 of 2000
CCMA	Commission for Conciliation, Mediation and Arbitration	**OHASA**	Occupational Health and Safety Act
COBIT	Control Objectives for Information and Related Technology	**RFP**	Request For Proposal
CoJ	City of Johannesburg Metropolitan Municipality	**SAIBPP**	South African Institute Black Property Practitioners
CSI	Corporate Social Investment	**SAPOA**	South African Property Owners Association
DED	Department of Economic Development	**SCM**	Supply Chain Management
EAC	Executive Adjudication Committee	**SDA**	Service Delivery Agreement
EAP	Employee Assistance Programme	**SDBIP**	Service Delivery Budget Implementation Plan
EEP	Employment Equity Plan	**SDG**	Sustainable Development Goals
FM	Facilities Management	**SDJOC**	Service Delivery Joint Operations Committee
GCSS	Group Corporate Shared Services	**SDM**	Service Delivery Model
GIS	Geographic Information System,	**SEC**	Social, Ethics, Remuneration and Transformation Committee
GIAS	Group Internal Audit Services	**SHE**	Safety, Health and Environment
GDS 2040	Joburg 2040 Growth and Development Strategy	**SMMEs**	Small, Medium and Micro-Enterprises
GFIS	Group Forensic and Investigate Services	**SOC**	State-Owned Company
GRAP	Generally Recognised Accounting Practice	**UIFWE**	Unauthorised, Irregular, Fruitless and Wasteful Expenditure
IAM	Independent Audit Member	**WSP**	Workplace Skills Plan
IAR	Integrated Annual Report	**YTD**	Year to Date

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ABOUT THIS REPORT

Section 1: Scope

JPC, a municipal entity that is fully owned by the City of Johannesburg (CoJ), is pleased to present its Integrated Annual Report covering the period from 1 July 2022 to 30 June 2023. This report is in line with leading practices in integrated reporting.

In accordance with both local and international guidelines for sustainable reporting, this report comprehensively addresses financial, social, and economic aspects related to JPC's operations. The utilised guidelines, legislative framework, and policies encompass the following:

- Reporting obligations as outlined in MFMA Circular 63
- The Statements of General Recognised Accounting Practice (GRAP) in South Africa
- Section 46(1) of the Municipal Systems Act, No. 32 of 2000
- The International Integrated Reporting Council (IIRC)Framework
- The King IV Report
- Directives and Regulations from the National Treasury
- National Development Plan (NDP)
- Integrated Development Plan (IDP)
- Joburg 2040 Growth and Development Strategy
- Service Delivery and Budget Implementation Plan (SDBIP)

JPC has adhered to the guidelines laid out in Circular 63 of the Municipal Finance Management Act, No. 56 of 2003 (MFMA), issued by the National Treasury, throughout the creation of this Integrated Annual Report. The circular prescribes the specific content that must be encompassed within the Integrated Annual Reports. We remain committed to reporting transparently to our wide range of stakeholders through this report which is structured as follows:

Figure 1: Annual Report Structure

Supporting Documents and Feedback

The JPC 2022/23 Integrated Annual Report 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 any feedback on this report to clientservicingunit@jhbproperty.co.za or please visit our website indicated above.

Section 2: Materiality

JPC has effectively employed the concept of materiality to ascertain pertinent content and disclosures. By considering the risks and opportunities inherent in our operational environment, stakeholder engagement procedures, and internally identified factors, we have determined the most significant aspects for JPC's value creation in the short, medium, and long terms.

These material issues have been integrated into the company's operations, serving as reference points in the following ways, ensuring streamlined efficiency and notable impact:

- Strategic Influence: They inform ongoing strategy development, highlighting swiftly emerging issues for potential incorporation into strategy formulation. This proactive approach transforms these issues into potential business prospects, rather than allowing them to evolve into business risks unnoticed.
- Performance Enhancement: This process fosters a deeper internal comprehension of the interplay between environmental, social, and governance concerns and business performance. It connects issue experts with strategic and operational managers, facilitating a more harmonized approach.
- Financial Significance: Quantitative materiality, anchored in widely recognized financial indicators, aligns with established accounting standards. It serves as a cornerstone for assessing the significance of financial aspects, guiding decisions in the accounting realm.
- Stakeholder Engagement: Our materiality determination shapes strategies for engaging with stakeholders, serving as a robust tool to identify openings for productive dialogues and collaborative initiatives.
- Strategic Communication: It guides the scope of reporting and other forms of communication, ensuring that they are strategically aligned and valuable to external stakeholders.

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, hinged on the Company's meticulous 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 organization's value creation potential across short, medium, and long-term horizons.
- Any engagement in pertinent initiatives or programs 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

Section 3: Assurance process for the Integrated Annual Report (IAR)

Assurance on this Report was facilitated through engagements with JPC's Audit and Risk Committee and the Board. The CoJ through the Municipal Public Accounts Committee, considers this Report as part of Council's annual reporting oversight and monitoring framework.

Combined assurance includes executive and senior management monitoring and oversight, internal audit and external assurance providers as well as Board and the relevant COJ committee's oversights.

The Board has applied its collective mind to the preparation of the IAR and has concluded that it is presented under the applicable legislation and the IIRC framework.

The Board considered the 2022/23 IAR, together with the Annual Financial Statements (AFS). It took into account the completeness of material items it deals with, ascertained whether the minimum disclosure requirements prescribed in MFMA circular no 63 were adhered and the reliability of information presented in line with the combined assurance process.

The Auditor-General (South Africa) audits the company's performance. We strive to continue to refine our 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.

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

Section 4: Board Responsibility and Approval of the Integrated Report

JPC's Board of Directors acknowledges its responsibility to ensure the integrity of the 2022/23 Integrated Annual Report and any supplementary information referenced in the report. The Board has accordingly applied its collective mind and, in its opinion, this integrated report addresses all material matters, offers a balanced view of its strategy, and how it relates to the organisation's ability to create value in the short, medium, and long term.

The report adequately addresses the use of and effects on the resources and the manner in which the availability of these resources is impacting on JPC's strategy business model and capacity to deliver on its mandate. We, as the Board, believe that this report has been prepared in accordance with the International Integrated Reporting Council's (IIRC) framework.

The Integrated Annual Report 2022/23 has received the official endorsement of the Board of Directors:

Mr. Enos Sithole
Board Chairperson

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JOBURG PROPERTY COMPANY

Chapter 1: Leadership & Corporate Profile

Section 1: Member of Mayoral Committee's Foreword

I am delighted to present the Joburg Property Company's (JPC) Integrated Annual Report (IAR) for the period of 01 July 2022 to 30 June 2023. This report arrives against the backdrop of political changes within the City of Johannesburg, which led to a revised strategic outlook linked to the 11 Mayoral Priorities directed by the Government of Local Unity (GLU).

As the Member of the Mayoral Committee (MMC) for Economic Development Portfolio, overseeing the Department of Economic Development (DED) and various Municipal-Owned Entities (MOEs), including the JPC, the strategic focus remains, that is, to stimulate economic growth, improve the unemployment rate by creating job opportunities and supporting SMME while striving for financial sustainability. It is true that South Africa is a country of many contradictions with spatial inequalities contributing to the challenges experienced by the COJ residents.

In this context, JPC's mandate of maximising the social, economic, and financial value of COJ's total property participation is critical in assisting City in addressing spatial inequalities while changing the property landscape of the City.

During the year under review, JPC has been given a directive to turnaround its operations by driving initiatives that enhance its revenue generation, address Outdoor Advertising issues, and fast-tracking the lease renewal programme. JPC has presented fair results for the financial year 2022/23 with a commendable achievement of 76% of its annual targets.

We, as the Executive Leadership of the City, under the guidance of the Executive Mayor Cllr Kabelo Gwamanda, extend our full support and guidance to the JPC Board, Management, and its employees in its pursuit of a sustainable and profitable future. We firmly believe that executing initiatives derived from the entity's turnaround strategy will not only enhance the revenue stream but also strengthen its internal capacity.

We look forward to the commencement of construction and provision of Bulk services on the Mega Project: Southern Farm and the awarding of the Soweto Gateway projects. On this basis, I take this opportunity to commend the Board and Executive team on providing effective leadership and oversight of the operations of JPC. I extend my gratitude to the entire JPC staff for their dedication and efforts, which have been instrumental in the JPC's achievements.

As we look ahead, we eagerly anticipate the year to come and pledge our continued support to ensure the JPC takes significant strides in serving the residents of this great city. Together, we continue to work towards a more prosperous future, aligned with our shared vision of growth and prosperity.

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Cllr Nomoya Mnisi
MMC: Economic Development

Section 2: Foreword by the Chairperson

The 2022/2023 financial year has been challenging, with the company having to adapt to both political and board changes that resulted in instability and affected the JPC's operations. Despite these difficulties, I am content that the entity has made significant improvement in respect of organisational performance in comparison to the previous financial year.

The Board in collaboration with management has managed to stabilise the entity by focusing on revising the strategic outlook, addressing backlogs, and taking proactive steps to deal with UIFW expenditure following the outcomes of the forensic investigations in line with treasury guidelines and tasked management to assess and implement consequences management where applicable.

The strategic priorities of the COJ as the sole shareholder of JPC, drive the strategic objectives of the entity and significant attention is given to ensure that these objectives are implemented in the form of measurable targets and deliverables outlined in the entity's business plan. The strategic priorities of the COJ are contained in the 2040 Joburg GDS and in the IDP and have been reduced to a signed shareholder compact. The Board supports JPC in the attainment of these strategic objectives over time. The Board is concerned about the financial position of the entity is demonstrated by lower profitability and solvency issues as its ratio is below the norm.

The Annual Report (IAR) for the 2022/23 financial year unveils the entity's financial and organisational accomplishments, shedding light on current realities, organisational dynamics, and challenges that impact our ability to fulfil our mandate. The current financial and organisational performance indicators have reaffirmed the Board's resolution to review the organisational strategy and implement initiatives that will enhance our financial position, operational efficiency, and leadership stability.

The Board exercised its oversight responsibilities in ensuring the entity continued to executes its mandate through the governance processes that are designed for the Board and its sub-committees to carry out their responsibilities effectively. In the financial year 2022/23, the Board focused on business operations and financial sustainability and some of the key focus areas for the financial year: improvement of the control environment, stabilization of the organisation including filling critical vacancies, addressing Internal Audit and AG Audit findings, and employee wellness.

The notable stride is that the entity management to obtain an overall AG audit outcome that is unqualified with findings. The Board takes note of the AG Audit Report and commits to a continuous improvement.

The Board of Directors remains dedicated to ensuring that its members possess the appropriate skills, experience, and understanding of both COJ and JPC's operating context. To achieve this, we actively participated in Induction sessions conducted by Group Governance and the organisation following our appointment.

Moving forward, the Board remains steadfast in its commitment to interrogate and review management strategies aimed at elevating performance levels and rebuilding JPC. Our goal is to reclaim our status as the entity that effectively manages COJ's property portfolio, bringing about social and economic benefits.

I extend my sincere gratitude to my fellow Board Members for their unwavering dedication, valuable input into strategic discussions, and their commitment to upholding ethical leadership and a strong work ethic.

In conclusion, we extend our appreciation and gratitude to the Chief Executive Officer, her executive management team, and the employees of JPC for these strong results. We are encouraged by their commitment in ensuring that JPC reclaims its position as the best agency for the COJ property portfolio and maximise economic and financial returns for its shareholder.

Mr. Enos Sithole
Board Chairperson

Section 3: Chief Executive Officer's Report

It gives me great pleasure to present our 2022/23 Integrated Annual Report, offering a comprehensive overview of Johannesburg Property Company's (JPC) performance in the realms of operations, finance, governance, and sustainability.

Our dedication and focused approach have borne the intended results, with our performance soaring to 71%, in comparison with the 33% in 2021/2022. This significant improvement can be attributed to strategic interventions, including the establishment of dedicated war rooms to reinvigorate stalled transactions, the formation of Bid Specification and Bid Evaluation Committees, and the enhancement of our decision-making processes.

Supported by our esteemed Board, we are confident that our organizational stability will propel us on a continued upward trajectory.

Reflecting on our organisational performance, the notable accomplishments are an R702.5 million investments spend on Construction Projects within the City of Johannesburg boundaries and the completion of the asset reconciliation project. Furthermore, our 100% resolution rate on the previous AGSA audit findings and the unqualified audit outcome for the 2022/2023 financial year exemplify our unwavering commitment to transparency and accountability.

In addition, notably, we signed the development agreement for the Southern Farms Mixed-Use Development, of which R9 billion for infrastructure has been recognised in the 2022/2023 financial year and will create an investment that promises job creation and economic growth in the City of Johannesburg. Additionally, our partnership with SAIBPP has enabled us to launch a property academy, providing invaluable training opportunities for the youth in Property and Facilities Management, underscoring our commitment to collaboration and empowerment.

Recognizing that human capital management is one of our most critical strategic objectives, we have initiated the recruitment process for key positions, including the CFO, General Manager of Internal Audit, and General Manager of Human Resources.

On the financial front, JPC achieved a year-to-date surplus of R10.2 million for the period ending 30 June 2023. While we celebrate this achievement, it is essential to acknowledge that our financial position has remained stagnant since the conclusion of the 2021/2022 financial year. The solvency ratio of 1:1 and liquidity ratio of 1:1 indicate a balanced increase in assets and liabilities. We are committed to addressing these challenges and ensuring the sustained financial health of our organization.

As we look to the future, the JPC Board has approved the business plan for the upcoming 2023/2024 financial year, aligning our strategic goals for efficient service delivery. The draft Service Delivery Agreement (SDA) has been tabled for discussion, and we eagerly anticipate productive engagement with the City to ensure its finalization.

I extend my heartfelt gratitude to our executive team and dedicated employees for their unwavering commitment and support throughout the year. Additionally, I extend my thanks to our Shareholder, the City of Johannesburg, and our esteemed Board for their unwavering support as we position the entity for sustainable long-term growth.

Together, with the collaborative efforts of the Board of Directors, Management, and all JPC employees, we remain steadfast in our pursuit to usher in a new era characterized by resilience, transformation, and inclusivity. Our ambitions are well within reach, and I am confident that our collective spirit will propel us to even greater heights.

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Helen Botes
Chief Executive Officer

Section 3: Review by the Acting Chief Financial Officer

The financial year 2022/2023 concluded with a significant increase in expenditure related to OPEX and CAPEX as various supply chain management ("SCM") processes were completed. In spite of the gloomy picture of rising inflation there are some notable progress in respect of the financial performance.

The financial statements detailed in Chapter 5 indicates an after-tax profit of R10.2 million for JPC. The profits are attributable to reduced spending on operating expenses and repairs and maintenance as well as the fixed rate for cleaning services being adequate to cover all costs associated with cleaning services. Management has tried to curb expenditure throughout the financial year with R&M being the only significant variable expense component of JPC's budget and expense structure, as a result, R&M only accounts for 0.47% of total expenditure. JPC has maintained a surplus bank balance throughout the financial year and as a result, an additional income of R11.5 million has been generated with no interest expenditure for the financial year.

The financial position of the entity indicates that the solvency position of JPC has remained insolvent and stagnant year-on-year. The solvency ratio resides at 1:1 and the liquidity at 1:1. The ratios indicate that the increase in the company's assets year-on-year of R293.3 million was mirrored by an increase in the liabilities. Despite the insolvency, JPC is commercially solvent and has access to R249 million from its sweeping account to settle all expenditure and trade payables as they arise.

External monies from the recovering property sector will be explored with an emphasis on generating revenue in the financial years ahead. Revenues from outdoor advertising, property rentals, and developments have the potential to bring in considerable and sustainable revenue streams that can transform the net liability position of the financials to a net asset position again.

JPC continues to incur irregular expenditure on the fleet as the contract with Afrirent, through the COJ, is ongoing. For the year-to-date the fleet expenditure totals R10 million. The appointment of the COJ group fleet services is under investigation by GFIS and direction for the write-off or condonation of the irregular fleet services expenditure will be provided after the conclusion of the investigation.

JPC has also incurred irregular expenditure on office accommodation leases as the leases have expired but the COJ's departments are still in occupation and utilising the office accommodation facilities. For the current financial year payments totalling R153 320 508 have been made related to the utilisation of expired office accommodation leases. The process of renewal has been concluded and approval granted by the City's EAC which will eliminate additional irregular expenditure.

AGSA has concluded the external audit and issued an unqualified audit opinion with findings relating to compliance with legislation. Management commits to ensuring that there is adequate internal controls, usage of GRAP standards and maintain appropriate financial disclosure.

Together with the Board we intend to capacitate both the Finance and Supply Chain Management Departments to address the issues of vacancies.

We remain grateful to our staff who have diligently executive their tasks.

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Sinovuyo Mpakama
Acting Chief Financial Officer

Section 4: Corporate Profile and Overview of the Entity

Vision: Our Vision is to provide Property Management, Property Development, Facilities Management, Property Assets Management and Outdoor Advertising in order to maximise the social, economic and financial benefit to the COJ as well as support the delivery objectives on a cost competitive basis.

Mission: JPC is an agent of the City of Johannesburg, 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, as well as 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 service delivery of the CoJ.

Values: Company values are the ethical foundation of JPC and are therefore fundamental to the JPC's 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
- Accountability
- Responsibility
- Customer Service and
- Trust

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.

Core Mandate

Dedicated to finding solutions to the developmental challenges facing the City of Johannesburg, the JPC utilises 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, Property Management, Outdoor Advertising as well as Facilities Management. JPC derives its mandate from a signed Service Delivery Agreement (SDA) with its sole Shareholder, the CoJ.

The relationship maintained with the CoJ is one of a Property Owner (COJ) and the agent ("JPC") by means of a Service Delivery Agreement, which regulates the mandate, and service 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 1 549 people (as of 30 June 2023) and operates within six regions of COJ.

As at the 30th of June 2023, the Entity realised an investment spend of R702 500 817.10 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, the JPC contributes to economic growth and job opportunity creation through property transactions.

Demographics of Johannesburg

JPC's' strategic alignment and contribution take into account the developmental diagnosis, which COJ operates under, including the economy and employment dynamics:

- The city's population continues to increase, and the implications thereof on the spatial landscape coupled with resource scarcity and the need for innovation to achieve social cohesion and inclusion
- Economic recession, Increasing poverty and deprivation
- Unemployment remains high and continues to rise particularly among the youth i.e. youth unemployment rate is 51.52 %.

Unique Competitive landscape

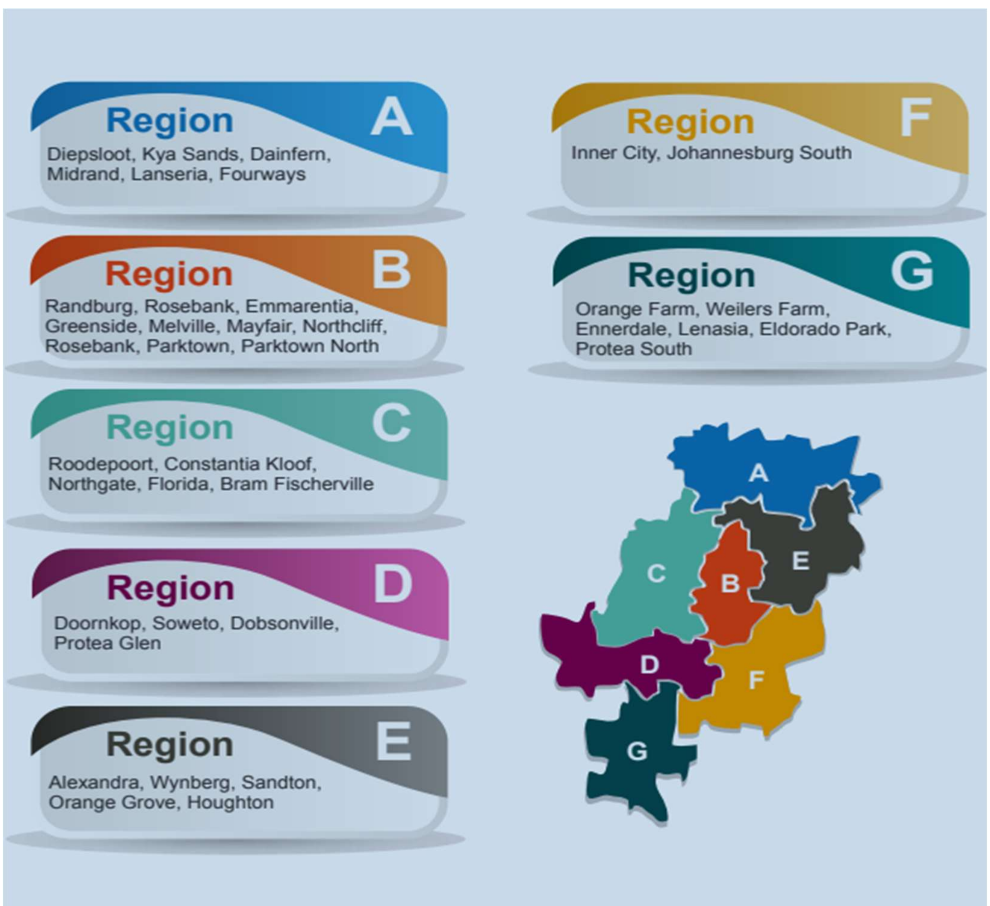
JPC oversees a 27 733 varied property portfolio encompassing diverse asset categories across the seven municipal regions, which includes residential, office, commercial, social (sports facilities and stadiums), and service delivery (clinics, fire stations, community centres') properties. This varied property portfolio offers opportunities to address the different regional spatial needs while driving the transformation agenda. JPC's distinctive traits and opportunities stem from several key factors:

- **Land Regularisation Extension:** Facilitating the transfer of residential properties to beneficiaries aligns with the city's housing provision mandate, fostering community development.

- **Commercial Enhancement:** By monetizing public spaces through Outdoor Advertising, JPC enhances city aesthetics, generates revenue, and contributes to urban vibrancy.
- **Smart City Collaboration:** Partnering in Smart City initiatives leverages technology for property improvement, attracting private investment, and advancing social and economic goals.
- **Strategic Asset Management:** Autonomous decision-making, exemplified by our Property Fund, drives profitable self-management of assets.
- **Economic Catalyst:** Driving economic growth via property transactions, JPC empowers youth and women, transforming the property sector.
- **Robust Development Capability:** Our capacity for refurbishments and Greenfield projects optimizes asset quality, strengthens relationships, and extends core property life.
- **Social and Economic Fulfilment:** Balancing financial returns, JPC aligns with COJ's social and economic empowerment mandates, ensuring holistic impact.

JPC's focus extends beyond finances, embracing social and economic empowerment in harmony with COJ's objectives. The figure below depicts the seven municipal regions:

Figure 2: Municipal Regions



1 LEADERSHIP & CORPORATE PROFILE

Political Governance and Accountability

JPC's political mandate and supervision stem from the Department of Economic Development, overseen by the Mayoral Committee Member. 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 External Environment

COJ remains one of the largest economies in Africa and the Entity has to adopt an intentional transformational approach when addressing these factors that impact its environment range from:

- Economic Conditions: Economic fluctuations, such as changes in GDP growth, unemployment rates, inflation, consumer confidence, and investment opportunities can significantly impact the property market.
- Spatial Inequalities and the impact of the apartheid legacy
- Infrastructure Investment, Urbanisation, and Migration: Adequate transportation, energy access, and urban development impact efficiency, accessibility, and overall business growth in the city.
- The balancing act between high-value and affordable housing/ accommodation developmental projects
- Socio-Cultural Shifts: Demographic trends, lifestyle changes, and social values shape consumer preferences, labor dynamics, and market demand.
- 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.
- The occurrence of land invasions and illegal occupations carries significant financial repercussions, encompassing asset losses and expenses incurred in relocating and securing properties to mitigate future encroachments.
- Environmentally sensitive properties: The demand for environmentally sustainable commercial and industrial properties

These factors have a direct impact on the Entity’s operations however JPC can still create value by advancing sustainability, and innovation within the property sector while growing the diverse property portfolio and maintaining financial sustainability.

Section 5: Strategic Objectives

JPC's corporate strategy is aligned with the Growth and Development Strategy (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 maximizing the social, economic, and financial value of COJ 's property portfolio by optimally managing the City's property portfolio through :

Diagram 1: Strategic Objectives


Safeguarding, maintaining, and managing COJ-owned properties


Creating high-yielding property assets with a sustainable income stream


Enable socio-economic and spatial transformation through the property.


Maximise the efficiency of the COJ property portfolio through transactions such as sale, leasing, and acquisition including corporate leases in line with Office Space Optimisation.


Enhancing an aesthetic pleasant environment of the City s' highways, embankments, and street furniture through Outdoor Advertising while enhancing revenue


Contributing towards energy-efficient and environmentally friendly solutions


Sweat off COJ Assets thus generating income while delivering effective and responsive Facilities Management.

The Entity's strategic outlook has been anchored by these strategic levers:

- Financial Viability and Sustainability
- Transformation of Public Property Sector and Outdoor Advertising Portfolio
- Innovation and Green Economy
- Optimise COJ 's property portfolio
- Advancing technological solutions, digitisation and automation of processes
- Operational efficiency and Excellence
- Engage and Build Talent

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 and that the governing body should 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 indicates the short-, medium-- and long-term goals.

TABLE 1: JPC STRATEGIC GOALS

STRATEGIC GOALS JPC'S PRIMARY PURPOSE IS TO MAXIMISE THE RETURN ON CITY-OWNED LAND			
SHORT-TERM GOALS	**MEDIUM-TERM GOALS**	**LONG-TERM GOALS**	**IMPACTED OUTCOMES**
Outdoor Advertising Asset Audit	Address Revenue Leakage on Outdoor Advertising and Improve Revenue Generation	Improve and Strengthen JPC's Financial position	Financial sustainability
Engage and Build Talent Fill Critical Vacancies	High-performance culture inculcated	Invest in our staff to sustain optimal performance and service-focused culture.	Job Creation Productive workforce
Leases Renewal Programme	Stimulate Economic Development through Mega Projects	Commercialise the public spaces	Jobs created, SMME development and Economic growth
Gaining efficiencies and service quality through IT standardisation.	Managing IT like a business: customer-focused, proven, competitive and trusted service provider.	Use of technology of effective and efficient operations.	Effective & efficient Entity
Reclaim Hijacked Properties & Accelerate Conversion or Repurposing of properties	Optimise COJ 's property portfolio	Commercialize Asset Base	Economic Growth Financial sustainability Job Creation SMME Development
Re-evaluate property values and amend lease values and tenure	Unlocking Investment/Business through property transactions	Implement Sustainable Monetization Strategy	Good Governance Economic Growth Financial sustainability
Address Current Maintenance Constraints	Energy-efficient and environmentally friendly solutions in COJ Buildings	Maximize Spaces for Renewable Energy Generation	Good Governance Economic Growth Financial sustainability
Understand our customer and stakeholder needs	Establish our customer and stakeholder satisfaction needs.	Improve customer and stakeholder satisfaction	Stakeholder satisfaction

The short-term performance achievements and target outcomes are measured through the Corporate Scorecard. The long-term achievements and target outcomes will be measured continuously from the period under review until the end of the 2022/27 IDP period.

The short and medium-term performance achievements and target outcomes are measured through the Balanced Scorecard. For ease of implementation and reporting on the CoJ's long-term priorities, the CoJ has divided the 2022/27 IDP implementation approach into various clusters, with JPC, among others, falling under the Economic Cluster. During the 2022/23 financial year, there were political changes that resulted in the formation of government and local Unity (GLU) and the revised strategic outlook with 11 strategic priorities depicted below.

Table 2: Reflects the CoJ's Mayoral Strategic Priorities

GDS OUTCOMES	GDS OUTPUTS	CITY PRIORITIES
1. A high-performing metropolitan government that proactively contributes to and builds a sustainable, socially inclusive, locally integrated, and globally competitive Gauteng City Region	• Partnerships, intergovernmental & international relations • A responsive, accountable, efficient, and productive metropolitan government • Financially sustainable and resilient city • Meaningful citizen participation and empowerment • Guaranteed customer and citizen care and service	**Good governance** **Financial sustainability** **An active and engaged citizenry**
2. Provide a resilient, liveable, sustainable urban environment – underpinned by smart infrastructure supportive of a low-carbon economy	• Sustainable and integrated delivery of water • Sustainable and integrated delivery of sanitation • Sustainable and integrated delivery of energy • Sustainable and integrated delivery of waste • Improved eco-mobility • Sustainable human settlements • Climate change resilience and environmental protection	**Sustainable service delivery** **Energy mix** **Infrastructure development and refurbishment**

GDS OUTCOMES	GDS OUTPUTS	CITY PRIORITIES
3. Improved quality of life and development-driven resilience for all.	• Reduce poverty and increase productivity • Food security that is both improved and safeguarded • Access to knowledge and lifelong learning • A society characterised by healthy living for all • A safe and secure city • A city characterised by social inclusivity and enhanced social cohesion	**Safer city**
4. An inclusive, job-intensive, resilient, competitive, and smart economy that harnesses the potential of citizens	• Job-intensive economic growth • Promotion and support to informal and micro businesses • Increased competitiveness of the economy • A spatially just and integrated City	**Job opportunity and creation** **Sustained economic growth** **Green economy**
5. All (cross-cutting)	• A 'Smart' City of Johannesburg, that is able to deliver quality services to citizens in an efficient and reliable manner (cross-cutting output)	**Smart city**

In this financial year, the corporate scorecard was outlined as indicated below in the table 3:

TABLE 3: 2022/23 Corporate Scorecard

Mayoral Priorities	JPC's contribution to the priorities included in the annual corporate scorecard:
Sustained Economic Growth	• R2 billion Investment / Rand value attraction of investment on COJ property • R300 million investment spend on COJ property / Construction value on the ground • Acquisition of properties for Inner City property redevelopment projects in line with Block by Block approach in approved in Council for release to the private sector • Acquisition of 19 properties on behalf of Departments and Municipal Entities for the advancement of the City's service delivery objectives.
Job Opportunities Creation	• 735 Job opportunities created through property transactions • 500 SMMEs supported through property transactions
Good Governance	• Analysis of 10 land parcels that are categorised for leasing opportunities in terms of: • Audit Opinion / Unqualified audit opinion • 50% reduction in unauthorized, irregular, fruitless, and wasteful (UIFW) expenditure incurred citywide • 100% resolution of Auditor General's findings • 100% resolution of Internal audit findings • 100% of valid invoices are paid within 30 days of the invoice date • 100% completion of Assets Verification Project • 500 employees trained to address competency gaps
Financial Sustainability	• R105 million income raised from acquisition, outdoor advertising, leases, servitudes, and sales • 100% spent on the operating budget against the approved operating budget • 100% spent on repairs and maintenance to property, plant, and equipment. In respect of JPC Facilities. • 140 properties released on social and economic leases including servitudes and sales • 100% spend of the allocated capital expenditure budget • 300 asset management plans formulated
Active and Engaged Citizenry	• 100% achievement of service standards
Safe City	• 3500 Site Inspections of CoJ–owned properties to reduce urban decay

Value Creation

JPC has structured its business model in alignment with the guiding principles of the King IV Report, particularly Principles 4 and 5. This model indicates the intricate interplay among components pivotal to achieving our strategic objectives.

A comprehensive grasp of the diverse factors influencing sustainable stakeholder value equips us to navigate a dynamic landscape, embracing challenges and seizing opportunities. Our value creation blueprint expounds how core processes fulfil our mandate, ensuring stakeholder value.

Embedded in our business ethos, JPC acknowledges the interdependent relationship between our operations and a spectrum of inputs—human, financial, social, and natural capital. This synergy translates into profound societal impact and community enrichment, transcending mere financial metrics.

