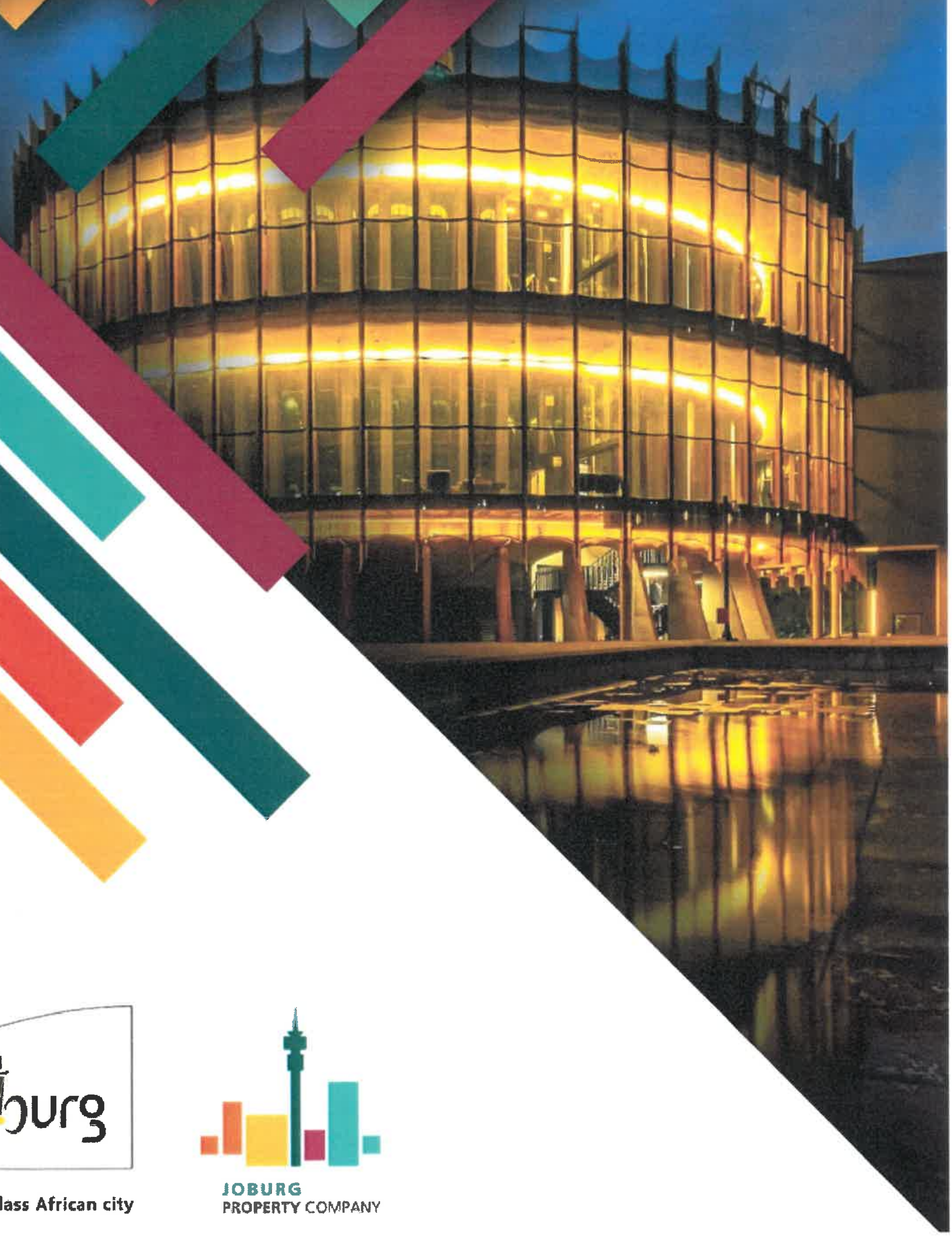
ANNUAL REPORT 2020/21



a world class African city

JOBURG PROPERTY COMPANY

Company Information:

Registration number:	2000/017147/07
Registered address:	3rd Floor | Forum III | 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
Global Email Address:	enquiries@jhbproperty.co.za
Bankers:	Standard Bank South Africa
Auditors:	Auditor-General of South Africa
Acting Company Secretary:	Gontse Dlamini

APPROVAL

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);
- 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 2020/2021 Financial Year.

APPROVAL SIGNATURE PAGE	
Mr. Sipho Mzobe **Acting Chief Financial Officer** …………………………… **Signature**	13 December 2021 …………………………… **Date of Approval**
Ms. Helen Botes **Chief Executive Officer** …………………………… **Signature**	13 December 2021 …………………………… **Date of Approval**
Mr. Moeketsi Rabodila **Chairperson of the Board** …………………………… **Signature**	21 December 2021 …………………………… **Date of Approval**
Cllr. Nkuli Mbundu **Member of the Mayoral Committee** …………………………… **Signature**	13/01/22 …………………………… **Date of Approval**

Acronyms

ACRONYMS AND ABBREVIATIONS			
Acronym/ abbreviation	**Name/phrase**	**Acronym/ abbreviation**	**Name/phrase**
AFS	Annual financial statements	**IOC**	Integrated Operations Centre
AG	Auditor-General	**IPM**	Institute of People Management
AGM	Annual General Meeting	**ISPPIA**	International Standards for the Professional Practice of Internal Auditing
AGSA	Auditor-General of South Africa	**IT**	Information Technology
IAC	Independent Audit Committee	**ITIL**	Information Technology Infrastructure Library
AIDS	Acquired Immune Deficiency Syndrome	**JCCI**	Johannesburg Chamber of Commerce and Industry
ARC	Audit and Risk Committee	**JPC**	City of Joburg Property Company SOC Ltd
B-BBEE	Broad-Based Black Economic Empowerment	**KPI**	Key Performance Indicator
BEE	Black Economic Empowerment	**LIS**	Land Information System
BSA	Business Software Alliance	**LLF**	Local Labour Forum
CAPEX	Capital Expenditure	**MDG**	Millennium Development Goal
CBO	Community-Based Organisation	**ME**	Municipal Entity
CCMA	Commission for Conciliation, Mediation and Arbitration	**MFMA**	Municipal Finance Management Act, 2003
COBIT	Control Objectives for Information and Related Technology	**MMC**	Member of the Mayoral Committee
CoJ	City of Johannesburg Metropolitan Municipality	**MOE**	Municipal Owned Entity
CBO	Client Business Operations	**MOU**	Memorandum Of Understanding
CSI	Corporate Social Investment	**MSA**	Municipal Systems Act, 2003
DED	Department of Economic Development	**NED**	Non-Executive Director
EAC	Executive Adjudication Committee	**NGO**	Non-Governmental Organisation
EAP	Employee Assistance Programme	**OHASA**	Occupational Health and Safety Act, 1993
EE	Employment Equity	**OPEX**	Operational Expenditure
EPWP	Expanded Public Works Programme	**PIMS**	Property Information Management system

ACRONYMS AND ABBREVIATIONS			
Acronym/ abbreviation	**Name/phrase**	**Acronym/ abbreviation**	**Name/phrase**
FMM	Facilities Management and Maintenance	**POC**	Proof of Concept
FRACC	Fraud and Corruption Committee	**RDP**	Reconstruction and Development Programme
GBCSA	Green Building Council of South Africa	**REMCO**	Remuneration and Human Resources Committee
GCSS	Group Corporate Shared Services	**RFP**	Request For Proposal
GDS 2040	Growth and Development Strategy 2040	**SAPOA**	South African Property Owners Association
GIS	Geographic Information System,	**SCM**	Supply Chain Management
GIAS	Group Internal Audit Services	**SDA**	Service Delivery Agreement
GRAP	Generally Recognised Accounting Practice	**SDBIP**	Service Delivery Budget Implementation Plan
GRI	Global Reporting Initiative	**SDJOC**	Service Delivery Joint Operations Committee
HIV	Human Immunodeficiency Virus	**SDM**	Service Delivery Model
IAS	International Accounting Standards	**SHE**	Safety, Health and Environment
ICT	Information and Communication Technology	**SMMEs**	Small, Medium and Micro-Enterprises
IDP	Integrated Development Plan	**SOC**	State-Owned Company
IFRS	International Financial Reporting Standards	**UNGC**	United Nations Global Compact
IIRC	International Integrated Reporting Council	**WSP**	Workplace Skills Plan
ILP	Individual Learning Plan	**YTD**	Year-To-Date

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ABOUT THIS REPORT

Section 1: Scope

JPC, a municipal entity wholly owned by the City of Johannesburg (CoJ), is pleased to present its Integrated Annual Report for the period 1 July 2020 to 30 June 2021. This report aligns with best practice in integrated reporting. It includes the principles of integrated reporting contained in the international Integrated Reporting Council (IIRC) Framework and is guided by various codes and standards including the King IV Report on Corporate Governance for South Africa, and the accompanying Code on Corporate Governance for South Africa.

JPC has applied Circular 63 of the Municipal Finance Management Act, No. 56 of 2003 (MFMA), issued by National Treasury, in the preparation of this Integrated Annual Report. The circular prescribes the content that should be included in the Integrated Annual Reports. JPC's 2020/2021 Integrated Annual Report provides for such required content i.e. data and information.

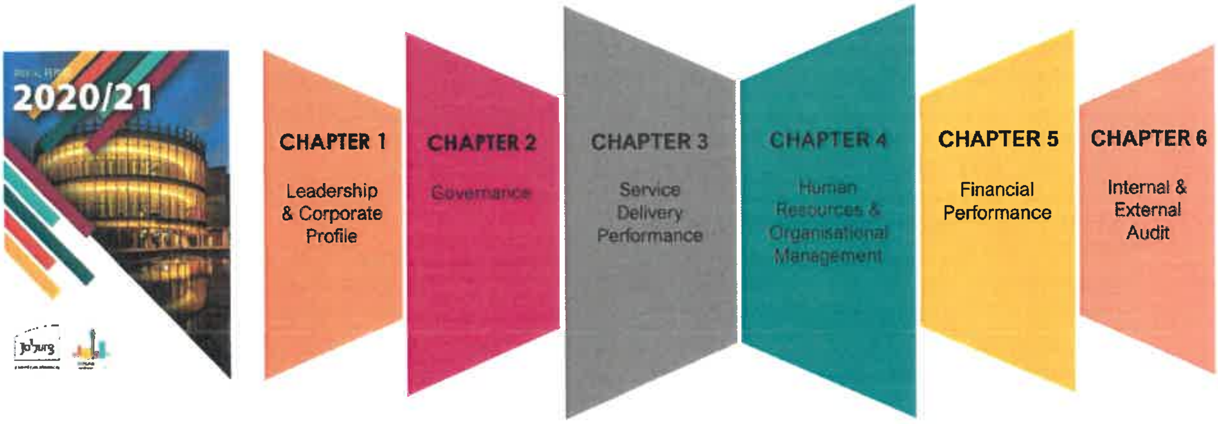
To comply with local and international sustainable reporting best practice guidelines, the report also takes financial, social and economic factors into account in reporting on JPC's operations. The guidelines applied include the following:

- Reporting requirements as per the MFMA Circular 63
- The South African Statements of General Recognised Accounting Practice (GRAP)
- Section 46(1) of the Municipal Systems Act, No. 32 of 2000.
- The IIRC's Integrated Report Framework
- The King IV Report on Corporate Governance for South Africa
- National Treasury Guidelines and Regulations

JPC's outcomes are aligned with those set out in the CoJ's 2021/22–2025/26 Integrated Development Plan (IDP) and the Joburg 2040 Growth and Development Strategy (GDS), the collective and shared vision for the future of Johannesburg.

ABOUT THIS REPORT

This report is structured as follows:



Supporting Documents

The JPC 2020/21 Integrated Annual Report will be uploaded on the Company website at www.jhbproperty.co.za. All documentation supporting the contents of this report is available for inspection at JPC offices.

Section 2: Materiality

JPC has applied the principle of materiality in determining relevant content and disclosure. A matter is material if it is of such relevance and importance that it could substantially influence an assessment of the report and JPC's ability to create value in the short, medium and long term. Material issues are embedded into the company's processes in at least the following four ways that ensure efficiency and impact:

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

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

INTERNAL CRITERIA	EXTERNAL CRITERIA
Joburg 2040 GDS criteria and objectives	• Emerging opportunities and challenges facing the JPC • Changes in the socio economic development agenda and priorities of national and provincial government
Enterprise risk management process, including key risks affecting JPC's strategic and operational objectives and the associated mitigating activities.	• Factors that may affect the JPC's reputation and influence its ability to promote sustainable growth • Emerging opportunities and challenges facing the JPC
The expectations and feedback of stakeholders such as residents, ratepayers, the business community, civil society, national and provincial government, and designated targeted groups.	• The provisions of various frameworks, including the MFMA, section 46(1) of the Municipal Systems Act, King Code, the International Financial Reporting Standards, the Millennium Development Goals, and the broad-based black economic empowerment (BBBEE) code • Characteristics of an enabling environment: o Financial Accountability o Performance Monitoring o Corporate Citizenship o Ethical Leadership and Ethical Organisational Culture o Sustainability & Growth
The JPC's mission, vision and values	
The JPC's governance framework and policy environment	

Feedback

JPC aims to establish and maintain constructive and informed relationships with its stakeholders. Accordingly, please direct any feedback on this report to clientserving@jhbproperty.co.za .

Section 3: Assurance

The executive management, internal audit unit, and the Audit and Risk Committee have reviewed and assessed the entity's integrated annual report for 2020/21 to ascertain whether minimum disclosure requirements were adhered to in terms of the following:

TABLE 2: MINIMUM DISCOLOURE REQUIREMENTS

Integrated Reporting Framework	MFMA: Circular 63 Annual Reporting Requirements
Organisational overview and external environment	Statements from: • Member of the Mayoral Committee • Chairperson's foreword • CEO s' foreword
Governance	• Governance structures • Board independence and reporting • Intergovernmental relations • Public accountability participation • Supply chain management, by-laws and oversight committees • Risk management • Anticorruption and fraud • Disclosure of financial interests • Councillors and Board committees
Business model	The entity s' service delivery operating model has been updated to respond to the ever-changing operating environment to mitigate challenges within the property sector.
Risk and Opportunities	Organisational development performance
Strategy and Resource Allocation	Financial performance • Financial disclosure
Internal audit • **Assessment of governance risk, management ethics and internal control processes** • **Progress on audit findings**	Appendices i.e. Auditor General Report and Annual Financial Statements
Governing stakeholder relationships	
Integrated reporting philosophy • **Sustainability disclosure** • **Financial disclosure**	

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

Section 4: Board Responsibility and Approval of the Integrated Report

The Board of Directors applied themselves to ensure the integrity of the 2020/21 Integrated Annual Report and any supplementary information referenced in the report.

The Board of Directors has considered the completeness of the material aspects addressed in the report and the reliability of the reported performance information presented based on the combined assurance process followed.

The Board also estimated the effect that the presence or absence of an item of information might have on the accuracy or validity of a statement in the Integrated Report, or a decision by a stakeholder (see our approach to materiality in the introduction to this report). Our overall objective with this Integrated Annual Report is to provide information that could materially impact JPC's ability to create value over the short, medium and long term.