TABLE 4: JPC CAPITAL VALUE

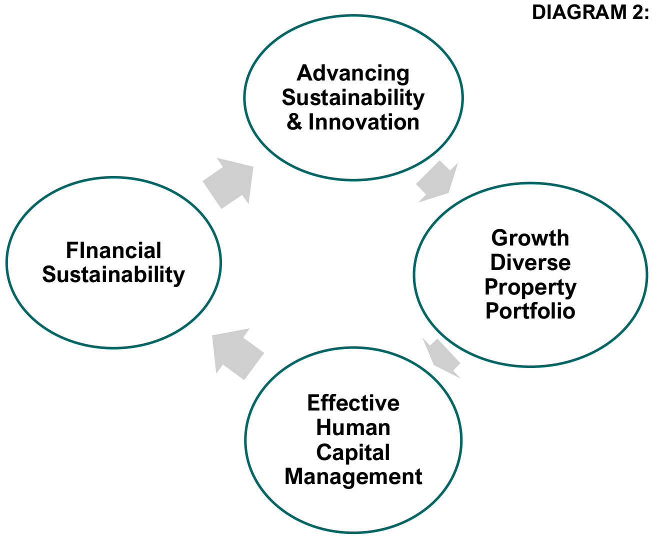
CAPITALS	UTILISATION OF CAPITALS	REFERENCE
Financial Capital	Ability to generate cash flows and access revenue.	Annual Financial Statement Service Delivery Performance
Social and Relationship Capital	Quality relationships with our key stakeholders are vital to long-term sustainability. Building trust and credibility with our stakeholders is key.	Stakeholder Management Corporate Social Investment
Intellectual Capital	Our intellectual capital is largely dependent on our people and the development of Property portfolio solutions and strategies.	Our Business Model Service Delivery Performance
Human Capital	People are core to delivering our strategies. A pool of qualified, trained, and talented people is required to deliver expectations supported by empowered management and support staff. Employment development and engagement remain focus areas to ensure we attract and retain the highest calibre of people to drive our strategy.	Our Board of Directors Our Executive Management Team Human Resources Transformation Health, Safety, and Environment
Natural Capital	Utilisation of natural capital i.e. Land/ property is predominately driven by our requirements for optimally located facilities upon which COJ can provide basic services	Our Business Model Service Delivery Performance Health, Safety, and Environment

The value creation process is linked to the following:

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

Material matters are those issues that could substantially affect our ability to create value in the short, medium, and long term and result in us not being able to execute our strategy.

DIAGRAM 2: JPC BUSINESS CYCLE



Our executive management is responsible for managing material matters in a structured way and ensuring that they remain current and relevant. Safety and environmental awareness underpin the business cycles of the entity.

JPC Business Model

At the core of our business model is obtaining and maintaining value from the property portfolio by effective administration, leasing, acquiring, selling, and ensuring maintenance of properties.

JPC's business model is underpinned by the following principles:

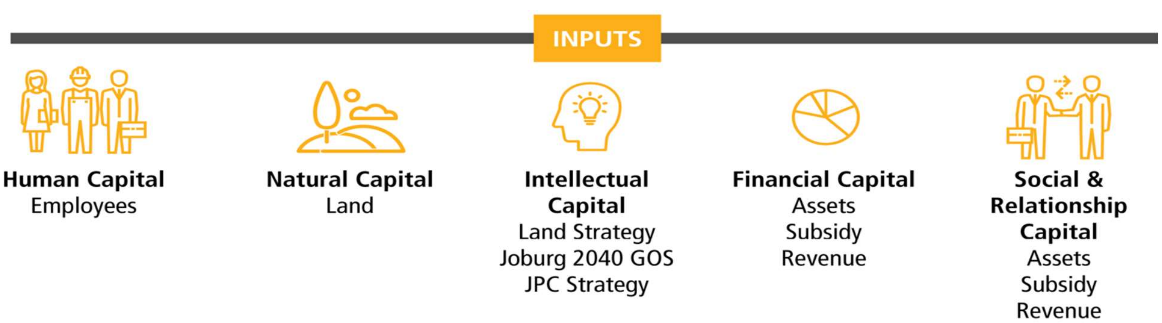
- Improved integrated service delivery;
- Creative strategic investment opportunities;
- Stimulate new socio-economic paradigms; and
- Co-production of service delivery.

JPC aims to create sustainability through its business activities, partnerships, value proposition, and revenue streams.

Business Impact: Maximise Social, Economic, and Financial benefits to CoJ as well as support the delivery objectives on a cost-competitive basis.

DIAGRAM 3: JPC BUSINESS MODEL

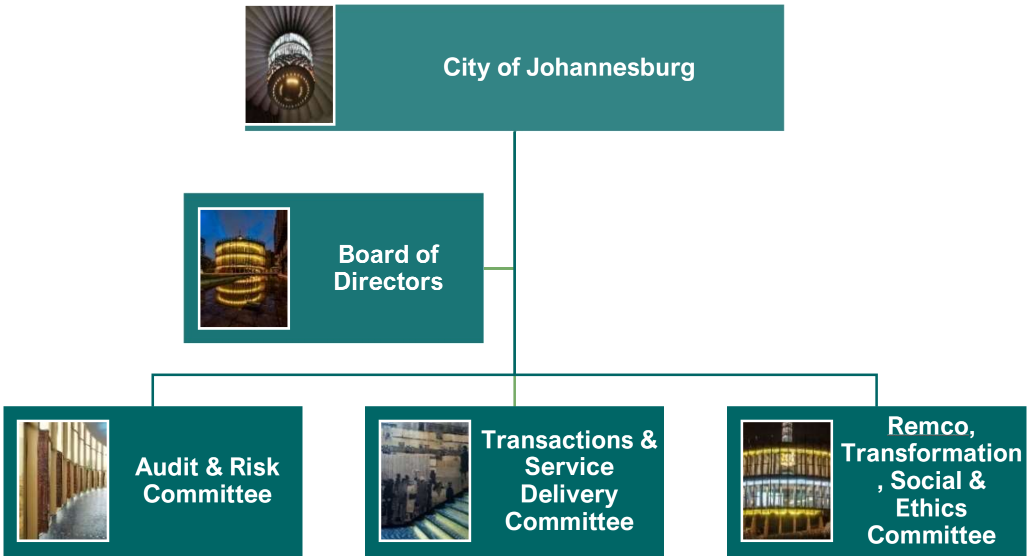
BUSINESS ACTIVITIES	OUTPUTS PARTNERSHIPS	VALUE PROPOSITION	OUTCOMES	REVENUE STREAMS
Risk Management	Economic and Social Interventions	Affordability	Investment Attraction	Outdoor Advertising
Governance & Strategic Implementation	Job Creation & SMME Development	Access to Land Property	Financial Social Sustainability	Property Development
Stakeholder Management	Property Infrastructural Interventions	Growth in the Informal Business Sector	Community Development and Social Initiatives	Facilitation
Property Development Facilitation	Promote Innovation & Knowledge Sharing	Optimal Use of the City's Assets	Transformation of Property Industry	Fee
Project Management	Ensure Financial Sustainability		Economic Sustainability	Lease Income
Innovation & Good Practice				Acquisition and Sales
Outdoor Advertising				Facilities Management
Facilities Management				Informal Trading



Chapter 2: Governance

Section 1: Corporate Governance Statement & Structure

DIAGRAM 4: JPC BOARD GOVERNANCE STRUCTURE



JPC operates with a unitary Board, comprising both executive and non-executive directors. As per the Companies Act 71 of 2008 and in adherence to King IV principles, Mr. Enos Foster Sithole, a Non-Executive Director, presides over the Board. Regular quarterly meetings, along with special statutory sessions for Annual Financial Statements and the Annual Report, ensure the Board's active engagement.

With full organizational control, the Board remains accountable to the sole shareholder, CoJ Metropolitan Municipality, as well as stakeholders and Johannesburg citizens. The entity's relationship with CoJ is defined through a Service Delivery Agreement and Shareholder Compact, compliant with the Municipal Systems Act (MSA).

JPC's governance structure aligns with the MSA, Municipal Finance Management Act (MFMA), and Companies Act, guiding decision-making and administration. Adhering to King IV principles, JPC upholds the 2016 Report on Corporate Governance for South Africa.

Board Composition & Diversity

The composition of the Board adheres to the provisions of the Memorandum of Incorporation (MOI). JPC places substantial importance on Board diversity, considering it a pivotal element in achieving sustainable operations and realizing strategic objectives.

Diversity forms an integral aspect of an effective Board, fostering cohesive collaboration to meet company demands and strategic aims. It also facilitates proactive and constructive engagement with management.

During the Annual General Meeting on March 1, 2023, the Shareholder retired several Non-Executive Directors, including Ms. Brenda Madumise, Mr. Barry Sneech, Ms. Boitumelo Mthimkhulu, Mr. Bongani Mgoza, Ms. Khanyisile Ng'ambi Mabaso, Mr. Rory Gallocher, Mr. Slingsby Mda, Mr. Thilivhali Ramawa, and Mr. Xola Lingani. Concurrently, Independent Audit Committee members Mr. Leon Langalibalele, Ms. Konosoang Asare-Bediako, and Mr. Tshilidzi Ndadza also retired.

The Annual General Meeting witnessed the appointment of a new JPC Board of Directors, composed of Non-Executive and Executive Directors. Their tenure spans a maximum of three years, subject to annual review during subsequent Annual General Meetings or Special Meetings. The new JPC Board of Directors as at 01 March 2023 are, namely:-

Table 5: Composition of Board

Mr. Enos Sithole (NED) - Chairperson	Mr. Ntalo Mabundza (NED);
Ms. Bettycourt Teffo (NED);	Ms. Ntombikayise Tini (NED);
Ms. Ellen Rakodi (NED);	Mr. Sabelo Mtolo (NED)
Mr. Fulufhelo Ratshikhopha (NED);	Ms. Tshepang Thatelo (NED)
Ms. Londiwe Mthembu (NED);	Ms. Helen Botes (Chief Executive Officer - ED);
Mr. Mxolisi Zondo (NED);	Mr. S Mzobe (Acting Chief Financial - ED).

Section 2: Directors Profiles

Enos Sithole
Non-Executive Director

(Age: 53)

Qualifications:
Bachelor in Commerce
Honours in HR management (MANCOSA)
Bachelor in commerce in HR management (UNISA)

Skills and Expertise:
20 years corporate experience in HR management with multinational companies,
HR management advisory; Social & Ethics.

Professional Memberships: SABPP, ASDSA

Tshepang Thatelo
Non-Executive Director

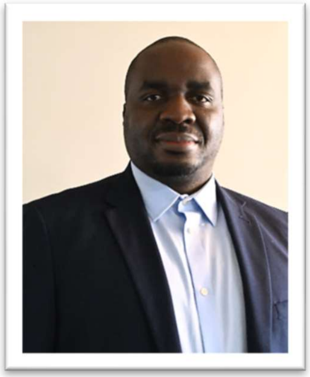
(Age: 32)

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



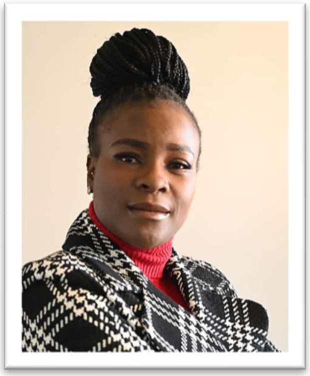
Fulufhelo Ratshikhopha
Non-Executive Director

(Age: 31)

Qualifications: Bcom Law
Compliance management Certificate-

Skills and Expertise: Risk & Compliance.

Professional Memberships: N/A



Ellen Rakodi
Non-Executive Director

(Age: 33)

Qualifications: Matric

Skills & Expertise: Psychological counselling

Professional Memberships: N/A

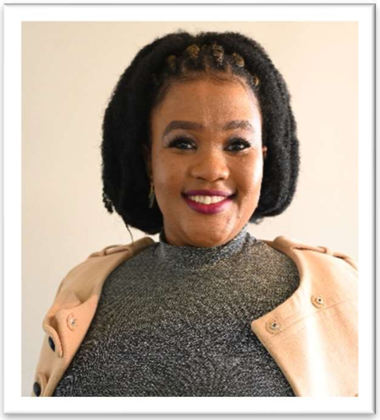
Bettycourt Teffo
Non-Executive Director

(Age: 54)

Qualifications: Senior Teachers Diploma
Sales & Marketing certificate
Computer certificate
Project management certificate

Skills & Expertise: Project management, Development Planning

Professional Memberships: N/A



Ntombikayise Tini
Non-Executive Director

(Age: 29)

Qualifications: Grade 12)

Skills & Expertise: Sales Experience

Professional Memberships: N/A

Sabelo Mtolo
Non-Executive Director

(Age: 32)

Qualifications: Post-graduate diploma in finance, Banking and investment
Masters of Commerce ((Business Sciences)
Bachelor of commerce honours (Supply Chain Management)

Skills & Expertise: Investment Banking, Strategy, Finance Entrepreneurship

Professional Memberships: N/A

Londiwe Mthembu
Non-Executive Director

(Age: 44)

Qualifications:
National diploma in Town and Regional Planning
Masters degree in Urban and Regional Planning
Post-graduate diploma in management

Skills & 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

Mxolisi Zondo
Non-Executive Director

(Age: 27)

Qualifications: MA Diplomatic Studies

(in progress)

BA Honours International Relations

Bachelor of Political Studies

Skills & Expertise: Public Policy & Research, Social Impact; Strategic Partnerships & Governmental Affairs.

Professional Memberships: N/A

Board of Directors

Appointment of Board Members is in terms of the Governance Policy. When selecting board members, the shareholder has ensured that the Board of Directors wholly supports the development of JPC's current and future business operations.

Board Diversity in terms of Skills & Racial Demographics

The Board is satisfied that it is properly constituted with complementary set of skills, balance of power, experience and personal characteristics. The Board prides itself in a dynamic boardroom culture anchored on high ethical standards. The level of Diversity in the Board guarantees robust engagement on matters given the various professional and personal backgrounds of the members.

DIAGRAM 5: DIRECTORS GENDER DIVERSITY

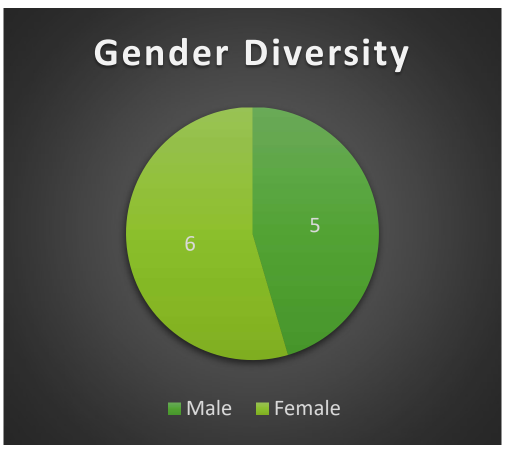
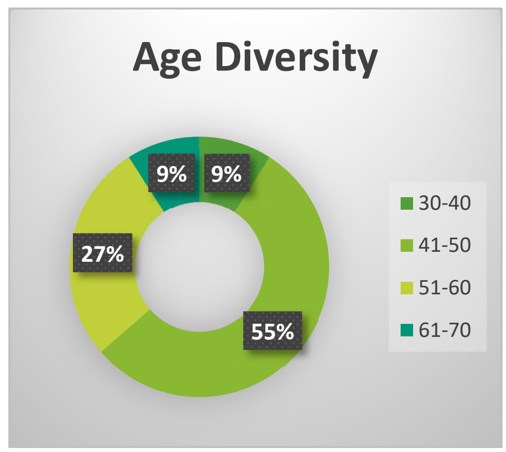


DIAGRAM 6: DIRECTORS AGE DIVERSITY



Role of the Board

The Board provides quarterly, bi-annual, and annual reports on its performance and service delivery to the COJ, as stipulated by the SDA, the MFMA, and the MSA. The Board sets the direction of the JPC through the establishment of strategic objectives and key policies. It monitors the implementation of strategies and policies through a structured approach to reporting, based on agreed performance criteria and defined written delegations to Management.

Members of the Board have unlimited access to the Company Secretary, who acts as an advisor to the Board and its Committees on matters including compliance with Company policies and procedures, statutory regulations, and best corporate practices.

The Board confirms that the sub-committees have discharged its mandate during the period under review

TABLE 6: JPC BOARD & COMMITTEES FOCUS AREAS

Key Focus Areas in 2022/23 of Board and its Committees	→	Approval of the JPC Annual Report & AFS 2021/22
	→	Approval of the JPC Budget & Business Plan 2022/23
	→	Approval of JPC Service Delivery Agreement (SDA)
	→	Approval of JPC Shareholder Compact
	→	Approval of the Compliance Risk Process
	→	Approval of JPC the Strategic Risk Register (2022/23)

Section 3: Board & Committees Meetings

The Board ensures that its arrangements for delegation within its own structures promote independent judgement, and assist with the balance of power and effective discharge of its duties in line with King IV. The JPC Board has delegated particular roles and responsibilities to Board Committees based on relevant legal requirements, as well as what is appropriate for the JPC and achieving the objectives of delegation. The Board recognises that duties and responsibilities can be delegated but that accountability cannot be abdicated and, that the Board therefore remains ultimately accountable.

To discharge its responsibilities the Board is assisted by three (3) Board Committees, namely: the Audit and Risk Committee, the Social and Ethics Committee, the Transformation and Remuneration Committee, and the Transactions and the Transactions Service Delivery Committee.

TABLE 7: JPC BOARD & COMMITTEES DELEGATION

Committees	Audit & Risk Committee	Transactions and Service Delivery Committee	Remco, Transformation, Social and Ethics Committee
Focus Area	Recommendation of the JPC Annual Financial Statements 2021/22. Recommendation of the JPC Budget and Business Plan for the 2022/23 financial year. Approval of the JPC Procurement Plan Approval of the Audit Strategy. Recommendation of the JPC Risk Management Strategy. Integrated Reporting Financial Reporting Internal Audit and External Audit Matters Risk - Management Information and Technology Governance Information & Cyber Security	Consider and to recommend to the Council for approval, and subject to the applicable legislation, the following property related transactions: Alienation of Property; Acquisition of Property Acquisition of Property; Granting Amending, Acquiring and/or cancellation of servitudes; Property Donations; Barter; Outdoor Advertising and Cellular Masts; Leases, use, management agreement and/or control agreements; Property Development	Remuneration Strategy and Policy Succession Planning Human Capital Management Good Corporate Citizenship Ethical Leadership and Conduct Social and Economic Development Stakeholder Relationships Reputation Management
	100% Attendance	100% Attendance	100% Attendance
Composition	Mr. Sabelo Mtolo **(Chair)** Mr. Xola Lingani Ms. Yongama Pamla Ms. Rachel Makwela Mr. Fulufhelo Ratshikhopha	Mr. Mxolisi Zondo **(Chair)** Ms. Bettycourt Teffo Mr. Fulufhelo Ratshikhopha Ms. Londiwe Mthembu	Ms. Tshepang Thatelo **(Chair)** Ms Ntombikayise Tini Ms. Ellen Rakodi Mr. Enos Sithole

Cross-Functional Responsibilities

The Board acknowledges the cross functional responsibilities that exist between the Social and Ethics Committee and the Audit and Risk Committees. Both Committees are regulated and statutory Committees, each Committee has developed a framework of monitoring its activities and responsibilities. This is executed through sharing of information in relation to matters serving and considered at each Committee. During the period under review, the following meetings were held:

TABLE 8: JPC BOARD AND COMMITTEE MEETINGS

Board	Audit and Risk Committee	Transactions Committee	SEC, Remco and Transformation Committee
29 July 2022	18 July 2022	8 July 2022	22 July 2022
11 August 2022	24 August 2022		20 January 2023
22 August 2022	28 September 2022	20 July 2022	20 April 2023
30 August 2022	19 October 2022	8 September 2022	25 May 2023
2 September 2022	25 November 2022	18 January 2023	
9 November 2022	16 January 2023	18 April 2023	
29 November 2022	13 April 2023	11 May 2023	
26 January 2023		16 May 2023	
AGM 1 March 2023			
CoJ Induction 15 March 2023			
23 March 2023			
20 April 2023			
26 April 2023			
29 May 2023 MMC			
31 May 2023			
15 June 2023 Strat			
23 June 2023 Tour			
30 June 2023			

Section 4: Directors' & Prescribed Officers Remuneration

Directors' remuneration is regulated through the City of Johannesburg's Group Policy on Governance. The fees paid to non-executive directors and independent Audit and Risk Committee members for the period 1 July 2022 to 30 June 2023.

TABLE 9: MEETING SCHEDULE

Directors and Independent Audit Committee members	Board	Audit & Risk Committee	SEC REMCO & Transformation Committee	Transactions and Service Delivery Committee	Shareholder Meetings / Other	Total
Brenda Madumise	11	1	2	0	3	17
Barry Sneech	10	1	0	3	1	15
Boitumelo Mthimkhulu	9	0	1	3	1	14
Khanyisile Ng'ambi	10	1	2	0	1	14
Bongani Mgoza	10	0	2	3	1	16
Thilivhali Ramawa	9	6	2	0	1	18
Rory Gallocher	10	1	2	3	1	17
Slingsby Mda	10	6	0	0	4	20
Tshilidzi Ndadza	1	6	0	0	1	8
Konosoang Asare-Bediako	1	5	0	0	1	7
Leon Langalibalele	1	5	0	0	1	7
Enos Sithole	5	0	2	0	5	12
Bettycourt Teffo	5	0	0	4	3	12
Ellen Rakodi	3	0	2	0	3	12
Fulufhelo Ratshikhopha	5	3	0	4	3	15
Londiwe Mthembu	5	0	0	4	4	13
Mxolisi Zondo	4	0	0	4	4	12
Sabelo Mtolo	4	3	0	0	3	10
Ntombikayise Tini	4	0	2	0	4	10
Tshepang Thatelo	4	0	2	0	3	9
Ntalo Mabundza	4	0	0	3	2	9
Rachel Makwela	1	3	0	0	4	8
Thabang Chiloane	1	3	0	0	4	8
Xola Lingani	1	3	0	0	3	7
Yongama Pamla	1	3	0	0	1	5

Directors Name	Directors Fees
Mr E Sithole	144 000
Mr R Gallocher	182 000
Mr X Lingani	75 600
Mr N Mabundza	72 000
Adv B Madumise	200 000
Mr S Mda	258 000
Mr B Mgoza	197 000
Ms L Mthembu	116 000
Ms B Mthimkhulu	136 000
Mr S Mtolo	126 000
Ms K Ng'ambi	154 000
Ms E Rakodi	112 000
Mr T Ramawa	184 000
Mr F Ratshikhopha	132 000
Mr B Sneech	176 000
Ms B Teffo	116 000
Mr Konosang	56 000
Mr I langaibalele	64 000
Ms R Makwela	20 000
Mr T Chiloane	52 000
Mr T Ndadza	64 000
Ms Y Pamla	32 000
Adv T Thatelo	78 000
Ms N Tini	84 000
Mr M Zondo	167 000
Total	2 997 600

TABLE 10: DIRECTORS FEE STRUCTURE

Type of Meeting	Fees: 01 July 2021 to 10 March 2022	Fees: 11 March to 30 June 2022
Board		
Chairman - Meeting	R16 000	R16 000
Member-Meeting	R12 000	R12 000
Audit and Risk Committee		
Chairman - Meeting	R10 000	R10 000
Member-Meeting	R8 000	R8 000
Transactions and Service Delivery Committee		
Chairman - Meeting	R10 000	R10 000
Member-Meeting	R8 000	R8 000
Social and Ethics Committee, Remco and Transformation		
Chairman - Meeting	R10 000	R10 000
Member - Meeting	R8 000	R8 000

Board Induction & Information

Induction Programme for the Board of Directors were held on 15 March 2023, following the Annual General meeting of 01 March 2023. COJ and JPC Company information is captured in a document management system under the control of the Company Secretary. Board members have unrestricted access to the Company Secretary, as well as all company strategic documentation and policies.

Board Assessment 2022/2023

A formal assessment of the Board was conducted by the Shareholder through its Group Governance Department. The purpose of the assessment was to establish insight into how well the Board could be improved or enhanced. The outcome reflected that the Board had been meeting its performance objectives.

Disclosure of Interest

Each time the meeting of the Board or one of its sub-committees was convened, a specific item was included in the agenda on declaration of conflict of interest. During the period under review, there were no conflicts of interests recorded. The attendance registers and declaration of conflict of interests' records are kept on file open for scrutiny.

Section 5: Company Secretarial Function

Company Secretary

Ms. Gontse Dlamini is the Company Secretary of the Joburg Property Company SOC Limited, appointed by the Board in terms of the relevant legislative requirements. In addition to her statutory duties, the Company Secretary plays a key role in managing governance, secretariat and key stakeholder relationships affecting the Board. She also provides guidance and advice to the Board and its Committees to ensure compliance with the applicable legislation, rules and regulations in conducting the affairs of the Board and ensures that all matters associated with its efficient operation are maintained.

Declaration by the Company Secretary

In terms of section 88(1) (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 2021, 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.

Section 6: High-Level Organisational Structure

Refer to Chapter 4: Human Resources & Organisational Management for an overview of the Organisational Structure on Page 89

Section 7: Executive Management Team

Helen Botes:
(Chief Executive Officer)
Executive Director

Expertise & 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 Business Administration (MBA), Executive Leadership Development Programme. Diploma in Treasury Management
Professional Membership:

Sipho Mzobe CA (SA)
(Acting Chief Financial Officer)
Executive Director

Expertise and Experience: Internal and External Audit experience, Business plan 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

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

Tshepo Mokataka
(Acting Chief Operations Officer: 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. The deputy information officer.

Qualifications: BA (Political studies and |Sociology) LLB, Postgraduate Certificate in Provincial & Local Government Law; Postgraduate Diploma in Labour Law
Professional Membership: Legal Practice Council

Imraan Bhamjee:
General Manager: Special Projects

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

Qualifications: BComp Honours, Accredited as Registered Government Auditor (RGA), advanced certificates in Auditing, Leadership Management & CTA

Professional Membership: RGA

Musah Makhunga
General Manager: 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: Not Applicable

Sizeka Tshabalala
General Manager: Commercial Focussed and Intervention Projects

Expertise & Experience: Property management and development facilitation expertise. Provision of overall leadership and strategic vision to the Property Management & 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: Not Applicable

Sipho Mhlongo
General Manager: Leasing

Expertise and Experience:

Property Management, Project Management, Service Delivery, Local Government.

Qualifications
Municipal Finance Management Programme
Professional Membership: Not Applicable

Sifiso Mabizela CA (SA)
Acting General Manager: Internal Audit

Expertise and Experience: Internal and External Audit experience. Risk and Compliance

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

Professional Membership: SAICA

Shaun Kgatuke
General Manager: Facilities Management & Cleaning Services

Expertise & Experience: Project & Programme Management within construction infrastructure and property environment sector. Quantity Surveying principles from briefing until close out. Facilities Management and social infrastructure developments including schools, clinics, catalytic human settlement projects, corporate and property developments. Construction cost controls, evaluations and contracts.

Qualifications: National Diploma: Building Sciences Diploma: Project Management, Degree: Quantity Surveying
Degree: Project Management, Municipal Finance Management Programme

Professional membership: ASAQS (Association of South African Quantity Surveyors), SAFMA (South African Facilities Management Association)

Section 8: Governance of Stakeholder Relationships

The management of stakeholder relationships was arranged in such a way that the board maintained oversight, while management remains the contact point. Stakeholder engagement practices are key success factors in achieving our strategy and form part of the boundaries and scope of our Enterprise Risk Management Framework.

Our priority is creating value through and in partnership with our stakeholders to ensure that we manage our stakeholder relations ethically and accountably.

Sustainable relationships with stakeholders form the foundation of JPC's ability to create value in the short, medium, and long term. The material stakeholder interests and level of influence vary according to geographical location, area, and nature of their roles. The entity has identified a number of stakeholders broken down into the following categories and strives to gauge the quality of the relationship on the scale below:

DIAGRAM 7: STAKEHOLDER RELATIONS LEGEND

○○○○●	**1.**	**No existing relationship**
○○○●●	2.	The relationship is established but much work to be done to improve the quality of the relationship
○○●●●	3.	The relationship was established and good strides were made toward growing mutually beneficial, value-generating connection, but still room for improvement
○●●●●	4.	Good-quality, mutually beneficial relationship with some room for improvement
●●●●●	5.	The strong relationship of mutual benefit

The Shareholder: City of Johannesburg: ●●●●●

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

TABLE 11: SHAREHOLDER – HOW WE ENGAGE & MATERIAL INTERESTS

How we Engage	Material Interests
• **Regularly scheduled engagement with the Executive Mayors, Members of Mayoral Committee (MMC), 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 Lekgotla, etc.** • **Regional Roadshows, RSVD's, A Re Sebetseng**	• Policy and Regulatory Frameworks • Liquidity ratios and Capital Project Execution • Reporting and Compliance • Revenue and Financial Sustainability • Strategy Execution • Service Delivery & Performance Management **Opportunities:** • Acquiring/developing modern well-located projects that deal with spatial transformation.

Investors, Commercial Partners, Government: ○○●●●

Key investing opportunities, which could lead to economic growth approaches with COJ. Innovation through partnerships is an essential mechanism for measuring the quality and scope of service while 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.

TABLE 12: INVESTORS, COMMERCIAL PARTNERS, GOVERNMENT – HOW WE ENGAGE & MATERIAL INTERESTS

How we engage	Material Interests
• **Joint Planning Sessions** • **Commercial Networks and Business Interactions (Virtual/Contact – as and when there is a need)** • **Conferences**	• Investment Opportunities • Impact on the Community • Collaboration in planning and delivering Property Development Projects • Servitude Agreements **Opportunities:** • Public Private Partnerships

Organised Labour: ○●●●●

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

TABLE 13: ORGANISED LABOUR – HOW WE ENGAGE & MATERIAL INTERESTS

How we Engage	Material Interests
• **Local Labour Forum** • **Meetings** • **Correspondence** • **Other relevant structures**	• Employee Wellbeing • Organisational Policies and Regulations • The new normal – working from home • OHASA • JPC Strategy • Compliance & Labour Law **Opportunities:** • Partnership to drive organisational change and create a conducive environment

Communities ○●●●●

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

TABLE 14: COMMUNITIES – HOW WE ENGAGE & MATERIAL INTERESTS

How we Engage	Material Interests
• **Community-based forums** • **Regional accelerated service delivery meetings** • **CoJ Roadshows as prescribed by COVID regulations** • **Client services walk-ins** •	• Socio-economic impact on communities • Relationship with community representatives i.e. Councillors • Property and Land appropriation • SMME and Entrepreneurial opportunities **Opportunities:** • Co-productions initiatives • CSI

Employees

The human capital is valued by JPC as it is deemed as a key enabler for its business.

TABLE 15: EMPLOYEES – HOW WE ENGAGE & MATERIAL INTERESTS

How we engage	Material Interests
• **Staff meetings** • **Newsletters & Electronic Correspondence** • **Organisational talks or engagements**	• Compliance with Labour Law • Changes conditions of service • Health and safety of employees • Standard Operating Procedures • Performance and Productivity • Training and Development • JPC Strategic Direction **Opportunities:** • Enhance the Employee Value Proposition

Media and the General Public:

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

TABLE 16: MEDIA & THE GENERAL PUBLIC – HOW WE ENGAGE & MATERIAL INTERESTS

How we engage	Material Interests
• **Media Enquiries & Press Responses.** • **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 • SCM tenders and Request for Proposals

The company maintained a healthy working relationship with various government departments, such as the National Treasury, the Gauteng Provincial Government, and the 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, and physical interaction is also used when necessary.

Attention was paid to the environment within which JPC operates, taking cognizance of the fact, that it is fluid and that the needs of the stakeholders are diverse and conflicting, which requires a balanced and objective approach. The implication for JPC is to continue to strive for improvement with respect of stakeholder engagement and management initiatives. This will be addressed holistically in the strategy and operating model review in the 2022/23 financial year.

Section 9: Risk Management

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 its strategic objectives and the long-term sustainable growth of the business. The CoJ's ERM Framework is consistent with the relevant standards, including ISO 31000, the ERM Framework of the Committee of Sponsoring Organisations of the Treadway Commission (COSO) and the King IV Report. The framework provided a structured, dynamic and consistent approach to managing Company risks as mandated by Section 95 (c) (i) of the MFMA.

Board Risk Oversight

The Board is the governance structure accountable for ensuring that significant risks to the business are adequately identified and effectively managed. In carrying out this responsibility, the board has delegated this oversight responsibility to the Audit and Risk Committee. The Committee fulfilled its role during the period under review with quarterly reports reviewed and submitted to the Board at each quarterly reporting cycle. The Audit and Risk Committee exercised oversight over the Risk Management Function through the quarterly risk management reports The Audit and Risk Committee furthermore provided oversight over the development of the 2022/23 Strategic Risk Register which was approved in July 2022, which is aligned to the 2022/23 Business Plan which was approved in Jan 2022, of which was finally approved in May 2022.

Strategic and Operational Risk Management

During the year under review, the Board considered and approved the 2022/23 Strategic Risk Register. The revised Strategic Risk Register was developed following a review process wherein strategic risks previously identified in the 2021/2022 period were considered together with any new developments that may exist. The Strategic Risk Register has 15 risks identified with the residual risk exposure which are "HIGH" risks making up 67% of the profile with 27% of the risks being "MEDIUM" and "LOW" risks making up 6% of the risks respectively. The ERM processes continued to function as intended through the annual risk management implementation plan approved by the Board. Strategic and Operational Risks were regularly monitored and reported upon every quarter. Adequate oversight was exercised by the Audit and Risk Committee and the Board and through the City of Johannesburg's Group Risk and Governance Committee.

Performance on the Strategic Risk Register 2022/23

The approved 2022/2022 Strategic Risk Register profile as of year-end is depicted in Table 17 below. The spread of the risk exposure post-consideration of the risk exposure was as follows: High at 67%; Medium at 27%; and Low risks at 6%

TABLE 17: STRATEGIC RISK OVERVIEW

Risk Ref	Risk Description	Beginning of 2022/23		Year-end 2022/23		Risk Exposure
		IR	RR	IR	RR	
1	Inability to maximise revenue	Very High	High	Very High	High	⟷
2	Possible loss of life due to the occupation of buildings that are not OHASA compliant	High	Moderate	High	Moderate	⟷
3	Loss of value of city-owned land and properties due to invasion, vandalism, fraud and corruption, and theft.	Very High	Moderate	Very High	Moderate	⟷
4	Lack of Financial viability of cleaner insourcing and prevalent unhygienic conditions prevailing at COJ buildings	Very High	High	Very High	High	⟷
5	Reputational and Financial losses due to Non-compliance with legislation, policies and procedures	High	Low	High	Low	⟷
6	Inability to attract investment	High	Moderate	High	Moderate	⟷
7	Inadequate Contract Management	Very High	High	Very High	High	⟷
8	Inadequate ICT delivery and electronic storage system	Very High	Moderate	Very High	Moderate	⟷
9	Inadequate internal and external stakeholder management resulted in a negative brand reputation	Very High	High	Very High	High	⟷
10	A perceived lack of trust between Management and the board.	Very High	High	Very High	High	⟷
11	Theft and loss of assets due to lack of physical security at premises.	Very High	High	Very High	High	⟷
12	Threat to the future existence of JPC due to lack of land banking under acquisition	High	High	High	High	⟷
13	Inadequate maintenance of COJ properties	High	High	High	High	⟷
14	Inadequate Human Capital management	High	High	High	High	⟷
15	Lack of Adequate document storage and security	High	High	High	High	⟷

RISK MATRIX

In line with the City's Risk Management Framework, the following risk matrix provides a guide on the risk exposure levels.

DIAGRAM 8: RISK MATRIX LEGEND

IMPACT	5 Critical	Low 5	Moderate 10	High 15	Very high 20	Very high 25
	4 Major	Low 4	Moderate 8	High 12	High 16	Very high 20
	3 Moderate	Low 3	Moderate 6	Moderate 9	High 12	High 15
	2 Minor	Low 2	Low 4	Moderate 6	Moderate 8	Moderate 10
	1 Rare	Low 1	Low 2	Low 3	Low 4	Low 5
LIKELIHOOD		1 Rare	2 Unlikely	3 Possible	4 Likely	5 Almost Certain

TABLE 18: RISKS & MITIGATION STRATEGIES AS AT 30 JUNE 2023

DESCRIPTION OF RISKS	RISK MITIGATION	RISK IMPLICATIONS
Inability to maximise revenue	• Implementation of the outdoor advertising master plan as it depends on the City finalization of the new by-laws. • Develop Financial Turnaround Strategy (i.e. Growth of outdoor income; increasing land sales, land acquisitions, property development, property management, and repairs & maintenance for other depts.). • Review and Implementation of Facilities Management Strategy. • Timely renewal of leases so that revenue generation can be enhanced as per the pipeline of transactions. • Formalization of traders' leases and collection of rentals from Informal traders and also depended on Department of Economic Development informal trading policy.	**Medium to Long-term**
Possible loss of life due to occupation of buildings that are not OHASA compliant	• Implementation of facilities management strategy and assessment of all properties to allow the assessment of repairs and maintenance. • Proactive implementation of Repairs and Maintenance strategies. • Acceleration of setting up effective governance structures on OHSA • Identify the capacity needed to conduct inspections. • Develop MOU with all Law Enforcement Agencies to tackle crime in our buildings/properties. • Quarterly meeting with the residence to identify their needs and problems. Educate the residence about cleanness until it makes sense to them. • The JPC approved Organogram be filled with the competent officials in order to effectively execute the CBAs of Corporate Buildings. • Working with the relevant COJ team such as OHASA, EMS, and department of labour on the non-compliant building. • Follow-up to be made on commitment made by entities and departments on OHASA issues. • Encourage Public Private Partnerships to redevelop the properties	**Medium to Long-term**
Loss of value of city owned land and properties due to invasion , vandalism, fraud and corruption and theft.	• Audit and verification of the asset register. • Approval and implementation of the Land Strategy and Asset Management Plans. • Increase capacity for project and leased Asset Management. • Lease renewals process to be started timeously and at least 6 months before the contract ends to provide sufficient time for the tender process. • Continuous promotion of fraud prevention and fraud hotline awareness with GFIS.	**Long-term**
Lack of Financial viability of cleaner insourcing and prevalent unhygienic conditions prevailing at COJ buildings	• Reviewing of placing cleaning staff at JPC or obtaining the requisite salary budget from CoJ. • Capacitated the cleaning with sufficient cleaning staff, equipment material, cleaning supervisor, and management. • Approval and adoption of the hybrid model for cleaning. • SLA to be signed with all the city department regarding recoverability of the cleaning services rendered.	**Medium-term**
Reputational and Financial losses due to Non-compliance with legislation, policies and procedures	• Monitor changes in labour and statutory laws, and ensure adherence. • Ongoing Probity and regulatory and legislative compliance reviews of bid processes. • Quarterly reporting on JPC compliance checklist. • Quarterly reporting on JPC compliance checklist. • HR Conducting awareness workshops annually. • Reviewing all the policies annually. • Update JPC Compliance Management Framework which is aligned to the City-Wide Compliance Management Framework.	**Short-medium term**

DESCRIPTION OF RISKS	RISK MITIGATION	RISK IMPLICATIONS
	• Consequences management to be implemented. • Work with GFIS on fraud corruption issues and implement based on consequence management measures.	
Inability to attract investment	• PPP implementation/Investment summit. • Hold an investors property conference/summit to attract investors to the City. • Engage the property funders to fund CoJ developments. • Develop friendly bid specification. • Timeous evaluation and adjudication of RFP responded to • Timeous conclusion of the property development agreement and leases.	**Medium to Long-term**
Inadequate Contract Management	• Budget to be secured for Legal Services to appoint dedicated Contract Management officials. • Portfolio management will appoint dedicated staff to manage and monitor new and current leases of facilities. • Integrated automated contract management system to be implemented.	**Medium-term**
Inadequate ICT delivery and electronically storage system	• Project for ERDMS and POPI at SCM awaiting dates from BSC, this project will extract business analytics for every documented process within-in each department in order to extract a methodology and framework that will incorporate Electronic documents and records management with POPI/A compliance and regulatory compliances. • Additional training would be required on new employees to use the system • HR induction pack for all new recruits, that should also cover IT induction to JPC	**Medium-term**
Inadequate internal and external stakeholder management resulting in negative brand reputation	• Re-establishment of marketing communications unit. • Integrate internal and external communication channels through policy and strategy. • Communicate clear Change management processes. • Rebrand the organisation. • Cascade down the stakeholder matrix to all JPC employees. • Implementation of business processes and systems integration (link the JPC Call Centre to PIMS, TRIM) which will improve the tracking and monitoring of stakeholder and client inquiries. • Client Business Organisation (CBO) to Responds timeously to all the queries. • External stakeholder engagement aligning JPC strategic objectives. Property indaba and outdoor indaba.	**Short-medium term**
A perceived lack of trust between Management and the board.	• Approval of Board & Sub committees Terms of Reference and delegation of authority to management. • Delegation of Authority (DOA) is to be approved by the Board. • Scorecard and business plan to be approved by the Board. • CEO scorecard to be approved by the Board • Quarterly Board and Management relationship and building Engagement sessions. • Management to implement all approved Board resolutions	**Medium term**
Theft and loss of assets due to lack of physical security at premises.	• Installation of technological security (CCTV, biometrics). • Develop Security guard access control protocol for JPC buildings and sign SLA with Service Provider. • Assess CCTV and access control requirements for JPC and budget for funding.	**Short-medium term**
Threat to future existence of JPC due to lack of land banking under acquisition	• Approval and implementation of Land strategy.	**Medium-long term**

DESCRIPTION OF RISKS	RISK MITIGATION	RISK IMPLICATIONS
Inadequate maintenance of COJ properties	• Proactive implementation of Repairs and Maintenance strategies by JPC. • Quarterly meeting with the residence to identify their needs and problems. Educate the residence about cleanness until it makes sense to them. • Assessment of properties to allow the assessment of repairs and maintenance to be increased from the current 16 corporate buildings, to all properties housing CoJ staff. • Implement a comprehensive facilities management plan for all properties of the City. • Facilities management plan to be informed by needs analysis/condition assessments. Inspection of properties allocated to departments and entities to ensure that the properties are well maintained. Repairs on leased properties to be affected by the lessees and their condition regularly inspected. • Fill scarce skills in line with the approved budget for critical vacancies • Audit and verification of the asset register	**Medium-long term**
Inadequate Human Capital management	• Implement of a wellness programme. • Approval of the wellness strategy. • Approval of the HR policies. • Review corporate KPIs. • Review the HR strategies. • Review and implement all organization policies. • Review and implement organizational structure in line with the strategy. • Ailing the strategic objective to perform deliverables and outcomes. • Review the performance target for the whole organization. • Appointments of all the critical vacancies. • Develop a consequence framework for non-performance. • Develop employee wellness and initiative team building. • Develop and implement the delegation of authority throughout the company. • All employees to be informed about the outcome of all disciplinary cases to increase. • Employment wellness.	**Short-medium term**
Lack of adequate Document Storage and Security	• Tender has been put in place for service providers to construct adequate storage facilities	**Medium-long term**

Section 10: Corporate Ethics and Organisational Integrity

The JPC Board and Management abide by the principles of King IV, among others those related to corporate ethics and organisational integrity. The Company values – professionalism, accountability, responsibility, customer service, and trust – provide an ethical foundation and are fundamental to success. JPC Management encourages employees to live the JPC values.

King IV principles require that a Company should demonstrate its commitment to organisational integrity by providing effective leadership based on ethical foundations, ensuring that the Company reflects responsible corporate citizenship and that the Company's ethics are effective. JPC has already taken an initiative to put more effort into promoting ethics and good corporate governance by establishing the Transformation, Social and Ethics Committee, as prescribed by the Companies Act. This Committee is tasked with overseeing the social and ethical matters in JPC and reporting to the Board on progress.

JPC has a code of conduct endorsed by the Board that applies to employees and the provisions of code of conduct outlined in Municipal Systems Act are applicable to its Board of Directors. The code is regularly reviewed and updated to ensure that it reflects the highest standards of behaviour and professionalism. In summary, the code requires that JPC's entire personnel act at all times with the utmost integrity and objectivity and in compliance with the letter and spirit of both the law and its policies. Failure by employees to act in terms of the code results in disciplinary action.

The Board and Management are aware that certain elements of sustainability need to be explored addressed. In the coming financial years focus will be given to sustainability programmes such as technology and other environmental initiatives.

King IV Reporting

JPC confirms and acknowledges its commitment to the highest standards of corporate governance. The Board Charter is in line with the principles contained in the King IV Report and continues to entrench further and strengthen recommended practices in its governance structures, systems, processes, and procedures.

The Board of Directors and Management recognise and are committed to the principles of openness, integrity, and accountability advocated by King IV. Through this process, shareholders and other stakeholders may derive the assurance that the entity's ethical management is in accordance with prudently determined risk management parameters in compliance with generally accepted corporate practices.

The entity's practices are, in most material instances, in line with the principles set out in the King IV Report. The Board will also review compliance with the provisions of the MFMA, which are compatible with the King IV principles, on a quarterly basis.

Governance Framework

JPC views good governance as a vital component in operating a successful and sustainable business as well as providing assurance to its Shareholder that the Company is well managed.

JPC's governance structures are informed by the Group Governance Framework and support the company's ability to create value in the short, medium, and long term by creating an enabling environment within which to achieve strategic objectives.

JPC's formal governance structures oversee the Company's ethical performance through codes, policies, and processes, and ensure that structural accountability and principled behaviour are promoted throughout the organisation. The City's Governance Framework clarifies governance roles and responsibilities and enhances oversight, monitoring, and evaluation within the Group Governance Functions. This reinforces the concept of the City as a 'Shareholder' and ensures alignment and consistency.

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 2022/23 financial year is outlined in Chapter 4: Human Resources & Organisational Management of the report page 88.

Section 11: Compliance with Laws and Regulations

The board is responsible for ensuring that the JPC complies with applicable laws, regulations, guidelines, and standards in accordance with its identified compliance universe. The company has a Compliance Risk Framework, which guides the process of managing compliance risks. This compliance risk process is as prescribed by the Compliance Institute of South Africa (CISA) and includes identification, measurement, management, and monitoring.

JPC has completed the City s' Corporate governance compliance checklist which informs the City s' Compliance Register. At each Audit and Risk Committee meeting, an update on compliance is presented. This update include a significant legislative developments within the environment in which JPC operates in. Key areas of non-compliance, if any, are also brought to the attention of this committee.

Other focus areas are on MFMA Circular 68 (irregular, fruitless, and wasteful expenditure), MFMA Section 65(2)(e) (thirty-day late payment reporting), declaration of interest by the employee as well as on 40 Acts that are identified as core for JPC operations. A review has been undertaken in order to ensure compliance with core Acts and to ensure that adequate and effective controls are in place and regularly monitored.

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 any laws, regulations, or codes of conduct.

Section 12: Sustainability Report

Health and Safety

JPC manages facilities for the CoJ and as a result, issues related to the Occupational and Health Safety Act (OHASA), 1993, are high on the organisation's priority list. The Committee monitored the OHASA 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 OHASA legislation.

Environment

At JPC, reducing environmental impact is a top priority and is considered at all stages of the 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
- Skills training and job creation
- Education
- Small business development

Section 13: Anti-Corruption and Fraud

The Johannesburg Property Company (JPC) maintains a strict zero-tolerance policy towards fraud, corruption, and any other irregularities. To uphold this commitment, the JPC has established an Anti-Fraud Policy, which operates under the regulation of the Municipal Finance Management Act, no 56 of 2003, and relevant regulations.

However, with the introduction of Group Forensics and Investigations Services (GFIS), the City of Johannesburg (COJ) has centralized the handling of fraud and corruption allegations at the City Group Level. As a result, the JPC no longer conducts investigations into fraud and corruption cases involving its own staff.

The implementation of the JPC's Anti-Fraud Policy is now aligned with the group-wide approach in addressing allegations of fraud and corruption within the City Group. Consequently, GFIS is responsible for investigating all fraud and corruption claims concerning the JPC.

The JPC will only be able to resume full control over the implementation of its Anti-Fraud Policy when the COJ decides to decentralize the management of fraud and corruption allegations within the City Group.

During this period, the JPC should anticipate regular engagement with GFIS regarding investigations related to the JPC. Such interactions will occur at both the Board and Management levels, depending on the nature of the allegations being investigated by GFIS.

Section 14: Information & Communications Technology (ICT) Governance

The Entities 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 included the following:

DIAGRAM 9: JPC ICT GOVERNANCE OBJECTIVES

Integration of people, technology, information & processes across the organisation.

Integration of technology and information risks into organisation-wide risk management.

Arrangements to provide for business resilience.

Proactive monitoring of intelligence to identify and respond to incidents. Including cyber-attacks and adverse social media.

Management of the performance of, and the risks pertaining to Third party and out sourced service providers.

Monitoring the alignment of the short, medium and long-term strategies of the business and technology.

Measuring and managing the cost expended and the value received from technology.

The responsible disposal of obsolete technology and information in a way that has regard to environmental impact and information security.

Ethical and responsible use of technology and information

Maintaining formalized information technology (IT) governance at JPC aligned to existing corporate governance structures and leading practices.

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:

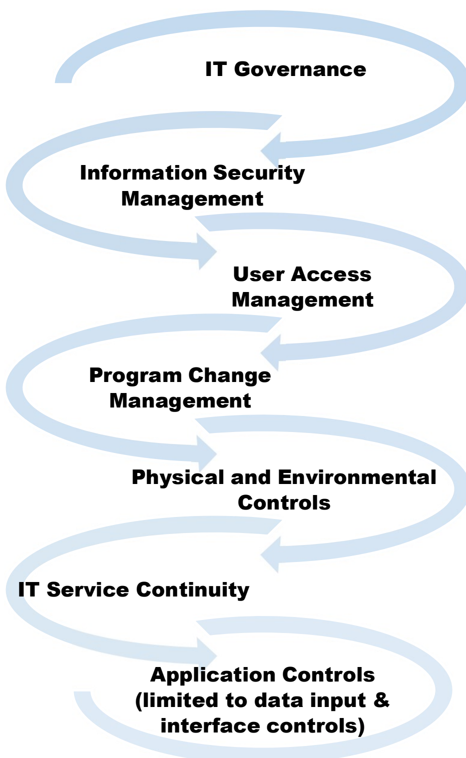
- Green Economy technology initiatives;
- ICT infrastructure;
- Property enabling system such as facility management information system;
- The implications of the fourth industrial revolution(4IR);
- Information security management; and
- Business continuity.

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.

DIAGRAM 10: JPC ICT GOVERNANCE STATUS



a world class African city

JOBURG PROPERTY COMPANY

Chapter 3: Service Delivery Performance

3 SERVICE DELIVERY PERFORMANCE

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:

TABLE 19: JPC HIGHLIGHTS & ACHIEVEMENTS

	SERVICE DELIVERY ACHIEVEMENTS / MILESTONES
	JPC has realised a rand value investment spend of R702 500 817.10 as a result of Construction Projects within CoJ Boundaries.
	304 asset management plans concluded.
	100% resolution of AGSA audit findings
	Five hundred and sixty-five (565) properties were released which included the four hundred and seventy-eight (478) transferred as part of the land regularization programme to the value of R10 931 172.44.
	The land availability agreement for the Mega Project Southern Farms has been concluded leading to an investment attraction valued at R 9 723 463 032.71 billion for Phase 1: Bulk Infrastructures Services.
	4000 Regular Inspections to Crack Down on Illegal Building and Land Use
	Unqualified Audit Achieved for the 2021/22 Financial Year

Section 1.2: Service Delivery Challenges

Revenue Collection

- ✓ Outdoor Advertising Revenue loss due to lapsed contracts and the volume of illegality in the City has increased substantially over the years thus having a negative impact on the value of outdoor advertising;
- ✓ Increased number of illegal traders with leads to revenue loss,
- ✓ Slow implementation of land strategy outcomes which has resulted in JPC not sweating assets optimally.
- ✓ Delays in Transaction reports approval leading to non-submission to Council.
- ✓ Debtors not paying within agreed timelines, affecting our cash flow and projects we can execute.
- ✓ Inability to generate sufficient revenue:
    - Outdoor Advertising revenue leakage due to lapsed contract and illegality
    - Insolvency and going concern challenges
    - Renewal of leases
- ✓ Increase in intercompany debt which affects our liquidity and solvency positons.

Occupational Health & Safety (OHS) i.e. internally for JPC and Externally

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

Securing of Council owned Properties

Land invasions & illegal occupation as well as vandalism of land parcels.

Section 1.3: Performance against Predetermined Objectives

The annual report has been prepared against the JPC's 2022/23 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 (GLU). The deviation and mid-term budget adjustment was undertaken in line with prescribed and regulated procedure and approved by Council.

The reporting is done 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 22 to 21 KPIs(the numbering of KPI changed also 9. The following adjustments have been effected on the JPC scorecard based on approved deviation:

- The KPI that relates to the acquisition of properties for Inner City redevelopment has been deferred due to budget constraints.
- The KPI which relates to the Rand value of income raised was amended to reflect the correct quarterly and annual targets.

The JPC scorecard for the financial year ending 30 June 2023 reflects that the entity achieved **71%** of our target), (15 of 21 KPIs) of its targets not achieved.

TABLE 20: LEGEND KPI ACHIEVEMENT

	Target Achieved
	Target Exceeded
	Target not achieved

DIAGRAM 11: JPC KPI ACHIEVEMENT

TABLE 21: JPC KPI ACHIEVEMENTS

KPI 1.1: Unlocking investments/ business through property transactions and developments.			
Mayoral Priority	A Business Friendly City		
Current Year 2022/22		Prior year 2021/22	
Annual Target	Actual	Annual Target	Actual
R2.bn Rand value investment attracted/ business facilitated within COJ boundaries based on the signed contract	R9 723 463 032.71 billion Rand value Zero Investment/ business facilitated attracted within COJ boundaries based on the signed contract	R2.5bn investment attracted/ business facilitated within COJ boundaries based on the signed contract	Zero Investment/ business facilitated attracted within COJ boundaries based the on signed contract
Target Achieved			

KPI 1.2: Investment Spend within CoJ boundaries based on construction value on the ground			
Mayoral Priority	**A Business Friendly City**		
Current Year 2022/23		**Prior year 2021/22**	
Annual Target	**Actual**	**Annual Target**	**Actual**
R300 million Investment Spend based on projects within COJ boundaries on construction value on the ground	R702 500 817.10 Investment Spend based on projects within COJ boundaries on construction value on the ground	R200 million investment attraction/ business facilitated within COJ boundaries based on construction value on the ground	R357 579 666.33 investment attraction/ business facilitated within COJ boundaries based on construction value on the ground
Target Exceeded			

KPI 1.3: Job Opportunities Created			
Mayoral Priority	**A Business-Friendly City**		
Current Year 2022/23		**Prior year 2021/22**	
Annual Target	**Actual**	**Annual Target**	**Actual**
735 Job opportunities created	822 Job opportunities created	1500 Job opportunities created	1039 Job opportunities created
Target Exceeded			

KPI 1.4: SMME's supported through property transactions			
Mayoral Priority	**A Business-Friendly City**		
Current Year 2022/23		**Prior year 2021/22**	
Annual Target	**Actual**	**Annual Target**	**Actual**
500 SMMEs supported	148 SMMEs supported	500 SMMEs supported through property transactions	265 SMMEs supported through property transactions
Not Achieved: 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 1.5: Assets Verification Project			
Mayoral Priority	**A Well-Run City**		
Current Year 2022/23		**Prior year 2021/22**	
Annual Target	**Actual**	**Annual Target**	**Actual**
100% Assets Verification Project	100% Assets Verification Project	N/A	N/A
Target Achieved			

KPI 1.6: Land Strategy Implementation: Analysis of land parcels that are categorised for leasing opportunities			
Mayoral Priority	**A Business-Friendly City**		
Current Year 2022/23		**Prior year 2021/22**	
Annual Target	**Actual**	**Annual Target**	**Actual**
10 Analysis of Land Parcels that are Categorised for Leasing opportunities in terms of: Real Estate market Analysis and Best Use Studies	10 Analysis of Land Parcels that are Categorised for Leasing	N/A	N/A
Target Achieved			

KPI:1.7 Number of Asset Management Plans Formulated			
Mayoral Priority	**A Business-Friendly City**		
Current Year 2022/23		**Prior year 2021/22**	
Annual Target	**Actual**	**Annual Target**	**Actual**
300 Asset Management Plans Formulated	304 Asset Management Plans Formulated	280 Asset Management Plans Formulated	280 Asset Management Plans Formulated
Target Achieved			

KPI 1.8: Number of properties acquired on behalf of City departments and entities			
Mayoral Priority	**An Inclusive City**		
Current Year 2022/23		**Prior year 2021/22**	
Annual Target	**Actual**	**Annual Target**	**Actual**
19 Properties Acquired	16 Properties Acquired	20 Properties Acquired	15 Properties Acquired
Target Not Exceeded: Due to some transactions still in the process of being registered.			

KPI 1.9: Release of 120 properties on social and economic leases including servitudes and sales			
Mayoral Priority	**A Business-Friendly City**		
Current Year 2022/23		**Prior year 2021/22**	
Annual Target	**Actual**	**Annual Target**	**Actual**
140 properties released on social and economic leases, including servitudes and sales	565 properties released on social and economic leases, including servitudes and sales	120 properties release on social and economic leases, including servitudes and sales	27 properties release on social and economic leases, including servitudes and sales
Target Exceeded			

KPI 1.10: Implement training and development initiatives to address competency gaps			
Mayoral Priority	**A Well-Run City**		
Current Year 2022/23		**Prior year 2021/22**	
Annual Target	**Actual**	**Annual Target**	**Actual**
500 employees trained	1490 employees trained	560 employees trained	348 employees trained
Target Exceeded			

KPI 1.11: Income generated through property transactions			
Mayoral Priority	**A Well-Run City**		
Current Year 2022/23		**Prior year 2021/22**	
Annual Target	**Actual**	**Annual Target**	**Actual**
R105 000 000.00 income generated from leases servitude and sales	R96 452 440.03 million income generated from leases servitude and sales	R130 000 000.00 income generated from leases servitude and sales	R104 111 993.68 income generated from leases servitude and sales
Not Achieved: Target dependent on transactions reports for leases being approved by Council. Reports have not been approved by Council. A consequence of reports not getting signed is a reduction in income.			

KPI: 1.12 Spend of Allocated Capex			
Mayoral Priority	**A Well-Run City**		
Current Year 2021/22		**Prior year 2021/22**	
Annual Target	**Actual**	**Annual Target**	**Actual**
100% spend on allocated CAPEX	87% spend on allocated CAPEX	100% spend on allocated CAPEX	42% spend on allocated CAPEX
Not Achieved: The following projects did not get off the ground: Erf 43 – 46 Victoria and Land Preparation for Region F due to delayed SCM processes.			

KPI: 1.13 Percentage spent on operating budget against approved operating budget			
Mayoral Priority	**A Well-Run City**		
Current Year 2022/23		**Prior year 2021/22**	
Annual Target	**Actual**	**Annual Target**	**Actual**
100 % spent on operating budget against approved operating budget	88 % spent on operating budget against approved operating budget	N/A	N/A
Target Not Achieved: Due expenditure controls implemented to address solvency position.			

KPI: 1.14 Percentage of spent on repairs and maintenance to property, plant and equipment.			
Mayoral Priority	**A Well-Run City**		
Current Year 2022/23		**Prior year 2021/22**	
Annual Target	**Actual**	**Annual Target**	**Actual**
100 % spent on repairs and maintenance to PP and E in respect to JPC Property	20% spent on repairs and maintenance to pp and E in respect to JPC Property	N/A	N/A
Target Not Achieved: 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 1.15: Percentage of valid invoices paid within 30 days of invoice date			
Mayoral Priority	**A Well-Run City**		
Current Year 2022/23		**Prior year 2021/22**	
Annual Target	**Actual**	**Annual Target**	**Actual**
100 % of valid invoices paid within 30 days of invoice date	100% of valid invoices paid within 30 days of invoices date	100% of valid invoices paid within 30 days of invoices date	100% of valid invoices paid within 30 days of invoices date
Target Achieved			

KPI: 1.16: Percentage reduction in unauthorized, irregular, fruitless and wasteful (UIFW) expenditure incurred citywide			
Mayoral Priority	**A Well-Run City**		
Current Year 2022/23		**Prior year 2021/22**	
Annual Target	**Actual**	**Annual Target**	**Actual**
50 % reduction in unauthorised, irregular, fruitless and wasteful (UIFW) expenditure incurred citywide	76% reduction in unauthorised, irregular, fruitless and wasteful (UIFW) expenditure incurred citywide	N/A	N/A
Target Exceeded			

KPI: 1.17: Regular inspections to crack down on illegal building and land use			
Mayoral Priority	**A Safe and Secure City**		
Current Year 2022/23		**Prior year 2021/22**	
Annual Target	**Actual**	**Annual Target**	**Actual**
3500 Inspections of CoJ owned properties	4000 Inspections of CoJ owned properties	NEW	NEW
Target Exceeded			

KPI: 1.18 Percentage achievement of Service Standards Levels in terms of the Shareholder Compact (Service Standards Levels)			
Mayoral Priority	**A Safe and Secure City**		
Current Year 2022/23		**Prior year 2021/22**	
Annual Target	**Actual**	**Annual Target**	**Actual**
100% Compliance of CoJ service standard	100% Compliance of CoJ service standard	NEW	NEW
Target Achieved			

KPI: 1.19 Audit Opinion			
Mayoral Priority	**Well Run City**		
Current Year 2022/23		**Prior year 2021/22**	
Annual Target	**Actual**	**Annual Target**	**Actual**
Unqualified Audit	Unqualified Audit	Unqualified Audit Report	Unqualified Audit
Target Achieved			

KPI: 1.20 Percentage Resolution of Auditor General's Findings			
Mayoral Priority	**Well Run City**		
Current Year 2022/23		**Prior year 2021/22**	
Annual Target	**Actual**	**Annual Target**	**Actual**
100% resolution of Auditor General's findings	100% resolution of Auditor General's findings	100% resolution of Auditor General's findings	100% resolution of Auditor General's findings
Target Achieved			

KPI: 1.21 Percentage Resolution of Internal Audit Findings			
Mayoral Priority	**Well Run City**		
Current Year 2022/23		**Prior year 2021/22**	
Annual Target	**Actual**	**Annual Target**	**Actual**
100% Percentage resolution of Internal Audit findings	100% Percentage resolution of Internal Audit findings	100% Percentage resolution of Internal Audit findings	27% Percentage resolution of Internal Audit findings
Target Achieved:			

Section 2: Core Business

Section 2.1: Asset Management

Acquisitions during the period

Eighteen (18) properties to the value of R128 397 200.00 were taken on during the 2022/2023 financial year.

Five (5) of these were acquired through the capital budget on behalf of the COJ Housing Department for housing development purposes, on behalf of the COJ Transport Department for the development of the Johannesburg International Transport Interchange (JITI) facility, and on behalf of the COJ Environmental and Infrastructure Services Department for the development of a Waste Treatment Plant.

Eight (8) properties were devolved to the City of Johannesburg Municipality by the Gauteng Provincial Government.

Five (5) properties were acquired through vesting in terms of the Conditions of Township Establishment.

Disposals during the period

Four hundred and seventy eight (478) properties to the value of R10 949 782.44 were disposed/released during the reporting period to advance the City's service delivery, housing provision and economic development objective in line our land regularisation program. These are made up as follows:

Four hundred and seventy six (476) housing properties to the value of R10 931 172.44 were transferred to beneficiaries for the provision of housing as mandated by the Housing Act.

Two (2) properties to the value of R18 610.00 were transferred to beneficiaries as part of the Land Regularization Program.

TABLE 22: DISPOSALS DURING THE PERIOD

Category	Quantity	Value
Housing Transfers	476	R10 931 172.44
Land Regularization - Shops & Churches	2	R18 610.00
Total	**478**	**R10 949 782.44**

Status of CoJ Property Portfolio Holdings

The portfolio of the City has a total value of R9, 381 billion which comprises of 27 733 properties for the financial year ending 30 June 2023. The table below illustrates the high-level summary outlining the quantity and value per region.

TABLE 23: STATUS OF COJ PROPERTY PORTFOLIO HOLDINGS

Region	No. of Properties	Value %	Historical Book Value
Region A	1675	10%	R898 306 797.28
Region B	3909	17%	R1 594 100 710.10
Region C	2342	12%	R1 124 250 161.38
Region D	6017	9%	R871 045 782.35
Region E	4357	18%	R1 726 748 270.18
Region F	4860	18%	R1 658 009 295.97
Region G	4266	13%	R1 214 855 846.73
Outside COJ	307	3%	R293 697 936.01
Grand Total	**27733**	**100%**	**R9 381 014 800.00**

Net Movements

The table below indicates the impact of the movements on the value of the Asset Register in the 2022/2023 financial year:

TABLE 24: NET MOVEMENTS

Asset Register Movements in Value	
Opening Balance (1st July 2022)	R9 263 567 382.44
Acquisitions	R128 397 200.00
Disposals	R-10 949 782.44
Closing Balance (30th June 2023)	R9 381 014 800.00
Movement in percentage	**+1.27%**

Although more properties were disposed compared to the number of properties that were acquired, the value of the portfolio has increased in value by 1.27% in the 2022/2023 financial year. This is attributed to the value of the properties that were acquired.