The Board is of the view that, to the best of its knowledge and belief our integrated reporting addresses matters material to our stakeholders' decision-making by explaining how JPC creates value over time and takes into consideration the JPC's impact on its stakeholders and the environment in which it operates. The Integrated Annual Report 2020/21 was approved by The Board of Directors and signed on its behalf by:

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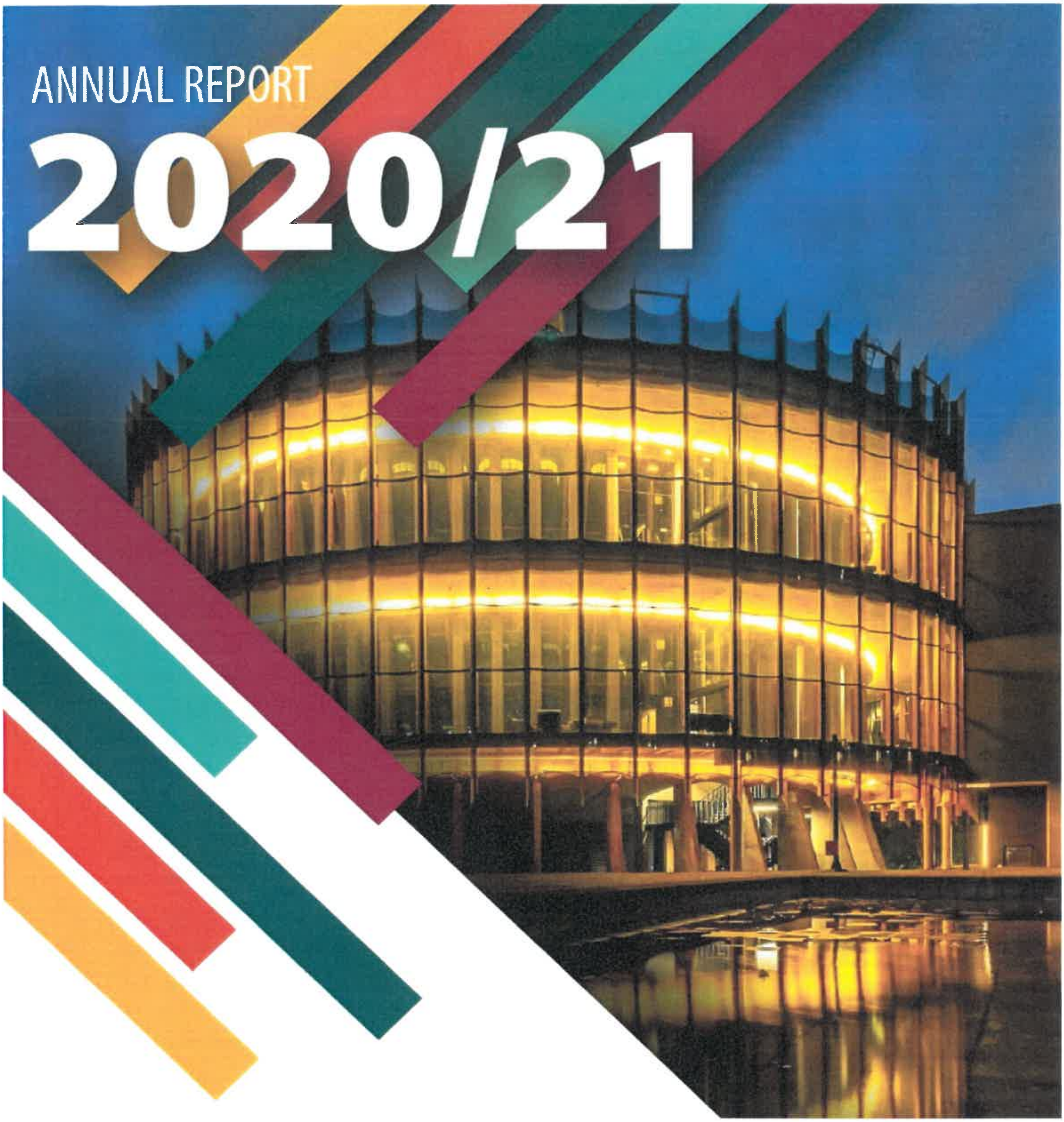
Mr. Mosketsi Rabodila
Chairperson of the Board



Chapter 1: Leadership & Corporate Profile

Section 1: Member of Mayoral Committee's Foreword

Like thousands of enterprises and institutions, the Joburg Property Company (JPC) remains under pressure as the effects of the COVID 19 pandemic continue to be felt, with South Africa experiencing two different waves of the virus in the 2020/21 financial year. The resultant pressure impacted the entity's operating environment, which led to stringent measures being put in place to ensure adherence to COVID 19 regulations. That notwithstanding, it remains an honour to present the JPC 2020/21 Integrated Annual Report, which highlights the entity's organisational and financial performance.

This report deals with the aspects of COJ property portfolio transactions such as sale, leasing, and acquisition including adherence to service standards, Small Micro and Medium Enterprises (SMME) support; expenditure against the capital budget; stakeholder engagement; achievement of the Company's predetermined objectives and financial performance.

JPC was resilient in the implementation of its mandate of contributing towards economic growth through investment attraction, retention & expansion, creation of Job Opportunities, and SMME Development and Support. I have noted, with concern, a steady decline in the entity's financial position emanating largely from diminished rental collections on properties, advertising spaces, cell masts, as well as the payment of utilities and rates.

The year under review has seen a deterioration as most of the targets relating to strategic goals and objectives entailed in the Business Plan, the IDP, the SDBIP and the Service Delivery Agreement (SDA) have not been achieved due to operational shortcomings at JPC. However, I am mindful of the efforts by the executive and oversight leadership of the entity to turn it around in terms of financial sustainability and organisational performance.

South Africa faces, amongst others, serious challenges of world-beating unemployment and poverty. As government, it is our responsibility to respond to these challenges, and JPC will place emphasis on initiatives that stimulate economic growth, the creation of job opportunities, as well as prioritizing the commencement of construction of INNER CITY Redevelopment Projects which aim to revitalize the

Inner City providing mixed-use developments which deliver affordable accommodation and address urban decay by breathing new life into the inner city. It is crucial that we balance service delivery whilst responding to the needs of Joburg's residents. Residents will witness, over the coming years, the implementation of mega projects such as Southern Farms Development, Orlando Ekhaya, and Soweto Gateway that were launched in this current financial year.

We are committed to building a JPC that is sustainable and profitable. I am confident that the execution of initiatives derived from the entity's turnaround strategy, will go a long way to enhance the revenue stream and build the internal capacity of the entity

Finally, I would like to commend the Board, Executive team, and the entire JPC staff for their efforts in ensuring the implementation of the JPC mandate in such a challenging era.

As the Executive Leadership of the City, ably led by Executive Mayor Cllr Mpho Phalatse, we look forward to the year ahead and we pledge our support and guidance to ensure that the entity takes significant strides towards achieving success for, and on behalf, the residents of this great city.

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Cllr Nkuli Mbundu
MMC: Economic Development

Section 2: Foreword by the Chairperson

The On behalf of the JPC Board (Directors), I am pleased to present the Annual Report for the year ended 30 June 2021. The year 2020/21 was a challenging year, marked by the advent of the COVID 19 pandemic, and the unprecedented labour instability at JPC.

The current Board of Directors was appointed on the 11 June 2021 at the Shareholder's (COJ) Special General Meeting and was constituted with the guidance from Group Governance. The Board Committees were reconstituted to give effect to the strategic imperative of Reconstructing and Rebuilding JPC.

JPC's financial performance has been the lowest in recent times, due to organizational instability, which resulted in the entity being led by four (4) CEOs at various times in this period. The consequences were dysfunctionality and lack of focus, which led to a decline in financial performance. The financial underperformance emanated largely from diminished rental collections on properties, advertising spaces, cell masts, including payment of utilities and rates. A situation exacerbated by the pandemic. On the other hand, the Entity experienced a major decline in CAPEX expenditure due to the closure of the construction industry as a result of the various lockdowns and general operational shortcomings at JPC occasioned by the persistent instability.

Cognisant of this reality the Board and Management have endeavored to effect a turnaround strategy with the view to steer the entity back into a path of stability and improved performance. These initiatives are premised on the maintenance of the long-term vision for the entity and the result and effect of these prudent efforts will bear fruit in the New Year.

Financial Performance

Year to date JPC generated a profit before tax of R3, 546, 943 with a taxation of R 6, 999, 526 resulting in a net loss of R3, 452, 583. JPC has a current ratio of 0.09.1 compared to the norm of 1.1, the ratio remained stagnant from June 2020 financial year-end as the company performance has lagged behind business and budgeted objectives for the current financial year. The entity is deemed technically insolvent, as the assets are insufficient to cover all liabilities. The Board in consultation with management have reflected on revenue streams that could be pursued in 2022 financial year to improve the revenue generation objectives.

Way Forward

There are two NEW pieces of legislation that are relevant for JPC that are worthy of mentioning as the entity charts its way forward – POPIA, on July 2020 this Act was enacted (Protection of Personal Information Act) and came into effect on July 2021. The Act sets out conditions to responsible parties to lawfully process the personal information of data subjects (both natural and juristic persons). In response to the Act JPC has started a process of setting guidelines to specifically meet our obligations in terms of the requirements of POPIA.

Secondly, the Rental Housing Act of 1999 as amended seeks to regulate the relationship between tenants and property owners by ensuring that there is an amicable dispute mechanism in the rental-housing sector. The Department of Housing and Human Settlement has developed the Regulations, which give effect to the commencement of the Rental Housing Act of 1999 as amended, and JPC is cognisant of this development and will include all its provisions in the planning and execution of this mandate on behalf of the City of Joburg.

In the short term South Africa and the world will continue to be impacted by the profound transformation visited upon economies and business by the COVID19 pandemic, in this context we remain confident of JPC's prospects, as we are continually evaluating the business' corporate strategy and maintaining our long term vision for the entity.

JPC'S Board of Directors remain optimistic and committed to the achievement of the strategic objective of the entity working together with the political leadership that will be in office after the Municipal elections.

On behalf of the Board, I wish to express our gratitude to the Executive Management Team and staff for their commitment and hard work during the course of this past reporting period, the Shareholder Representative Mr. Simon Mofokeng for his guidance and leadership.

Accordingly, I submit JPC'S Annual Report for the Financial Year 2020/2021 on behalf of the JPC Board of Directors.

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Moeketsi Rabodila
Board Chairperson

Section 3: Chief Executive Officer's Report

The 2020/21 Integrated Annual Report provides a holistic and integrated overview of the entity's performance in terms of its operations, finance, governance and sustainability. Our annual report also demonstrates how the entity has in the current financial year faced various impediments, but has risen to the challenge and is making significant strides in addressing its shortcomings and responding to the ever-changing economic conditions.

The year under review proved testing as business operations were disrupted due to a downturn in the property industry as well as internal challenges relating to negative media coverage, low staff morale, and leadership/management alterations, which contributed to the decline in performance.

The weakened levels of productivity and Supply Chain Management challenges is evident in the low level of CAPEX spending during the period under review, which saw the entity only achieving a 4% spend. JPC intends to streamline its processes to ensure that its capex expenditure is committed and implemented in the first two quarters of the 2021/2022 financial year.

For the period under review, JPC managed to achieve 30% of the 20 KPI targets set out in the Business Plan. The achievements for the period under review include:

- Year to date Investment Spend within COJ boundaries based on construction value on the ground amounts to R302 682 033.20.
- The entity received an unqualified audit report with findings.
- Five hundred and seventy-two (572) properties to the value of R113 009 919 were transferred during the reporting period to advance the City's service delivery, housing provision and economic development objectives.

- The BEE spend of 100% on all goods and services acquired by both JPC and Portfolio is an indication of JPC's commitment to transformation.

Financial Performance

For the YTD JPC has generated a profit before tax of R3 546 943 with taxation of R6 999 526 resulting in a net loss of R3 452 583. The solvency ratio of 0.97:1, which signals factual insolvency as the assets are currently insufficient to cover all liabilities. Comparatively, the cash position of the entity currently reflects as positive R128 597 724, largely due to the recovery of outstanding intercompany and related party debtors throughout the financial year.

COVID 19 Response

South Africa's economy has been in a cyclical downturn since the Covid-19 pandemic and this economic slowdown continues to affect the property sector. Downward economic cycles present simultaneous factors that indirectly affect the property and construction sectors ranging from continued prudence from investors who are uncertain about future demands and trends, downsizing, postponement or halting of developments, which influences the demand for commercial space.

To this end, all the necessary precautions as indicated in the regulations have been complied with. JPC has remained operational during all levels of lockdown as staff have been working from their homes with essential staff reporting to the office on rotational basis. We have however realised that productivity has been compromised as the organisation is currently non-functional and staff working remotely are not monitored.

Furthermore, the Company has ensured that all staff members are provided with PPE equipment and that the entire office is deep cleaned whenever a positive case is reported in the office.

Way Forward

The company is committed to turning the corner with regards to performance and has started proactively preparing for the new financial year by engaging in strategic workshops and one on one sessions with senior management, focusing on key deliverables for the 2021/2022 financial year. The aspirations and actions set in motion this year with regards to JPC Flagship programs and ensuring our workforce remains healthy and mentally fit will influence how we confront the coming financial year and the challenges it will have.

We can only achieve our ambition through the ongoing collaborative efforts with the Board of Directors, Management team and JPC employees.

Helen Botes
Chief Executive Officer

Section 3: Review by the Acting Chief Financial Officer

The 2021 financial year has been a challenging year for JPC and the organisational performance is reflected in the financial performance of the entity. Interim executive management was appointed from Q3 to stabilise the organisation and salvage the financial year, however, there was insufficient time left in the financial year to achieve anything significant and emphasis has been placed on turning the corner in the 2022 financial year.

For the YTD JPC has generated a profit before tax of R3 546 943 with taxation of R6 999 526 resulting in a net loss of R3 452 583.

The cash position of the entity currently reflects as positive R128 597 724, this is due to the recovery of outstanding intercompany and related party debtors throughout the financial year. Comparatively, the improvement in the cash position is in excess of R300 million however, the improvement is undermined by the outflow of cash to settle accruals and operational expenditure during the financial year. Further to this related party loans exceeding R490 million for salary costs are still to be paid to the COJ's Group Finance and Corporate Shared Services from 2020. Payment of these related party loans will drastically change the cash position of JPC.

JPC has a current ratio of 0.90:1 as compared to the norm of 1:1, the ratio has remained stagnant from the June 2020 financial year end as the financial performance of the company has lagged behind business and budgeted objectives for the current financial year.

The solvency ratio of JPC is 0.97:1 against the norm of 1:1 and is factually insolvent, whereby the financial statements indicate that there are insufficient assets to cover all liabilities. The ratio has remained at a similar bearing to that of 2020, however, accumulated losses have increased due to the marginal loss generated in 2021. Management has reflected on how revenue streams can be achieved in the 2022 financial year to improve the revenue generation of the entity. JPC remains commercially solvent due to its banking facilities that are available to the entity through the COJ's Group Treasury.

Currently 4% of the overall Capex budget of R147 943 724 has been spent for the YTD. The instability in senior management resulted in significant delays in tender processes for projects that had budget. At the beginning of quarter 4, JPC confirmed with Group Finance that there would be no rolling over of funds, which resulted in projects, which resulted in halting of projects that had not started.

AGSA and National Treasury classified the Afrirent fleet contract as irregular in the previous financial years. The COJ has extended this contract for a further 12 months in order to finalise the new contract. JPC incurred R6 316 798 for fleet services for the YTD. However, the billing from Afrirent, the fleet service provider, is often delayed and the fleet expenditure is expected to increase once accruals are concluded for the AFS. 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.

There is irregular expenditure emanating from the appointment of forensic investigators from the COJ legal panel. In August 2020, the then City Manager issued a memo indicating that the appointment of the investigator should be suspended, pending the review of the procedural correctness of the appointment. Yet the board insisted on this investigator, as their investigator to continue. JPC paid R485 684 in November and December 2020, without any information relating to the procurement process.

JPC continued to incur fruitless and wasteful expenditure relating to the empty office accommodation in Forum 2 and currently vacant spaces in Forum 1, which will be occupied by Metrobus and Metro Trading Company in new financial year. JPC has incurred R15 083 913 for the financial year in relation to office accommodation expenditure for floor space that has not been occupied.