Year on Year: Number of Properties

The table below provides a movement outline of the total number of properties. The portfolio will continue decreasing marginally as the Housing Department continue to transfer properties to beneficiaries in terms of the Housing Act and in terms of the Land Regularisation Program. The table below outlines the year on year summary.

TABLE 25: YEAR ON YEAR NUMBER OF PRPERTIES

Region	2023	2022	2021	2020	2019
Region A	1 675	1 697	1 712	1 756	1 775
Region B	3 909	3 922	3 927	3 935	3 989
Region C	2 342	2 350	2 349	2 349	2 353
Region D	6 017	6 097	6 126	6 228	6 407
Region E	4 357	4 487	4 528	4 759	4 915
Region F	4 860	4 874	4 862	4 833	4 841
Region G	4 266	4 459	4 468	4 526	4 684
Outside CoJ	307	307	364	490	490
Total	**27 733**	**28 193**	**28 336**	**28 876**	**29 454**

Section 2.2 Commercial and City Focused Interventions 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.

PROPERTY DEVELOPMENT PROJECTS

ERF 53 ALAN MANOR

Erf 53 Alan Manor is located at the corner of Caro and Constantia Avenue, situated in the South of the City of Johannesburg in Region F. It is surrounded by the prestigious suburbs of Mondeor, Winchester Hills, Meredale, Mulbarton and Aspen Hills. The estimated development value **is R 64 823 112.58 million.**

Jabulani Housing Development

As part of the Jabulani CBD Precinct, the Jabulani Development Company Pty Ltd together with Calgro M3 have initiated plans of developing rental housing units in partnership with International Housing Solutions on the proposed Portion 15 of Erf 2612 Jabulani Extension 1 (Parcel A). The land parcel is located directly below/ to the south of the Soweto Theatre site and is bordered to the west by Legogo Street. The Estimated development value is **R 290 million**.

The development on this Erf aims to cater for approximately 576 sectional housing units.

A full development professional team has been appointed and are currently working towards the implementation of the Joburg Water comments/ requirements i.e. in the form provision of engineering services that will cater for the newly created portions.

- The Sectional Title Consent SPLUMA Certificates for Phase 1 of Jabulani Junction for the first four blocks (1, 2, 7, 8) were obtained on the 3rd February 2023 from the City of Johannesburg Metropolitan Municipality Land Use Management Department.
- First batch of units from Phase 1 were registered at the Deeds Office for transfer on the 23rd February 2023.
- Final handovers to customers for the first batch of units on Phase 1 were completed on the 25th February 2023.
- Currently completing blocks 3, 4, 5 & 6 of Phase 2 for construction in preparation for inspections.

RIVERSIDE VIEW MEGA HOUSING DEVELOPMENT – DIEPSLOOT

Riverside View is located directly north of Steyn City and West of the Riversands Incubation Hub along William Nicol Drive. The location of the site is between the lower income area of Diepsloot, and the prestigious high-income area of Dainfern, which provided a unique opportunity for development to integrate Diepsloot with the rest of Johannesburg and developing it into an urban network. It is a high density mixed use and mixed income development. It maximises the use of strategically located land to ensure vibrancy and sustainability. It addresses a wide range of housing demands and ensures that housing is delivered to poorer beneficiaries in a way that helps people out of poverty. Valumax Northern Farms Pty (Ltd) is the developer.

The total residential yield is approximately 10 414 residential units with 3113 single residential GAP/FLISP units, approximately 4332 high-density walk-up RDP units and approximately 2969 high-density walk-up Rental units. To date, 10 089 units have been completed. The units comprise the following mix:
Registered/Completed/Occupied to date:
The project will be completed over the next 2 years, due to budgetary constraints at Joshco to complete the Joshco units.

The last FLISP Units will be completed in next year:

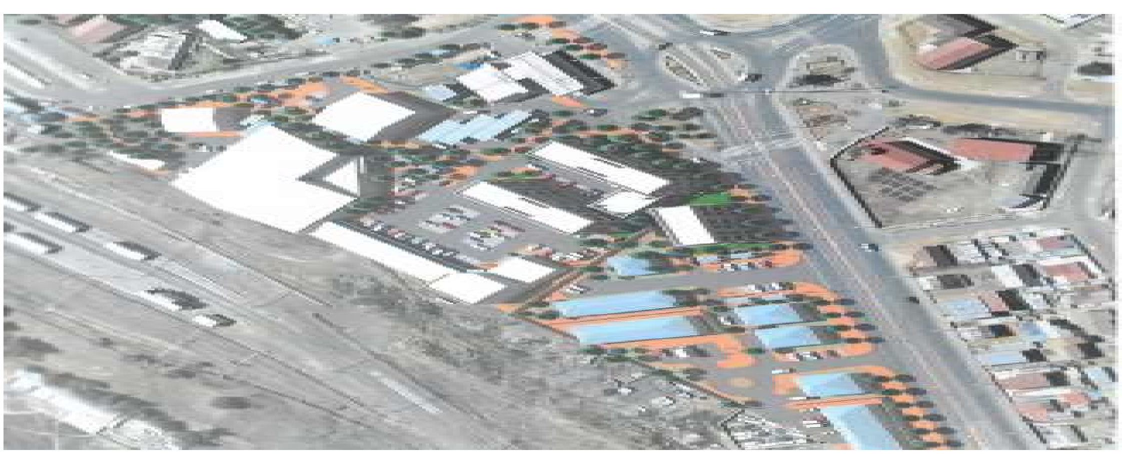
Single residential FLISP:	2948 units completed to date
Multi-storey FLISP units:	528 units completed to date
Multi-storey Rental units:	457 units completed to date
Multi-storey RDP units:	4320 units completed to date
Total completed to date:	**8253 units**

Still to be Registered/Completed/Occupied

Joshco:	928
Sectional Title:	908
Total:	**1836**

All bulk infrastructure is completed with the exception of the third transformer in the Riverside View Substation that is planned in the current financial year including the switch over of the MV lines.

The Developer anticipates the project to be completed over the next two years, due to Joshco's unavailability of budget to complete the Joshco units. There is a possibility that it might roll over into 2025.



Paterson Park (Victoria)

This development is located along Paterson Road in Norwood. It is a mixed-income residential development comprising 744 units. The total project area approximately is 3.5 hectares and the estimated development cost is R550m.

Progress to date is as follows:

- Property Plans complete
- Section 14(2) approval obtained.
- Rezoning application approved.
- Subdivision and Consolidation application submitted to CoJ Planning, awaiting approval.
- Urban Design Framework approved.
- Construction of bulk services completed (sewer, water, internal roads and storm water).
- Relocation strategy for City Parks completed.
- Structural assessment of Bowling Club completed.
- Heritage specialists have been appointed

RFP for the appointment of the Development Facilitator for the relocation of the depots was advertised.

Targeted milestones for 2023/2024:

- Heritage Impact Assessment application to be reviewed and resubmitted to Provincial Heritage Regulatory Authority- Gauteng (PHRA-G) for approval by no later than the end of September 2023.
- 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..

Acquisition Income

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

Released Properties

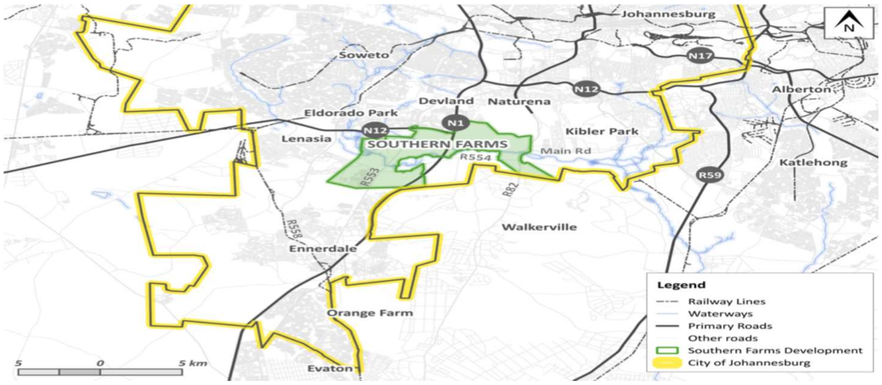
During the period under review properties were released for development purposes and contracts were concluded for the management of sanitary lane with .the adjacent property owners. The income received from Management Agreements is a once off fee of R **3000** as approved by Council therefore there will not be any recurring income expected from them. The number of released sanitary Lanes is Sixty seven (67) with once of 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

Southern Farms



The Southern Farms project area including the privately-owned land parcels located to the east of the N1 highway, is approximately **3 997 hectares in size**.

Of the total project area, approximately **2902 hectares is undevelopable** due to environmental sensitivities, heritage, major road reserves (PWV 5 and K-routes) of which the majority will form part of the Biodiversity Conservation Area, representing approximately **73%** of the total project area.

A rather small portion of the total project area which is approximately **27%** of the total project area of **1 094 hectares,** is considered suitable for development.

2022/2023 Progress

- GRAS appointed an external service provider to conduct full probity on the project.
- The EAC was satisfied with the outcomes of the probity and recommended the report to the Accounting Officer which was signed off on 6th September 2022.
- An Acquisition Report has also been submitted to JPC's Transactions Committee for acquiring the 11 privately owned portions of the land that are within the Southern Farms Precinct, as it is critical in ensuring that the Southern Farms Project is developed as one large uninterrupted integrated development.
- The Report was tabled at the Mayoral Committee and Council in April/May 2023 but was not approved, and came back with some questions and amendments. This has been attended to, and the amended report will serve at Mayoral Committee again.
- A Land Availability and Development Agreement was signed by JPC and the VS/ JV on 18 May 2023.
- The VS/ JV has also received Power of Attorney from JPC, that provides the necessary authority to now proceed with the submission of the Township Establishment, EIA and WULA applications for Phase 1.
- Phase 1 of the Southern Farms Mega City project will consist of Precinct A1, A2, C1, C2, C3 and B – located to the west of the N1 highway. Phase 1 is anticipated to yield approximately 15 195 units.
- The preliminary program for the submission of the above applications is expected to take place before end July 2023, with anticipated approval of the said application in February/April 2024 to commence with infrastructure in April 2024.
- The City of Joburg, through the Department of Housing can now proceed to budget and provide USDG funding for the bulk and link infrastructure program for the Southern Farms Project.

Soweto Gateway: Portion 159 of Farm Diepkloof 3191Q

The total project area is approximately 30.5 hectares and the estimated development cost is R3.2 billion. The total development yield consists of the following: approximately 3366 mixed income residential units, public open space, retail space, educational space, medical facilities, hotel/ conference centre, community facilities, commercial and some light industrial.

2022/2023 Progress:

- The property was put out on tender for the third time on the 2nd June 2023 and closed on the 7th July 2023. A non-compulsory briefing session was held on the 12th June 2023.
- Six bid documents were received on closing date (7th July 2023), and will be evaluated sometime before end July 2023. We are hoping that this time, the project will be awarded to a successful developer.

Inner City

The Inner City Rejuvenation Programme (ICRP) was rolled out in light of the consistently expanding interest for affordable residential and student accommodation in the City of Johannesburg and its encompassing regions. The objective of the program (following a Phase approach) was to deliver City-owned properties, some of which are in a decaying state, to the private sector for development and increase in property and community value.

The ICPR intends to achieve the City's fundamental requirements, while focusing in on job creation and local SMME support among other key targets.

Phase 1 Region F

Phase 1 of the programme will give rise to 2 new developments which will be developed into Mixed-use Affordable residential

Phase 2 Region F

Phase 2 of the programme will give rise to 20 new developments which will be developed into Mixed-use Affordable residential or affordable student accommodation0

Phase 3 Region E Orange Grove and Houghton Estate

Phase 3 of the programme will give rise to 7 new developments which will be developed into Mixed-use Affordable residential or affordable student accommodation. The critical focal point of the Inner City Rejuvenation Programme (ICRP) is to guarantee that every one of the awarded properties reach construction. As recently demonstrated, the ICRP requires the cooperation and mediation of different key partners who assume a crucial part in settling the current difficulties prior construction commencement.

In particular from the first Quarter, much focus has been aimed at developer and City Stakeholder engagements. All engagements with developers were held with the aim of identifying the current challenges experienced as well as providing them with possible mitigation strategies.

Based on these engagements, outlined below are the challenges that have been identified with possible mitigation strategies:

TABLE 26: INNER CITY CHALLENGES AND MITIGATION

Challenges	Mitigation
Bulk Services: The concept of Bulk Services that is to be paid by JPC prior to Building Plan approvals. Lack of budget from the City is hindering the construction process.	An appeal to Development Planning for the assistance in the exemption of bulk services is underway
Temporary Alternative Accommodation: Majority of the City owned sites are illegally occupied which has further delayed progress as the City does not have the means/budget to easily relocate occupants.	Engagement with relevant stakeholders (i.e Housing,JMPD) to assist with the TAA requirements and the best possible solutions on relocation
Obtaining Town Planning approvals: In most cases, properties are not correctly packaged before releasing them to the private sector, leaving that responsibility to the developer. Whilst the responsibility falls on them, many City MoEs fail to recognise these projects as City initiatives, having the developer face delays and rejections upon submission.	An appeal to Development Planning for the assistance in prioritising these projects are underway
Town Planning Approvals Orange Grove and Houghton Estate:The remaining Town Planning Applications (i.e removal of restriction registration and consolidation applications) are still outstanding. These applications were to be concluded by the CoJ so that the awarded developers can proceed with SDP and Building Plan submissions	JPC is in the process of appointing a Town Planner to finalize the applications

The success of the ICRP will benefit the City and its residents in the following ways:

- All awarded properties are for a Long-term lease and development for a period of 50 years. Upon expiry of the lease period, the properties will be released back to the City.
- Increase in municipal service amount which are currently not being paid
- Increase in Asset Value of properties after construction
- project will also increase the level of high capital formation and private investment which is necessary for the City as well as the overall economy
- Better buildings will increase the attractiveness of the City
- It will further improve the quality of living, to eliminate the existence of a highly deprived area and economically revitalise the inner city.
- It will also reduce overcrowding and slums, unplanned and unauthorised settlements
- Jobs will be created and economic activities will increase benefitting the residents of the City of Johannesburg.

Section: 2.4 Informal Trading

Income Collection

During the financial year under review, Informal Trading Unit collected R2.2 million, income has remained consistent in comparison to previous financial year. Lack of signed leases with Traders remains a challenge which is also impacting on the ability of JPC to collect and increase the revenue.

JITI TRANSPORT FACILITY

Acquisition of Post Office Land

JPC was instrumental in assisting Transport Department with real estate processes to ensure that the town planning process for JITI facility are concluded. These process involved the acquisition of Post Office land where the facility was constructed on a privately owned land. The acquisition of the JITI farm portion 27, Johannesburg 91 IR was concluded in the financial year ending 30 June 2023, earning JPC commission fee of R3,4 Mil inclusive of vat. The property was transferred by the Deed's office into the City's name in April 2023.

Notarial tie

JPC is currently busy with the Notarial Tie for Erf 603 Newtown and Portion 27 of the Farm Johannesburg 91 IR (JITI) on behalf of the Transport Department. This process will be concluded during the first quarter of the new financial year. The process will enable the finalization of the building plans and the issuance of the occupation certificate for the JITI.

Public Participation

On the 26th April 2022, the council resolved to grant JPC the authority to conduct public participation in terms of regulation 35 of the Asset Transfer Regulations (ART) 2008, for the use and lease of the JITI facility by a management agent. The public participation was conducted and concluded during the midterm of the financial year under review. Feedback to Council will occur during quarter 1 of the financial year.

However there has been further developments regarding strategy to manage JITI. The meeting was held in last quarter of the financial year, between Transport Department, JPC and the City Manager regarding the appointment of the management agent to manage JITI. The resolution was taken that Transport Department will submit the report back on the public participation and the SCM process will be handled by the City Manager's office.

Leasing of shops and stalls located at various public transport facilities and traders markets owned by the city

JPC has been supporting DED in the process of ensuring that the permit system is piloted to create the environment for the issuing of the permits and verification of the Traders. Once the piloting is completed, it is envisaged that the roll out of the permits will occur in the coming quarters of the new financial year 2023/24, however this is dependent upon DED. No leases can be entered into at this stage.

Verification of traders and permit system

JPC was instrumental in the verification of Traders at Jeppe and Kwa-Mai Mai markets during the financial year under review. The purpose of the verification of Traders is to prepare for the implementation of the permit system on a pilot basis. DED was spearheading the verification in line with the approved informal trading policy. There were also representatives from JMPD-Bylaw enforcement, Environmental Management, Region F were also part of the verification process.

Jeppe Market

The Jeppe Market rent roll entails 130 Traders, 63 Traders were verified at Jeppe Market of which 9 Traders were identified to be in the rent roll and 54 were illegally reallocated by Operation Dudula and were therefore recorded in the suspense register by DED, 50 Traders did not present themselves for verification.

Kwa Mai-Mai

The facility is occupied by 221 Traders, 124 were verified at Kwa Mai-Mai of which 46 were identified to be in the rent roll and 78 were recorded in the suspense register due to various reasons e.g. tenant deceased, tenant substituted by a family member due to ill health. 97 Traders did not avail themselves for verification.

Permit system awareness campaign

DED started an awareness campaign during the year under review to educate and inform the traders in all regions about the permit system and the Informal trader's permits. JPC, JMPD, and Environmental Health department are also involved in educating the traders on their roles and procedures to be followed by traders. The role of JPC in administering the lease agreements and the rental collection.

Key Challenges for 2022/23 in respect of Informal Trading

- Security – Inadequate security has proven to be a challenge when effecting lockouts for none payments of rentals or any other reported matter that may need to be addressed at the time.
- Cleaning services lack capacity and inadequate equipment to keep all the facilities hygienically clean.
- Lack of visibility by security guards and shortage of staff securing our facilities.
- Inadequate response time to urgent maintenance callouts
- Flooding during rainy seasons
- Delays in rolling out trading permits.
- Increased number of illegal traders in all major facilities

The focus for next financial year

- Accelerated implementation of capital expenditure for Metro Mall, Yoeville and Kwa Mai-Mai and Jeppe Market.
- Ongoing engagements with DED to expedite the roll out of permit system so that JPC can sign leases with Traders.
- Handing over of Taxi ranks to Transport Department to enable JPC to focus on informal trading areas.

Section 2.5: Client Business Operation

Stakeholder Management

Client Business Operations (CBO) adhered to the service standards set by the COJ contained in the Shareholder Compact which relate to client service functionality and turnaround times of enquiries. Service standards KPI's 1, 2, 10, relate to and are managed by CBO. Whilst other departments are responsible for the other KPI's CBO reports on a monthly basis to the COJ on all service standards based on information and evidence received from the various contributing departments.

The below outlines the Service Level Standards over the current financial period.

TABLE 27: SERVICE LEVEL STANDARDS

	Core Service	Service Level Standard Target	Q1 Actual Total	Q2 Actual Total	Q3 Actual Total	Q4 Actual Total	Full Year	May Variance explanation	May Mitigations
KPI 1.1	Response in acknowledgement of requests, enquiries and complaints	Within 1 day of logged call	495	346	382	333	1556	Not applicable	None
KPI 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	347	197	191	201	936	Not applicable	None
KPI 1.3	The performance of emergency work for JPC managed facilities	Within 1 day of logged call	382	279	195	248	1104	Not applicable	None
KPI 1.4	Performance of minor works on facilities managed by JPC	Within 2 days of logged call	115	97	119	141	472	Not applicable	None
KPI 1.5	Performance of major works on facilities managed by JPC	Within 5 days of logged call	55	26	7	4	92	Not applicable	None
KPI 1.6	Complete the sale or lease and registration of servitudes of Council owned land	Within 9 months after Council Approval in terms of Section 14(2) of the Municipal Finance Management Act	0	0	0	4	4	No tender placed after Council and COJ Executive Adjudication Committee, KPI not measured.	None
KPI 1.7	Tender placed after Council approval and CoJ Executive Adjudication Committee	Within 5 months of CoJ Executive Adjudication Committee approval	0	0	0	0	0	KPI not measured. No tender placed after Council and COJ Executive Adjudication Committee, KPI not measured.	None
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)	Within 6 months of receipt of request of Permission to Occupy and build (PTOB) from Departments and Entities with confirmation of budget allocation.	0		2	5	7	KPI not measured. No request for internal allocation for land and buildings with budget was received from departments and entities during this period.	None
KPI 1.9	Performance of surveys on the condition of all plant and equipment in order to allow the assessment of the required repairs and maintenance of facilities managed by JPC	Quarterly	0	15	15	15	45	None	None
KPI 1.10	Response to applicants/interest to lease or acquire (formal applications) land and/or buildings	Within 30 days of application	48 of 48 = 100%	41 of 41= 100%	32 of 32 = 100%	52of 52 = 100%	152 of 152= 100%	None	None

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Chapter 4: Human Resources & Organisational Management

Section 1: Highlights and Achievements for 2022/2023 Financial Year

Revised Human Resources Strategy

The Human Capital Management section provides a synopsis of the initiatives implemented aligned to JPC's HR agenda and focuses on the organisation's strategic objectives. The long-term objective is to position JPC as an employer of choice, by creating a workplace that is healthy, productive, and exciting to its current workforce, and at the same time appeals to prospective employees.

Employment Equity Targets

JPC has initiated and completed the EE Awareness sessions as part of the consultation process to ensure that employees understand the Act provision and the role of the EE plan and committee according to Sections 16 and 17 of EEA.

Organisational Development

The high-level structure was reviewed and approved by the Board on 29 July 2022 to ensure business continuity and improved performance with increased productivity and accountability. This has also necessitated for the lower level structures to be reviewed in line with the organisational design principles being cognisant that JPC is a dynamic company mandated to manage and develop the City of Johannesburg's (CoJ) property assets to maximise both social and commercial opportunities for the Council.

Employment Equity Compliance

The Joburg Property Company as the designated employer complied with EE Act by submitting its Annual EE report on 21 December 2022. Further, in preparation to establish Employment Equity Skills Development Committee, a consultation process through EE awareness was conducted and completed with employees at all levels in April 2023. Discussion on the nomination of the committee is underway to ensure a fair and transparent process.

Training and Development

- ✓ Enrolling employees in skills programs to meet National Treasury minimum competencies requirements.
- ✓ Rolling out electronic leave management through Employee Self Service (ESS) and Management Self Service (MSS) training to enable employees to view their personal information and apply for leave online approval by the respective line managers.
- ✓ Rolling out Employment Equity Awareness training on the objectives, content, and application of the EE Act, its regulations, and Codes of Good Practice in preparation for their participation in the committee nomination process.

Declaration of Interest

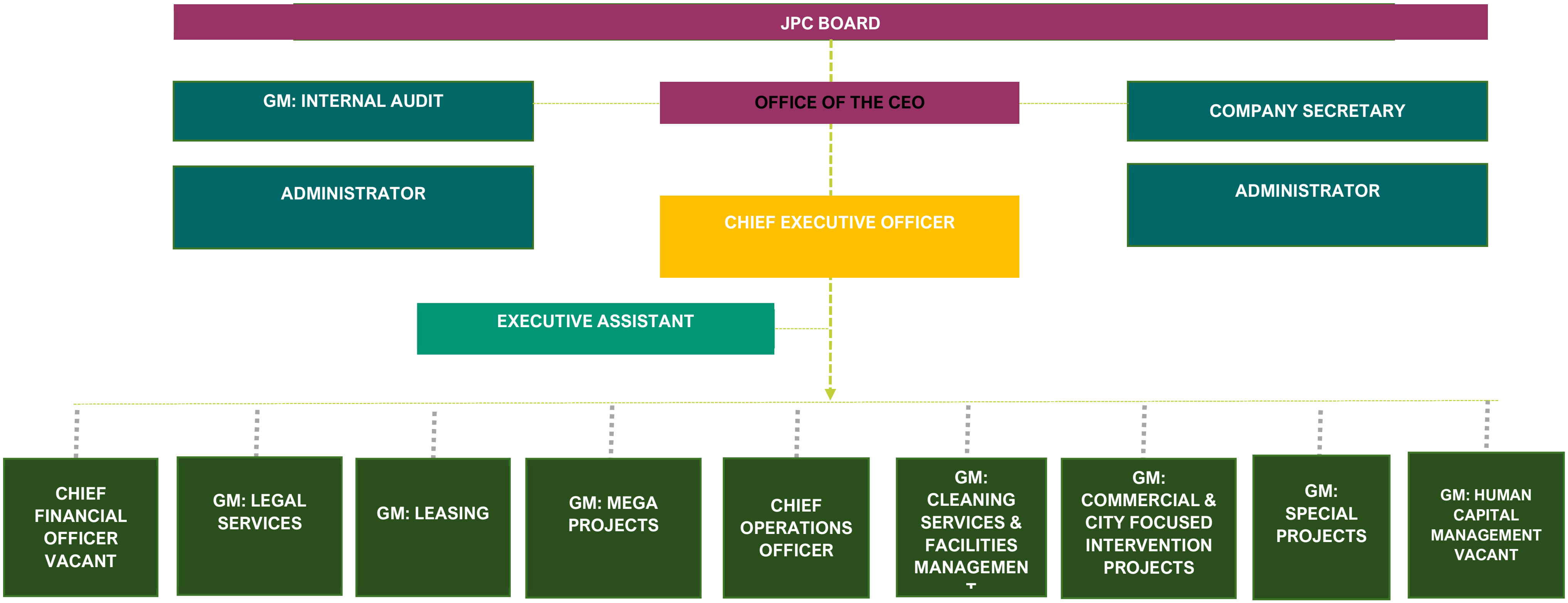
As set out in the Code of Conduct/Ethics, all employees are required to disclose any personal interest that may bring conflict or even perceived conflict between the organisation interest and that of an employee. The declaration of private interest is conducted at the beginning of each financial year. There was 99% submission and only 15 employees declared their interests as of June 2023.

Organisational Development

The organisational structure is reviewed as and when the business need arises to ensure that there is continuous performance improvement and increased productivity with accountability. The organisational redesign commenced with the high-level structure which was reviewed and approved by the Board on 29 July 2022.

The company is in the process of redesigning lower-level structures in consultation with its internal stakeholders, the Local Labour Forum, which represents the departmental reporting lines created through delegation of authority and approved by the CEO. On approval of the proposed design, the organisational structures will be updated accordingly. Departmental staff engagements will be conducted to create business awareness of the changes effected.

DIAGRAM 13: ORGAISATIONAL STRUCTURE



The overall structural information as of June 2023:

- ✓ The total number of unbudgeted vacant positions is **598.**
- ✓ The process of reviewing the organisational structures to mitigate the high vacancy rate is underway to support the revised business strategy.
- ✓ The talent attraction process will commence once the restructuring process is finalised subject to budget availability.

Section 2: Employee Remuneration

Section 2.1 Employee Remuneration and Cost

The total salary bill equates to an amount **of R473 284 925** for the 2022/2023 financial year. Salaries make up 52% of the expenditure budget.

	ACTUAL		VARIANCE	
Employee related costs	**30 June 2023**	**30 June 2022**	**%**	**Rand value**
	R473 284 925	**R465 124 847**	**1.2%**	**-R5 757 579**

TABLE 28: REMUNERATION

The salary bill for the 2022/2023 financial year includes the following transactions that emerged:

- Cost of living increase for 2022/2023 implemented at 5.4%.
- Adjustment of all related employee benefits such as homeowners allowance and medical aid new limits.
- Payment of 13th cheques in November 2022.
- Uploading of new tax tables in March 2023 the beginning of the 2022/2023 tax year.
- Payment of Acting Allowances for critical vacancies

:

TABLE 29: EXECUTIVE MANAGEMENT YTD SALARIES

Name	Basic Salary	Salary Backpay	Travel Allowance	Housing Allowance	Non-Pensionable Allowance	Leave Encashment	Acting Allowance	Performance Bonus/13th	Final Leave Pay	Company Benefits Contributions	Total
Helen Botes	R2 722 125	R36 875	R250 000	R-	R40 408	R-	R-	R -	R-	R32 119	R3 081 527
Brenda Jacobs	R246 345	R-	R-	R2 024	R-	R-	R41 636	R102 644	R270 455	R60 015	R723 119
Sizeka Tshabalala	R1 593 388	R-	R120 000	R-	R-	R48 065	R19 117	R-	R-	R366 687	R2 147 257
Mduduzi Makhunga	R1 613 727	R-	R96 000	R-	R-	R60 082	R-	R-	R-	R370 325	R2 140 133
Sipho Mzobe	R1 584 157	R-	R120 000	R10 893	R-	R48 065	R113 319	R-	R-	R365 967	R2 242 401
Phaqa Mhlongo	R1 770 706	R-	R-	R-	R-	R-	R-	R-	R-	R308 787	R2 079 493
Tshepo Mokataka	R1 695 083	R-	R-	R-	R-	R-	R83 621	R-	R-	R385 396	R2 164 101
Imraan Bhamjee	R2 090 212	R-	R96 000	R-	R-	R-	R-	R-	R-	R431 571	R2 617 783
Dlamini Gontse	R1 133 247	R-	R-	R12 141	R-	R36 263	R-	R94 437	R-	R226 449	R1 502 538
Kgatuke Mathibela	R1 306 583	R-	R82 500	R165 000	R-	R42 606	R-	R-	R-	R154 009	R1 750 698
Sifiso Mabizela	R921 759	R-	R-	R12 141	R 4 000	R36 870	R110 181	R76 813	R-	R218 012	R1 379 776
Total	**R16 677 333**	**R36 875**	**R764 500**	**R202 199**	**R44 408**	**R271 951**	**R367 874**	**R273 895**	**R270 455**	**R2 919 337**	**R21 828 826**

Note: Brenda Jacobs resigned effective 31 August 2022.

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

- ✓ The cost of living increase for 2022/2023 was implemented at 4.9%.
- ✓ Adjustment of all related employee benefits such as homeowners allowance and medical aid new limits.

Adjustment of all related employee benefits such as homeowners allowance and medical aid new limits.

- ✓ Payment of Acting Allowances for critical vacancies that have not been filled due to budget constraints.
- ✓ Payment of annual bonuses/13th cheques in November 2022.
- ✓ Implementation of the payment of R 4000 non-pensionable PFA allowance per qualifying employee.
- ✓ Uploading of new tax tables in March 2023 the beginning of the 2023/2024 tax year.
- ✓ Leave Encashment.
- ✓ Final payments of terminated employees.
- ✓ Reinstatement of employees that had been awarded at the bargaining council.

Section 2.2 Overtime Costs: 2022/2023 (July to June)

The Overtime expenditure for 2022/2023 amounts to **R 13 347 317** and represents 2.8 % of the Salary Bill.

Overtime expenditure comes as a result of services rendered to the public by JPC in respect of public convenience facilities and cleaning services in corporate buildings. The increase in overtime hours worked is caused by JPC's continued maintenance of all public facilities and corporate buildings which is a mandatory country-wide requirement following the Covid-19 pandemic. JPC will continue to manage and maintain the expenses effectively to manage overtime costs.

The overall overtime indicates an increase in overtime worked compared to the previous financial year as a result of the high standards set for clean work environments and public facilities post Covid-19 restrictions. There was a cost reduction in the second quarter of 2% which emanates from employees taking leave during the December holidays. The increase in Q3 and Q4 is due to the increased JPC scope of work on the management of buildings which increased the need for cleaners who are normal 8 hours employees to work in corporate buildings where there are shift workers, to be at work for all shifts to ensure that all buildings are clean and safe as per covid-19 regulations.

The ultimate goal is to work on reducing overtime costs by introducing shift and rational schedules to the cleaning and facilities management departments.

Section 3: Key Vacancies

The process of filling the strategic critical positions that were advertised is currently underway at the shortlisting and assessment stages. JPC has a total number of 598 vacant positions as of June 2023 which are not budgeted for, the inability to fill vacant positions has contributed to a high vacancy rate.

The following positions were advertised,

- ✓ General Manager: Human Capital Management
- ✓ Chief Financial Officer
- ✓ Chief Operations Officer

JPC Vacancy Rate

JPC has a total number of 598 vacant positions as at the end of June 2023 with a vacancy rate of 28%.

TABLE 30: VACANCY RATE

Job Level	2021/2022				2022/2023			
	Total no. of Positions	Total Filed positions	Vacancies (Full-time equivalent)	Vacancies (as a % of total posts)	Total no. of Positions	Total Filed positions	Vacancies (Full-time equivalent)	Vacancies (as a % of total posts)
	No.	No.	No.	%	No.	No.	No.	%
0-3	6	1	5	83%	6	1	5	83%
4-6	111	57	54	49%	111	50	61	55%
7-9	597	284	313	52%	597	261	336	56%
10-11 etc.	1433	1260	173	12%	1433	1237	196	14%
Total Permanent	**2147**	**1602**	**545**	**25%**	**2147**	**1549**	**598**	**28%**
Temps	1	1	**0**	N/A	0	0	**0**	N/A
Total	**2148**	**1603**	**545**	**25%**	**2147**	**1549**	**598**	**28%**

Staff Movements

Terminations: It is reported in this financial year (2022/2023) that 60 terminations were actioned.

TABLE 31: STAFF MOVEMENTS

Occupational Levels	MALE				FEMALE				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	M	F	
Top Management	0	0	0	0	0	0	0	0	0	0	0
Senior Management	1	0	0	0	0	0	0	0	0	0	1
Professionally qualified and mid-management	0	0	1	2	2	1	0	1	0	0	7
Jun. Management, Superintendents, and Skilled Technical	12	0	0	2	3	1	0	0	0	0	18
Semi-skilled and discretionary decision making	6	1	0	0	1	0	0	0	0	0	8
Unskilled and defined decision making	5	0	0	0	21	0	0	0	0	0	26
Total Permanent Staff	24	1	1	4	27	2	0	1	0	0	60
Temporary Employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	24	1	1	4	27	2	0	1	0	0	60

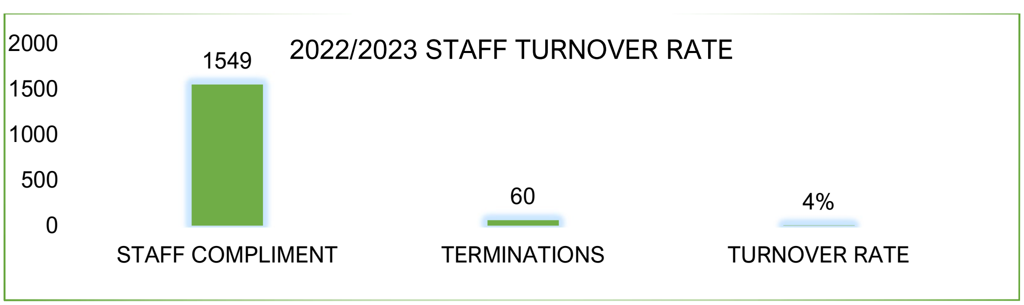
The table above illustrates the terminations that happened in the 2022/2023 financial year the

Termination reasons:

- **Deceased:** Seven (7) employees passed away in this financial year mostly through ill health.
- **Medical Boarding:** Five (5) employees were medically boarded due to ill health
- **Early Retirement:** Fourteen (14) Employees took early retirement stating ill health as their motivating factor.
- **Resigned:** Twelve (12) employees resigned from the organisation with prospects for better career opportunities
- **Retirement**: Twenty-Two (22) employees went on retirement in this financial year.

The impact of the termination rate realised contributes to under-capacitation within key business areas.

Staff Turnover for this period under review



The graph above shows staff turnover of 4%, which is an acceptable level taking into consideration that a healthy turnover rate is between 5% and 10% in line with the best practice benchmark.

The 4% staff turnover rate is at an acceptable level and it has been a trend that the organisation experiences employees who stay longer in the employ of JPC. This is indicative that JPC is the employer of choice, and is fair and consistent when it comes to remuneration and benefits offered to employees.

Section 4: Employment Equity

The total JPC EE demographics in the table below include only permanent employees. The total workforce is **1549** permanent for EE reporting purposes as of 30 June 2023.

TABLE 32: EMPLOYMENT EQUITY ANALYSIS

EE WORKFORCE ANALYSIS											
Occupational Levels	MALE				FEMALE				Foreign Nationals		TOTAL
	A	C	I	W	A	C	I	W	M	F	
Top Management	0	0	0	0	0	1	0	0	0	0	1
Senior Management	5	0	0	0	3	0	0	0	0	0	8
Prof. qualified & experienced specialists and mid-management	19	1	3	3	20	1	3	3	0	0	53
Skilled & qual. workers, jnr mgt., supv, foremen, supt.	78	5	6	5	91	14	2	0	1	0	202
Semi-skilled and discretionary decision-making	49	4	1	0	5	2	0	0	0	0	61
Unskilled and defined decision-making	320	2	0	1	884	17	0	0	0	0	1224
Total Permanent Staff	471	12	10	9	1003	35	5	3	1	0	1549
Temporary Employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	**471**	**12**	**10**	**9**	**1003**	**35**	**5**	**3**	**1**	**0**	**1549**

Racial and Gender Split per population groups as well as the gap analysis against EAP targets as at the end of June 2023.

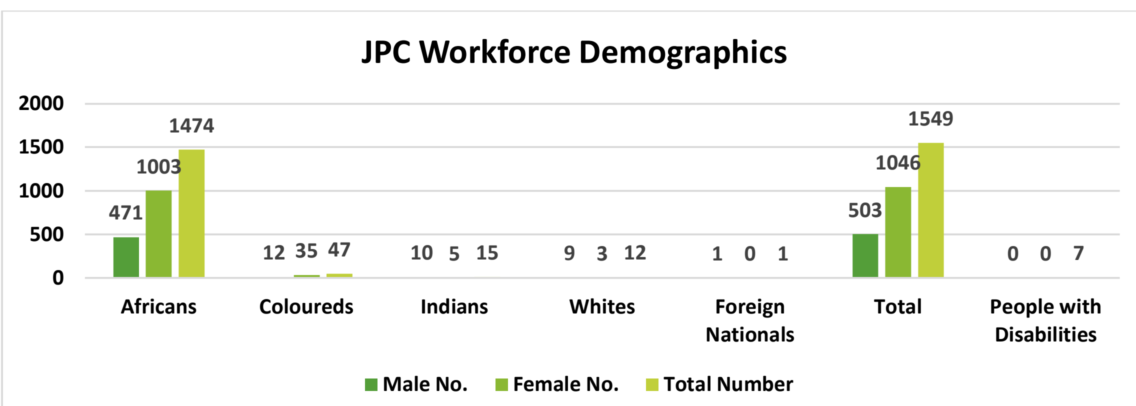
The JPC workforce status based on the current Provincial Economic Active Demographics Population (EADP) is as follows:

TABLE 33: RACIAL AND GENDER SPLIT

EE WORKFORCE ANALYSIS											
Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	M	F	
Top Management	0	0	0	0	0	1	0	0	0	0	1
Senior Management	5	0	0	0	3	0	0	0	0	0	8
Prof. qualified & experienced specialists and mid-management	19	1	3	3	20	1	3	3	0	0	53
Skilled & qual. workers, jnr mgt., supv, foremen, supt.	78	5	6	5	91	14	2	0	1	0	202
Semi-skilled and discretionary decision-making	49	4	1	0	5	2	0	0	0	0	61
Unskilled and defined decision-making	320	2	0	1	884	17	0	0	0	0	1224
Total Permanent Staff	471	12	10	9	1003	35	5	3	1	0	1549
Temporary Employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	**471**	**12**	**10**	**9**	**1003**	**35**	**5**	**3**	**1**	**0**	**1549**

TABLE 34: EADP ANALYSIS

EADP Target				JPC Actuals					
Demographics	**Male %**	**Female %**	**Target Total %**	**Male %**	**Female %**	**Total %**	**Male No.**	**Female No.**	**Total Number**
Africans	45.00%	35.90%	80.90%	30.41%	64.75%	95.16%	471	1003	1474
Coloureds	1.70%	1.60%	3.30%	0.77%	2.26%	3.03%	12	35	47
Indians	2.10%	1.10%	3.20%	0.65%	0.32%	0.97%	10	5	15
Whites	7.00%	5.70%	12.70%	0.58%	0.19%	0.77%	9	3	12
Foreign National							1	0	1
Total	55.80%	44.30%	100.10%	32.47%	67.53%	100.00%	503	1046	1549
People with Disabilities			2.00%			0.45%			7



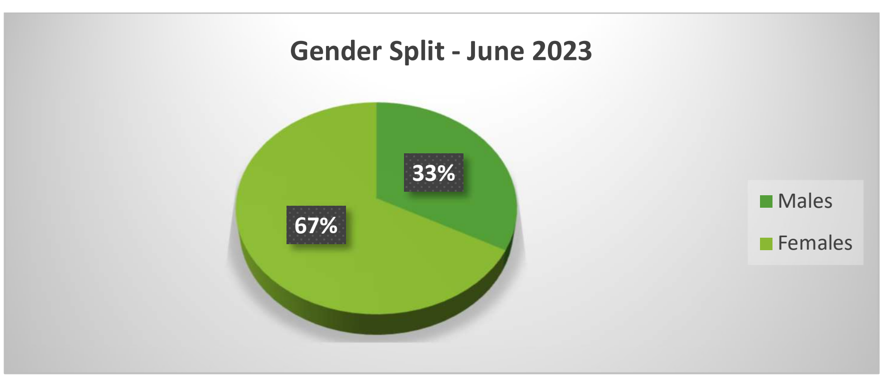
Racial Split per population group in line with Economic Active Demographic Population

TABLE 35: OCCUPATIONAL LEVELS

EE WORKFORCE ANALYSIS AS @ JUNE 2023											
Occupational Levels	MALE				FEMALE				Foreign Nationals		TOTAL
	A	C	I	W	A	C	I	W	M	F	
Top Management	0	0	0	0	0	1	0	0	0	0	1
Senior Management	5	0	0	0	3	0	0	0	0	0	8
Prof. qualified & experienced specialists and mid-management	19	1	3	3	20	1	3	3	0	0	53
Skilled & qual. workers, jnr mgt., supv, foremen, supt.	78	5	6	5	91	14	2	0	1	0	202
Semi-skilled and discretionary decision-making	49	4	1	0	5	2	0	0	0	0	61
Unskilled and defined decision-making	320	2	0	1	884	17	0	0	0	0	1224
Total Permanent Staff	471	12	10	9	1003	35	5	3	1	0	1549
Temporary Employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	**471**	**12**	**10**	**9**	**1003**	**35**	**5**	**3**	**1**	**0**	**1549**

Racial Split – June 2023	Target	Actual	Current Numerical
Africans	81%	94.70%	1474
Coloureds	3.30%	3.00%	47
Indians	3.20%	1.10%	16
Whites	12.70%	1.40%	12
Total			**1549**
People with Disabilities	**2%**	**0.45%**	**7**

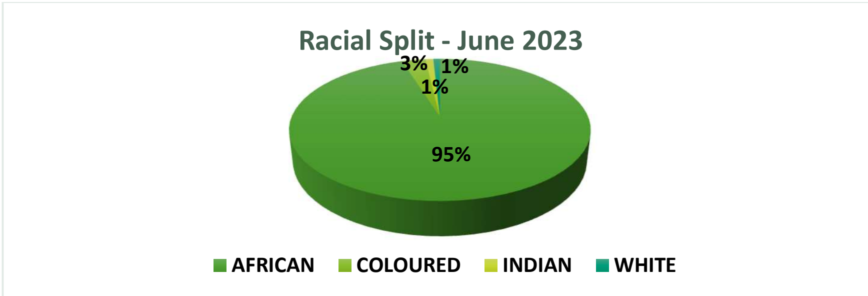
Gender Split Analysis



JPC has 67% female representation and 33% male in the gender split. There were no significant changes in percentages recorded under terminations emanating from resignations and early retirements.

Racial Split Analysis

There were no significant changes in the racial split in the period this year.



Section 5: Employee Capacitation

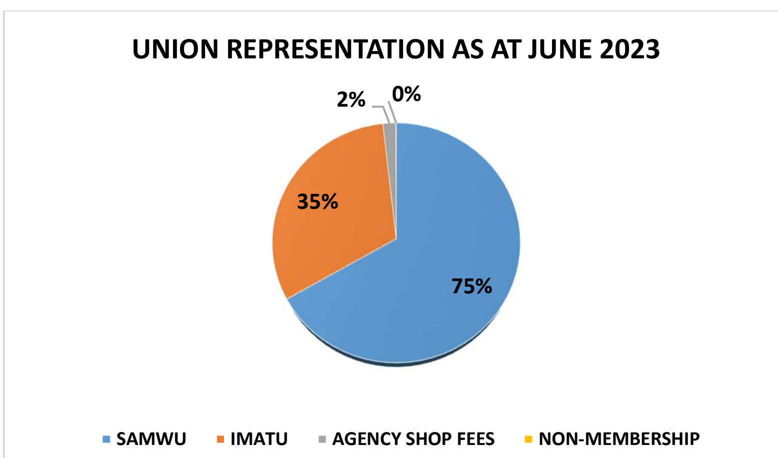
Implementation of the 2022/2023 Workplace Skills Plan

The majority of the training was conducted in-house and some external interventions were successfully implemented to capacitate employees from 01 July 2022 to 30 June 2023 utilizing a face-to-face group approach.

One thousand four hundred and ninety (1490) employees were trained with a training expenditure amounting to R604, 400.00.

Section 6: Union Representation

JPC is unionised and therefore requires a structured, stabilised, and sound labour relationship with organised labour to ensure a harmonious working environment.



The union representation and membership graph above shows that from a staff complement of 1549 permanent employees, 75% belong to SAMWU, 35% belong to IMATU and 2% fall within the Agency shop fees.

Section 7: Disciplinary Matters and Outcomes

7.1. Disciplinary Matters

TABLE 36: DISCIPLINARY MATTERS

Number of internal case	Progress	Current Status
Five (5) Matters	Matters have been finalised.	Zero Cases to date

External Disputes

TABLE 37: DISPUTE MATTERS

<table>
<tr><th colspan="2">Bargaining Council Matters: Matters that were set down at the South African Local Government Bargaining Council. (SALGBC) and the outcomes for the period as at the end of June 2023.</th></tr>
<tr><td>External Dispute Resolution Forum</td><td>Nature of Dispute & Progress and Next Steps</td></tr>
<tr><td>South African
Local Government
Bargaining Council</td><td>Sixteen (16) Matters relating to unfair dismissal were referred for arbitration:
• The Bargaining Council ruled in favour of the nine (9) employees. The City reinstated the impacted employees within the City Group as a result these cases were closed.
• The JPC filed for review applications at the Labour Court which the above reviews were later withdrawn.
• An award (1) has been issued in favour of JPC on the matter lodged for unfair dismissal.
An award (1) has been issued in favour of the employee and JPC has filed for a review at the Labour Court.</td></tr>
</table>

Section 8: Leave and Productivity

Leave Liability: 2022/2023 (July to June)

The leave liability amount based on the annual leave balances as of the end of June 2023 amounts to **R32 362 791.** Leave Provision on a month-to-month basis fluctuates due to leave encashment and final leave paid out to terminated employees.

Absenteeism: 2022/2023 (June - July)

JPC has an absenteeism rate of 10.48% and the department with the highest absenteeism rate is Cleaning Services followed closely by Portfolio Management. Due to the prevalence of flu during the winter months, some employees are more predisposed to seasonal illnesses such as those with chronic medical conditions, hence there is a spike in absenteeism during this period.

The existing sick leave management policy prescripts assist in guiding and supporting employees in reminding employees of the process to report absences from work, and the requirement to bring a medical certificate.

Section 9: Employee Wellness

JPC's main objective in relation to health and wellness is to improve the quality of life for all its employees through the provision of quality, sustainable Health, and Wellness Programmes. Health and

Wellness Programmes play a pivotal role in promoting healthy lifestyles and the provision of preventive healthcare measures.

Healthy employees result in a more productive workforce with less absenteeism, fewer accidents, lower healthcare demands, and greater overall savings by reducing the incidence of diseases and disabilities. JPC's main objective in relation to health and wellness is to improve the quality of life for all its employees through the provision of quality, sustainable Health, and Wellness Programmes. Health and Wellness Programmes play a pivotal role in promoting healthy lifestyles and the provision of preventive healthcare measures.

Based on best practice JPC has to provide an Employee Assistance Program for employees as healthy employees are more present to perform their duties optimally.

The terms of reference for the Health and Wellness service provider have been presented at REMCO and are subject to final approval with the Board. A mandatory supply chain process to source a service provider that will offer Health and Wellness services with an Employee Assistance Program should follow.

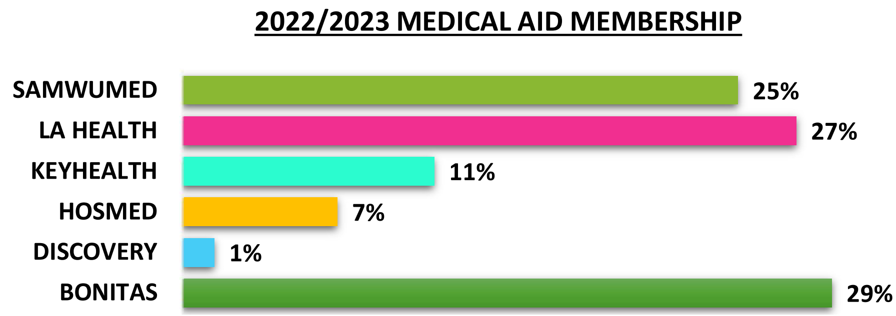
HIV/AIDS

JPC's objective is to give employees access to treatment, reduce stigma, and eliminate discrimination when it comes to focusing on HIV/AIDS. Employees infected or living with HIV/AIDS have access to the HIV/AIDS program offered by COJGroup Occupational Health Clinics where they receive testing, treatment, and counselling. The psychological well-being of employees is also taken care of by offering counselling through the City's EAP Programme and these services.

Section 10: Employee Benefits

Membership to the pension fund is compulsory for all JPC employees except for the Chief Executive Officer, medically boarded employees, and temporary employees. In terms of the salary and wage collective agreement, the pension fund condition ordinarily increases by the salary increase percentage and related linked benefits.

The Accredited Medical Aid Schemes membership distribution as end of June 2023:



The table above specifies the accredited medical aid schemes and membership distribution to each scheme as at the end of June 2023. The provision set out in relation to medical aid, states that for the duration of the salary and wage agreement, and based on the 60/40 principle set out in the Main Collective Agreement, the current maximum medical aid employer contribution rate to accredited medical schemes increased to R5 007.00 for 2022/2023 financial year.

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JOBURG PROPERTY COMPANY

Chapter 5: Financial Performance

Section 1: Statement of Financial Position and high-level notes

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

				Year-on-year Variance	
	REF	30-Jun-23	30-Jun-22	%	R
Assets					
Current assets		1 227 116 330	1 097 431 147	11.82%	129 685 183
Cash and cash equivalents		2 000	2 000	0%	-
Receivables from exchange transactions	1	965 322 804	768 927 921	25.54%	196 394 883
Loans to shareholders	2	260 896 171	328 410 301	-20.56%	-67 514 130
Receivables from non-exchange transactions		-	90 925	-100%	-90 925
Prepayments		895 355	-	100%	895 355
Non-current assets		**87 800 246**	**101 480 394**	**-13.48%**	**-13 680 148**
Deposits		600 587	600 587	0%	-
Property, plant and equipment		42 572 583	44 579 240	-4.5%	-2 006 657
Intangible assets		13 267 309	13 634 859	-2.7%	-367 550
Current tax receivable	3	3 664 084	4 145 687	-11.62%	-481 603
Deferred Tax Asset	4	27 695 683	38 520 021	-29.29%	-10 824 338
Total Assets		**1 314 916 576**	**1 198 911 541**		**-13 680 148**
Liabilities					
Current Liabilities		**1 314 064 206**	**1 208 286 183**	**8.75%**	**105 778 023**
Payables from exchange transactions	5	245 919 459	156 014 530	57.63%	89 904 929
Loans from shareholders	6	1 060 066 819	1 024 501 919	8.75%	35 564 900
Provisions	7	5 958 718	27 569 601	-78.39%	-21 610 884
Operating lease liability	8	2 119 210	200 133	958.90%	1 919 077
Non-Current Liabilities		**671 000**	**774 000**	**-6.02%**	**-43 000**
Employee benefit obligation		671 000	774 000	-6.02%	-43 000
Total liabilities		**1 314 735 206**	**1 209 000 183**		**105 735 023**
Net Assets		**181 370**	**-10 088 642**		**18 334 803**
Share Capital		5 142 721	5 142 721	0%	-
Accumulated Surplus/(Deficit)		4 961 351	-15 231 363	-132.57%	20 192 714
Total Net Assets / Liabilities		**181 370**	**-10 088 642**		**-10 270 012**

Notes to the Statement of Financial Position

1. Included in trade receivables is a provision for bad debts related to facilitation fees to the value of R29 502 824. The total outstanding debt from related parties is R1 137 310 721 of which +/-R420 million relates to cleaning services that have not been recovered due to challenges with the service level agreements with the COJ departments.

2. Represents the COJ: Portfolio loan account with JPC and the sweeping account of R260 million. The cash position of JPC has declined due to dwindling receipts from the COJ and JPC still having to service its operational obligations within 30 days.

3. During the financial year JPC settled all its current tax obligations to SARS for the 2021 and 2022 financial years. The tax receivable relates to provisional taxes paid to SARS for the 2023 financial year.

4. The 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 financial year.

5. Consists of current liabilities that will become due and payable in the next 12 months. These liabilities include VAT, accruals, related party accruals, etc. Comparatively, JPC has had an increase in trade payables due to year-end accruals for operational expenses.

6. 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.

7. Relates to the provision for EXCO bonuses for the 2020/21, 2021/22, and 2022/23 financial years. The significant year-on-year reduction in the provision relates to R23 975 459 for the white-boxing of Proton House was utilised in the current financial year as a settlement was reached in August 2022.

8. GRAP 13 adjustment for the straight-lining of operating leases over the lease duration of office accommodation buildings. Currently, only Forum 1 at Braampark Office Park meets the criteria for straight-lining.

Section 2: Statement of Financial Performance and high-level notes

	REF	30-Jun-23	30-Jun-22	Year-on-year Variance %	Year-on-year Variance R
Revenue					
Revenue from exchange transactions		**290 853 180**	**235 338 037**	**24%**	**55 515 143**
Cellmast services		19 751 484	18 361 901	8%	1 389 583
Commissions and ad hoc fees	1	19 294 573	43 644 618	-56%	-24 350 045
Management fees	2	19 530 770	16 307 290	20%	3 223 480
Other Revenue		1 760 508	2 348 500	-25%	-587 992
Cleaning service recoveries	3	217 592 703	146 147 821	49%	71 444 882
Facilitation fees		-	500 000	-100%	-500 000
Interest received	7	12 923 142	8 027 907	61%	-4 895 235
Revenue from non-exchange transactions		**502 003 954**	**528 102 994**	**-5%**	**-26 099 040**
Medical boarding refunds	4	884 428	923 240	-4%	-38 812
SETA refunds	5	340 344	901 754	-62%%	-561 410
COJ - Subsidies received	6	500 680 000	526 278 000	-5%	-25 598 000
Interest received		99 182	-	100%	99182
Total Revenue		**792 857 134**	**763 441 031**	**4%**	**29 416 103**
Expenditure					
Employee related costs	8	473 284 925	465 124 847	2%	8 160 078
Depreciation and amortisation	9	10 008 213	12 682 717	-21.09%	-2 674 504
General and operating expenses	10	150 266 131	186 237 107	-20%	-35 970 976
Interest and finance costs	11	78 474	243 134	-68%	-164 660
Debt impairment	12	-2 785 556	4 096 058	-168%	-6 881 614
Lease rentals on operating leases	13	140 910 593	144 037 859	-2%	-3 127 266
Loss on disposal of fixed assets		3	238 862	-100%	-238 859
Total expenditure		**771 762 783**	**812 660 584**	**-5.03%**	**-40 897 801**
(Deficit)/surplus before taxation		**21 094 351**	**-49 219 553**	**-142.86%**	**70 313 904**
Taxation	14	**10 824 339**	**-10 064 948**	**-207.54%**	**20 889 287**
(Deficit)/surplus for the year		**10 270 012**	**-39 154 605**	**-126.23%**	**49 424 617**

Notes to the Statement of Financial Performance

1. The COJ Rental Collection Commission, Servitudes, and Rates & Taxes are 31.4% below the budget, this is in line with rental collections in Portfolio. There is currently an undertaking to renew leases, this will increase the amount of revenue Portfolio can collect and the commission receivable by JPC.

2. JPC earns a 10% management fee for facilitating and managing R&M and CAPEX projects for the COJ's departments and other MOEs. Income has exceeded the budget for the year-to-date as the completion of the Nelson Mandela Market and emergencies for the departments of Health and Transport occurred in Q4.

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

4. JPC has three employees that have been placed under medical boarding through the COJ's processes and protocols. The employees are remunerated through payroll with a proportional amount being received from Old Mutual.

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

6. The subsidy was provided to JPC for the 2022/23 financial year. The subsidy was revised during the midterm budget review.

7. Interest received from the sweeping account increased year-on-year as the account has accumulated to a R250 million surplus by 30 June 2023. The increase in interest rates throughout the financial year have also been beneficial to the growth of the account balance.

8. Due to JPC being a service based business that is human capital intensive employee related costs represent 62% of JPC's expenditure. The expenditure has slightly increased 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.

9. Depreciation has declined year-on-year. There were financial leases worth the value of R30m that we were supposed to enter into in the period under review which did not materialise. This resulted in depreciation being 67% below the budgeted target.

10. General and operating expenditure is 26% below the YTD budget. Cost management measures have been implemented throughout the year to manage expenditures. Operational expenditure includes large expenditure items such as rental, utilities, and security.

11. JPC incurred interest due to the arbitration of a legal matter. The arbitration award specified the amount of the interest that JPC was liable for as a result of the matter escalating to an arbitration proceeding.

12. 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.

13. Lease rentals increased year-on-year as annual escalations on existing office accommodation leases came into effect. The expense is expected to increase as leases are renewed at current market rates in the 2023 financial year.

14. JPC has a deferred tax expense for the 2023 financial year as deferred tax assets were utilised due to the profitability for the current financial year. The most notable deferred tax assets utilised are the assessed losses brought forward from the 2022 financial year and the provision for the white-boxing of Proton House.

Section 3: Cash Flow Statement

City of Joburg Property Company Statement of Cashflows as at 30 June 2023

	30-Jun-23	30-Jun-22
Cash flows from operating activities		
Rendering of services	82 850 852	65 992 870
Subsidies	500 680 000	526 278 000
Interest Income	12 923 142	8 016 879
	596 453 994	**600 287 749**
Payments		
Employee costs	-473 327 925	-463 156 280
Suppliers	-219 151 874	-369 374 420
Finance costs	-	-
Taxation paid	580 785	-12 962 131
	-691 899 014	**-845 492 831**
Net cash flows from operating activities	**-95 445 020**	**-245 205 082**
Cash flows from investing activities		
Purchase of PPE	-7 634 010	-15 157 459
Purchase of Deposits	-	-287 035
Purchase of intangible assets	-	-400 000
Net cash flows from investing activities	**-7 634 010**	**-15 844 494**
Cash flows from financing activities		
Net movement of shareholders loan	103 079 030	261 596 696
Finance lease payments	-	-547 120
Net cash flows from financing activities	**103 079 030**	**261 049 576**
Net increase/(decrease) in cash and cash equivalents	**-**	**-**
Cash and cash equivalents at 01 July 2021	**2 000**	**2 000**
Cash and cash equivalents at 30 June 2022	**2 000**	**2 000**

Overview

The statement of cash flows indicates how the entity has generated its cashflows and what it has done with its cash. Review JPC's statement of cash flows at 30 June 2023 indicate:

- A constrained inflow of monies from trade receivables and the subsidy.
- As JPC abides by the provisions of the MFMA to settle its suppliers within 30 days, the cash outflows to suppliers are greater than the inflows from the rendering of services.
- Utilisation of CAPEX budgets to capacitate the IT infrastructure of JPC and the cleaning services of JPC.
- A growing financial obligation for loans from shareholders as the funding of the entity is through its financing activities with the shareholder and not its operations. This is indicated by an R296 million inflow from financing activities and R261 million outflow from its operating activities.

5 FINANCIAL PERFORMANCE

Section 4: Capital Projects & Expenditure

Project Name	2022/23 Budget	YTD Actuals	YTD Variance	% Spent
Acquisition of Cleaning Equipment	7 500 000	7 237 344	262 656	96%
Computer Equipment - New Computer Upgrades	450 000	396 665	53 335	88%
Erf 43-46 Victoria Ext 3(Paterson Park Node) VICTORIA EXT.3 E Regional	2 158 000	-	2 158 000	0%
Metromall Taxi Rank Shop Revitalisation and Waste Management Area Redesign	9 000 000	8 140 547	859 453	90%
Marlboro Station Project Land Preparation	350 000	321 372	28 628	92%
Walter Sisulu Square Upgrade	5 000 000	4 634 494	365 506	93%
Acquisition of various properties in SOWETO	1 000 000	532 553	467 447	53%
Office Space Optimisation Program New Precinct Redevelopment JOHANNESBURG F City Wide	8 550 000	8 462 729	87 271	99%
Revamping of the Informal Trading Stalls within the Inner City Renewal Operational Capex JOHANNESBURG F Ward	4 000 000	3 999 118	882	100%
Site Development Projects New Land Preparation JOHANNESBURG F City Wide	650 000	-	650 000	0%
	38 658 000	**33 724 822**	**4 933 178**	**87%**

TABLE 37: CAPEX SPEND

Section 5: Ratio Analysis

Table 38: Ratio analysis of the statement of financial performance

Ratio	2023	2022
Liquidity Ratio (1:1)	0.93	0.91
Solvency Ratio (1:1)	1	0.99
Trade receivables turnover		
- Related parties (30 Days)	777	365
Provision for bad debts	29 502 825	32 379 306
Trade receivables to Total Assets (%)	73%	64%
Cash coverage ratio (1:1)	0.33	1.85
Cash Position	250 504 196	320 716 726

Liquidity Ratio

JPC is currently owed R1.14 billion from trade and intercompany debtors with cash collections in excess of R420 million being achieved for the YTD for trade receivables. JPC has a current ratio of 0.93:1 as compared to the norm of 1:1, the ratio has marginally improved from the 2022 financial year-end.

The sweeping account currently reflects a positive R261 million with related party loans exceeding R1.25 billion for salary costs 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 the last quarter of the 2023 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 it will also give the entity the cash flow to settle the outstanding loan accounts.

Solvency Ratio

JPC has a solvency ratio of 1:1 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 liability position of R41 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 the Portfolio

5 FINANCIAL PERFORMANCE

Cost

Coverage Ratio

Due to the positive cash position of JPC, the cost coverage ratio is positive 0.33:1. Management has reviewed the cash flows of JPC and will seek to maintain the ratio between 1.5:1 to 2:1 into the 2024 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 3rd 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 777 days. The intercompany debtors' collection ratio is due to non-payment by COJ departments and other MOEs 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 81% of total external debtors. The facilitation fees are due and payable based on the stage of completion, however, 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. 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.

Statement of Financial Performance

TABLE 39: RATIO ANALYSIS OF THE STATEMENT OF FINANCIAL PERFORMANCE

	2023	2022
EBITDA/(LBITDA)	31 181 038	-36 293 702
Net Surplus/(Deficit)	10 270 012	-39 154 605
Net Operating Margin (%)	1.3%	-2.43%
Operating subsidy to Total revenue (%)	63%	68.92%
Exchange transactions to Total revenue (%)	36.68	30.84%
Employee costs to Total expenditure (%)	61.35%	61%
R&M to Total expenditure (%)	0.49%	0.49%
Rental to Total expenditure (%)	23.33%	2.12%

Surplus/ (Deficit)

The net surplus as at 30 June 2023 is R10.3 million and was at a deficit of R39 million when compared to restated figures for the period ended 30 June 2022. Major contributors to the surplus are as follows:

- JPC prepares a breakeven budget; estimated income is matched with estimated expenditures. 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

Review of the expenditure of JPC indicate that the main drivers are employee costs, repairs and maintenance, security and leased office accommodation. Due to the under-spend on R&M for the financial year, the expense base upon which the ratios are determined are lower than the previous financial year. Even though actual employee costs are lower year-on-year the percentage representation of expenditure has increased resulting in a ratio of 61%. Despite the anticipated 4.9% cost of living adjustment to be applied on employee costs in the 2023 financial year the ratio is expected to return to a representation of mid-50% of total expenditure as repairs and maintenance budgets are utilised.