A number of individuals were suspended for a period in excess of the prescribed maximum of three months, on full pay, as per JPC Disciplinary policy and Local Government Regulations for Senior Management. This resulted in an additional fruitless and wasteful expenditure of R120 442, which will continue to accumulate until the officials are dismissed or reinstated.

In the quarter under review, the Special Investigation Unit (SIU) finalised an investigation report on the procurement of deep cleaning and sanitisation services. The SIU findings against the accounting officer includes the following;

- Allowed Senior Manager to negotiate rates with service providers,
- Allowed demand management to process the award to service providers knowing very well that there is no SCM compliance,
- Allowed demand management to process the award to the service providers without presenting the recommendation of the deviation to the Board of JPC for consideration,
- Allowed the creation of Purchase Orders to the service providers to the service providers without following SCM Compliance,
- Ignored the Disaster Management Act 57 of 2002 and Section 27(2) of the amended Regulation to the Act,
- Ignored the JPC SCM Policy and National Treasury instructions on competitive bidding and accepted inflated prices quoted by the service providers which caused the department to incur fruitless and wasteful expenditure of R18 321 620.

The SIU did not refer these findings for any further investigation or action by National Prosecution Authority or HAWKS.

JPC has been negatively affected by media coverage since the leaking of the Group Internal Audit Services (GIAS) report on Covid-19, which had a number of errors, notably the rates per square meter, which was indicated as varying from R26 to R401. JPC clarified the issue of overpricing with GIAS by pointing at the error the team made in their recalculation. JPC only negotiated two rates namely R26 per square meter for sanitising and R50 per square meter for deep cleaning. Instead of clearing the finding, GIAS obtained quotation from service providers for sanitisation of offices in September 2020 and ignored JPC's submission.

JPC consulted National Treasury relating to the issue of comparing March 2020 prices and September 2020 prices. National Treasury response was clear and indicated *that if the municipal entity paid in excess of market price at the time (March 2020), then the amount that exceeds the market price **may** be seen as fruitless and wasteful expenditure*. The exercise of determining the market price at the time has not been undertaken and might prove to be a challenge. Thus, it is unclear whether or not the entity paid in excess of the market price at the time. As a result, it cannot be concluded that the R18 million spent on deep cleaning and sanitisation constituted wasteful and fruitless expenditure.

The Auditor General of South Africa issued a Third Special Report on the Financial Management of Government's Covid-19 Initiatives on 30 June 2021. The procurement done by JPC were included among the items tested by AGSA during their audit of the City of Johannesburg Metro. The report indicated the audit covered the R3.7 billion expensed by municipalities from March 2020 to December 2020. It is important to note that JPC did not have any finding that was included in this report. JPC was only featured in best practices observed section.

The BEE spend is an indication of JPC's commitment to transformation and currently resides at 100% of all goods and services acquired by both JPC and Portfolio.

Going forward into the new financial year, emphasis will be placed on significantly improving the financial position of the entity. The following initiatives will be undertaken;

- Finalisation of Service Level Agreement (SLA) with Departments for Cleaning Services that JPC provides.
- Execution of repairs and maintenance for other City departments and entities, unlocking the 10% commission.
- Finalising the SLA with Transport Department relating to management of JITA
- Expiry of the Forum 2 lease and end of fruitless and wasteful expenditure
- Renewal of leases and collection of billed revenue. JPC only earns commission on collections and not billing.
- Increasing facilitation fees by conclusion of previously lapsed tenders and new ones.
- Hundred percent spending on capex as have been the norm in the previous cycles.
- Finalise the depending disciplinary processes

The AGSA has reverted to the original audit cycle as gazetted by National Treasury and the audit concluded on 30th November 2021. JPC achieved an unqualified audit with findings. Management will address these findings in the 2022 financial year after detailed review of the root causes and control deficiencies that gave rise to these findings. Thereafter mitigating controls will be put in place to ensure that the findings do not occur in the 2022 annual financial audit.

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Sipho Mzobe CA (SA)
Acting Chief Financial Officer

Section 4: Corporate Profile and Overview of the Entity

The City of Joburg Property Company SOC Ltd (JPC) was established as a private company in 2000 and is wholly owned by the City of Johannesburg (CoJ).

Core Mandate

JPC is mandated to manage and develop COJ's property portfolio for the purpose of maximising both social and commercial opportunities for the Council. JPC derives its mandate from a signed Service Delivery Agreement (SDA) with its sole Shareholder, the CoJ and it provides these core functions:

DIAGRAM 1: JPC CORE FUNCTIONS

The entity has 1688 employees, based at the head office and various depots, who execute the strategy of the organisation.

Our Vision

To provide property and facilities management, property development, property asset management services, land strategy, acquisition and stewardship in order to maximise the social, economic and financial benefit to the CoJ and support the CoJ's delivery objectives on a cost competitive basis.

Our 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 will support the achievement of the CoJ's strategic priorities, including economic and social development and the service delivery objectives of the CoJ.

Our Values

The values adopted by JPC are:

- Professionalism
- Accountability
- Responsibility
- Customer Service
- Trust

***DIAGRAME 2*: JPC MISSION VISION & VALUES**

Unique Competitive landscape

JPC is unique in that while there are companies offering property and facilities management and others dealing with property development, the social and service delivery assets are unique to municipalities. JPC manages a diverse portfolio consisting of various classes of assets, i.e. residential, office, commercial, social (sports facilities and stadiums), and service delivery (clinics, fire stations, community centres) assets.

JPC is not only focused on the financial returns (profits), but also has to fulfil the social, economic and empowerment mandates of the municipality. JPC is a break-even service delivery geared entity. JPC provides for two categories of leases i.e. Commercial and social.

TABLE 3: JPC PROGRAMMES

JPC FLAGSHIP PROGRAMMES	PROJECTS COMPLETED IN 2020/2021	PROJECTS IN PROGRESS AT YEAR END
1. Inner City Rejuvenation Programme 2. Office Space Optimisation (OSO) Programme 3. Southern Farms Development 4. Soweto Gateway	1. Jabulani Civic Centre - Repairs and Maintenance 2. Roodepoort Civic Centre - Repairs and Maintenance 3. Alexandra Multi-purpose and Community Centre Repairs and Maintenance	1. Inner City Rejuvenation Programme 2. OSO: Randburg Civic Precinct 3. Riverside View Mega Housing Development 4. Soweto Gateway 5. Jabulani Housing

Political Governance and Accountability

JPC relies on the Department of Economic Development for direction on its contractual obligations contained in the Service Delivery Agreement, and on the Member of the Mayoral Committee for its political mandate and oversight. The Group Governance unit provides corporate governance and related support, including financial sustainability and compliance reporting and review

The Council's Portfolio Committee on Economic Development provides political oversight of the JPC's activities and functions. JPC also falls under the Economic Development Mayoral Cluster Committee, which ensures that the work of the other departments and entities mandated with spatial transformation and economic growth of the city is integrated and coordinated.

JPC's management is accountable for strategic and operational matters to the Board of Directors, which controls and maintains a fiduciary relationship with the company.

Significant factors affecting the External Environment

During the year under review, South Africa's economy has experienced an economic slowdown which continues to impact the property sector. The long-term property market cycles tend to lag behind major economic cycles due to the time-scale of project development. The downward economic cycles presented a number of concomitant factors that indirectly affect property sector activity: ranging from investor confidence that encourages/challenges deal flow to consumer behaviour, which impacts the demand for commercial space.

Given that the South African Property Sector is in a protracted recession phase and continues to experience downsizing, consolidations and postponement/halting of developments, which are largely driven by the prevailing economic conditions.

This has had an immerse impact on JPC's operations and as a result JPC has to navigate through uncertainty while addressing this challenges amongst others:

- Declining revenues as a result of fragile economy.
- Implementation of financial holiday repayment programmes for the tenants within the informal sector to provide livelihoods given the high levels of unemployment.
- Repurposing of retro-fitting of COJ land or properties for supporting the Community Development initiatives while encouraging existing businesses to reinvest.

- Small and micro businesses were most affected so JPC should put measures in place for post pandemic reconstruction to cushion the blow of the impact and assist in reshaping the structure of the economy.
- Land Invasions: Land invasions and illegal occupations have severe financial implications in the form of loss of assets and reallocation costs to find alternative accommodation and ensuring the securing of the property to prevent future invasions.

Section 5: Strategic Objectives

JPC's corporate strategy is aligned with the Integrated Development Plan (IDP), the Joburg 2040 Growth and Development Strategy (GDS) and the strategic priorities. Each GDS 2040 outcome are driven by several strategic outputs, which represent intervention areas, which the City and its entities plans to implement to achieve the desired long-term outcomes. Given the ever-changing strategic context, in the period under review, some amendments have been made on strategic priorities and programmes of the City. JPC actively contributes to Outcome 3 and 4 as part of being categorised as falling under the Economic Growth Cluster outlined in the table below:

TABLE 4: JPC STRATEGIC ALIGNMENT

GDS OUTCOMES	STRATEGIC PRIORITIES	STRATEGIC PROGRAMMES	FOCUS AREAS
An inclusive, job-intensive, resilient, competitive and smart economy that harnesses the potential of citizens.	1. Good governance 2. Financial sustainability 3. Integrated human settlements 4. Sustainable service delivery 5. Job opportunity and creation 6. Safer city 7. Active and engage citizenry 8. Economic development 9. Sustainable development 10. Smart city 11. Minimizing the impact of COVID (and future pandemics).	1. Accelerated and visible service delivery and reintroduce co-production in the delivery of basic services. 2. Improve and strengthen financial position. 3. Impact the housing market including the integration, development and maintenance hostels and flats. 4. A safer City by reintroducing ward-based policing (Joburg 10+) and effective by-law enforcement. 5. Job opportunities and creation. 6. Development and support of SMME. 7. Community Based Planning and enhanced community engagement, including Mayoral izimbizo. 8. Manage displaced communities and homelessness. 9. Combat drug and substance abuse. 10. Combat corruption, fraud and maladministration. 11. Combat illegal land invasion and promote regulated land use 12. Formalisation of informal settlements and accelerated rapid land release 13. Eradicating Gender Based Violence and violence against children	1. Regeneration of the Inner City of Joburg through the release of property developments and property management to the private sector. 2. Contribution to economic growth through investment attraction, retention and expansion through the unlocking of land through property developments. 3. Intervening to stimulate development in the South through Mega Projects such as Southern Farms Development and Soweto Gateway. 4. Revitalising Township Industrial Parks and stimulating Township Economies (i.e. Soweto Gateway). 5. Job opportunities creation and SMME Support. 6. Income raised from leases and servitudes sales and land sales. 7. Implementation of the outdoor advertising masterplan. 8. 100% Capex Spend. 9. Unqualified Audit.
A high performing metropolitan government that proactively contributes to and builds a sustainable, socially inclusive, locally integrated and globally competitive Gauteng City Region.			1. Improving infrastructure and visible service delivery. 2. Planned and unplanned maintenance including sanitizing the facilities and buildings as part of prevention of the spread of COVID 19. 3. Identification of sites/ properties to use for temporary accommodation. 4. Unleashing innovation, reducing energy consumption through working with developers to identify opportunities for smart infrastructure in new property developments.

Our Strategy

JPC is a dynamic company mandated to manage and develop the COJ's property portfolio. These diverse portfolio covers a number of properties and or land across seven municipal regions. JPC maximises social and commercial opportunities within the COJ's portfolio to unlock value and support the City's growth and development strategy.

The drive for social transformation is at the core of JPC's strategy and all of its operations. Utilising council-owned land assets. JPC leverages private sector investments in public infrastructure, promoting innovative solutions to the development challenges of contemporary Johannesburg.

JPC's various initiatives are aligned with the strategies of the Economic Growth Cluster as well as the various Integrated Development Plan (IDP) Programmes. In synchronising the various strategic objectives, JPC has identified initiatives, which supports the following City's strategic priorities.

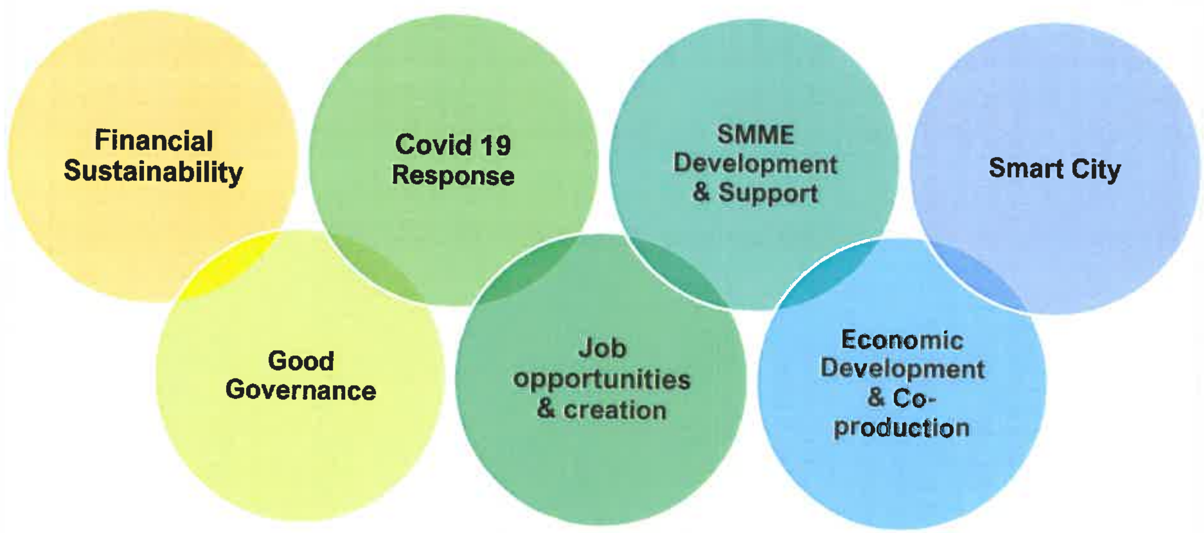


DIAGRAM 3: JPC'S CONTRIBUTION TO THE CITY'S STRATEGIC PRIORITIES

JPC pursues the creation of an innovation intervention that leverages on technology and extracting the maximum value from city assets to improve the quality of lives of the COJ residents through these medium to long-term smart city initiatives among others:

- Adaptive reuse and redesign of buildings as a result of property demand shifts.
- Innovative approach on how properties are packaged for release, i.e. e-commerce has brought about the demand for warehousing as opposed to office accommodation demand, which is dwindling.

- More flexible leasing options tailored to potential tenants based on market demands, i.e. duration, easily convertible properties. (Events, retail, tourism space),
- Unleashing innovation in respect of its property development projects.
- Identify opportunities for smart infrastructure.
- Reduction of energy consumption within council owned facilities.
- Facilitate energy mix and introduction of alternative energy sources to minimise demand in mixed used developments.
- Promote green rooftops as part of the City's sustainability programmes.
- Retrofitting which involves modifications to existing commercial **buildings i.e. council owned facilities** that may improve energy efficiency or decrease energy demand.
- Identify innovations for Commercialisation within the City's structures.
- Repurposing of council owned facilities to be used homeless shelters, quarantine facilities and other uses levering on technology enables the longevity of municipal infrastructure.
- Growing the outdoor advertising income with a process of reducing illegal signs.

JPC focuses also on the attainment of a clean audit, optimising resources, increasing productivity and improved service delivery as part of embedding good governance principles and financial stabilisation.

JPC also collaborates with City departments such as Housing, Economic Development and Community Development to identify sites/land or properties that could be used in the delivery of public services in manner which citizens are involved in the creation and production of these services:

- Aesthetics management within precinct plans, Childcare centres, early childhood development centres, Opportunity centres, Agricultural and farming, Community centres and recreations.

The 2020/2021 Business Plan outlines that performance objectives and targets that JPC must achieve as per the IDP, Budgets and SDIP.