Rental expenditure is expected to increase even further in 2023 as office accommodation lease contracts have come to the end of their lease terms and 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 2023 as the leases will be renewed at current market rates for office accommodation.

Section 6: Supply Chain Management and BBBEE

An SCM policy regulates JPC's Supply Chain Management (SCM) for goods and services that governs all SCM Practices. The approval of the policy by the board is subject to periodic review, every two years or more frequently if required to ensure that it remains relevant to changes and circumstances. The Policy implements the SCM practices as envisaged by the Act and its Regulations.

The SCM Policy ascribes to a procurement system which:

- Is fair, equitable, transparent, competitive and cost-effective in terms of section 217 of the Constitution of South Africa NO. 108 of 1996;
- Enhances uniformity in Supply Chain Management systems between organs of state in all spheres;
- Embraces the principles of efficient environmental management; and
- Is consistent with the Municipal Finance Management Act, Municipal Supply Chain Management Regulations, Broad-Based Black Economic Empowerment Act, Preferential Procurement Policy Framework Act and other Codes promulgated thereunder in the Government Gazette.

Table 40: BBBEE

	Q1	Q2	Q3	Q4
BBBEE as % of OPEX	99%	99%	99%	100%
BBBEE as % of CAPEX	100%	100%	100%	100%

Deviations

JPC does not have any new deviations identified during the period under review. The current deviations were identified and approved in the previous periods and now running their term.

Payment within 30 days

JPC and Portfolio currently pay service providers and creditors within 30 days, as defined by the MFMA. This compliance with 30 days is one of the reasons the two accounts are on negative cash flow, as the City departments do not settle the intercompany debts within 30 days.

Section 7: Irregular and Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure refers to expenditure that was made in vain and would have been avoided had reasonable care been exercised.

Table 41: Year-on-year fruitless and wasteful expenditure movement

Fruitless and wasteful expenditure	2023	2022
Opening balance	70 675 888	R47 938 553
Current year additions	R78 474	R22 737 335
Less: Amount written off- current	-	-
Closing balance	**R70 865 362**	**R70 675 888**

For the financial year ended fruitless and wasteful expenditure increased by R78 747. The incidents that gave rise the fruitless and wasteful expenditure are as follows:

Table 42: fruitless and wasteful expenditure movement

Item	Category	Description	Disciplinary Status	Amount
1	Court Judgements	JPC incurred interest related to court judgements that were issued against the entity and enforced by the Sheriff of the Court for deemed wrongful termination of employees.	Under investigation by internal audit	47 934
2	Supplier disputes	JPC incurred R30 540 interest on supplier accounts which were disputed.	Under investigation by internal audit	30 540

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-compliance until the payment is made; at which point the irregular expenditure shall be recorded.

Table 43: Year-on-year irregular expenditure movement

Irregular expenditure	2023	2022
Opening balance	103 196 390	63 137 568
Current year additions	153 320 508	35 463 426
Prior period additions	-	4 595 396
Amount written off	-40 150 337	-
Closing balance	**216 366 561**	**103 196 390**

For the financial year irregular expenditure increased by R153 320 508. The incidents that gave rise to the irregular expenditure are as follows:

Table 44: Irregular Expenditure

Item	Category	Description	Disciplinary Status	Amount
1	Fleet Services	Fleet services are an essential requirement for the operations of JPC and could not be discontinued under the existing contract that was entered into by the COJ.	Under review by COJ	10 078 663
2	Circular 62 of MFMA non-compliance	The expansion/variation of the contracts were more than the allowed 15% per Circular 62 on office accommodation leases.	Ratification to be provided by EAC	139 481 013
3	Competitive bids not invited above R200 000 threshold	JPC participated in a contract through regulation 32 for the utilisation of IT services. However, the participation in the contract was granted after the panel had expired thus rendering it irregular.	Under investigation by internal audit	3 760 832

Section 8: Pending Litigations & Possible Liabilities

JPC currently has two matters of litigation against the entity from external parties. The total estimated value of the litigation against the entity is R491 736,83. The matters are currently in varying stages of litigation with the likelihood that they may be concluded and settled in the coming 2024 financial year.

Section 9: Insurance Claims Against/to JPC

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

Table 45: Insurance

Barcode	Description	Date Reported	Case Number	Status	Purchase Price
JPC10434	HP Laptop - Spectre Pro x360	11/11/2022	259/11/2022	Pending insurance investigation	31 415.13
JPC10439	HP Laptop - Spectre Pro x360	10/02/2023	31/02/2023	Pending insurance investigation	31 415.13
					62 830.26

Section 10: Statement of Amount Owed to Government Departments and Public Entities

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

Chapter 6: Internal & External Audit

Section 1: Internal Audit

The internal audit function while operating independently reports administratively to the accounting authority i.e. CEO and functionally to the Audit and Risk Committee and management. It performs financial and non-financial audits as outlined in the Board approved three-year rolling internal audit plan and the audits are also risk-based. The three-year audit plan is reviewed and approved annually by the Audit and Risk Committee(ARC) after taking into account both the strategic and operational risks of the entity.

The purpose, authority, terms of reference, objectives, powers, duties, and responsibilities of the internal audit is defined in an internal audit framework. The audit is conducted in accordance with standards of conduct and codes of ethics prescribed by the Institute of Internal Auditors. Internal audits were conducted throughout the 2022/23 financial year and the external audit undertaken by AGSA is a single annual audit conducted during September- November period.

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 the risk and compliance and was approved by the board following deliberations between Audit and Risk Committee members and management. In the period under the review, eleven audits were completed across functions or audit areas not limited to these listed below:

- **Follow up review-** this audit assessed the progress made with regard to resolution of the 38 internal audit findings identified in the previous internal audit reports i.e. 2021/22. A 100% resolution rate has been achieved as all 38 findings are addressed.
- **Audit of Pre-determined objectives (AOPO) -** 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 recommendations of Internal Auditors (IA).
- **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 as satisfactory with preventative controls in place.
- **HR audit-** the review focused on HR policies, procedures, practices, and processes applied and the audit determination is that the control environment requires improvement.

- **Information Technology audit –** The review assesses the effectiveness of the general controls within the computer system environment, such as: to review and appraise those controls within the computer system environment that support reliable and continuous processing of data by computerised accounting systems; and to report to management any areas of perceived control weaknesses where such could be improved. Management will implement the recommendations of Internal Auditors (IA).
- **Records Management –** to provide reasonable assurance whether the key management controls in place are adequate, effective, and efficient to mitigate or minimise high-risk areas within the process and manage these risks to an acceptable level.
- **Service Level Standard** 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 and audit determination if the control environment requires improvement.
- **OHASA:** Ensuring compliance with legislation, policies, and procedures and audit determination is that the control environment requires improvement.
- **Compliance:** Ensuring compliance with legislation, policies, and procedures internal control system was determined as satisfactory with preventative controls in place.
- **Contract Management:** To ensure that Contracts/ project is effectively managed to ensure that goods/services are delivered/ rendered by the contract. The internal control system was determined as satisfactory with preventative controls in place.
- **Information Technology:** To review and appraise the key controls within the Information Technology General Control ("ITGCs") environment that support reliable and continuous processing of data by computerised accounting systems. The internal control system was determined as 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 2022/23 financial year:

TABLE 46 : IA REVIEW AND CE

Internal Audit (IA) ref no	Audit description	Status	Control Environment Rating
1.	Audit of Pre-determined Objectives Quarters	Completed	
2.	Contract Management	Completed	
3.	Service Level Standards	Completed	
4.	Annual Financial statement review	Completed	
5.	Supply Chain Management	Completed	

Internal Audit (IA) ref no	Audit description	Status	Control Environment Rating
6.	Related parties Transactions	Completed	
7.	Human Resources	Completed	
8.	Revenue Management	Completed	
9.	Compliance	Completed	
10.	Information Technology	Completed	
11.	Record management	Completed	

CONTROL ENVIRONMENT (CE) RATING	Preventative or detective controls are in place	
	Control environment requires improvement	
	Internal controls are not in place and intervention is required to design and implement appropriate controls	
	Not yet due	

TABLE 47 : CE RATING LEGEND

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 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 quarterly basis.

The rate of resolution of the internal audit findings improved in the second half of the year as compared to the first half of the year. Overall, the percentage resolution of audit findings for both the AGSA and Internal Audit findings is at the desired target of 100% for the financial year 2021/22.

Section 3: Progress on the resolution of the Auditor General's findings

The Auditor General of South Africa (AGSA) finalised the 2022/23 audit and issued their audit and management report letter on 24th November 2023. The entity received an unqualified audit opinion with material findings on non-compliance with legislation and annual financial statement which is similar to the prior year i.e. 2022/23.

6 INTERNAL & EXTERNAL FINDINGS

The AGSA findings indicated that the financial statements presented were fair in all material respects, including the financial position of the City of Joburg Property Company (SOC) Ltd as at 30 June 2023 and its financial performance and cash flows for the specified year that ended.

The dashboard for unresolved external audit findings (2022/23) is as follows:

There were six (6) material findings reported that affect the audit report.

TABLE 48 : UNRESOLVED AUDITOR GENERAL's FINDINGS

CATEGORY	TOTAL AS AT 30 NOV 2023	RESOLVED AS AT NOV 2023		UNRESOLVED	
		#	%	#	%
Matters that will be reported in the auditor's report and should be addressed urgently	6	3	50%	3	50%
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	4	3	75%	1	25%
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	2	1	50%	1	50%
Total	12	7	**58%**	5	**42%**

TABLE 49 : PREVIOUS YEARS FINDINGS

FINANCIAL YEAR	TOTAL FINDINGS	REPEAT FINDINGS	RESOLVED	IN PROGRESS	UNRESOLVED
2017/18	10	0	10	0	1
2018/19	10	0	10	0	1
2019/20	**40**	**0**	**40**	**0**	**3**
2020/21	**17**	**0**	**16**	**0**	**1**
2021/22	**16**	**0**	**7**	**0**	**9**
30 Nov 2023	**12**	**2**	**7**	**0**	**5**
Percentage			**58%**		**42%**

EXTERNAL FINDINGS

TABLE 50 : PREVIOUS YEARS FINDINGS

#	FINDING HEADING	REPEAT FINDING	MANAGEMENT ACTION PLAN
1	The trade and other payables differences identified on the financial instrument note 34	No	None, subsequently adjustment was made to the AFS
2	Disclosure of Repairs and Maintenance Expense	No	None, subsequently adjustment was made to the AFS
3	Differences on the related party notes	No	None, subsequently adjustment was made to the AFS
4	Irregular expenditure written off without a proper assessment on the recoverability	No	The matter will be investigated
5	Differences between the listing and the amount disclosed in the AFS: Irregular expenditure	No	None, subsequently adjustment was made to the AFS.
6	Disclosure error relating to operating lease commitments	No	Non, subsequently adjustment was made to the AFS
7	The fruitless and wasteful expenditure incurred by the municipal entity was not investigated to determine if any person is liable for the expenditure, as required by municipal budget and reporting regulations 75(1)	No	The matter will be investigated.
8	Management did not comply with section 95(d) of the MFMA as the irregular expenditure was not prevented	Yes	The matter will be investigated.
9	The annual performance objectives and indicators were not established by agreement with the parent municipality, as required by section 93B(a) of the Municipal Systems Act	Yes	The matter will be investigated.
10	Repair and maintenance of fleets is above the MFMA Circular No. 71 norm	No	None, subsequently adjustment was made to the AFS
11	CAATs finding on declaration of interest: Suppliers in service of other state institutions submitted false declarations	No	The matter will be investigated.
12	Prior year achievements incorrectly included in current year listing	No	None, subsequently adjustment was made to the AFS

TABLE 51: COMPARATIVE AUDIT FINDINGS

Audit Opinion	2019/20	2020/21	2021/22	2022/23
	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings

Section 4: State of the 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 above-mentioned 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 to achieve its goals in the short, medium, and long term. The risk-based approach ensures that the internal audit function focuses on the financial sustainability of the organisation as well as areas that are material for the stakeholder

Effectiveness of controls

58% of the control deficiencies have been satisfactorily resolved, and 5 (42%) are in the process of being resolved in respect of Internal Audit.

100% of the AGSA finding for 2021/22 have been satisfactory resolved.

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.

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JOBURG PROPERTY COMPANY

Appendices

Joburg

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JOBURG
PROPERTY COMPANY

Annual Financial Statements

City of Joburg Property Company (SOC)
Limited (Registration number 2000/017147/07)
Annual Financial Statements
for the year ended 30 June 2023

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.
Directors	Ms HM Botes Mr SG Mzobe Mr E Sithole Ms L Mthembu Mr S Mtolo Ms E Rakodi Mr F Ratshikhopha Ms B Teffo Adv T Thatelo Ms N Tini Mr M Zondo
Business address	33 Hoofd Street Forum I 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 Sipho Mzobe CA(SA) Acting Chief Financial Officer

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

Abbreviations used:

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

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 and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the directors to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (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 June 30, 2024 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

Although the board are primarily responsible for the financial affairs of the entity, they are supported by the entity's management and internal auditors.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on page 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 November 30, 2023 and were signed on its behalf by:

Ms HM Botes	***Mr E Sithole***
Chief Executive Officer	**Chairperson**

Audit and Risk Committee Report

We present our report for the financial year ended June 30, 2023.

Audit and risk committee members and attendance

The audit and risk committee consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference. The committee has met on 6 occasions during the financial year.

Name of member	Number of meetings attended
Mr S Mda	6
Mr T Ramawa	6
Mr F Ratshikhopha	2
Mr K Asare-Bediako	5
Mr X Lingani (Independent)	2
Ms R Makwela (Independent)	2
Mr S Mtolo	5
Mr T Chilaone (Independent)	1
Miss Y Pamla (Independent)	2
Miss T Ndadza (Independent)	6
Mr L Langalibalele (Independent)	6

Audit and risk committee responsibility

The audit and risk committee reports that it has complied with its responsibilities arising from section 166(2)(a) of the MFMA.

The audit and risk committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

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 provides the audit committee and management with 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 the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the financial statements, and the management report of the Auditor-General South Africa, 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 there from.

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 Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices ;
- reviewed the entities 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 are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

Risk management

The audit and risk committee 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
- 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 considers and implements appropriate risk responses

Finance function

The audit and risk committee has considered the expertise and experience of the Chief Financial Officer and has reviewed the appointment and suitability of the Chief Financial Officer. The committee has reviewed and considered the experience and resources available to the company's finance function and is satisfied with the resources.

Auditor-General of South Africa

The audit and risk committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

Sabelo Goodman Mtolo

Chairperson of the Audit Committee

Date: 30 November 2023

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 2023.

1. Incorporation

The entity was incorporated on July 27, 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 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 City of Johannesburg Metropolitan Municipality. Surety has been provided through the Office of the City Manager that the entity is funded and backed by the City of Johannesburg Metropolitan Municipality. The surety will remain in effect for so long as it takes the entity to restore its solvency.

4. Review of activities

Main business and operations

Net surplus of the entity was R 10,270,012 (2022: deficit R 39,154,605), after taxation of R 10,824,339 (2022 deficit R 10,064,948).

5. Subsequent events

Investigations for certain Irregular, fruitless and wasteful expenditure identified during the year ended 30 June 2023; were concluded subsequent to year-end. Please refer to note 36 (Fruitless and wasteful expenditure) and note 37 (Irregular expenditure).

6. Directors' interest in contracts

Directors' personal financial interest in any contracts have been disclosed and no Directors, both executive and non-executive, have any interest in contracts with the company.

7. Share capital / contributed capital

There were no changes in the authorised or issued share capital of the entity 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

There were no changes in the nature of non-current assets of the company 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 SG Mzobe	South African	
Mr E Sithole	South African	Appointed Wednesday, March 1, 2023
Adv B Madumise	South African	Resigned Wednesday, March 1, 2023
Mr R Gallocher	South African	Resigned Wednesday, March 1, 2023
Mr N Mabundza	South African	Appointed Wednesday, March 1, 2023
Mr X Lingani	South African	Resigned Wednesday, March 1, 2023
Adv D Mpofu	South African	Appointed Wednesday, March 1, 2023
Mr S Mda	South African	Resigned Wednesday, March 1, 2023
Mr B Mgoza	South African	Resigned Wednesday, March 1, 2023
Ms L Mthembu	South African	Appointed Wednesday, March 1, 2023
Mr S Mtolo	South African	Appointed Wednesday, March 1, 2023
Ms E Rakodi	South African	Appointed Wednesday, March 1, 2023
Mr F Ratshikhopha	South African	Appointed Wednesday, March 1, 2023
Ms B Mthimkhulu	South African	Resigned Wednesday, March 1, 2023
Ms B Teffo	South African	Appointed Wednesday, March 1, 2023
Ms K Ng'ambi	South African	Resigned Wednesday, March 1, 2023
Adv T Thatelo	South African	Appointed Wednesday, March 1, 2023
Mr T Ramawa	South African	Resigned Wednesday, March 1, 2023
Mr B Sneech	South African	Resigned Wednesday, March 1, 2023
Ms N Tini	South African	Appointed Wednesday, March 1, 2023
Mr M Zondo	South African	Appointed Wednesday, March 1, 2023

11. Secretary

The secretary of the entity is Ms G Dlamini.

Business address	33 Hoofd Street Forum I 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 practice.

The City of Joburg Property Company SOC Ltd 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 discuss the responsibilities of management in this respect, at Board meetings and monitor the company's compliance with the code on a continuous basis.

Board of Director's Report

- **Corporate governance (continued)**

Board of directors

The Board:

- retains full control over the entity, its plans and strategy;
- acknowledges its responsibilities as to 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, and the board will determine the remuneration within the above mentioned limits

Board of Director's Report

- **Corporate governance (continued)**

Board meetings

The board has met on - 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:

Name	Board Meeting	Audit and Risk Committee	Social, ethics remuneration and transformation committee	Transactions and service delivery committee	Other	Total
Mr S Mda	10	6	-	-	4	20
Mr F Ratshikhopha	5	3	-	4	3	15
Adv B Madumise	11	1	2	-	3	17
Mr B Sneech	10	1	-	3	1	15
Mr T Ramawa	9	6	2	-	1	18
Ms B Mthimkhulu	9	-	1	3	1	14
Mr B Mgoza	10	-	2	3	1	16
Mr R Gallocher	10	1	2	3	1	17
Ms K Ng'ambi	10	1	2	-	1	14
Ms E Rakodi	5	-	2	-	-	7
Mr E Sithole	5	-	2	-	5	12
Ms T Thatelo	4	-	2	-	3	9
Mr L Mthembu	5	-	-	4	4	13
Mr M Zondo	4	-	-	4	4	12
Mr N Mabunza	4	-	-	3	2	9
Ms N Tini	4	-	2	-	4	10
Ms R Makwela	1	3	-	-	4	8
Mr S Mtolo	4	3	-	-	3	10
Mr T Chiloane	1	3	-	-	4	8
Ms Y Pamla	1	3	-	-	1	5
Mr T Ndadza	1	6	-	-	1	8
Ms K Asare-Bediako	1	5	-	-	1	7
Mr L Lingalibalele	1	5	-	-	1	7
Ms B Teffo	5	-	-	4	3	12
Ms E Rakodi	3	-	2	-	3	10
Mr X Lingani	1	3	-	-	3	7
SubTotal	-	-	-	-	-	300
	-	-	-	-	-	300

Audit and risk committee

As at 30 June 2023 the committee comprised of 2 (two) non-executive directors, namely: Mr. S Mtolo (Chairperson) and Mr. F Ratshikhopa.

In terms of Section 166 of the Municipal Finance Management Act, City of Johannesburg, as a parent municipality, must appoint members of the Audit and Risk Committee. Notwithstanding that non-executive directors appointed by the parent municipality constituted the municipal entities' Audit and Risk Committees, National Treasury policy requires that parent municipalities should appoint further members of the municipal entity's Audit and Risk Committees who are not directors of the municipal entity onto the Audit and Risk Committee and these independent members are Mr, T Chiloane, Mr. X Lingani, Ms. R Makwela and Ms. Y Pamla. The Audit and Risk Committee has fulfilled its responsibilities as provided for in Section 166 of the Municipal Finance Management Act.

Transactions and Service Delivery committee

The Transaction and Service Delivery Committee is comprised of 5 (five) members, namely: Mr. M Zondo (Chairperson), Mr. N Mabundza, Ms. L Mthembu, Mr. F Ratshikhopa and Ms. B Teffo.

- **Corporate governance (continued)**

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 that JPC operates in.

Social, Ethics, Transformation and Remuneration committee

The committee comprised of 5 (five) members: Mr. T Thatelo (Chairperson), Adv D Mpofu, Ms. E Rakodi, Mr E Sithole, Ms. N Tini.

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 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.

Internal audit

The company's internal audit function is performed internally with the assistance of a panel of auditors to complete various internal audit engagements. The appointments are made in compliance with section 165 of the Municipal Finance Management Act No.56 of 2003.

13. Auditors

Auditor General South Africa 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 November 30, 2023 and were signed on its behalf by:

Ms HM Botes **Chief Executive Officer**	*Mr E Sithole* **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, that the company has lodged with the Commissioner all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

Ms G Dlamini
Company Secretary

Statement of Financial Position as at June 30, 2023

Figures in Rand	Note(s)	2023	2022 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	2,000	2,000
Receivables from exchange transactions	4	965,322,804	768,927,921
Receivables from non-exchange transactions	7	-	90,925
Loans to shareholders	5	260,896,171	328,410,301
Prepayments	6	895,355	-
		1,227,116,330	**1,097,431,147**
Non-Current Assets			
Property, plant and equipment and Intangible assets	9	42,572,583	44,579,240
Intangible assets	10	13,267,309	13,634,859
Deposits	8	600,587	600,587
Income tax receivable	11	3,664,084	4,145,687
Deferred tax	14	27,695,683	38,520,021
		87,800,246	**101,480,394**
Total Assets		**1,314,916,576**	**1,198,911,541**
Liabilities			
Current Liabilities			
Payables from exchange transactions	12	245,919,459	156,014,530
Loans from shareholders	5	1,060,066,819	1,024,501,919
Provisions	13	5,958,718	27,569,601
Operating lease liability	18	2,119,210	200,133
		1,314,064,206	**1,208,286,183**
Non-Current Liabilities			
Employee benefit obligation	17	671,000	714,000
Total Liabilities		**1,314,735,206**	**1,209,000,183**
Net Assets		**181,370**	**(10,088,642)**
Share capital / contributed capital	19	5,142,721	5,142,721
Accumulated surplus		(4,961,351)	(15,231,363)
Total Net Assets		**181,370**	**(10,088,642)**

**See note 32*

Statement of Financial Performance

Figures in Rand	Note(s)	2023	2022 Restated*
Revenue			
Revenue from exchange transactions			
Cellmast services	20	19,751,484	18,361,901
Commissions and ad hoc fees	20	19,294,573	43,644,618
Management fees	20	19,530,770	16,307,290
Other revenue	20	1,760,508	2,348,500
Cleaning services	20	217,592,703	146,147,821
Facilitation fees	20	-	500,000
Interest received	20&21	12,923,142	8,027,907
Total revenue from exchange transactions		**290,853,180**	**235,338,037**
Revenue from non-exchange transactions			
Interest received	22	99,182	-
Subsidies	20	500,680,000	526,278,000
Medical boarding refunds	20	884,428	923,240
SETA refunds	20	340,344	901,754
Total revenue from non-exchange transactions		**502,003,954**	**528,102,994**
Total revenue		**792,857,134**	**763,441,031**
Expenditure			
Employee related costs	23	(473,284,925)	(465,124,847)
Depreciation and amortisation	9&10	(10,008,213)	(12,682,717)
Finance costs	27	(78,474)	(243,134)
Lease rentals on operating lease	26	(140,910,593)	(144,037,859)
Doubtful debts	4	2,785,556	(4,096,058)
Loss on disposal of assets	9	(3)	(238,862)
General Expenses	25	(150,266,131)	(186,237,107)
Total expenditure		**(771,762,783)**	**(812,660,584)**
Surplus (deficit) before taxation		**21,094,351**	**(49,219,553)**
Taxation	15	10,824,339	(10,064,948)
Surplus (deficit) for the year		**10,270,012**	**(39,154,605)**

**See note 32*

Statement of Changes in Net Assets

	Share capital/ contributed capital	Share premium	Total share capital	Accumulated surplus/deficit	Total net assets
Balance at July 1, 2021	**1,000**	**5,141,721**	**5,142,721**	**23,923,242**	**29,065,963**
Changes in net assets Surplus for the year	-	-	-	(39,154,605)	(39,154,605)
Total changes	-	-	-	(39,154,605)	(39,154,605)
Restated* Balance at July 1, 2022	**1,000**	**5,141,721**	**5,142,721**	**(15,231,363)**	**(10,088,642)**
Changes in net assets Surplus for the year	-	-	-	10,270,012	10,270,012
Total changes	-	-	-	10,270,012	10,270,012
Balance at June 30, 2023	**1,000**	**5,141,721**	**5,142,721**	**(4,961,351)**	**181,370**
Note(s)		19	19		

**See note 32*

Cash Flow Statement

Figures in Rand	Note(s)	2023	2022 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		82,850,852	65,992,870
Grants		500,680,000	526,278,000
Interest income		12,923,142	8,016,879
		596,453,994	600,287,749
Payments			
Employee costs		(473,327,925)	(463,156,280)
Suppliers		(219,151,874)	(369,374,420)
Taxation received/(paid)	11	580,785	(12,962,131)
		(691,899,014)	(845,492,831)
Net cash flows from operating activities	29	**(95,445,020)**	**(245,205,082)**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	9	(7,634,010)	(15,157,459)
Purchase of other intangible assets	10	-	(287,035)
Purchase of deposits		-	(400,000)
Net cash flows from investing activities		**(7,634,010)**	**(15,844,494)**
Cash flows from financing activities			
Repayment of shareholders' loan		103,079,030	261,596,696
Finance lease payments		-	(547,120)
Net cash flows from financing activities		**103,079,030**	**261,049,576**
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**

**See note 32*

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 transactions						
Cellmast services	12,698,000	7,000,000	**19,698,000**	19,751,484	**53,484**	Annexure E1
Comissions and ad hoc revenue	54,908,000	(20,000,000)	**34,908,000**	19,294,573	**(15,613,427)**	Annexure E1
Management fees	7,000,000	10,000,000	**17,000,000**	19,530,770	**2,530,770**	Annexure E1
Other revenue	-	-	-	1,760,508	**1,760,508**	Annexure E1
Cleaning services	253,362,000	(16,851,000)	**236,511,000**	217,592,703	**(18,918,297)**	Annexure E1
Facilitation fees	76,661,000	(20,000,000)	**56,661,000**	-	**(56,661,000)**	Annexure E1
Interest received	-	-	-	12,923,142	**12,923,142**	Annexure E1
Total revenue from exchange transactions	**404,629,000**	**(39,851,000)**	**364,778,000**	**290,853,180**	**(73,924,820)**	
Revenue from non-exchange transactions						
Non-exchange revenue						
Non-conditional subsidies	554,305,000	(53,625,000)	**500,680,000**	500,680,000	-	Annexure E1
Interest received	-	-	-	99,182	**99,182**	
Medical boarding refunds	-	1,000,000	**1,000,000**	884,428	**(115,572)**	Annexure E1
SETA refunds	-	-	-	340,344	**340,344**	Annexure E1
Total revenue from non-exchange transactions	**554,305,000**	**(52,625,000)**	**501,680,000**	**502,003,954**	**323,954**	
Total revenue	**958,934,000**	**(92,476,000)**	**866,458,000**	**792,857,134**	**(73,600,866)**	
Expenditure						
Personnel	(469,782,000)	(30,066,000)	**(499,848,000)**	(473,284,925)	**26,563,075**	Annexure E1
Depreciation and amortisation	(15,456,000)	-	**(15,456,000)**	(10,008,213)	**5,447,787**	Annexure E1
Finance costs	(45,392,000)	27,500,000	**(17,892,000)**	(78,474)	**17,813,526**	Annexure E1
Lease rentals on operating lease	(134,536,000)	-	**(134,536,000)**	(140,910,593)	**(6,374,593)**	Annexure E1
Doubtful debts	-	-	-	2,785,556	**2,785,556**	Annexure E1
General Expenses	(293,768,000)	95,042,000	**(198,726,000)**	(150,266,131)	**48,459,869**	Annexure E1
Total expenditure	**(958,934,000)**	**92,476,000**	**(866,458,000)**	**(771,762,780)**	**94,695,220**	
Operating surplus	**-**	**-**	**-**	**21,094,354**	**21,094,354**	
Loss on disposal of assets	-	-	-	(3)	**(3)**	Annexure E1
Surplus before taxation	**-**	**-**	**-**	**21,094,351**	**21,094,351**	
Taxation	-	-	-	10,824,339	**10,824,339**	Annexure E1
Actual Amount Presented in the Budget and Actual Comparative Statement	**-**	**-**	**-**	**10,270,012**	**10,270,012**	

Appropriation Statement

Figures in Rand	Original Budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
2023											
Financial Performance											
Investment revenue	-	-	-	-		-	12,923,142		12,923,142	DIV/0%	DIV/0%
Transfers recognised – operational	554,305,000	(53,625,000)	500,680,000	-		500,680,000	500,680,000		-	100%	90%
Other own revenue	404,629,000	(38,851,000)	365,778,000	-		365,778,000	279,253,992		(86,524,008)	76%	69%
Total revenue (excluding capital transfers and contributions)	**958,934,000**	**(92,476,000)**	**866,458,000**	**-**		**866,458,000**	**792,857,134**		**(73,600,866)**	**92%**	**83%**
Employee costs	(469,782,000)	(30,066,000}	(499,848,000)	-		(499,848,000	(473,284,925)		26,563,075	95%	101%
Debt impairment	-	-	-			-	2,785,556		2,785,556	DIV/0%	DIV/0%
Depreciation and asset impairment	(15,456,000)	-	(15,456,000)			(15,456,000)	-(10,008,213)		5,447,787	65%	65%
Finance charges	(45,392,000)	27,500,000	(17,892,000)	-		(17,892,000)	(78,474)		17,813,526	-%	-%
Other expenditure	(428,304,000	95,042,000	(333,262,000)	-		(333,262,000)	(291,176,727)		42,085,273	87%	68%
Total expenditure	**(958,934,000)**	**92,476,000**	**(866,458,000)**	**-**		**(866,458,000)**	**(771,762,783)**		**94,695,217**	**89%**	**80%**
Surplus (Deficit)	**-**	**-**	**-**	**-**		**-**	**21,094,351**		**21,094,351**	**DIV/0%**	**DIV/0%**
Taxation	-	-	-	-		-	10,824,339		10,824,339	DIV/0%	DIV/0%
Surplus/(Deficit) for the year	**-**	**-**	**-**	**-**		**-**	**10,270,012**		**10,270,012**	**DIV/0%**	**DIV/0%**

Accounting Policies

1. Presentation of Annual Financial Statements

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

1.1 Basis of preparations

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

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

These accounting policies are consistent with the previous period.

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at managements 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 13 - Provisions.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income 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 significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash 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.

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

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 assumptions 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 the 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 17.

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 and Intangible assets

Property, plant and equipment and Intangible assets 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 during more than one year.

The cost of an item of property, plant and equipment and intangible assets 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 and Intangible assets is initially measured at cost.

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

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and intangible assets 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 and intangible assets, the carrying amount of the replaced part is derecognised.

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

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

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

Item	Depreciation method	Average useful life
Land		Indefinite
Buildings	Straight line	25 years
Plant and machinery	Straight line	10 years
Furniture and fixtures	Straight line	16 years
Office equipment	Straight line	8 years
IT equipment	Straight line	7 years

Accounting Policies

1.4 Property, plant and equipment and Intangible assets (continued)

Computer software	Straight line	7 years
Leasehold improvements	Straight line	2-10 years
Cleaning equipment	Straight line	5 years
Finance lease equipment	Straight line	2-8 years

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

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

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

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

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

The gain or loss arising from the derecognition of an item of property, plant and equipment and intangible assets 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 and intangible assets 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.

An asset is identifiable if it either:

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

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

An intangible asset is recognised 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.

Accounting Policies

1.5 Intangible assets (continued)

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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 10).

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

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

The amortisation charge for each period shall be recognised in surplus or deficit unless this or another Standard permits or requires it to be included 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 is different 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 residual 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 between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or collectability.

1.6 Financial instruments (continued)

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to 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 for 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.

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.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A 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.

Accounting Policies

1.6 Financial instruments (continued)

Initial recognition

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

The 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.

On loans receivable an impairment loss is recognised in profit or loss when there is objective evidence that it is impaired. The impairment is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised. Loans to group companies are classified as loans and receivables.

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.

On loans receivable an impairment loss is recognised in profit or loss when there is objective evidence that it is impaired. The impairment is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Loans to group company (City of Johannesburg Metropolitan Municipality) are classified as loans and receivables.

Receivables from exchange transactions

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. 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 recognised 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

Accounting Policies

1.6 Financial instruments (continued)

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 overdraft and borrowings

Bank overdrafts and borrowings 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.

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 :
  - derecognise the asset; and
  - recognise 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 existing 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, and the difference in the respective carrying amounts is recognised in surplus or deficit.

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

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

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

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

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

Accounting Policies

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

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

Tax expenses

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

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

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

1.8 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).

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

1.9 Impairment of non-cash-generating assets (continued)

- 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 that is a requirement in the Standards of GRAP.

Reversal of an impairment loss

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating 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:

- an 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 employees 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.

Accounting Policies

1.11 Employee benefits (continued) Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity 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.

Post-employment benefits: Defined contribution plans

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 employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognise 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 extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the 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. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

1.11 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise 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 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 the 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 in 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 and 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 or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's 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 a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions 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.

1.11 Employee benefits (continued)

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 amounts 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 service 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 benefit to periods of service under the plan's benefit formula. However, if an employee's 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 conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement 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 assets.

Other post retirement obligations

The municipality provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

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 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.

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 their inclusion in 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 curtailments or settlements.

Accounting Policies

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 of the obligation.

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

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

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

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 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.

1.14 Revenue from exchange transactions (continued)

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 is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

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

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

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

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

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

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

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

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

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

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.

Accounting Policies

1.16 Accounting by principals 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, and for the benefit of, another entity (the principal).

Recognition

The entity, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

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 predictable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as it is predictable, and the prior year comparatives are restated accordingly.

1.18 Fruitless and wasteful expenditure

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

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

1.19 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy.

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

1.20 Budget information

Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

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

The approved budget covers the fiscal period from 7/1/2022 to 6/30/2023.

The budget for the economic entity includes all the entities 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.

Accounting Policies

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 so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

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 is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses 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.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

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 July 1, 2023 or later periods:

GRAP 25 (as revised): Employee Benefits

Background

The Board issued the Standard of GRAP on Employee Benefits (GRAP 25) in November 2009. GRAP 25 was based on the International Public Sector Accounting Standard on Employee Benefits (IPSAS 25) effective at that time. However, GRAP 25 was modified in some respects where the Board decided the requirements of the International Accounting Standard on Employee Benefits (IAS® 19) were more appropriate. Specifically, the Board:

- Eliminated the corridor method and required recognition of actuarial gains and losses in full in the year that they arise.
- Required the recognition of past service costs in the year that a plan is amended, rather than on the basis of whether they are vested or unvested.

Since 2009, the International Accounting Standards Board® has made several changes to IAS 19, including changes to the recognition of certain benefits, and where these changes are recognised. The IPSASB made similar changes to its standard and as a result of the extent of changes, issued IPSAS 39 on Employee Benefits to replace IPSAS 25 in 2016.

When the Board consulted locally on the proposed amendments to IPSAS 25 in 2016, stakeholders welcomed the amendments to align IPSAS 25 to IAS 19 and supported the changes that resulted in IPSAS 39.

In developing GRAP 25, the Board agreed to include the guidance from the IFRS Interpretation on IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IFRIC 14®) partly in GRAP 25 and partly in the Interpretation of the Standards of GRAP on The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IGRAP 7).

Key amendments to GRAP 25

The Board agreed to align GRAP 25 with IPSAS 39, but that local issues and the local environment need to be considered. As a result of this decision, there are areas where GRAP 25 departs from the requirements of IPSAS 39. The Board's decisions to depart are explained in the basis for conclusions.

The amendments to GRAP 25 are extensive and mostly affect the accounting for defined benefit plans. A new renumbered Standard of GRAP (e.g. GRAP 39) will not be issued, but rather a new version of the current GRAP 25.

The effective date of these revisions have not yet been set. April 1, 2023.

The entity expects to adopt the revisions for the first time in the 2022/2023 annual financial statements.

It is unlikely that the revisions will have a material impact on the entity's annual financial statements.

GRAP 104 (as revised): Financial Instruments

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board® amended its existing Standards to deal with these issues. The IASB issued IFRS® Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS® on Financial Instruments: Presentation and the IFRS Standard® on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The most significant changes to the Standard affect:
- Financial guarantee contracts issued
- Loan commitments issued
- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

The effective date of the revisions is not yet set by the Minister of Finance.

The entity expects to adopt the revisions for the first time when the Minister sets the effective date for the revisions.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

GRAP 1 (amended): Presentation of Financial Statements

Amendments to this Standard of GRAP, are primarily drawn from the IASB's Amendments to IAS 1.

Summary of amendments are:

Materiality and aggregation

The amendments clarify that:
- information should not be obscured by aggregating or by providing immaterial information;
- materiality considerations apply to all parts of the financial statements; and
- even when a Standard of GRAP requires a specific disclosure, materiality considerations apply.

Statement of financial position and statement of financial performance

The amendments clarify that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.

Notes structure

The amendments add examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order listed in GRAP 1.

Disclosure of accounting policies

Remove guidance and examples with regards to the identification of significant accounting policies that were perceived as being potentially unhelpful.

An entity applies judgement based on past experience and current facts and circumstances.

The effective date of this amendment is for years beginning on or after April 1, 2025.

The entity expects to adopt the amendment for the first time in the 2024/2025 annual financial statements.

It is unlikely that the amendment will have a material impact on the entity's annual financial statements.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	2,000	2,000

The entity had the following bank accounts

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Account number / description	Bank statement balances			Cash book balances		
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2023	June 30, 2022	June 30, 2021
Standard Bank - Current Account - 000198900	250,504,196	320,716,726	128,597,724	250,504,196	320,716,726	128,597,724

4. Receivables from exchange transactions

External trade debtors	40, 372, 614	39,541,719
Doubtful debts	(29,502,825)	(32,379,306)
Related party debtors	954,453,015	761,765,508
	965,322,804	***768,927,921***

Receivables from exchange transactions ageing		
Current	(12,608,400)	(19,409,419)
30 Days	52,126,592	38,659,809
60 Days	41,857,407	37,122,031
90 Days	1,780,179	17,627,408
120+ Days	882,167,026	696,965,521
	965,322,804	***770,965,350***

The trend of JPC is to receive monies outstanding in the lead up to financial year end. This is indicated by receipts from monies outstanding being higher than invoiced services in the 30, 60 and 90 day periods. The majority of repairs and maintenance is completed by financial year end and invoiced accordingly in the June month. Trade receivables are predominantly comprised of related party debtors and as per the policies of JPC and the COJ cannot be impaired.

Trade and other receivables impaired

As of June 30, 2023, trade and other receivables of 35, 080, 991 (2022: 39,541,719) were impaired and provided for.

The amount of the provision is 29, 502, 825 as of June 30, 2023 (2022: 32,379,306).

The ageing of these loans is as follows:

Over 6 months	29,502,825	32,379,306

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

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.	(524,102,818)	(596,068,444)
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	10,391,975	7,693,575
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.	250,504,196	320,716,726
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.	(531,160,424)	(423,629,898)
	(799,170,648)	**(696,091,618)**

Current assets	260,896,171	328,410,301
Current liabilities	(1,060,066,819)	(1,024,501,919)
	(799,170,648)	***(696,091,618)***

6. Prepayments

Current assets	895,344	-

For the 2023 financial year JPC received a credit for payments made for rental for March and April 2023 for office accommodation.

7. Receivables from non-exchange transactions

Staff debtors	90,925	90,925
Provision for doubtful debts (Non-exchange)	(90,925)	-
	-	**90,925**

Figures in Rand	2023	2022

8. Deposits

Baragwananth	170,823	170,823
Lenasia	429,764	429,764
	600,587	**600,587**

Deposits held by Eskom for electricity at informal trading facilities.

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment and Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	487,200	-	487,200	487,200	-	487,200
Buildings	6,350,957	(4,586,803)	1,764,154	6,350,957	(4,410,387)	1,940,570
Plant and machinery	2,086,854	(1,304,754)	782,100	2,080,047	(1,142,814)	937,233
Furniture and fixtures	7,242,220	(3,664,237)	3,577,983	7,242,220	(3,220,297)	4,021,923
Office equipment	5,734,678	(2,466,322)	3,268,356	5,724,878	(1,793,562)	3,931,316
IT equipment	43,683,447	(25,270,203)	18,413,244	43,406,091	(19,913,293)	23,492,798
Leasehold improvements	25,151,192	(21,260,398)	3,890,794	25,125,893	(19,327,628)	5,798,265
Cleaning equipment	11,249,522	(860,770)	10,388,752	4,018,984	(49,049)	3,969,935
Total	**101,986,070**	**(59,413,487)**	**42,572,583**	**94,436,270**	**(49,857,030)**	**44,579,240**

Reconciliation of property, plant and equipment and intangible assets - 2023

	Opening balance	Additions	Disposals	Depreciation	Total
Land	487,200	-	-	-	487,200
Buildings	1,940,570	-	-	(176,416)	1,764,154
Plant and machinery	937,233	6,807	-	(161,940)	782,100
Furniture and fixtures	4,021,923	-	-	(443,940)	3,577,983
Office equipment	3,931,316	9,800	-	(672,760)	3,268,356
IT equipment	23,492,798	361,566	(3)	(5,441,117)	18,413,244
Leasehold improvements	5,798,265	25,298	-	(1,932,769)	3,890,794
Cleaning equipment	3,969,935	7,230,538	-	(811,721)	10,388,752
	44,579,240	**7,634,009**	**(3)**	**(9,640,663)**	**42,572,583**

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment and Intangible assets (continued)

Reconciliation of property, plant and equipment and intangible assets - 2022

	Opening balance	Additions	Disposals	Depreciation	Total
Land	487,200	-	-	-	487,200
Buildings	2,194,608	-	-	(254,038)	1,940,570
Plant and machinery	1,089,933	52,000	-	(204,700)	937,233
Furniture and fixtures	4,446,909	11,398	-	(436,384)	4,021,923
Office equipment	1,312,929	2,902,680	-	(284,293)	3,931,316
IT equipment	19,596,993	7,758,037	(238,862)	(3,623,370)	23,492,798
Leasehold improvements	12,913,199	414,377	-	(7,529,311)	5,798,265
Bins and containers	-	4,018,984	-	(49,049)	3,969,935
	42,041,771	**15,157,476**	**(238,862)**	**(12,381,145)**	**44,579,240**

Depreciation rates

Land	Straight-line	Indefinite
Buildings	Straight-line	25 years
Plant and machinery	Straight-line	10 years
Furniture and fixtures	Straight-line	16 years
Office equipment	Straight-line	8 years
IT equipment	Straight-line	7 years
Computer software	Straight-line	7 years
Leasehold improvements	Straight-line	Term of lease
Cleaning equipment	Straight-line	5 years

Assets subject to finance lease (Net carrying amount)

Leasehold improvements	3,890,794	5,798,265

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

9.

Details of properties

Erf 737 and Erf 1304, 18 Bedford Road, Yeoville		
- Purchase price: 1 December 2008	487,200	487,200
Erf 737 and Erf 1304, 18 Bedford Road, Yeoville		
- Purchase price: 1 December 2008	6,350,957	6,350,957
- Additions since purchase or valuation	(4,586,803)	(4,410,387)
	1,764,154	**1,940,570**

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment Included in Statement of Financial Performance		
General expenses	5, 192, 220	44, 053, 338

10. Intangible assets

	2023			2022		
	Cost / value Valuation	Accumulated amortisation and accumulated impairment	Carrying	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, internally generated	12,761,889	-	12,761,889	12,761,889	-	12,761,889
Computer software, other	2,668,648	(2,163,228)	505,420	2,668,648	(1,795,678)	872,970
Total	**15,430,537**	**(2,163,228)**	**13,267,309**	**15,430,537**	**(1,795,678)**	**13,634,859**

Reconciliation of intangible assets - 2023

	Opening balance	Amortisation	Total
Computer software, internally generated	12,761,889	-	12,761,889
Computer software, other	872,970	(367,550)	505,420
	13,634,859	**(367,550)**	**13,267,309**

Reconciliation of intangible assets - 2022

	Opening balance	Additions	Amortisation	Total
Computer software, internally generated	12,761,889	-	-	12,761,889
Computer software, other	887,507	287,035	(301,572)	872,970
	13,649,396	**287,035**	**(301,572)**	**13,634,859**

No impairment is required for intangible assets in the 2021/22 financial year.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

11. Income tax receivable

Balance at the beginning of the year	4, 145, 687	715
Interest received	99, 182	-
	(580, 785)	-
	-	3, 154, 504
	-	990, 468
	3, 664, 084	**4, 145, 687**

12. Payables from exchange transactions

Trade payables	362,058	1,382,361
Related parties	107,199,272	52,354,195
Accrued leave pay	32,362,791	30,421,806
Accrued 13th cheques	15,407,130	16,339,693
Accruals	90,588,208	55,516,475
	245,919,459	**156,014,530**

13. Provisions

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**

Reconciliation of provisions - 2022

	Opening Balance	Additions	Utilised during the year	Total
Legal proceedings	-	23,975,459	-	23,975,459
Exco bonuses	1,565,576	2,243,915	(215,349)	3,594,142
	1,565,576	**26,219,374**	**(215,349)**	**27,569,601**

2022/23: The provision relates to bonuses due to EXCO members for the 2022/23 financial year. The bonuses are subject to review of KPI's and performance targets being met for the 2023 financial year prior to approval for disbursement. The disbursement is weighted against achieved KPI's for the 2023 financial year.

2021/22: A provision related to the settlement for white-boxing at Proton House has been accounted for in the 2022 financial year. The settlement is anticipated to be finalised in the first quarter of 2023, however, the bill of quantity for the white-boxing has been finalised in June 2022. The provision is to account for the future outflows resulting from the ongoing arbitration on this matter

The provision relates to bonuses due to EXCO members for the 2021/22 financial year. The bonuses are subject to review of KPI's and performance targets being met for the 2022 financial year prior to approval for disbursement. The disbursement is weighted against achieved KPI's for the 2022 financial year.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

14. Deferred tax

Deferred tax liability

Prepaid expenses	(250,699)	-
Property, plant, equipment and intangibles	529,951	(2,628,351)
Total deferred tax liability	**279,252**	**(2,628,351)**

Deferred tax asset

Post-retirement benefit obligation	199,920	199,920
Provision for leave pay	9,338,389	8,518,106
Provision for bonuses and 13th cheques	4,331,092	5,581,473
Provision for doubtful debts	4,956,474	5,439,723
Straight-lining of operating leases	593,379	56,037
Accumulated losses	7,997,177	14,639,984
Provision for legal proceedings	-	6,713,129
Total deferred tax asset	**27,416,431**	**41,148,372**

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	279,252	(2,628,351)
Deferred tax asset	27,416,431	41,148,372
Total net deferred tax asset	**27,695,683**	**38,520,021**

Management has reviewed future revenue forecasts and it is anticipated that there will be profits in the foreseeable future against which losses incurred in previous financial years can be offset. The entity will therefore recognise a deferred tax asset on assessed losses brought forward from previous financial years.

15. Taxation

Major components of the tax expense (income) Deferred

Originating and reversing temporary differences		
	10,824,339	(10,064,948)

Reconciliation of the tax expense

Reconciliation between accounting surplus and tax expense.

Accounting surplus (deficit)	21,094,351	(49,219,553)
as at the applicable tax rate of 28% (2022: 28%)	5,906,418	(13,781,475)
Tax effect of adjustments on taxable income		
Expenditure - Capital in nature	-	511,432
Provision for doubtful debts	-	1,146,896
Depreciation on fixed assets - non-deductible	13,900	2,179,329
Income tax - prior period	-	(121,130)
Tax on timing differences	4,917,921	-
	10,838,239	**(10,064,948)**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

16. Current tax payable

Balance brought forward	-	8,817,159
Income taxes paid	-	(8,817,159)
	-	-

Due to the assessed losses from previous financial years JPC has no income tax liability for the 2023 financial year.

17. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Present value of the defined benefit obligation	(714,000)	(774,000)
Net expense recognised in the statement of financial performance	43,000	60,000
	(671,000)	**(714,000)**

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 expense recognised in the statement of financial performance

Actuarial (gains) losses	(59,412)	(65,844)
Benefits paid to members	(63,588)	(60,156)
Interest cost	80,000	66,000
	(43,000)	**(60,000)**

Comparative figures	2022/23	2021/22	2020/21	2019/20	2018/19
Present value	(714,000)	(774,000)	(686,000)	(824,000)	(775,000)
Net expense recognised	43,000	60,000	(88,000)	138,000	(49,000)
	(671,000)	**(714,000)**	**(774,000)**	**(686,000)**	**(824,000)**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

17. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	11.72 %	11.76 %
Consumer price inflation	6.50 %	7.75 %
Expected increase in healthcare costs	7.50 %	8.75 %
Net effective discount rate	3.92 %	2.77 %

The calculations for post-retirement medical aid were based on the policy adopted by the City of Johannesburg Metropolitan Municipality with regard to post-retirement medical aid subsidies.

Employees over the age of 55 on 1 July 2003 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 1 July 2003 will not receive any post retirement medical aid subsidy.

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 benefit 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

Figures in Rand	2023	2022

18. Operating lease asset (liability)

Current liabilities	(2,119,210)	(200,133)

Office accommodation leases were renewed in the 2023 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. Share capital / contributed capital

Authorised		
1 000 Ordinary shares of R1 each	1,000	1,000
Reconciliation of number of shares issued:		
Reported as at July 1, 2022	1,000	1,000
Issued		
Ordinary	1,000	1,000
Share premium	5,141,721	5,141,721
	5,142,721	**5,142,721**

20. Revenue

Cellmast services	19,751,484	18,361,901
Commissions and ad hoc fees	19,294,573	43,644,618
Management fees	19,530,770	16,307,290
Other revenue	1,760,508	2,348,500
Cleaning service	217,592,703	146,147,821
Facilitation fees	-	500,000
Interest received	12,923,142	8,027,907
City of Johannesburg Metropolitan Municipality - Subsidy	500,680,000	526,278,000
Medical boarding refunds	884,428	923,240
SETA refunds	340,344	901,754
	792,757,952	**763,441,031**

The amount included in revenue arising from exchanges of goods or services are as follows:		
Cellmast services	19,751,484	18,361,901
Commissions and ad hoc fees	19,294,573	43,644,618
Management fees	19,530,770	16,307,290
Internal recoveries	1,760,508	2,348,500
Cleaning services	217,592,703	146,147,821
Facilitation fees	-	500,000
Interest received	12,923,142	8,027,907
	290,853,180	**235,338,037**

The amount included in revenue arising from non-exchange transactions is as follows:

City of Johannesburg Metropolitan Municipality - Subsidy	500,680,000	526,278,000
Medical boarding refunds	884,428	923,240
SETA refunds	340,344	901,754
	501,904,772	**528,102,994**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

21. Interest revenue

Interest revenue		
Standard Bank sweeping account	12,923,142	8,016,879
Interest received on deposits	-	11,028
	12,923,142	**8,027,907**

22. Interest from non-exchange receivables

South African Revenue Services	99,182	-

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

23. Employee related costs

13th Cheques	24,045,591	24,096,352
Basic	333,575,498	332,281,497
Exco bonuses	2,293,848	2,795,104
Housing benefits and other allowances	4,700,359	10,496,179
Leave encashment	9,893,267	5,399,996
Leave pay provision	2,929,578	-
Medical aid contributions	19,156,223	19,610,395
Overtime payments	13,347,317	6,625,620
Payroll levies	202,185	201,396
Pension fund contributions	56,775,368	57,171,256
Post-retirement medical aid benefits	(43,000)	(60,000)
SDL	3,737,060	3,796,861
UIF	2,671,631	2,710,191
	473,284,925	**465,124,847**

Remuneration of Mr. F Sardianos - Executive Manager: Strategic Corporate Support

Annual Remuneration	-	165,305
Contributions to UIF, Medical and Pension Funds	-	36,417
Final leave pay	-	393,272
	-	**594,994**

Mr. F Sardianos resigned as at 31 July 2021 financial year.

Remuneration of Mr. S Mabizela - Acting General Manager: Internal Audit

Annual Remuneration	921,759	878,703
Leave encashment	36,870	-
Other allowances	4,000	-
Contributions to UIF, Medical and Pension Funds	218,012	192,194
Housing allowance	12,141	11,574
Acting allowance	110,181	105,444
13th cheque	76,813	73,225
	1,379,776	**1,261,140**

Remuneration of Mr. TF Mokataka - General Manager: Legal

Annual Remuneration	1,695,083	1,629,969
Acting allowance	83,621	-
Contributions to UIF, Medical and Pension Funds	385,396	359,167
	2,164,100	**1,989,136**

Remuneration of Ms. G Dlamini - General Manager: Compliance and Secretarial

Annual Remuneration	1,133,247	849,739
Leave encashment	36,263	34,570
13th cheque	94,437	51,597
Contributions to UIF, Medical and Pension Funds	226,449	167,617
Housing allowance	12,141	-
	1,502,537	**1,103,523**

Remuneration of Mrs. B Jacobs - Acting Chief Operating Officer

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

23. Employee related costs (continued)

Annual Remuneration	246,346	1,409,029
13th cheque	102,644	117,419
Contributions to UIF, Medical and Pension Funds	60,015	327,312
Housing allowance	2,024	11,574
Acting allowance	41,636	42,271
Leave pay	270,455	-
	723,120	**1,907,605**

Mrs. B Jacobs left the employ of the JPC during the 2023 financial year.

Remuneration of Mr. S Mhlongo - General Manager: Leasing

Annual Remuneration	1,770,706	-
Contributions to UIF, Medical and Pension Funds	308,787	-
	2,079,493	**-**

Remuneration of Mr. SG Mzobe - General Manager: Finance & SCM

Annual Remuneration	1,584,157	1,508,360
Travel allowance	120,000	120,000
Contributions to UIF, Medical and Pension Funds	365,967	349,961
Housing allowance	10,893	10,893
Leave encashment	48,065	57,275
Acting allowance	113,319	171,828
	2,242,401	**2,218,317**

Remuneration of Mr. M Makhunga - General Manager: Mega Projects

Annual Remuneration	1,613,727	1,537,131
Travel allowance	96,000	96,000
Contributions to UIF, Medical and Pension Funds	370,325	353,346
Leave encashment	60,082	57,275
Acting allowance	-	85,914
	2,140,134	**2,129,666**

Remuneration of Mr. IM Bhamjee - General Manager: Special Projects

Annual Remuneration	2,090,212	1,846,103
Travel allowance	96,000	91,130
Contributions to UIF, Medical and Pension Funds	431,571	422,806
	2,617,783	**2,360,039**

Remuneration of Ms. S Tshabalala - General Manager: Property Portfolio

Annual Remuneration	1,593,388	1,517,592
Travel allowance	120,000	120,000
Contributions to UIF, Medical and Pension Funds	366,687	350,267
Leave encashment	48,065	57,275
Acting allowance	19,117	71,111
	2,147,257	**2,116,245**

Remuneration of Mr. M Kgatuke - General Manager: Facilities Management

Annual Remuneration	1,306,583	1,371,911

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
23. Employee related costs (continued)		
Travel allowance	82,500	90,000
Housing allowance	165,000	-
Contributions to UIF, Medical and Pension Funds	154,009	141,733
Leave encashment	42,606	40,616
Other allowances	-	180,000
	1,750,698	**1,824,260**

Notes to the Annual Financial Statements

Figures in Rand

24. *Directors' and prescribed officers' remuneration and other benefits paid, payable or receivable*

Executive

2023

	Basic Salary	Backpay	Travel Allowance	Company Contributions	Leave Encashment	Acting Allowance	Housing Allowance	Other Allowances	Total
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**

2022

	Basic	Performance Bonus	Travel Allowance	Company Contributions	Leave Encashment	Acting Allowance	Housing Allowance	Total
Ms HM Botes	2,700,000	413,000	250,000	35,256	-	-	-	3,398,256
Mr SG Mzobe	1,508,360	-	120,000	349,961	57,275	171,828	10,893	2,218,317
	4,208,360	**413,000**	**370,000**	**385,217**	**57,275**	**171,828**	**10,893**	**5,616,573**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

24. Directors' and prescribed officers' remuneration and other benefits paid, payable or receivable (continued)

Non-executive

2023

	Directors' fees	Total
Mr E Sithole	144,000	144,000
Mr R Gallocher	182,000	182,000
Mr X Lingani	75,600	75,600
Mr N Mabundza	72,000	72,000
Adv B Madumise	200,000	200,000
Mr S Mda	258,000	258,000
Mr B Mgoza	197,000	197,000
Ms L Mthembu	116,000	116,000
Ms B Mthimkhulu	136,000	136,000
Mr S Mtolo	126,000	126,000
Ms K Ng'ambi	154,000	154,000
Ms E Rakodi	112,000	112,000
Mr T Ramawa	184,000	184,000
Mr F Ratshikhopha	132,000	132,000
Mr B Sneech	176,000	176,000
Ms B Teffo	116,000	116,000
Mr Konosang	56,000	56,000
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
	2,997,600	**2,997,600**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

24. Directors' and prescribed officers' remuneration and other benefits paid, payable or receivable (continued)

2022

	Directors' fees	Total
Mr M Rabodila	111,391	111,391
Adv B Madumise	142,000	142,000
Mr R Gallocher	96,000	96,000
Ms V Gumede	15,652	15,652
Mr J Letsapa	84,956	84,956
Mr X Lingani	194,265	194,265
Ms S Maja-Masilo	114,782	114,782
Mr S Mda	275,913	275,913
Mr B Mgoza	90,000	90,000
Ms M Mngomezulu	15,652	15,652
Mr S Mngomezulu	48,522	48,522
Ms S Moicehlo	53,913	53,913
Ms T Mopai	73,043	73,043
Ms B Mthimkhulu	58,000	58,000
Ms K Muthwa	123,043	123,043
Ms K Ng'ambi	136,000	136,000
Mr T Ngcobo	96,000	96,000
Ms P Numa	20,870	20,870
Mr T Ramawa	94,000	94,000
Mr B Sneech	50,000	50,000
Ms N Makhanya	31,303	31,303
Mr B Kekana	10,434	10,434
Mr K Bediako	34,439	34,439
Mr L Langalibalele	40,000	40,000
	2,010,178	**2,010,178**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

25. General expenses

Advertising	1,085,380	348,649
Auditors remuneration	4,173,664	5,136,456
Bank charges	29,443	28,030
Board expenses	160,245	462,433
Board fees	3,029,617	2,010,178
Cleaning consumables	9,203,907	4,064,397
Conferences and seminars	97,488	150,000
Consulting and professional fees	1,621,640	1,686,685
Document storage	360,054	341,634
Electricity and water	27,667,250	30,450,200
Fleet	19,252,555	15,366,894
Insurance	4,277,633	8,359,388
IT expenditure	4,760,609	7,193,619
Minor assets	189,051	34,627
OHASA	123,267	189,751
Operating costs	4,316,595	2,624,627
Parking	44,010	57,358
Pest control	319,447	917,038
Printing and stationery	1,817,542	3,534,321
Promotions	82,000	-
Protective clothing	1,225,501	-
Rates and taxes	6,496,775	8,206,309
Refuse	615,154	630,532
Repairs and maintenance	5,192,220	44,053,338
Sanitation and sewerage	1,283,251	1,468,262
Security	47,997,306	45,818,977
Software licensing	1,051,466	577,135
Staff welfare	37,561	43,873
Subscriptions and membership fees	576,920	431,107
Telecommunications	2,378,528	1,267,162
Training	604,400	784,127
Travel - local	195,652	-
	150,266,131	**186,237,107**

26. Lease rentals on operating lease

Office accommodation	117,169,011	126,847,325
Parking	21,822,504	23,228,054
GRAP 13 - Straight-lining of operating leases	1,919,078	(6,037,520)
	140,910,593	**144,037,859**

27. Interest paid

Finance leases	-	39
Disputed supplier accounts	78,474	243,095
	78,474	**243,134**

28. Auditors' remuneration

Fees	4,173,664	5,136,456
External audit	2,059,703	1,968,981
Internal audit	1,163,021	3,167,475
	3,222,724	**5,136,456**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

29. Cash used in operations

Surplus (deficit)	10,270,012	(39,154,605)
Adjustments for:		
Depreciation and amortisation	10,008,213	12,682,717
Gain on sale of assets and liabilities	3	238,862
Finance costs	(99,182)	-
Movements in operating lease assets and accruals	1,919,077	(6,037,520)
Movements in retirement benefit assets and liabilities	(43,000)	(60,000)
Movements in provisions	(21,610,883)	26,004,025
Movement in tax receivable and payable	-	(8,817,159)
Annual charge for deferred tax	10,824,339	(10,064,948)
Movement in provision for bad debts (Exchange)	(2,876,481)	4,096,058
Movement in provision for bad debts (Non exchange)	90,925	-
Changes in working capital:		
Receivables from exchange transactions	(193,518,402)	(167,296,715)
Other receivables from non-exchange transactions	-	55,403
Prepayments	(895,355)	294,537
Payables from exchange transactions	89,904,929	(52,989,737)
Deposits	-	(11,028)
Taxation refunded/(paid)	580,785	(4,144,972)
	(95,445,020)	**(245,205,082)**

30. Commitments

Operating leases - as lessee (Office accomodation)

Minimum lease payments due		
- within one year	28,293,613	2,893,472
- in second to fifth year inclusive	55,315,790	-
	83,609,403	**2,893,472**

Operating lease payments represent rentals payable by the entity for certain office accommodation. Leases have been negotiated for period of one year to three years. No contingent rent is payable.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

31. *Related parties*

Relationships

Controlling entity	The City of Johannesburg Metropolitan Municipality
Fellow subsidiaries	City Power Johannesburg SOC Ltd
	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
	Metropolitan Trading Company SOC Ltd
	Pikitup SOC Ltd
Members of key management	Ms HM Botes - Chief Executive Officer
	Mr SG Mzobe - Acting Chief Financial Officer
	Mr IM Bhamjee - GM: Special Projects
	Mr TF Mokataka - GM: Legal
	Ms S Tshabalala - GM: Property Portfolio
	Mr S Mabizela - GM: Internal Audit
	Ms G Dlamini - Company Secretary
	Ms B Jacobs - Acting COO
	Mr M Makhunga - GM: Mega Projects
	Mr M Kgatuke - GM: Facilities Management

Related party balances

	2023	2022
Loan accounts - Owing by related parties		
City of Johannesburg Metropolitan Municipality - Group Treasury	250,504,196	320,716,726
City of Johannesburg Metropolitan Municipality - Portfolio	10,391,975	7,693,575
	260,896,171	**328,410,301**
Loan accounts - Owing to related parties		
City of Johannesburg Metropolitan Municipality - Group Finance	(524,102,818)	(596,068,444)
City of Johannesburg Metropolitan Municipality - Group Corporate and Shared Services	(531,160,424)	(423,629,898)
City of Johannesburg Metropolitan Municipality - Revenue Services	(4,803,577)	(4,803,577)
	(1,060,066,819)	**(1,024,501,919)**
Services rendered to related parties		
City of Johannesburg Metropolitan Municipality - Commissions received	19,176,605	40,684,068
City of Johannesburg Metropolitan Municipality - Cleaning services	217,040,085	145,845,123
City of Johannesburg Metropolitan Municipality - Management fees	10,561,782	11,111,384
City of Johannesburg Metropolitan Municipality - Subsidies	500,680,000	526,278,000
City Power SOC Ltd	71,662	297,108
Johannesburg Development Agency SOC Ltd	-	2,620,180
Johannesburg Fresh Produce Market SOC Ltd	3,011,553	4,061,061
Johannesburg Metropolitan Bus Services SOC Ltd	814,966	85,817
Johannesburg Water SOC Ltd	5,371,581	1,325,588
Johannesburg Roads Agency SOC Ltd	-	13,000
Johannesburg Tourism Company SOC Ltd	537,683	-
Metropolitan Trading Company SOC Ltd	358,455	302,698
Pikitup SOC Ltd	-	9,519
	757,624,372	**732,633,546**
Balances included in trade receivables		
City of Johannesburg Metropolitan Municipality	846,110,361	676,162,446