TABLE 5: MAYORAL PRIORITIES & JPC'S CONTRIBUTION

MAYORAL PRIORITIES	JPC'S CONTRIBUTION TO THE PRIORITIES IN THE 20/21 SCORECARD
Economic Development, Job Opportunities and Job Creation, SMME Development and Support	• R2.5 billion investment / Rand value attraction of investment on CoJ property. • R250 million investment spend on CoJ property/construction value on the ground. • 1 000 jobs created through property transactions. • 1 000 SMME's supported through property transactions. • 100% valid invoices paid within 30 days of invoice receipt date.
Economic Development	• 200 asset management plans formulated • Acquisition of 20 properties acquired on behalf of City Departments & Entities. • 20 of Inner-City properties approved in Council for release to private sector • 1 930 leases of shops and stalls concluded • Development and management of 250 public conveniences • Release of 120 properties on social and economic leases including servitudes and sales
Good Governance	• Train 540 employees • 90% of funded strategic vacancies filled within 90 days • 100% of disciplinary cases to be concluded successfully within 90 working days • Improving the safety of employees by ensuring zero fatalities
Enhance our financial sustainability & Good Governance	• 35% implementation of the Outdoor Advertising Masterplan • 100% spend of the allocated capital expenditure budget • R150 million rental income raised from leases and servitudes sales • Unqualified audit opinion • 100% resolution of AG and internal audit findings

To deliver on the vision, the JPC delivers on its strategic goals, which are linked to the Shareholder's strategic direction as outlined in the IDP. In addition, the Entity has taken cognisance of the principles 4 and 5 of the King IV Report on Corporate Governance for South Africa, which postulate that the governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model are all inseparable elements of the value creation process.

The short-term performance achievements and target outcomes are measured through the Corporate Scorecard. The long-term achievements and target outcomes will be measured in a continuous basis from the period under review until the end of the 2021/25 IDP period. **Table 6** indicates the short, medium and long-term goals.

TABLE 6: JPC STATEGIC 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**
Release and renew properties for commercial and social including servitudes and sales.	Concentrating on commercial leases and growing the portfolio by 50% each for the next three years.	CoJ properties utilised for commercial, social and service delivery purposes to attract investment, enhance the value of assets while generating revenue.	Jobs created, SMME development and Economic growth
Reduction of variables costs on rentals for office accommodation, i.e. City to utilise own office space	Sweating of existing CoJ assets to attain exponential growth in rental income, i.e. Office Space Optimisation (OSO).	Grow facilities management revenue by providing strong consulting services.	Financial sustainability
Understanding our customer and stakeholder needs	Establish our customer and stakeholder satisfaction needs.	Improved customer and stakeholder satisfaction.	Stakeholder Satisfaction
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
Motivated employees	High performance culture inculcated.	Invest in our staff to sustain optimal performance and a service-focused culture with committed people.	Productive workforce
Reduce outdoor advertising illegal signs/clutter and renew expired leases (transitional plan)	Increate the outdoor advertising income to R300 million.	Transform outdoor advertising sector so that there are role-players that are more diverse and representation of the South Africa demographics.	Financial Sustainability
Redevelopment of existing facilities into public-private partnerships, i.e. Inner-City Revitalisation Programme	Increase in facilitation fees by introducing new property developments, i.e. property pipeline.	Create high yielding property development; grow revenue while transforming the property industry.	Economic Growth Job Creation SMME Development
Implement sound asset management practices through the land strategy	Land acquisition increased to R30 million over three years.	Provision of land for socio-economic purposes as part of contributing towards a healthy growing economy.	Economic Growth Financial Sustainability

Value Creation

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

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

TABLE 7: JPC CAPITAL VALUE

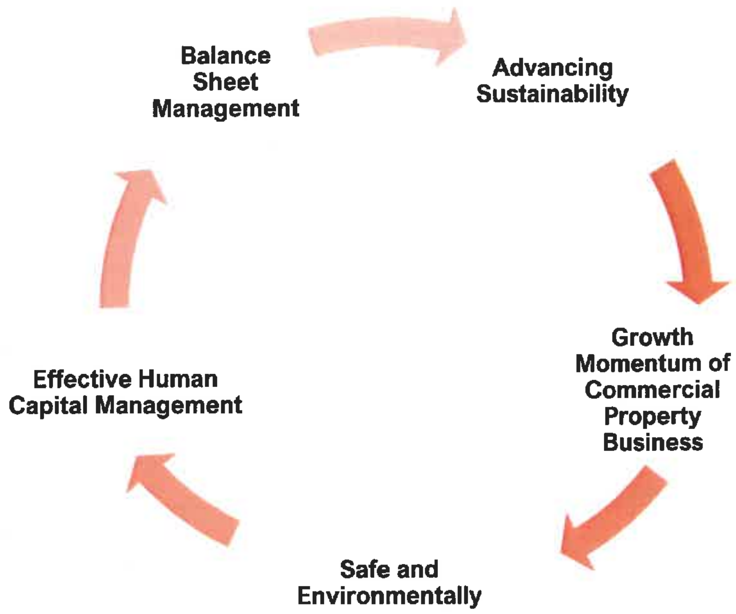
CAPITALS	UTILISATION OF CAPITALS	REFERENCE
Financial Capital	Ability to generate cash flows and access revenue.	Annual Financial Statement Service Delivery Performance
Social and Relationship Capital	Quality relationships with our key stakeholders is vital to long-term sustainability. Building trust 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 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 riven 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 stakeholder partner. Delivering value to stakeholders influences our reputation.
- Governance: We are a values-based organisation, committed to high standards of business integrity and ethics

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

DIAGRAM 4: JPC BUSINESS MODEL



Our executive management is responsible for managing the material matters in a structured way and ensures that they remain current and relevant.

JPC Business Model

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

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

- Improved integrated service delivery;
- Creative investment opportunities;
- Growing the local economy;
- Fundamentally changed conditions on the ground in respect of COJs citizens, economy and space;
- Stimulate new socio-economic paradigms; and
- Co-production of service delivery.

JPC aims to create sustainability of its stakeholders through the business activities, partnerships, value proposition and revenue streams outlined in the diagrams below.

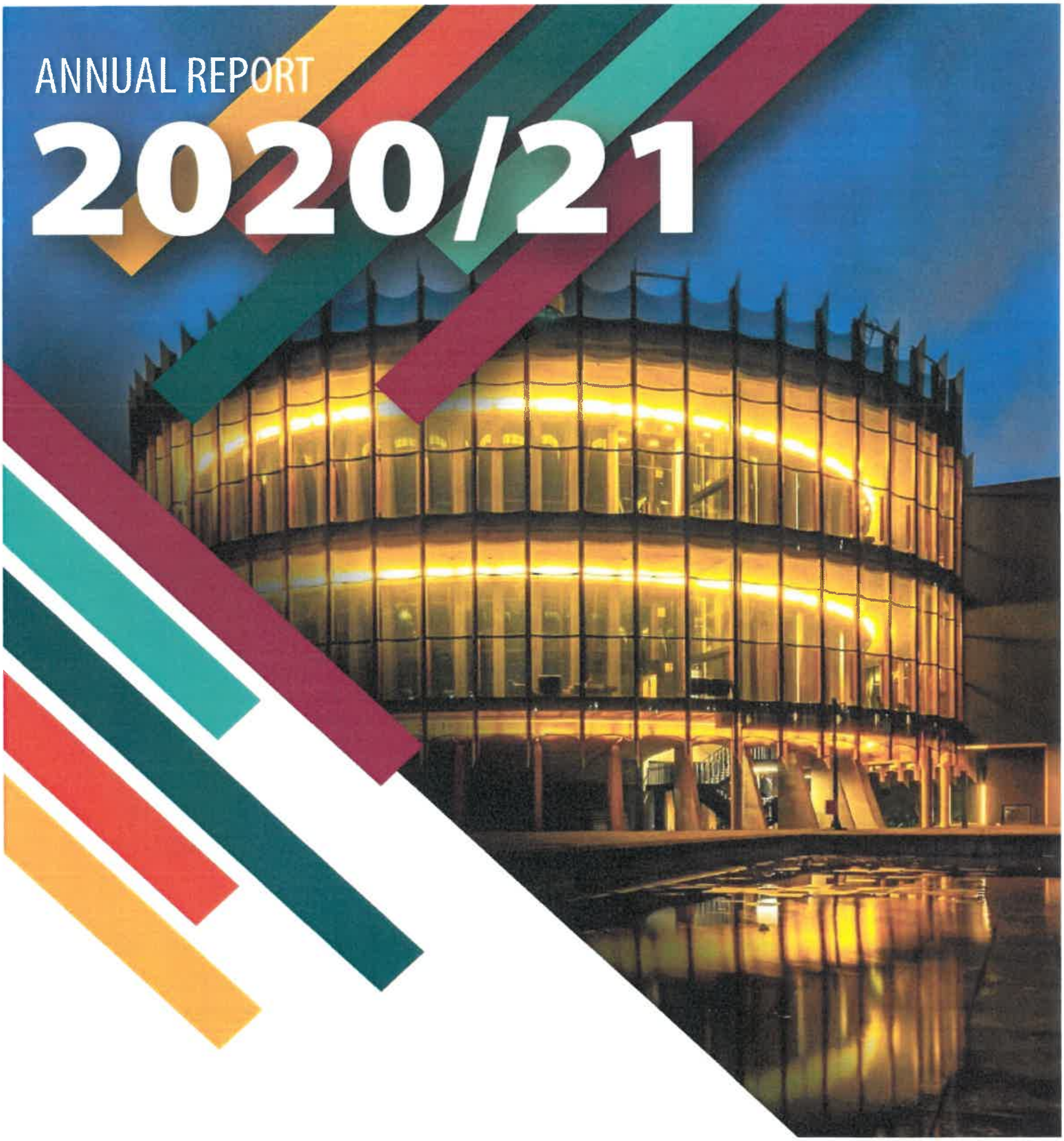
Business Impact: Maximise Social, Economic and Financial benefit to CoJ as well as support the delivery objectives on a cost competitive basis.

DIAGRAME 4: JPC BUSINESS MODEL – *this creates sustainability for our stakeholders*

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

INPUTS

- **Human Capital** – Employees
- **Natural Capital** – Land
- **Intellectual Capital** – Land Strategy; Joburg 2040 GOS; JPC Strategy
- **Financial Capital** – Assets; Subsidy; Revenue
- **Social & Relationship Capital** – Assets; Subsidy; Revenue



Chapter 2: Governance

Section 1: Corporate Governance Statement & Structure

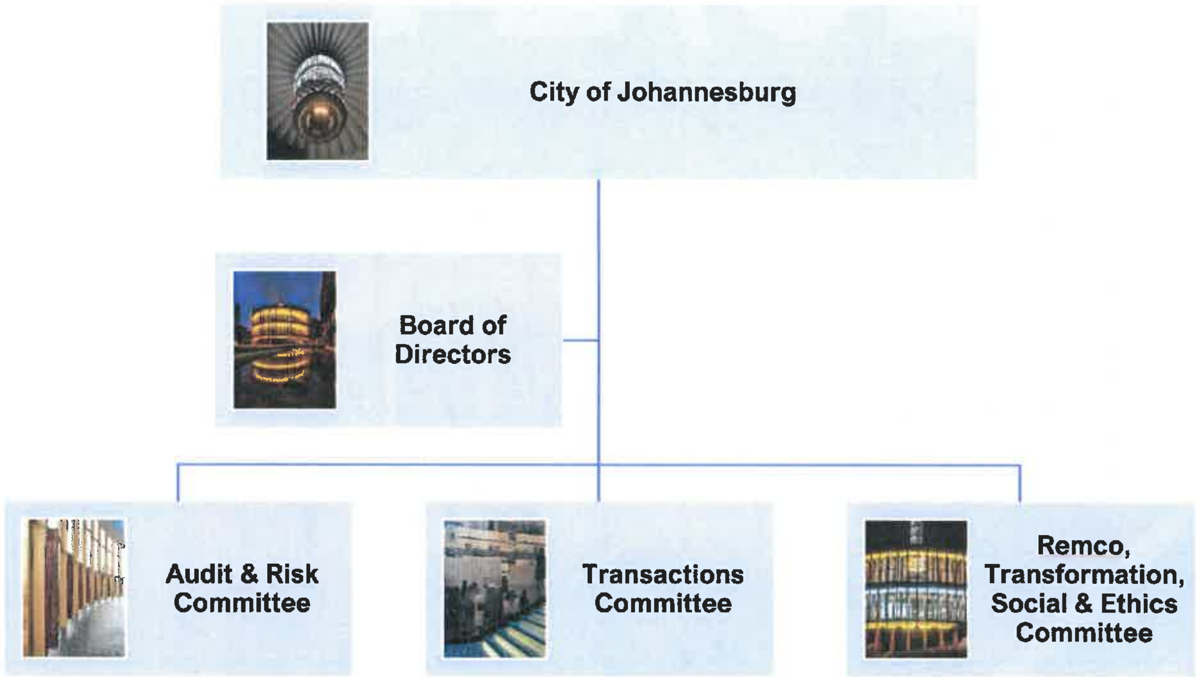


DIAGRAM 6: JPC BOARD GOVERNANCE STRUCTURE

JPC has a unitary Board, which consists of executive and non-executive directors. In accordance with Principle 7 of King IV, a non-executive Director, Mr. Moeketsi Rabodila, chairs the Board. The Board meets regularly (at least quarterly) and retains full control of the company.

It remains accountable to the CoJ Metropolitan Municipality as its single shareholder and its stakeholders, the citizens of Johannesburg. A Service Delivery Agreement (SDA) and Shareholder Compact concluded in accordance with the provisions of the MSA governs the entity's relationship with the CoJ.

In terms of the company's Articles of Association, there may not be more than eleven directors on the Board, of which two shall be executive directors. The Board is currently fully capacitated with eleven non-executive directors and two executive directors. The design of the entity's governance structure is influenced by the MSA, MFMA and the Companies Act.

JPC's decision-making and administration comply with the MFMA, MSA, and the Companies Act. JPC follows King IV Report on Corporate Governance for South Africa, 2016.

Board Composition & Diversity

The Board composition complies with the Memorandum of Incorporation MOI. JPC regards diversity on the Board of Directors as a significant part of sustainable operations, and a success factor that allows the company to reach its strategic goals.

Diversity is part of a functional Board of Directors, which is able to work together and respond to the requirements set by the company's businesses and strategic goals, and to challenge the company's management in a proactive and constructive manner.

The Shareholder at its Annual Shareholder General Meeting (AGM) held on 11 March 2020: retired the following Board Members: Ms. Maggie Mojapelo, Ms. Yongama Pamla, Mr. Jake Letsapa, Mr. Obakeng Mongale, Mr. Lonwabo Qina and Prof. HC Kasan. Mr M Rabodila was reappointed to the Board as an NED.

The Shareholder then appointed the following JPC Board of Directors who comprise of the following eleven (11) non-executive directors and two (2) executive directors:

- Mr. M Rabodila (Chairperson),
- Ms. M Masilo,
- Mr. J Letsapa,
- Ms K Muthwa,
- Ms. M Mngomezulu,
- Ms. P Numa,
- Ms. S Moichela,
- Mr. S Mda,
- Mr. S Mngomezulu,
- Ms. T. Mopai,
- Mr. X Lingani,
- Mr. R Mathang (Acting Chief Executive Officer and Executive Director), and
- Mr. S Mzobe (Acting Chief Financial Officer and Executive Director).

The standard term of appointment for Board members is one year. Board members are eligible for re-appointment for a further two terms.

It is with sadness that during the period under review on of the Board members, Mr Thabo Thulare, passed on 29th May 2021 due to Covid-19 complications. JPC is grateful for his contributions while he was a board member.

Section 2: Directors Profiles

Moeketsi Rabodila
Non-Executive Director (**Age**: 58)

Qualifications: Masters of Business Administration, Bachelor of Arts, Dissertation "Marketing Strategy" Public Sector, Majors – Law III & Industrial Sociology.

Skills and Expertise: Financial Management, Strategic Planning, Operations Management, Programme and Project Management, Marketing, Human Resources, Corporate Governance, Performance Management, Stakeholder Relationship Building and Networking. Analytical Skills. Training & Development.

Professional Membership: IoDSA

Pinkie Numa
Non-Executive Director (**Age**: 39)

Qualifications: Post-graduate Diploma in Public Management (Current) Government Communications and Marketing (current), Certification in Retail Marketing and Merchandising, Advance Diploma in Property, Bachelor of Accounting Science

Skills and Expertise: Policy and procedure formulation, Training, Monitoring and Evaluation, Risk Management.

Professional Membership: IoDSA

Slingsby Mda
Non-Executive Director (**Age**: 50)

Qualifications: B Com, Certificate of Theory in Accounting, CA (SA), International Executive Development Programme

Skills and Expertise: Financial Management, Transformational Coaching, Corporate Governance, Business Development.

Professional Memberships: SAICA, IoDSA, International Coaches Register

Solomon Mngomezulu
Non-Executive Director (**Age**: 55)

Qualifications: MBA, Diploma in Alternate Dispute Resolution, BA Law, Baccalaureus Legum, Diploma in Company Direction, International Executive Development Programme.

Skills and Expertise: Collective Bargaining, Dispute Resolutions Industrial Relations Management, Contracts Management, Compliance and Regulatory, Stakeholder Relations Management.

Professional Membership: IoDSA

TABLE 8: DIRECTORS PROFILES

Xola Lingani
Non-Executive Director (**Age**: 41)

Qualifications: National Diploma Internal Auditing, B-Tech Internal Auditing, CISA, CIA, CRISC, MBA, Doctorate in Technology: Business Administration (current)

Skills and Expertise: Strategic Planning, Corporate Governance, Financial Risk Management, Audit & Risk Advisory, Risk & Compliance.

Professional Membership: IoDSA

Tryphina Mopai
Non-Executive Director (**Age**: 57)

Qualifications: BA Social Work, National Higher Diploma in Management Practice, Middle Management Program, MBA (Current).

Skills and Expertise: Strategic Planning, Digitization, Combined Assurance best practices, IT Audit and Governance, Review and Implementation of Internal Audit Frameworks.

Professional Membership: IoDSA

Mapule Mngomezulu
Non-Executive Director (**Age**: 48)

Qualifications: Personal Computer Course, Junior Primary Teacher Diploma, Advanced Certificate in Learners with Barriers to Learning and Development, Bachelor Honours Degree in Education, Leadership and Management, Master's Degree in Educational Management, Management and Leadership Certificate, Dispute and Discipline Management, Intro to Labour Law, National Curriculum Statements.

Skills and Expertise: Dispute and Discipline Management; Leadership and Management

Professional Membership: IoDSA

Seipati Moichela
Non-Executive Director (**Age**: 45)

Qualifications: Bridging Certificate in Theory of Accounting, Diploma in Investment Analysis and Portfolio Management, Masters in Business Administration.

Skills and Expertise: Financial Management & Accounting.

Kululwa Muthwa
Non-Executive Director (**Age**: 45)

Qualifications: LLM, Specialisation in Construction Law, Property Development Programme, Baccalaureus Procuration.

Skills and Expertise: Construction Law and Property Development

Professional Membership: IoDSA

Jake Letsapa
Non-Executive Director (**Age**: 62)

Qualifications: CAIB, MBA, SAPOA's Property Intermediate Certificate, Project Management Certificate, Corporate Governance Certificate, Senior Leadership Programme

Skills and Expertise: Social Housing, Development and Built Environment

Mabusha Maja - Mashilo
Non-Executive Director (**Age**: 49)

Qualifications: B. JURIS, LLB

Skills and Expertise: Admitted Attorney and Conveyancer of the High Court of South Africa

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 7: DIRECTORS GENDER DIVERSITY

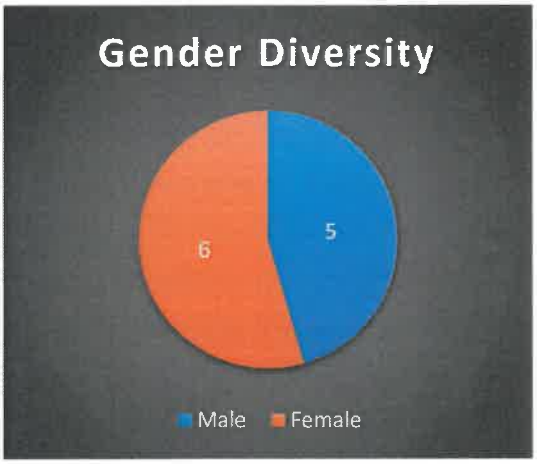
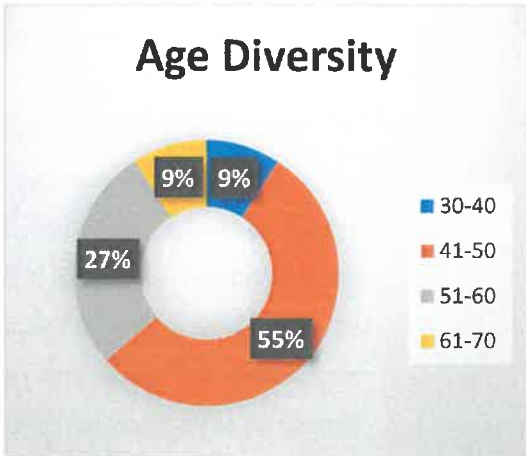


DIAGRAM 8: DIRECTORS AGE DIVERSITY



Role of the Board

The Board provides quarterly, biannual 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 rules and procedures, statutory regulations and best corporate practices.

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

Key Focus Areas in 2020/21 of Board and its Committees

- Approval of the JPC Budget & Business Plan 2020/21
- Approval of the JPC Risk Management
- Approval of the Strategic Risk Register
- Approval of the Compliance Risk Process
- Approval of the Patch Management Policy
- Approval of the Disaster Recovery Plan

DIAGRAM 7: JPC BOARD & COMMITTEES FOCUS AREAS

Section 3: Board & Committees Meetings

The Board should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with 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, Transformation and Remuneration Committee and the Transactions and Service Delivery Committee.

TABLE 9: 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. • Recommendation of the JPC Budget and Business Plan for the 2020/21 financial year. • 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: o Alienation of Property; Acquisition of Property o Acquisition of Property; o Granting Amending, Acquiring and/or cancellation of servitudes; o Property Donations; o Barter; o Outdoor Advertising and Cellular Masts; o Leases, use, management agreement and/or control agreements; o 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
	90% Attendance	***100% Attendance***	***100% Attendance***
Composition	• Mr. Slingsby Mda (Chair) • Ms. Mabusha Salminah Maja-Masilo (Dina) • Ms. Nosipho Makhanya • Mr. Big boy Kekana • Mr. Patrick Makape*	• Ms Kukulwa Muthwa (Chair) • Ms. Mabusha Salminah Maja-Masilo (Dina) • Mr. Jake Letsapa* • Ms. Xola Lingani • Ms. Pinkie Numa • Mr. Solomon Mngomezulu	• Ms Seipati Moichela (Chair) • Ms. Mapule Mngomezulu • Ms. Tryphina Mopai • Mr. Ms Pinkie Numa • Ms Kululwa Muthwa

Cross-Functional Responsibilities

The Board acknowledges the cross functional responsibilities that exist between the Social and Ethics Committee and the Audit and Risk Committees. Each Committee has developed a framework of monitoring its activities and responsibilities. This is done through sharing of information about matters serving and discussed at each Committee. During the period under review, the following meetings were held:

TABLE 11: JPC BOARD AND COMMITTEE MEETINGS

Board	Audit and Risk Committee	Transactions Committee	Remco, Transformation, Social and Ethics Committee
18 August 2020	12 August 2020	30 July 2020	23 July 2020
28 October 2020	26 October 2020	22 October 2020	27 October 2020
18 September 2020	15 March 2021	28 April 2021	17 December 2020
27 November 2020	19 March 2021		29 April 2021
11 February 2020	29 March 2021		27 May 2021
24 March 2021	15 April 2021		
29 March 2021			

2 GOVERNANCE

Board	Audit and Risk Committee	Transactions Committee	Remco, Transformation, Social and Ethics Committee
21 April 2021			
28 April 2021			
04 May 2021			
13 May 2021			

Section 4: Directors' & Prescribed Officers Remuneration

Directors' remuneration is regulated through the City of Johannesburg's Group Policy on Governance of Interim Municipal Entities. The fees paid to non-executive directors and independent Audit and Risk Committee members for the period 1 July 2020 to 30 June 2021 were as indicated in **Table 14**.

TABLE 11: DIRECTORS FEE STRUCTURE

Type of Meeting	Fees: 01 July 2020 to 10 March 2021	Fees: 11 March to 30 June 2021
		Board
Chairman - Meeting	R16 000	R16 000
Member-Meeting	R12 000	R12 000
		Audit and Risk Committee
Chairman - Meeting	R8 000	R8 000
Member-Meeting	R6 000	R6 000
		Transactions Committee
Chairman - Meeting	R8 000	R8 000
Member-Meeting	R6 000	R6 000

TABLE 12: NON-EXECUTIVE DIRECTORS REMUNERATION

	YTD DIRECTORS PAYMENTS	
Name of Director	Meetings Attended YTD	Emoluments
Mr. M Rabodila	10	R212 713.86
Ms. Y Erasmus	9	R73 043.46
Mr. T Harper	7	R86 956.50
Mrs. R Mopai	8	R67 736.07
Mr. J Letsapa	11	R129 000.00
Mr. S Masemola	9	R106 000.00
Mr. S Mda	18	R146 089.33
Ms. K Muthwa	10	R90 434.76
Mrs. M Mngomezulu	8	R67 826.07

YTD DIRECTORS PAYMENTS		
Name of Director	**Meetings Attended YTD**	**Emoluments**
Mrs. P Numa	10	R88 695.63
Mrs. S Maja-Masilo	9	R73 043.46
Mrs. S Moichelo	9	R86 956.50
Mr. S Mngomezulu	7	R67 826.07
Ms. A Ramakoaba	6	R41 739.12
Mr. C Rampheri	5	R135 874.59
Ms. K Sithebe	9	R90 434.76
Mr. T Thulare	7	R71 130.42
Ms. X Lingani	8	R90 000.00
Mr. V Ward	9	R121 890.33
TOTALS		**R 1 847 390.93**

TABLE 13: NON-EXECUTIVE DIRECTORS REMUNERATION

YTD DIRECTORS PAYMENTS		
Name of Independent Audit Committee Member	**Meetings Attended YTD**	**Emoluments**
Mr. B Kekana	4	R26 086.95
Ms. N Makhanya	2	R15 652.17
	TOTAL	**R41 739.12**

Board Induction & Information

An induction for directors was held at the CoJ on 23 – 24 April 2021, after the Annual General meeting of 11 February 2021. All 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 records and documents.

Board Assessment 2020/2021

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 subcommittees was convened, a specific item was included in the agenda on declaration of interest. During the period under review, there were no conflicts of interest. The attendance and declaration of records are kept in one register and are open for scrutiny.

Section 5: Company Secretarial Function

Company Secretary

Ms. Gontse Dlamini is the Acting 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, 20 08, 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 2020, 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 153.**

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

Imraan Bhamjee:
(Chief Financial Officer)
Executive Director

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

Sizeka Tshabalala
(Acting Executive Manager: Property Portfolio)

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

Fanis Sardianos:
(Executive Manager: Strategic Corporate Support)

Expertise & Experience
Member of the task team that established JPC, implemented JPC's client service and applications system. Strategic and operation property management planning and support, monitoring and reporting of performance management, coordination and monitoring of strategic projects and implementation of operational plans, development, monitoring and reporting on budget.

Qualifications
IAC (Institute of Administration & Commerce – Local Government, IMFO (Institute of Municipal Finance Officers), BMA (Board for Municipal Accountants)

Tshepo Mokataka
(General Manager: 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, managing the legal budget, legal departments, budgets, the deputy information officer, conducting internal investigations of alleged fraud and corruption.

Qualifications
BA (Law) LLB,
Postgraduate Certificate in Provincial & Local Government Law; Postgraduate Diploma in Labour Law

TABLE 14: EXECUTIVE MANAGEMENT TEAM PROFILES

Gontse Dlamini

(Acting Company Secretary)

Expertise and Experience

Legislative compliance, governance, subsidiary company management, investor relations, corporate reporting, ethics management, corporate planning and budgeting.

Qualifications

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

Sipho Mbethe

(General Manager: Outdoor Advertising)

Expertise & Experience

Served in the Office of the Executive Mayor, the City of Johannesburg Municipality-Department of Development Planning, and the Department of Environmental Affairs: Gauteng Provincial Government. Vast experience in a range of business development and public policy operational methodologies, project management, business planning and by-law enforcement.

Qualifications

Bachelor of economics

Brenda Jacobs

(Acting Executive Manager: CBO)

Expertise and Experience

Board Leadership & Local Governance, Risk & Compliance, and Stakeholder & Relationship management. Operations Management and Change Agent.

Qualifications

Professional Advanced Qualification: Governance & Administration, Municipal Finance Management Programme
Certificate Programme in Municipal Development for Municipal Finance,
South African Institute of Chartered Accountants (SAICA) completed and
Articles – Associate General Accountant

Sipho Mzobe

(General Manager: Internal Audit)

Expertise and Experience

Internal and External Audit experience, Business plan development, Strategic and Operational Risk Assessments, Accounting and Financial Management reporting and disclosure, Completed the Wits Business School's Municipal Executives Finance Management Course in 2017.

Qualifications

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

Executive and Senior Management Remuneration

The remuneration of the Executive and Senior Management is governed by the JPC remuneration policy, which is aligned to the City's policy. The policy is reviewed every two years and approved Board.

JPC policy allows employees to cash a maximum of eight leave days in a 12 month period provided the compulsory leave of sixteen days have been taken. JPC policy allows also for a once off long term service leave on the year the employee qualifies and no other non-financial benefits.

JPC remuneration packages includes variable pay (performance bonus) which is paid out in terms of the company's policies and processes. The policy does not allow the sign-on fees, retention and restraint payment.

Furthermore, the policy does not have provisions for pre-vesting forfeiture (malus) and post-vesting forfeiture (claw-back) of remuneration. JPC employees are not paid any commissions, and allowances are included as part of total cost to Company. Remuneration of Senior Management is relatively fixed, with adjustment being an annual increase and performance based payment. The policy does not detail any obligation, which could give rise to payment on termination, with the exception of leave pay-out and performance bonus, if applicable.

JPC always compares itself to the 50th percentile. As indicated in the table below, there were no ex gratia payments during the period. The remuneration packages outlined in the table below reflects both fixed and variable remuneration. The variable Remuneration consists of the performance bonus, which is not guaranteed, but subject to policy provisions.