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

31. Related parties (continued)

City of Johannesburg Metropolitan Municipality	840, 818, 738	676, 162, 446
City Power SOC Ltd	192,012	1,059,126
Johannesburg Development Agency SOC Ltd	3,000,003	33,192,376
Johannesburg Fresh Produce Market SOC Ltd	58,519,412	40,840,079
Johannesburg Metropolitan Bus Services SOC Ltd	11,742,889	3,286,124
Johannesburg Roads Agency SOC Ltd	109,474	109,474
Johannesburg Tourism Company SOC Ltd	51,528	-
Johannesburg Water SOC Ltd	39,721,016	6,481,788
Metropolitan Trading Company SOC Ltd	297,943	634,095
	954,453,015	**761,765,508**

Balances included in trade payables

Johannesburg City Parks and Zoo SOC Ltd	1,494,581	-
Johannesburg Metropolitan Police Department	107,199,272	52,354,195
Johannesburg Theatre SOC Ltd	1,314,770	-
	110,008,623	**52,354,195**

Services rendered from related parties

Johannesburg City Parks and Zoo SOC Ltd	1,299,636	1,613,716
Johannesburg Metropolitan Police Department	47,691,372	45,463,653
Johannesburg Theatre SOC Ltd	1,143,279	-
	50,134,287	**47,077,369**

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	12,923,143	8,016,879

Notes to the Annual Financial Statements

Figures in Rand

31. Related parties (continued)

Remuneration of management

Executive management

2023

Name	Basic Salary	Performance Bonus/ 13th Cheque	Travel Allowance	Leave Encashment	Acting Allowances	Company Contributions	Housing Allowance	Backpay	Other Allowances	Total
Ms HM Botes	2,722,125	-	250,000	-	-	32,119	-	36,875	40,408	3,081,527
Mr IM Bhamjee	2,090,212	-	96,000	-	-	431,571	-	-	-	2,617,783
Ms G Dlamini	1,133,247	94,437	-	36,263	-	226,449	12,141	-	-	1,502,537
Mrs B Jacobs	246,345	102,644	-	270,455	41,636	60,015	2,024	-	-	723,119
Mr M Kgatuke	1,306,583	-	82,500	42,606	-	154,009	165,000	-	-	1,750,698
Mr S Mabizela	921,759	76,813	-	36,870	110,181	218,012	12,141	-	4,000	1,379,776
Mr M Makhunga	1,613,727	-	96,000	60,082	-	370,325	-	-	-	2,140,134
Mr S Mhlongo	1,770,706	-	-	-	-	308,787	-	-	-	2,079,493
Mr T Mokataka	1,695,083	-	-	-	83,621	385,396	-	-	-	2,164,100
Mr SG Mzobe	1,584,157	-	120,000	48,065	113,319	365,967	10,893	-	-	2,242,401
Ms S Tshabalala	1,593,388	-	120,000	48,065	19,117	366,687	-	-	-	2,147,257
	16,677,332	**273,894**	**764,500**	**542,406**	**367,874**	**2,919,337**	**202,199**	**36,875**	**44,408**	**21,828,825**

Notes to the Annual Financial Statements

Figures in Rand

31. Related parties (continued)

2022

Name	Basic Salary	Performance Bonus/ 13th Cheque	Travel Allowance	Leave Encashment	Acting Allowance	Company Contributions	Housing Allowance	Total
Ms HM Botes	2,700,000	413,000	250,000	-	-	35,255	-	3,398,255
Mr IM Bhamjee	1,846,103	-	91,130	-	-	422,806	-	2,360,039
Ms G Dlamini	849,739	51,597	-	34,570	-	167,617	-	1,103,523
Mrs B Jacobs	1,409,029	117,419	-	-	42,271	327,312	11,574	1,907,605
Mr M Kgatuke	1,371,911	-	90,000	40,616	180,000	141,733	-	1,824,260
Mr S Mabizela	878,703	73,225	-	-	105,444	192,194	11,574	1,261,140
Mr M Makhunga	1,537,131	-	96,000	57,275	85,914	353,346	-	2,129,666
Mr S Mhlongo	1,695,791	-	-	57,275	-	293,479	-	2,046,545
Mr T Mokataka	1,629,969	-	-	-	-	359,167	-	1,989,136
Mr SG Mzobe	1,508,360	-	120,000	57,275	171,828	349,961	10,893	2,218,317
Ms S Tshabalala	1,517,592	-	120,000	57,275	71,111	350,267	-	2,116,245
	16,944,328	**655,241**	**767,130**	**304,286**	**656,568**	**2,993,137**	**34,041**	**22,354,731**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

32. Prior period adjustments

The correction of the error(s) results in adjustments as follows:

Notes to the Annual Financial Statements

Figures in Rand		2023	2022

32. Prior period adjustments (continued)

Statement of financial position	**REF**		
Property plant and equipment and intangibles	**1**	-	22,480,440
Receivables from Exchange	**2**	-	(4,134,284)
Accumulated surplus	**5**	-	(48,730,038)
Payables from exchange transaction - Accruals	**3.1**	-	(4,011,145)
Payables from exchange transaction- Related parties	**3.2**	-	26,407,903
Deferrred tax	**4**	-	7,987,124
		-	**-**

Statement of financial performance			
Lease rentals on operating lease	**3.1**	-	(3,943,645)
General expenses	**3.1**	-	(1,916,464)
Management fees	**2**	-	(184,896)
Taxation	**4**	-	1,692,602
		-	**(4,352,403)**

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1. Property plant and equipment and intangibles - In the previous year; the entity had assets that were carried at R1 value in the fixed assets register that are still in use. The useful lives for these assets have been re-assessed; resulting in the correction and reversal of the excess depreciation processed in the prior years. The related deferred tax has been corrected as well

2. Receivables from exchange transactions and management fees - Cleaning consumables previously invoiced to Group Corporate and Shared Services was reversed after consultation and review of the transaction. Management fees related to this transaction has also been corrected.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

32. Prior period adjustments (continued)

3. Payables from exchange transactions, Lease rentals on operating lease and general expenses
3.1 Additional accruals were raised for expenditure not recognised in the 2022 financial year but became due and payable in the 2023 financial year.
3.2 JPC corrected an error for the related party creditor payable to JMPD in order to align with JPMD's billing and intercompany confirmation.

4. Deferred tax and Taxation - Movement in current taxation after taking the above prior period adjustments into account

5. Accumulated surplus- Movement as a result of the above prior period adjustments.
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Notes to the Annual Financial Statements

Figures in Rand	2023	2022

32. Risk management

Financial risk management

The entity's activities expose it to a variety of financial risks: market risk, credit risk and liquidity 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.

At 30 June 2023	Less than 1 year	Between 1 to 2 years	Between 2 and 5 years	Over 5 years	Total
Trade and other payables	270,330,626	-	-	-	270,330,626
Loans from shareholder	35,564,900	1,024,501,919	-	-	1,060,066,819
	305,895,526	***1,024,501,919***	***-***	***-***	***1,330,397,445***

At 30 June 2022	Less than 1 year	Between 1 to 2 years	Between 2 and 5 years	Over 5 years	Total
Loans from shareholders	453,783,538	570,718,381	-	-	1,024,501,919
Trade and other payables	182,422,431	-	-	-	182,422,431
	636,205,969	***570,718,381***	***-***	***-***	***1,206,924,350***

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 of 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	2023	2022
Trade and other receivables from exchange transactions	1,161,145,894	770,965,350
Cash and cash equivalents	2,000	2,000
Loans to shareholder	260,896,171	328,410,301

Market risk

33. Risk management (continued)

Interest rate risk

As the entity has no significant interest-bearing assets, the entity's 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

Figures in Rand	2023	2022

34. Financial instruments disclosure

Categories of financial instruments

2023

Financial assets

	At amortised cost	Total
Loans to shareholders	260,896,171	260,896,171
Trade and other receivables from exchange transactions	965,322,804	965,322,804
Cash and cash equivalents	2,000	2,000
Deposits	600,587	600,587
	1,226,821,562	**1,226,821,562**

Financial liabilities

	At amortised cost	Total
Loans from shareholders	1,060,066,819	1,060,066,819
Trade and other payables from exchange transactions	198,149,577	198,149,577
	1,258,216,396	**1,258,216,396**

2022

Financial assets

	At amortised cost	Total
Loans to shareholders	328,410,301	328,410,301
Trade and other receivables from exchange transactions	768,927,921	768,927,921
Cash and cash equivalents	2,000	2,000
Deposits	600,587	600,587
	1,097,940,809	**1,097,940,809**

Financial liabilities

	At amortised cost	Total
Loans from shareholders	1,024,501,919	1,024,501,919
Trade and other payables from exchange transactions	109,253,031	109,253,031
	1,133,754,950	**1,133,754,950**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

35. 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 existence of the company 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 8 years are remaining. The surplus of the company before taxation is R21 094 351 (2022: deficit R49 219 553), after taxation it is a surplus of R10 270 012 (2022: deficit R39 154 605). In lieu of the current financial position, the City of Johannesburg Metropolitan Municipality has issued a letter of surety for the debt and loans of the entity.

36. Fruitless and wasteful expenditure

	2023	2022
Opening balance as previously reported	70,675,888	47,938,553
Add: Fruitless and wasteful expenditure identified - current	78,474	22,737,335
Closing balance	**70 754 362**	**70,675,888**

Details of fruitless and wasteful expenditure

	Disciplinary steps taken/criminal proceedings
Office accommodation	Under investigation
Supplier disputes	Under investigation
Court judgements	Under investigation

Office accommodation – The JPC board of directors are still deliberating in the matter relating to the R45 038 350 of office accommodation.
Supplier disputes - JPC incurred R30 540 interest on supplier accounts which were disputed.
Court judgements - JPC incurred R47 934 related to court judgements that were issued against the entity and enforced by the Sheriff of the Court for the wrongful termination of an employee.

37. Irregular expenditure

	2023	2022
Opening balance as previously reported	103,196,390	63,137,568
Add: Irregular expenditure - current	153 320 508	35,463,426
Add: Irregular expenditure - prior period	-	4,595,396
Less: Amount written off - current	(40,150,337)	-
Closing balance	**216 366 561**	**103,196,390**

Incidents/cases identified/reported in the current year include those listed below:

Disciplinary steps taken/criminal proceedings			
Competitive bidding not invited - current period	Under investigation	3 760 832	5 560 280
Competitive bidding not invited- prior period	Under investigation	-	4 595 396
Declaration of local content and production	Under investigation	-	158 000
Non-compliance to Circular 62 of the MFMA	Under investigation	139 481 013	14 387 504
Non-compliance to the MFMA - Fleet	Under review by the COJ	10 078 663	15 357 642
		153 320 508	**40 058 822**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

37. Irregular expenditure (continued)

Amount written-off

After the investigations, the JPC board of directors adopted the audit and risk committee recommendation to write-off an amount of R40 150 337 from the total fruitless and wasteful expenditure amount as it was proven without reasonable doubt that the amounts incurred were not due to negligence or maleficence.

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	-
	40 150 337	**-**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

37. Accounting by principals and agents

The entity is a party to a principal-agent arrangement(s).

Details of the arrangement(s) is|are as follows:

The JPC is mandated to provide facilities management that incorporates repairs and maintenance 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 from this arrangement as follows:

Management fees	19,618,054	16,307,290

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

38. Contingencies

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 settled in the coming 2024 financial year:

1. The Claimant claims an amount of R634 212.00 for training services rendered.

JPC and the claimant entered into a service level agreement in respect of the services, and agree on the amount of R67 500.00 in respect of the services

2. JPC appointed Bayete Capital as Turnkey Project Manager for construction works at the IOC.

TIRO Projects was appointed as subcontractor 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.

3.The Plaintiff claims an amount of R 4 500 000.00 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.

4. 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)

5. 4T Group Pty Ltd served the JPC with a notice of motion to claim for unpaid outstanding invoice for work done around 2019/2020

6. The Plaintiff, YMCA Soweto, a non-profit organization, issued combined summons against the JPC in terms of which it claims the sum of R5 525 612.02 against the JPC. The Plaintiff alleges during 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.

7. 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 works 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 was not part of 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 await Red Coral Investment (RCI) to proceed with the litigation.

Litigation is in process against the entity relating to the dispute of various employee dismissals at the bargaining 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.

Notes to the Annual Financial Statements

40. Change in estimate

Property, plant and equipment and Intangible assets

The useful life of certain property plant and equipment was revised as follows:

Asset category	***Original Useful life***	***Revised Useful life***
Building	25	36
IT equipment	7	12
Leased assets	3	6
Furniture and fittings	16	25
Plant and machinery	10	9
Office equipment	8	13
Leasehold improvements	10	15
Computer software	7	10

The effect of this revision has increased the depreciation charges for the current and future periods as follows:

	30 June 2023	***Future periods***
Current depreciation	R 4 948 082	R 17 532 359
Deferred Taxation	R 1 385 463	R 4 909 060

APPENDIX E(1)

	Prior Year #1 Actual Balance (000s)	Prior Year #1 Adjusted Balance (000s)	Variance (000s)	Var	Explanation of Significant Variances great than 10% versus Budget
Revenue					
Cellmast services	19,751	19,698	53	0.3	
Commissions and ad hoc fees	19,295	34,908	(15,613)	(44.7)	The overall Commissions and adhoc revenue anticipated is 45% below the targeted budget, this is in line with rental collections in Portfolio. Commission has been servery hampered by the expire, non-renewal and delay in renewal of leases.
Management fees	19,618	17,000	2,618	15.4	Management Fees relates to the recovery of expenditure for the insourcing of cleaning services as well as management fees for R&M, and CAPEX projects undertaken on behalf of COJ and its departments. JPC undertook more R&M and CAPEX work than originally budgeted for.
Other Revenue	1,760	-	1,760	-	Recovery of rent from Group Governance for the occupation of the 6th Floor on forum 1.
Cleaning Services	217,593	236,511	(18,918)	(8.0)	
Facilitation fees	-	56,661	(56,661)	(100.00)	Facilitation fees for the 2023 financial period did not materialise due to challenges related to site preparation for the projects to initiate.
Non-conditional subsidies	500,680	500,680	-	-	
Medical boarding refunds	884	1000	(116)	(11.6)	
SETA refunds	340	-	340	-	
Interest received (trading)	99	-	99	-	Interest earned from SARS receivable.
	780,020	866,458	(86,436)	(10.0)	
Other Income					
Interest received	12,923	-	12,923	-	Interest received from the seeping account, the money in the sweeping account is from JPC main account that is swept daily by treasury into COJ account.
	12,923	-	12,923	-	
Total Revenue Expenses	792,943	866,458	(73,515)	(8.5)	
Personal	(472,143)	(497,782)	25,639	(5.2)	
Depreciation and amortisation	(5,060)	(15,456)	10,396	(67.3)	There were financial leases worth the value of R30m that were suppose to enter into in the period under review, which did not materialise. This resulted in depreciation being 67% below the budgeted target.
Finance costs	(78)	(17,892)	17,814	(99.6)	Interest on the overdraft is 100% below the YTD budget as the sweeping account overdraft has declined from the 2020 financial year.
Lease rentals	(140,911)	(134,536)	(6,375)	4.7	
Doubtful debts	2,785	-	2,785	-	
General Expenses	(149,140)	(200,792)	51,652	(25.7)	Limited cleaning consumables have been acquired, limited maintenance has been undertaken and under utilisation of occupational health and safety expenditure in the period under review.
	(764,547)	(866,458)	101,911	(11.8)	
Operating profit Taxation	28,396	-	28,396	-	
Current	-	-	-	-	
Deferred Tax Profit/(Loss) for the year	(9,439)	-	(9,439)	-	

Auditor General Audit Report

Report of the auditor-general to the Gauteng Provincial Legislature and the council of the City of Johannesburg Metropolitan Municipality on the 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 126 to 194, which comprise the statement of financial position as at 30 June 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information 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 2023 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Companies Act 71 of 2008 (Companies Act).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.

4. I am independent of the municipal entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

7. As disclosed in note 32 to the financial statements, the corresponding figures for 30 June 2022 were restated as a result of an error in the financial statements of the public entity at, and for the year ended 30 June 2023.

Uncertainty relating to future outcomes of exceptional litigations

8. With reference to note 39 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 R29 502 825 (2021-22: R32 379 306), 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 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.

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.

Report on the audit of 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 against predetermined objectives for the selected development priorities presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

17. I selected the following development priorities presented in the annual performance report for the year ended 30 June 2023 for auditing. I selected development priorities that measure the municipal entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Development priority	Page numbers	Purpose
A business-friendly city	65 to 69	The facility management within the City of Johannesburg and also an intermediary in the lease/ sale of the City's properties, which results in economic growth by making available properties and maintaining them for the city and for investors
An inclusive city		The facility management within the City of Johannesburg and also an intermediary in the lease/sale of the city's properties, which results in economic growth by making available properties and maintaining them for the city and for investors

18. I evaluated the reported performance information for the selected development priorities 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

- 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 is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

20. I performed the procedures for the purpose of reporting 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 development priorities.

Other matters

22. I draw attention to the matters below.

Achievement of planned targets

23. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or underachievement.

Material misstatements

24. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for an inclusive city. Management subsequently corrected all the misstatements and I did not include any material findings in this report.

Report on compliance with legislation

25. 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.

26. 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.

27. 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.

28. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements

29. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of disclosures identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

30. Reasonable steps were not taken to prevent irregular expenditure of R153 320 508, as disclosed in note 37 to the annual financial statements, in contravention of section 95(d) of the MFMA.

Consequence management

31. The fruitless and wasteful expenditure incurred by the municipal entity was not investigated to determine whether any person was liable for the expenditure, as required by municipal budget and reporting regulations 75(1).

Strategic planning and performance management

32. The annual performance objectives and indicators were not established by agreement with the parent municipality, as required by section 93B(a) of the Municipal Systems Act.

Other information in the annual report

33. 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. The other information referred to does not include the financial statements, the auditor's report and those selected development priorities presented in the annual performance report that have been specifically reported on in this auditor's report.

34. 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.

35. 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 development priorities presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

36. 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

37. 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.

38. 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.

39. Senior management did not ensure that adequate reviews were performed on compliance with laws and regulations on expenditure management, consequence management, annual financial statements and strategic planning and performance management and the submitted financial statements to ensure that they are accurate, complete and compliant with the GRAP, which resulted in material amendments to the annual financial statements.

Material irregularities

40. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit.

Material irregularities identified during the audit

41. The material irregularities identified are as follows:

Rental payments made for unoccupied office space at Proton House

42. 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.

43. Rental payments made for failure to remove the equipment, if not recovered, is likely to result

in a material financial loss.

44. The accounting officer was notified of the material irregularity on 17 May 2023 and invited to make a written submission on the actions taken and that will be taken to address the matter.

45. The accounting officer has taken the following actions to address the material irregularity:

- Instructed a service provider previously appointed to determine circumstances that led to rent paid due to failure to remove office equipment after expiry of the lease. The investigation was completed in November 2023, however, the investigation conducted did not address the material irregularity and I notified accounting officer of the outcome of the assessment in November 2023.

- Initiated a process to address the shortcomings in the investigation report and the process is expected to be finalised by March 2024.

- The accounting officer plans to take actions based on the outcome of the investigation.

46. I will follow up on the progress made on the implementation of these actions during my next audit.

Rental payments made of unoccupied office space at 222 Smit street

47. 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.

48. Rental payments made for unoccupied office space, if not recovered, is likely to result in a material financial loss.

49. The accounting officer was notified of the material irregularity on 17 May 2023 and invited to make a written submission on the actions taken and that will be taken to address the matter.

50. The accounting officer has taken the following actions to address the material irregularity:

- Appointed a service provider in May 2023 to determine circumstances that led to rent paid for unoccupied office space. The investigation was completed in November 2023, however, the investigation conducted did not address the material irregularity and I notified accounting officer of the outcome of the assessment in November 2023.
- Initiated a process to address the shortcomings in the investigation report and the process is expected to be finalised by March 2024.
- The accounting officer plans to take actions based on the outcome of the investigation.

51. I will follow up on the progress made on the implementation of these actions during my next audit.

Rental payments made of unoccupied office space at Braampark

52. 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.

53. Rental payments made for unoccupied office space, if not recovered, is likely to result in a material financial loss.

54. The accounting officer was notified of the material irregularity on 17 May 2023 and invited to make a written submission on the actions taken and that will be taken to address the matter.

55. The accounting officer has taken the following actions to address the material irregularity:

    - Appointed a service provider in May 2023 to determine circumstances that led to rent paid for unoccupied office space. The investigation was completed in July 2023, however, the investigation conducted did not address the material irregularity and I notified accounting officer of the outcome of the assessment in November 2023.

    - Initiated a process to address the shortcomings in the investigation report and the process is expected to be finalised by March 2024.

    - The accounting officer plans to take actions based on the outcome of the investigation.

56. I will follow up on the progress made on the implementation of these actions during my next audit.

Other reports

57. 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.

58. Thirty three (33) investigations were conducted by the group forensic for allegations against employees of the municipal entity. These investigations included allegations of fraud, corruption, hijacking or none compliance with property bylaws, maladministration and irregularities. Reports on 12 investigations were completed and some closed during the year under review.

Auditor-General

Johannesburg

30 November 2023

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

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 development priorities 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)

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APPENDIX G

APPENDIX G: RECOMMENDATIONS OF THE AUDIT AND RISK COMMITTEE 2022-2023:

Date of Meeting	Subject	Resolution	Status: Implement/Not implemented
19 October 2022	JPC First-Quarter Performance Report (including Financial Overview)	That the JPC First-Quarter report as well as its financial overview be adopted and be recommended to the Board for approval.	Implemented
19 October 2022	First Quarter Acquisition Report	That the First-Quarter Acquisition report for the year ended June 2023 be recommended to the Board for approval.	Implemented
19 October 2022	First Quarter Litigation Report	That the First-Quarter Litigation report be noted and be recommended to the Board for noting.	Implemented
19 October 2022	Protection of Information Act (POPI Act) Implementation Status Report	That the Protection of Information Act (POPI Act) Implementation Status report be noted, and be recommended to the Board for noting.	Implemented
19 October 2023	First Quarter Compliance Report	That the First-Quarter Compliance report be noted, and be recommended to the Board for noting.	Implemented
19 October 2022	First Risk Quarter Risk Report	That the First-Quarter Risk report was noted by the Committee	Implemented
19 October 2022	Internal Audit Progress Report – First Quarter	That the First-Quarter Internal Audit Progress report be noted.	Implemented
19 October 2022	Operation Clean Audit Report (OPCA)	That the Operation Clean Audit Report (OPCA) report be noted.	Implemented
16 January 2023	JPC Mid-Term Performance Report for the FY 2022/2023 - (including Financial Overview)	That The Mid-term Performance Report for the Financial Year 2022/2023 be recommended to the Board for approval with changes recommended.	Implemented
16 January 2023	Proposed Business Plan 2023/2024, accompanied by the Adjusted Budget and the Midterm Deviation Report.	Accordingly, the Committee RESOLVED: a. That the proposed Business Plan for 2023/2024 be recommended to the Board for approval, for further submission to the City for consideration. b. That the scorecards be revised to effect the proposed changes, and be highlighted during the third-quarter reporting cycle. c. That the Midterm Deviation report be recommended to the Board for approval. d. That the amended budget which is more of an internal process by the City, be noted.	Implemented
16 January 2023	The Mid-Term SCM Report for FY 2022/2023	That the Midterm SCM report for the financial year 2022/2023 be noted.	Implemented
16 January 2023	Memorandum by Internal Audit: Recommending an investigation into Unauthorized, Irregular, Fruitless, and Wasteful Expenditure (UIFW).	Accordingly, the Committee resolved to recommend to the Board that the Board approves investigation into Unauthorized, Irregular, Fruitless, and Wasteful Expenditure to proceed, led by Internal Audit, in terms of Section 102 of the Municipal Finance Management Act (MFMA).	Implemented

Date of Meeting	Subject	Resolution	Status: Implement/Not implemented
16 January 2023	Corporate Lease Management Status Update	That the Corporate Lease Management Status report be noted, and should remain a standing item in the Committee Agenda, to ensure oversight by the Committee.	Implemented
13 April 2023	Audit and Risk Committee Charter	The Committee recommended the ARC Charter to the board for approval and signature by the Board Chairperson.	Implemented
13 April 2023	Operation Clean Audit Report (OPCA) – Third Quarter	The Committee recommended the Operation Clean Audit report (OPCA) – Third Quarter report to the board for noting.	Implemented
13 April 2023	Lease Management Status Update Report	The Committee recommended the Lease Management Status update report to the board for noting.	Implemented
13 April 2023	Third Quarter Litigation Report	The Committee recommended the Third Quarter Litigation report to the board for noting.	Implemented
13 April 2023	POPIA Implementation Status Report	The Committee recommended the POPIA Implementation Status report to the board for noting.	Implemented
13 April 2023	Compliance Status Report-Third Quarter	The Committee recommended the Compliance Status report – Third Quarter to the board for noting.	Implemented
13 April 2023	Risk Status Report – Third Quarter	The Committee recommended the Risk Status report – Third Quarter to the board for noting.	Implemented
13 April 2023	IT Governance Report	The Committee recommended the IT Governance report to the board for noting.	Implemented
29 June 2023	Directive From The City Of Johannesburg Board Of Directors (‘The Boards”) – Unauthourised Irregular Fruitless And Wasteful Expenditures (UIFW) Before 30 June 2023.	Accordingly, the Committee noted the presentation by management, and recommended the reports to the Board for further scrutiny.	Implemented
20 June 2023	UIFW Reports	Accordingly, the Committee recommended UIFW transactions to the Board for write off	Implemented
10&13 June 2023	JPC Fourth-Quarter Performance Report (including Financial Overview)	That the JPC Fourth-Quarter report as well as its financial overview be adopted and be recommended to the Board for approval.	Implemented
10&13 June 2023	The JPC Fourth Quarter SCM Report	That the JPC Fourth-Quarter SCM Report be recommended to the Board for approval.	Implemented

Date of Meeting	Subject	Resolution	Status: Implement/Not implemented
10&13 June 2023	UIFW Reports	Accordingly, the Committee recommended UIFW transactions to the Board for write off	Implemented
10&13 June 2023	Risk Report	Accordingly the Committee recommended the Risk Report to the Board for noting	Implemented
10&13 June 2023	Fourth Quarter Compliance Universe Report	Accordingly the Committee recommended the Board to note the Report	Implemented
10&13 June 2023	Monetisation of Assets	Accordingly the Committee recommended the Board to note the Report	Implemented
10&13 June 2023	Cost Containment Policy	Recommended to the Board for approval	Implemented
10&13 June 2023	JPC Debtors Policy	Recommended to the Board for approval	Implemented
10&13 June 2023	Supply Chain Management Policy (SCM)	Recommended to the Board for approval	Implemented
10&13 June 2023	Supply Chain Management Policy for Land (SCMPL)	Recommended to the Board for approval	Implemented
10&13 June 2023	Fixed Asset Policy	Recommended to the Board for approval	Implemented
10&13 June 2023	JPC Fourth Quarter Litigation Report	Accordingly the Committee recommended the Board to note the Report	Implemented
10&13 June 2023	Internal Audit Report	Accordingly the Committee recommended the Board to note the Report	Implemented
10&13 June 2023	Operation Clean Audit Report	Accordingly the Committee recommended the Board to note the Report	Implemented

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APPENDIX J

APPENDIX J: DISCLOSURE OF FINANCIAL INTEREST

2022/23 declaration of interest – Joburg Property Company's Executive Management

The Municipal Systems, Act No. 32 of 2000, Section 4(3) of Schedule 2, provides that no staff 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 entails that municipal employees should not be involved in private business or work with any organ of state, including a municipality.

All members of the Executive Management of Joburg Property Company submitted their declaration of interest forms for 2022/23, and no conflict of interest could be detected. A description of interest declared can be summarised as follows:

SURNAME	FIRST NAME	DESCRIPTION OF INTERESTS DECLARED AS PER THE EMPLOYEE'S DECLARATION FORM FOR 2022/23
Botes	Helen	**Shares and Securities:** • ETF- 40 • SATRIX **Member of Close Corporation:** N/A
Mzobo	Sipho	**N/A**
Madumise	Brenda	**N/A**
Sneech	Barry	**N/A**
Mthimkhulu	Boitumelo	**Shares and Securities:** N/A **Member of Close Corporation:** Koen & Associates Architecture- R22 000
Mgoza	Bongani	**N/A**
Ng'ambi Mabso	Khanyisile	**N/A**
Gallocher	Rory	**Shares and Securities**: N/A **Member of Close Corporation:** N/A
Mda	Slingby	**Shares and Securities:** • Unit trust • RAF **Member of Close Corporation:** • Elona Investments- Confidential • Esto Quod ES- Varies • Gentarex- varies • Khuli consulting- commission & project based.
Ramawa	Thilivhali	**Shares and Securities:** • Changes Chartered Accountants (Pty) LTD-100 • MTN Zakhele Futhi (Pty) LTD- 5000 Shares @R20 each • Phuthuma Nathi shares- 200 shares @ R200 each

SURNAME	FIRST NAME	DESCRIPTION OF INTERESTS DECLARED AS PER THE EMPLOYEE'S DECLARATION FORM FOR 2022/23
		Member of Close Corporation: • National Library South Africa (SOE)-R750 000 per annum • Unisa-Lecturing-R650 000 per annum • AGSA-Limpopo Unit Polokwane-R250 000
Lingani	Xola	**Shares and Securities:** Phambili Group Holdings- 100 **Member of close corporation:** • Fasset- R200K per annum • Tshedza Trust- R120K per annum • Nehawu- non-remuneration • ITA- non-remuneration • UNISA contract- R2 M per annum • Limpopo Office premium- R3 119 per hour
Langalibalele	Leon	**Shares and Securities:** Fita Consulting- 100% **Member of Close Corporation:** • Fita Cinsulting- R650 000 • TFM- per Meeting • Dipaliseng- Per meeting
Asare-Bediako	Konosoang	**Shares and Securities:** • Firstrand- less than 1% • Coronation –less than 1% • Allan gray- less than 1% • Phato Investment cooperative- 2% **Member of Close Cooperative:** • MMC PLC- no remuneration • ABSA group- R250 000 • Phato consulting- no remuneration
Ndadza	Tshilidzi	**N/A**
Sithole	Enos	**Shares and securities:** Sabile Human Resource- 100 **Member of close corporation:** HR Consultant-Executive director-Dividends
Teffo	Bettycourt	**Shares and Securities:** • Mamokeko Medical suppliers & distributors- 100% • Bandas Concepts Projects (PTY) Ltd -40% • TGN trading cc- 40% **Members of Close Corporation:** • Director of Horticulture- No income • Director of Home décor- no income • Director of medical suppliers- no income • Gauteng Liquor Board- R2 176
Rakodi	Ellen	**N/A**

SURNAME	FIRST NAME	DESCRIPTION OF INTERESTS DECLARED AS PER THE EMPLOYEE'S DECLARATION FORM FOR 2022/23
Ratshikhopha	Fulufhelo	**Shares and Securities:** Ronewa Lushaka co-operative- 15% **Member of Close Corporation:** Ronewa Lushaka- N/A
Mthembu	Londiwe	**Shares and Securities**: • Anisi (PTY) Ltd- 100% • Aboc investments- R15% **Member of Close Corporation:** • Aboc Holdings- R28 000 • Abheka Investments- R24 000 • Abcon Groups foundation- N/A • Mvusi wa Africa- N/A
Zondo	Mxolisi	**Shares and Securities:** N/A **Member of Close Corporation:** Good governance Africa- R26 000
Mabundza	Ntalo	**Shares and Securities:** Manghezi groups- 100% **Member of Close Corporation:** Manghezi group- R10 000
Tini	Ntombikayise	**Shares and Securities:** N/A **Member of Close Corporation:** GP Sports- R2500
Mtolo	Sabelo	**Shares and Securities:** • Tudo Furnitures- 100% • **Member of Close Corporation:** • Tudo Furniture- R200 000 PA • Standard Bank- R1 400 000 pa
Thatelo	Tshepang	**Shares and Securities:** Thatelo Attorneys **Member of Close Corporation:** Director Thatelo Attorneys
Simon	Motha	**N/A**