TABLE 17: EXECUTIVE MANAGEMENT YTD SALARIES

YTD EXECUTIVE SALARIES AS AT 30 JUNE 2021							
Name	BASIC SALARY	TRAVEL ALLOWANCE	LEAVE PAY	PERFORMANCE BONUS/13TH CHEQUE	GRATUITIES	COMPANY CONTRI.	TOTAL
Botes HM	R2 700 000.00	R249 999.96	R-	R-	R-	R31 125.48	**R2 981 125.44**
Mzobe SG	R1 456 518.96	R120 000.00	R-	R192 600.00	R-	R337 071.48	**R2 106 190.44**
Mokataka T	R1 583 469.00	R-	R-	R192 600.00	R-	R341 253.84	**R2 117 322.84**
Mbethe ES	R1 731 864.96	R90 222.00	R56 489.76	R-	R-	R328 514.52	**R2 207 091.24**
Sardianos F	R1 983 665.04		R-	R298 155.62	R-	R437 109.12	**R2 718 929.78**
Bhamjee I	R1 914 066.96	R96 000.00	R-	R227 876.08	R-	R410 513.64	**R2 648 456.68**
Tshabalala S	R1 465 749.96	R120 000.00	R55 338.40	R23 795.07	R-	R340 393.32	**R2 005 276.75**
Mntungwa S	R976 795.54	R-	R402 864.32	R227 276.08	R-	R232 951.56	**R1 839 887.50**
Jacobs B	R1 267 880.92	R93 500.00	R-	R104 948.41	R-	R340 393.32	R1 806 722.65
Totals	**R15 080 011.34**	**R769 721.96**	**R514 692.48**	**R1 267 251.26**	**R-**	**R2 799 326.28**	**R20 431 003.32**

**** The 5th column indicates 13th cheques paid to those that did not qualify for performance bonuses at the time and the table includes remuneration for EXCO members who resigned or passed on.***

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 first priority is creating value through (and in partnership) will our stakeholders is to ensure that we manage our stakeholder's relationship ethically and accountably. We do so through various governance mechanisms includes Regional Councillor Road Shows and Client Services but these mechanisms were improved and improvised on to accommodate the new normal brought about by the Covid-19 pandemic.

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:

The Shareholder: City of Johannesburg

Our Shareholder mandates us to deliver a City's priorities and ensure internal JPC strategic objectives are in line with growth and development (GDS 2040) other plans and policies of the city.

TABLE 16: SHAREHOLDER – HOW WE ENGAGE & MATERIAL INTERESTS

How we Engage	Material Interests
• Regular scheduled virtual engagement with Mayors, Members of Mayoral Committee (MMC), Councillors, and Executive Directors • Strategic virtual 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 Visible Service Delivery Forums.	• Strategic Execution • Policy and Regulatory Uncertainties/ Frameworks • Liquidity and Capital Project Execution • Reporting and Compliance • Revenue and Financial Sustainability • Strategy Execution

Investors, Commercial Partners, Government

Key investing opportunities, which could lead in economic growth approaches with COJ. Innovation through partnership as an essential mechanism for measuring the quality end 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 17: 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)	• Investment Opportunities • Impact on the Community • Collaboration in planning of Property Development Projects • Servitude Agreements

Organised Labour

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

TABLE 18: ORGANISED LABOUR – HOW WE ENGAGE & MATERIAL INTERESTS

How we Engage	Material Interests
• Local Labour Forum • Virtual Meetings • Electronic Correspondence • Regular Collective Bargaining Council and relevant structures	• Employee Wellbeing • Organisational Policies and Regulations • The new normal – working from home • OHASA • JPC Strategy • Compliance & Labour Law

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 19: COMMUNITIES – HOW WE ENGAGE & MATERIAL INTERESTS

How we engage	Material Interests
• Community based forums • Regional accelerated service delivery meetings • 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 • Service Delivery

Employees

The principle human capital needed by JPC to enable its business.

TABLE 20: EMPLOYEES – HOW WE ENGAGE & MATERIAL INTERESTS

How we engage	Material Interests
• Staff meetings • Newsletters & Electronic Correspondence • Regular collective bargaining talks through the Bargaining Council	• Compliance with Labour Law • Changes in terms of conditions of service • Health and safety of employees • Operating Procedures • Performance and Productivity • Training and Development • JPC Strategic Direction

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

How we engage	Material Interests
• Media Enquiries & Press Responses. • Participation in section specific and trade 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 detailed stakeholder Management matrix is presented on a quarterly basis to the Transformation, Social and Ethics Committee. The matrix shows each stakeholder and its interest, level of influence and method of engagement. The company maintained a healthy working relationship with various government departments, such as National Treasury, the Gauteng Provincial Government and the sister departments within the CoJ.

The entity maintained a healthy working relationship with the various media houses to ensure that its reputation and public opinion remained positive. Regular press statements were issued as part of responding promptly to all media queries forwarded to JPC. Its social media following increased from month to month, which made communication with external stakeholders more effective and efficient and brought the spot light on the issues being raised by the Stakeholders

The methods of engagement vary from one stakeholder to another and may include workshops, JPC open days, media tours, quarterly reports, attendance of meetings, Indabas, business breakfast meetings, briefing sessions (as per COVID-19 regulations). Due to Covid19 pandemic, JPC had to become innovative and introduce online platforms to drive stakeholder engagements.

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. Future areas of focus are improving on the stakeholder managements areas that are deemed to be on low level during the engagements with stakeholders.

Section 9: Risk Management

Every year the Board of Directors approves the key risk, which are likely to have the most material impact on the company's ability to achieve its predetermined objectives.

The JPC policy and framework on Risk Management is fully aligned to the CoJ group policies, ISO 31000 and the King Code of Corporate Governance. Management identifies monitors and reports on progress made on the strategic risks to the Audit and Risk Committee on a quarterly basis.

This Committee is mandated to oversee the Risk Management function in order to ensure that there is an effective system of risk management in place within the company. During the 2020/21 financial year, the JPC Executive Management Team identified a total of 16 strategic risks and the risk profile comprised of a range of categories including Financial, Service Delivery, Human Capital, Governance and ICT risk, majority of which were rated high to very high residual.

A Management risk assessment workshop for the 2020/21 financial year was conducted on 25 November 2020. The results of the assessment was presented to the Audit and Risk Committee and the Board for approval. JPC monitors its quarterly performance against the approved 2020/21 Strategic Risk Register, and measures improvements according to the number of action plans implemented by Management.

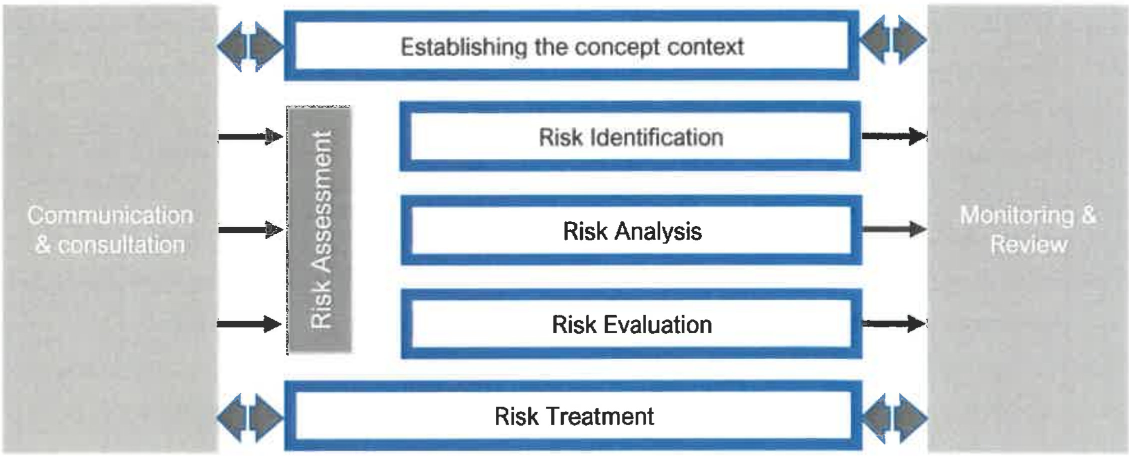


DIAGRAM 8: JPC RISK MANAGEMENT STRATEGY

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TABLE 22: STRATEGIC RISK REGISTER REVIEW

Risk Ref	Risk Description	Inherent Risk Exposure	Residual Risk Exposure
1	Document Storage and Security	Very high	Very high
2	Perceived to be trading insolvency and inability to generate revenue	Very high	Medium
3	Occupation of buildings that are not OHASA compliant	Very high	High
4	Erosion of the City-owned land and property asset base	Very high	Medium
5	Inadequate maintenance of property	Very high	High
6	Financial viability of cleaner insourcing and prevalent unhygienic conditions prevailing at buildings - noncompliance to OHASA Regulations - In ability to provide efficient management of the Function	Very high	High
7	Fraud and corruption	Very high	Medium
8	Inadequate Contract Management	Very high	High
9	Inadequate ICT delivery	Very high	Medium
10	inadequate of security control	Very high	High
11	Covid 19	Very high	High
12	Inability to attract investment	High	Medium
13	Organisational infrastructure not aligned to the strategic objectives	High	Medium
14	High vacancy rates	High	Medium
15	Non-compliance with legislation, policies and procedures	High	Low
16	Inadequate internal and external stakeholder management and brand reputation	Medium	Low

TABLE 23: RISK REGISTER RATING TABLE

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

Other key activities that will be undertaken during the new financial year will include a Risk Management Workshop with the Board, development of departmental operational risk registers as well as project risk registers based on the strategic and service delivery projects of importance to the Company.

TABLE 24: RISK, MITIGATIONS & IMPLICATIONS

DESCRIPTION OF RISKS	RISK MITIGATION	RISK IMPLICATIONS
Perceived to be trading insolvency and inability to generate revenue	• Implementation of the masterplan by June 2021 as it depend on the City finalising the new by-law. • Implementation of the Financial Turnaround Strategy (i.e. Growth of outdoor income; increasing land sales, land acquisitions, property development, property management and repairs & maintenance for other depts.). • Implementation of Facilities Management Strategy (high revenue commission stream). • Timely renewal of leases so that revenue generation can be enhanced as per the pipeline transactions. • Formalization of traders leases and collection of market related rentals. • Budget to be requested for all new projects e.g. Inner City projects, any new facility JPC takes over. • Increase projects that can generate facilitation fees in line with CFO list of departments that can be approached for additional work (CAPEX projects) prior to or at inception. • Period commencing renewal of leases to be revised in order to allow for timeous renewal-management to consider 18 months prior to expiration date. • Period commencing renewal of leases to be revised in order to allow for timeous renewal-management to consider 18 months prior to expiration date. 1. Implementation of Facilities Management Strategy (high revenue commission stream). 2. All Outdoor Advertising new agreement to empower the City to remove illegal signs without a court order. 3. Implementation of Outdoor Adverting Masterplan.	**Medium-term**
Occupation of building not OHASA compliant	• 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 in line with service level standard. • Letters issued to entities and departments that are occupying buildings not OHASA complaint.	**Medium-term**
Inability to attract investment	• Tracking and control of transactions through the committee system. • Land preparation limited by budget. • Council approval obtained in terms of exemption provisions of the current 2009 By-laws (Section 8.(1) (J)) for JPC to implement certain aspects of the Masterplan such as high value advertising precincts and sites and street furniture pending finalisation of the current legal challenges facing the new Outdoor Advertising By-laws. • Checklist showing adherence to legislative requirements.	**Medium to Long-term**
Erosion of the City-owned land and property asset	• Implementation of facilities management strategy. • Employ and develop the necessary skills and resources for the portfolios (subject to City providing funding for the employment of additional resources). • Approval and implementation of Land Strategy. • Lease renewals process to start timeously and at least 6 months before the contract ends to provide sufficient time for tender process.	**Long-term**

DESCRIPTION OF RISKS	RISK MITIGATION	RISK IMPLICATIONS
Inadequate maintenance of property	• Implement a comprehensive facilities management plan of all properties of the City. • Facilities management plan to be informed by needs analysis/condition assessments. • Bi-annual inspection of properties allocated to departments and entities to ensure that the properties are well maintained. If not request the Managing Director or Executive Director to repair the property. If not satisfactory response is received escalate the issue to the City Manager. • Repairs on leased properties to be effected by the lessees and their condition regularly inspected. a. Identify performance objectives, targets and outcomes. b. Create work plans. c. Assess performance to identify skills gaps. d. Conduct a training needs analysis. e. Implement training and development plans. • Fill scarce skills in line with approved budget for critical vacancies.	**Long-term**
Financial viability of cleaner insourcing and prevalent unhygienic conditions prevailing at buildings	• JPC will start paying new staff once budget is allocated by COJ. • Letter to be submitted to City Manager advising on the impact of the insourcing project on JPC and the greater COJ: Regularize job descriptions and evaluate to determine correct rate of pay for cleaners. • Management to allocate cleaning supervisors.	**Medium-term**
Non-compliance with legislation, policies and procedures	• Monitor changes in Labour and statutory laws, and ensure adherence. • Perform a regulatory compliance review by internal auditors. • Quarterly reporting on JPC compliance checklist. • Conducting awareness workshop annually. • Reviewing all the policies annually. • Update JPC Compliance Management Framework, which is aligned to the City Wide Compliance Management Framework. • Consequences management to be implemented.	**Short-term**
Fraud and corruption	• Implementation of ER based on consequence management measures	**Medium-term**
Inability to attract investment	• PPP implementation/Investment summit	**Short-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.	**Long-term**
Inadequate ICT delivery	• JPC is part of the COJ SAP4 HANA single platform integration.	**Medium-long term**
Inadequate internal and external stakeholder management and brand reputation	• 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 enquiries.	**Short-medium term**
inadequate of security control	• Develop Security guard access control protocol for JPC buildings and sign SLA with Service Provider. • Implementation of ICT infrastructure, the status of the project is awaiting signatures for approval of the finance lease. • Assess CCTV and access control requirements for JPC and budget for funding.	**Short-medium term**

DESCRIPTION OF RISKS	RISK MITIGATION	RISK IMPLICATIONS
Covid 19 related negative impact	• Ongoing COVID 19 Employee education and Awareness campaigns needed. • Implementation of the LRA and DC policies in JPC to enforce compliance with Regulation protocol. • Support from EXCO in dealing with non-compliant employees regarding the practice of and observation of COVID 19 protocol.	
High vacancy rates	• Source funding COJ for filling vacancies. • Intensify skills development initiatives. • Training plans to be implemented and complimented by individual learning plans.	
Document Storage and Security	• Management in process of updating record management policies and construction of storage and security space • SCM to open new record office.	
Organisational infrastructure not aligned to the strategic objectives	• Intensify skills development initiatives. Training plans to be implemented and complimented by individual learning plans. • Implement succession planning policy. • Fill critical vacancies in line with budget. • Implementation of a change management framework. • Employees not complying with JPC code of conduct and other policies to undergo a disciplinary cases. • Disciplinary cases to be completed within 90 working days. • Outcome of the disciplinary cases to be reviewed and gaps identified dealt with immediately to ensure that future cases are improved. • All employees to be informed about the outcome of all disciplinary cases to increase awareness and tolerate level for non-compliance with the aim of deterring other employees. • Recognise employees who are high performers to encourage them. • Promote high performing individuals.	

Internal Audit provides Management with assurance on the effectiveness of the Controls in place to manage the risk by conducting risk-based audits throughout the year and focusing on the adequacy of risk mitigation plans and their effectiveness in reducing risk exposure.

Section 10: Internal Audit Function

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

JPC's internal audit function conducted audits in line with the requirements of ISPPIA. The Audit and Risk Committee takes the issue of objectivity seriously and has requested that the internal audit function goes through an independent review after every three years instead of the five years prescribed by the ISPPIA. The role of internal audit is to provide independent assurance that an organisation's risk management, governance and internal control processes are operating effectively. The roles and responsibilities of the internal audit function are in the Audit Charter, which includes the following:

DIAGRAM92: ROLES & RESPONSIBILITIES OF THE INTERNAL AUDIT

ROLES AND RESPONSIBILITIES OF THE INTERNAL AUDIT

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

JPC successfully established a panel of 15 service providers to assist the General Manager: Internal Audit, execute the full internal audit plan. Internal audit progress reports were directly submitted to the Audit and Risk Committee of the Board on a quarterly basis.

Section 11: 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 report to the Board on progress.

JPC has a code of conduct endorsed by the Board that applies to directors and employees. The code is regularly reviewed and updated to ensure that it reflects the highest standards of behaviour and professionalism. In summary, the code 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.

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's governance structures is informed by the Group Governance Framework and supports 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 views good governance as a vital component in operating a successful and sustainable business as well as providing assurance to its Shareholders that the Company is well managed.

JPC's governance structures are informed by the Group Governance Framework and supports 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 is sent and approved by the Chief Executive Officer.

Section 12: Compliance with Laws, Rules, Codes and Standards

The Board is responsible for ensuring that JPC complies with applicable laws and adheres to non-binding rules, codes and standards. JPC is committed to execute its mandate within the ambit of law. JPC, as part of its risk assessment process, identified non-compliance with laws and regulation as one of its major risks and is committed to seeing that it receives the attention required.

The Board ensured that management complied strictly with the relevant sections of the MFMA, with specific reference to Chapter 12, and the preparation of the annual financial statements. The annual financial statements, together with the Integrated Annual Report and the company's performance results were delivered to the parent municipality and the Auditor-General two months after the close of the financial year in terms of section 126 (a) and (b) of the MFMA. This was achieved despite, the exemption contained in Government Gazette no 48582 vol. 662 (851) dated 05 August 2020.

The Audit & Risk Committee monitors compliance with all applicable laws and regulation on a quarterly basis. The compliance monitoring function of the JPC ARC comprises statutory, regulatory and policy requirements, which include the implementation and monitoring of procedures, processes and policies. This ensures that JPC cultivates and deepens a culture of integrity, ethical and professional behaviour.

At each Audit and Risk Committee meeting, an update on legislative and regulatory compliance is presented. This update includes a legislative radar or significant legislative developments in the environment in which the JPC operates. Key areas of non-compliance, if any, are also brought to the attention of the ARC. The focus areas, include MFMA Circular 68 (unauthorised, irregular, fruitless and wasteful expenditure), MFMA Section 65(2) (e) (thirty-day late payment reporting), as well as on all other legislations applicable to JPC.

All irregular expenditure was reported as required by MFMA Circular 68. The applicable Acts were also monitored and reported on during the year under review.

Section 13: Sustainability Report

Health and Safety

JPC manages facilities for the CoJ and as a result, issues related to the Occupational and Health Safety Act (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 legislations.

Environment

At JPC, reducing environmental impact is a top priority and is considered in all stages of the building and renovation projects to deliver innovative workspaces that are energy-efficient that have 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. Through thorough assessments of office, space use the requirements for ergonomically friendly designed buildings are taken into consideration in the planning and construction of the most efficient and environmentally friendly offices. These requirements include aspects related to energy and water use, the internal environment (health and well-being), pollution, transport, materials, waste and facility Management processes. Creating office environments with natural ventilation is incorporated into designs for new and refurbished buildings.

Corporate Social Responsibility Report

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

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

Section 14: Anti-Corruption and Fraud

JPC subscribes and complies with all the governing policies of JPC and the shareholder, including the Prevention and Combating of Corrupt Activities Act, 2004, and its related regulations. JPC's Management takes a zero tolerance approach to fraud and corruption policy, which is reviewed on a regular basis.

In line with the policy, JPC has a Fraud and Corruption Committee (FRACC). The Committee is responsible for facilitating investigations into allegations of fraud and corruption, reported to JPC through its fraud hotline email address (fraudhotline@jhbproperty.co.za).

However, whilst FRACC is in place, its main purpose was to consider call reports, the JPC used to receive when Deloitte and Touché managed the centralised fraud hotline of the Group. The JPC no longer received call reports, when the Deloitte-CoJ contract ended and CoJ established GFIS.

The JPC no longer receives call reports. GFIS would request information from the JPC, to investigate reports of alleged fraud and corruption, GFIS receive about JPC, as it were. The JPC itself does not undertake such an investigation, once GFIS has received allegations.

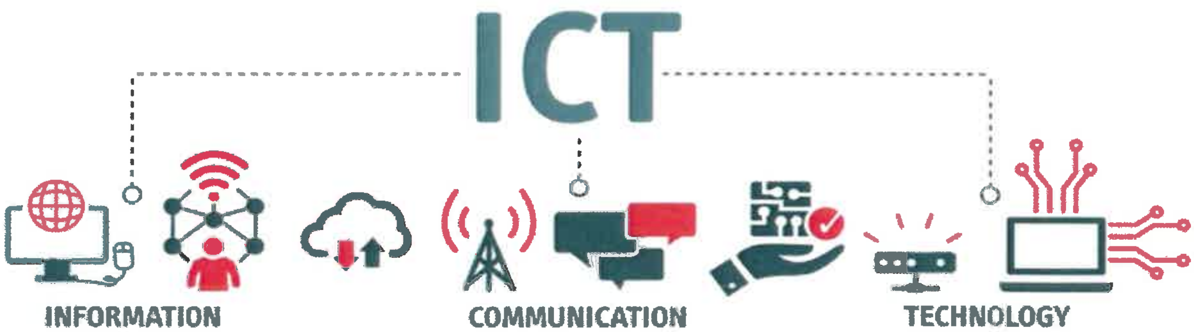
Further, the JPC fraud hotline email remains in place. But the JPC does not receive any allegation through that email. This has been the case for a while now. This is also the case for the quarter under review. The JPC has not received any allegations of fraud and corruption in the financial year.

Section 15: Information & Communications Technology (ICT) Governance

The Board 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, required robust governance.

The entity's ICT governance objectives included the following:

DIAGRAM 10: JPC ICT GOVERNANCE OBJECTIVES



In line with King IV, the Board delegated to management the responsibility to implement and execute effective technology and management. To further our strategic objective of providing innovative and quality services, the company maintained the drive to deliver on key projects, all of which ultimately contributed to an improved service and mitigation of risks, including cyber threats. For the year under review, the major focus areas were as follows:

DIAGRAM 11: 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.

Automation and Technology Innovation

SAP Enterprise Resource Planning (ERP) System

JPC in partnership with the City, JPC is implementing CoJ SAP. At this stage there is network connection access for SAP Fiori Module to JPC Finance and SAP HCM ESS for Human Resources.

JPC Finance SAP Flori project aims to ensure governance and compliance for (MSCOA) standardised accounting system that aims to change how municipalities transact by standardising financial management processes through policy formulation, budgeting, in-year reporting frameworks and statements,

The availability to access SAP HCM ESS centralised human resources module allowing access to leave payslips and additional HR information for all JPC users, Further JPC ICT will soon be implementing a user-friendly kiosk workstation to all remote offices allowing connectivity and access to all employees for HR personal electronic management.

Protection of Personal Information Act (POPI Act)

In terms of Principle 7 of the Protection of Personal Information Act (PoPIA), security safeguards have been implemented on the entity's information systems, including user authentication and access control, password security and review of user access on a periodic basis. JPC has initiated a process to address PoPIA compliance.

Business Analytics

In pursuance and support of the Smart City Strategy, JPC initiated to develop and deploy Business Intelligence (BI) dashboards including property pipeline analytics covering key performance areas and indicators of business. These dashboards will lead to Business automation transformation in these areas allowing business to somewhat predict its transactional future; maintaining a competitive edge in the Property space.

Informal trading

Technology becomes key with regard to data collection, verification of the traders and control of the spaces. The proposed WORK FORCE management tool that will include electronic hand held verification devices wherein JPC will utilise them to collect data with a flexibility to upload such data to a centralised agnostic system.

The solution will have functionality to scan barcode contained in the ID and take a picture of the documents for easy verification of traders, contracts, assets, leases ultimately ensuring that the operations on the ground are met with accurate information, in the shortest possible time using technology and enabling business to make effective decisions on the ground while maintaining the same message and standards.

Working From Home (WFH)

The COVID-19 outbreak challenged existing IT Business Continuity Management (BCM) initiatives and led also to the configuration of ICT resources to enable employees to Work from Home (WFH), and through 3G cards, Microsoft Teams and Virtual Private Network (VPN) access. These products needed to be implemented to ensure that staff can work from home securely, compliantly, and productively; however, JPC still need to finalise the working from home strategy in conjunction with the City and ensure that tools of trade are available to all.

JPC ICT will further enhance remote working in 2021/2022 with optimal connectivity and monitoring methodologies in today's standard; by leveraging off National Treasury's transversal mobile and telecommunications contract JPC realised the ability to provide Mobility and communications including uncapped data to employees, this aims to enhance WFH experience both for employer and employee such will improve productivity within business operations while reducing cost to the organisation.

Future Focus Areas

Digital transformation (Workforce Optimisation) to implement a technology platform that optimises the service delivery value chain end to end from the time a customer engages with JPC and workforce teams will be equipped with ICT tools that ensures business continuity the development of the Integrated SmartProp Centralised Management Solution (ISMS) ensuing an agnostic approach allowing seamless integration to Sap , operating within JPC's defined space which comprises of Property Management, Property Development, Supply Chain Management, Asset Management, Client Services, Outdoor Advertising, Cell Masts, Informal Trading, Facilities Management and Legal Services for JPC as a property company.

EDRMS Electronic Document Records Management System, a technology that will securely Preserve the integrity, segregate and maintain records with the ability to retrieve records accurately and efficiently by implementing an integrated Electronic Documents & Records Management System and basic workflow processes, the system shall allow workflow management, batch scanning with barcode, tight integration with MS Office and the administration of paper archives.

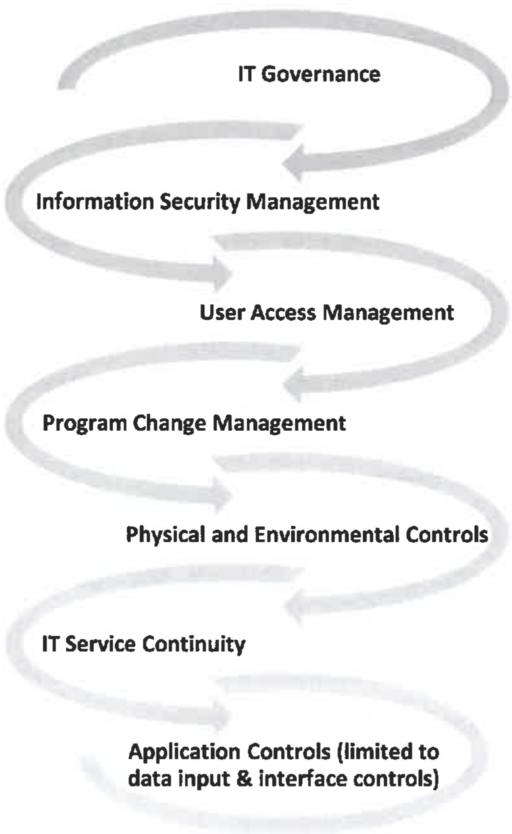
This will be used to enable the JPC to gain control over the current manual document and records management processes in line with The National Archives and Records Service of South Africa compiled in compliance with the promotion of access to information act (PAIA) (act no. 2 of 2000) equating in additional cost reduction associate with traditional printing and paper records archiving methodologies.

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 12: JPC ICT GOVERNANCE STATUS

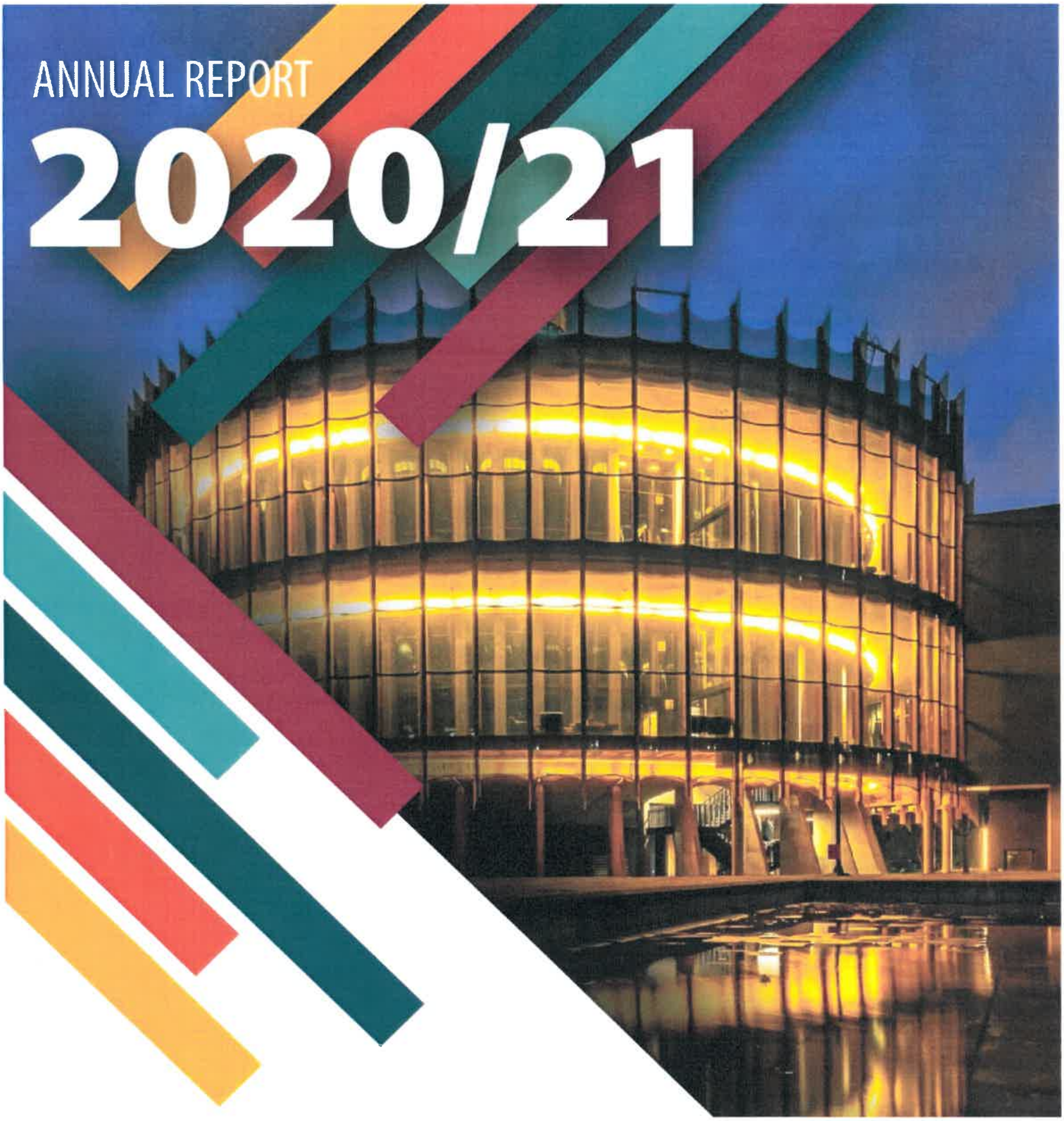


Section 16: Assessment of Municipal Taxes and Services Charges

ASSESSMENT OF SENIOR MANAGEMENT'S MUNICIPAL ACCOUNTS

NAME & SURNAME	MUNICIPALITY	BALANCE OWINIG	AREAS
H. BOTES	COJ	CURRENT	NONE
I. BHAMJEE	CITY OF TSHWANE	CURRENT	NONE
SG. MZOBE	COJ	CURRENT	NONE
S. TSHABALALA	COJ	CURRENT	NONE
F. SARDIANOS	COJ	CURRENT	NONE
T. MOKATAKA	COJ	CURRENT	NONE
S. MBETHE	COJ	CURRENT	NONE
B. JACOBS	COJ	CURRENT	NONE

TABLE 25: SENIOR MANAGEMENT MUNICIPAL ACCOUNTS



Chapter 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 27: JPC HIGHLIGHTS & ACHIEVEMENTS

SERVICE DELIVERY ACHIEVEMENTS / MILESTONES
JPC has realised a rand value investment spend of R302 682 033 as a result of Construction Projects wwithin CoJ Boundaries.
250 asset management plans concluded.
Thirty-one (31) properties to the value of R83 140 350.00 were acquired for Housing Department and JMPD for housing developments and vehicle impound storage through the City's Capital Budget.
JPC achieved an **unqualified audit opinion with findings** on fruitless and wasteful expenditure, and supply chain management.
Five hundred and seventy-two (572) properties to the value of R113 009 919.00 were transferred during the reporting period to advance the City's service delivery, housing provision and economic development objectives.

Section 1.2.: Service Delivery Challenges

The Impact of Covid 19 Pandemic

The Covid_19 pandemic has had an adverse impact on the economy and presents a number of concomitant factors that indirectly affect property sector activity ranging from:

- ✓ Investor confidence that encourages/challenges deal flow to consumer behaviour, which impacts the demand for commercial space;
- ✓ Project Construction time lines were affected and moved forward.; and
- ✓ Declining revenue generation and collections from Portfolio affecting the solvency and liquidity of JPC. To mitigate this challenge, JPC will focus on maximisation of revenue generation from the Portfolio through intense review of revenue streams.

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 an negative impact on the value of outdoor advertising;

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

- ✓ The non-compliance of City owned buildings remains a challenge across the property portfolio. The majority of the building services have exceed design life and are due for replacement and/or major refurbishment. These systems, mostly due to dilapidation over the years, now pose a risk to its occupants in one form or another.

Security issues at Corporate Buildings and Council owed Properties

- ✓ Vacant land invaded resulting in illegal structures and occupation, sub-letting, illegal connections and crime i.e. theft related incidents. The lack thereof leaves us with no recourse in the absence of effective security of our buildings. A signed SLA with JPMD to provide security at our facilities will minimise and mitigate against the theft related incidents and illegal connections.

Stakeholder Management

- ✓ During the period under review, queries, reports and escalation time frames not adhered to resulting in service standards not being met. The mitigation measures in this regard would involve robust stakeholder engagements and operations management ensuring all matters raised are addressed effectively which include client servicing, meetings, roadshows, public participation, petitions, site inspections and facilitation of access to properties.

Outdoor Advertising

TABLE 28: OUTDOOR ADVERTISING CHALLENGES

Key Challenges (2020\2021)	How challenges were addressed
Restrictive By laws	Workshop held with the City and formal inputs were made on the draft By-Laws which will be submitted to Council for approval.
Illegality and clutter	The new draft By-Laws aims to put in place stricter measures to regulate the sector and enforcement.

Inner City

TABLE 29: INNER CITY CHALLENGES

Key Challenges (2020\2021)	How challenges were addressed
Throughout the 2020/21 financial year the focus of the Inner City Unit has been placed on obtaining the necessary Town Planning (i.e. Removal of Restrictions, Consolidations, Rezoning, SDP and Building Plan approvals, etc.) approvals so that we can break ground.	o Significant delays have been experienced as a result of dependencies on other CoJ Entities to circulate and provide the necessary Town Planning approvals promptly. o The Inner City Unit has used and been in consistent communication with the DED-Investment Prioritisation Committee (consisting of City Transformation, JRA, Joburg Water, City Power, etc.) as a means of unlocking the bottlenecks and ultimately approved. o In the 2021/22 financial year the Unit plans on holding Roadshow to be approved by CoJ Planning Executive Director and JPC CEO to unlock the bottlenecks.
Lack of Temporary Alternative Accommodation	Despite numerous engagements & discussions with CoJ Housing the TAA issue remains unresolved/deadlocked as they already have significant backlog. Seemingly there's an urgent need for Principals assistance in this regard.

Section 1.3: Performance against Predetermined Objectives

The annual report has been prepared against the JPC's 2020/21 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 (GU).

The reporting is done on a quarterly basis and the performance of the entity is rated and assessed based on achievement or non-achievement of targets set.

The JPC scorecard for the financial year ending 30 June 2021 reflects that the entity achieved **30%** (6 of 20 targets due), and **70%** (14 of 20) of its targets not achieved. These targets could not be achieved due to the prolonged lockdown, which was not anticipated at the time.

TABLE 30: LEGEND KPI ACHIEVEMENT

	Target Achieved
	Target Exceeded
	Target not achieved

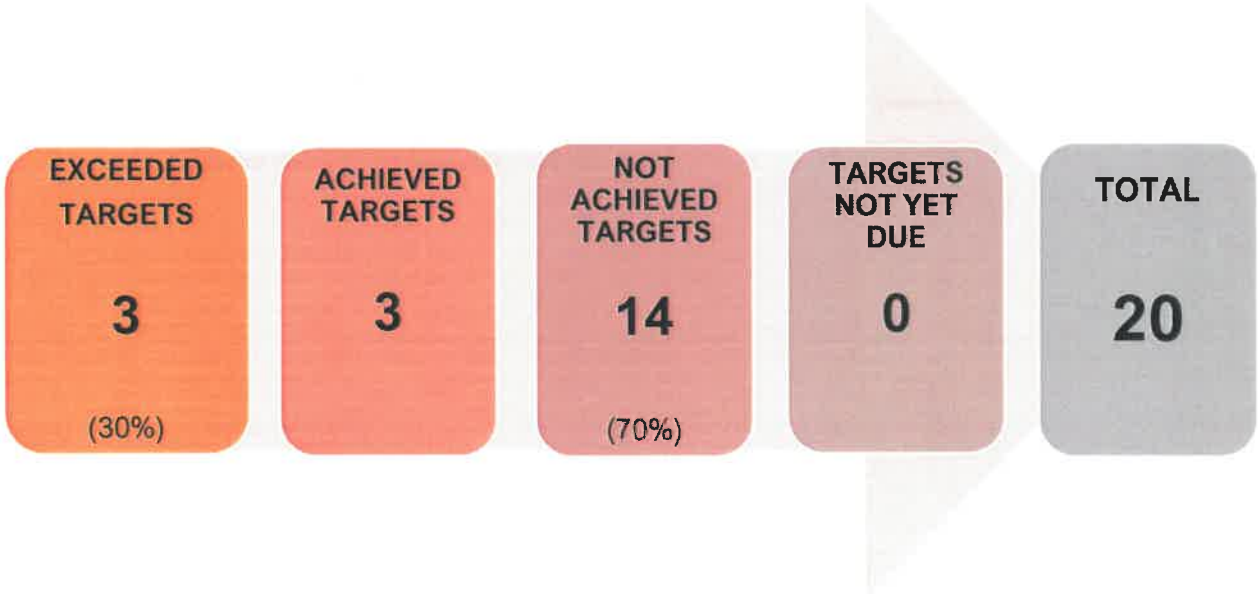


DIAGRAM 13: JPC KPI ACHIEVEMENT

TABLE 31: JPC KPI ACHIEVEMENTS

1.1. KPI: Unlocking Investments through Property Transactions & Developments			
IDP Priority	Economic Development		
GDS OUTCOME	An inclusive, job-intensive, resilient, competitive and smart economy that harnesses the potential of citizens		
Current Year 2020/21		**Prior year 2019/20**	
Annual Target	**Actual**	**Annual Target**	**Actual**
R2.5bn investment attracted/ business facilitated within COJ boundaries based on signed contract	R1 8 63 500 000.00 Investment/ business facilitated attracted within COJ boundaries based on signed contract	R2.5bn investment attracted/ business facilitated within COJ boundaries based on signed contract	R443 637 332 Investment/ business facilitated attracted within COJ boundaries based on signed contract
Not Achieved: The target for this KPI was not achieved because only two property transactions were concluded and agreements signed. Furthermore there were challenges related to Supply Chain processes i.e. tenders were either lapsed or not issued due to the internal disruptions			

1.2. KPI: Investment Attraction / business facilitated within CoJ boundaries based on construction value on the ground			
IDP Priority	Economic Development		
GDS OUTCOME	An inclusive, job-intensive, resilient, competitive and smart economy that harnesses the potential of citizens		
Current Year 2020/21		**Prior year 2019/20**	
Annual Target	**Actual**	**Annual Target**	**Actual**
R250 million investment attraction/ business facilitated within COJ boundaries based on construction value on the ground	R302 682 033.20 investment attraction/ business facilitated within COJ boundaries based on construction value on the ground	R600m investment attraction/ business facilitated within COJ boundaries based on construction value on the ground	R628 935 688.36 investment attraction/ business facilitated within COJ boundaries based on construction value on the ground
Exceeded: The year to date actual surpassed the annual target due to construction spend in Riverside View Mega Housing Project			

2.1. KPI: Job Opportunities Created			
IDP Priority	Economic Development		
GDS OUTCOME	An inclusive, job-intensive, resilient, competitive and smart economy that harnesses the potential of citizens		
Current Year 2020/21		**Prior year 2019/20**	
Annual Target	**Actual**	**Annual Target**	**Actual**
1000 Job opportunities created	735 Job opportunities created	2000 Job opportunities created	4894 Job opportunities created
Not Achieved: 490 were created through Emergency repairs & maintenance work for City Department: the department using JPC's service providers to avoid double counting initiated Public Safety as this process.			

2.2. KPI: SMME's Supported through property transactions			
IDP Priority	Economic Development		
GDS OUTCOME	An inclusive, job-intensive, resilient, competitive and smart economy that harnesses the potential of citizens		
Current Year 2020/21		Prior year 2019/20	
Annual Target	Actual	Annual Target	Actual
1000 SMMEs supported through property transactions	553 SMMEs supported through property transactions	1965 SMMEs supported through property transactions	2226 SMMEs supported through property transactions
Not Achieved: Due to the entity, not spending on the allocated Capex budget for the three consecutive quarters caused organisational issues related in unprecedented turbulence and instability within organisation. There was insufficient time left in the financial year to achieve anything significant and emphasis has been placed on turning the corner in the 2022 financial year. At the beginning of quarter 4, JPC confirmed with Group Finance that there would be no rolling over of funds, which resulted in projects, which resulted in halting of projects that had not started.			

2.3. KPI: Payment of valid invoices within 30 days of invoice receipt date			
IDP Priority	Economic Development		
GDS OUTCOME	An inclusive, job-intensive, resilient, competitive and smart economy that harnesses the potential of citizens		
Current Year 2020/21		Prior year 2019/20	
Annual Target	Actual	Annual Target	Actual
100% of valid invoices paid within 30 days of invoice receipt date	100% of valid invoices paid within 30 days of invoice receipt date	100% of valid invoices paid within 30 days of invoice receipt date	100% of valid invoices paid within 30 days of invoice receipt date
Achieved			

3.1. KPI: Number of Asset Management Plans Formulated			
IDP Priority	Economic Development		
GDS OUTCOME	An inclusive, job-intensive, resilient, competitive and smart economy that harnesses the potential of citizens		
Current Year 2020/21		Prior year 2019/20	
Annual Target	Actual	Annual Target	Actual
200 Asset Management Plans Formulated	250 Asset Management Plans Formulated	250 Asset Management Plans Formulated	278 Asset Management Plans Formulated
Exceeded: As a result of the number of assets management plans formulated in which property pipelines are identified for either lease, sales or delivery of basic municipal services and development.			

3.2. KPI: Number of Properties Acquired			
IDP Priority	Economic Development		
GDS OUTCOME	An inclusive, job-intensive, resilient, competitive and smart economy that harnesses the potential of citizens		
Current Year 2020/21		**Prior year 2019/20**	
Annual Target	**Actual**	**Annual Target**	**Actual**
20 Properties Acquired	31 Properties Acquired	15 Properties Acquired	11 Properties Acquired
Exceeded: The year to date actual surpassed the annual target as result of the properties acquired for service delivery requirements for COJ departments such as community development and housing.			

3.3. KPI: Leasing/ lease renewals of shops and stalls concluded			
IDP Priority	Economic Development		
GDS OUTCOME	An inclusive, job-intensive, resilient, competitive and smart economy that harnesses the potential of citizens		
Current Year 2020/21		**Prior year 2019/20**	
Annual Target	**Actual**	**Annual Target**	**Actual**
1930 leases of shops and stalls concluded	36 leases of shops and stalls concluded	1930 leases of shops and stalls concluded	136 leases of shops and stalls concluded
Not Achieved: due to the negative media reporting emanating from Informal Trading facilities, which saw resistance and refusal from Traders to be verified and enter into leases. All the current challenges are being addressed and this target is on course to be achieved in the 2021/2022 financial year.			

3.4. KPI: Development / Refurbishment of public conveniences			
IDP Priority	Economic Development		
GDS OUTCOME	An inclusive, job-intensive, resilient, competitive and smart economy that harnesses the potential of citizens		
Current Year 2020/21		**Prior year 2019/20**	
Annual Target	**Actual**	**Annual Target**	**Actual**
250 Public Conveniences refurbished / developed	0 Public Conveniences refurbished / developed	50 Public Conveniences refurbished / developed	72 Public Conveniences refurbished / developed
Not Achieved: Due to budget, reallocation caused by no expenditure on Capex Budget and unprecedented turbulence, governance issues that affected organisational performance. In addition due to the pandemic most of the PCs were closed during lockdown periods and as a result could not be renovated. For the 2021/2022 financial year, budget has been correctly allocated and the set target is set to be met.			

3.5. KPI: Release of 120 Properties for Social and Economic Leases including Servitudes and Sales			
IDP Priority	Economic Development		
GDS OUTCOME	An inclusive, job-intensive, resilient, competitive and smart economy that harnesses the potential of citizens		
Current Year 2020/21		Prior year 2019/20	
Annual Target	**Actual**	**Annual Target**	**Actual**
120 properties release on social and economic leases, including servitudes and sales	28 properties release on social and economic leases, including servitudes and sales	100 properties release on social and economic leases, including servitudes and sales	60 properties release on social and economic leases, including servitudes and sales
Not Achieved: SCM challenges as well as work disruptions that arose as a result of COVID-19 pandemic experienced within the entity thus hindered our ability to achieve this target. Remedial plans have been developed to address these challenges and achieve the set target in the new financial year.			

3.6. KPI: Number of Inner City Properties approved in Council for release to the private sector			
IDP Priority	Economic Development		
GDS OUTCOME	An inclusive, job-intensive, resilient, competitive and smart economy that harnesses the potential of citizens		
Current Year 2020/21		Prior year 2019/20	
Annual Target	**Actual**	**Annual Target**	**Actual**
20 Inner City Properties approved in Council for release to the private sector	0 Inner City Properties approved in Council for release to the private sector	20 Inner City Properties approved in Council for release to the private sector	55 Inner City Properties approved in Council for release to the private sector

Not achieved: The current Phase(s) of the Inner City Rejuvenation Programme, focus mainly on the release of privately-owned properties. The process for the release of privately owned properties differs and requires extensive due diligence. The number of hijacked/dilapidated properties identified has increased from 187 properties to approx. 408 properties. This increase in the number of hijacked/abandoned privately owned properties, has resulted in the following:

- Additional time required for site inspections;
- Due diligence by GFIS and collaboration and corroboration of information and findings with JPC;
- An array of issues have been identified ranging from illegal connections, properties/buildings owing rates and taxes (which exceed the property value in most cases) CoJ Revenue has also been providing information in this regard.

Insofar as the Covid Lockdown regulations are concerned considerable delays have been caused, moreover, interdependencies on other CoJ departments have further create delays.

4.1. KPI: Implement training & development initiatives to address competency gaps			
IDP Priority	Sustainable Service Delivery		
GDS OUTCOME	A high performing metropolitan government that proactively contributes to and builds a sustainable, socially inclusive locally integrated and globally competitive Gauteng City Region.		
Current Year 2020/21		**Prior year 2019/20**	
Annual Target	**Actual**	**Annual Target**	**Actual**
540 employees trained	94 employees trained	300 employees trained	213 employees trained
Not Achieved: JPC conducted an Induction Workshop for 686 employees (cleaners) and 94 employees attended MFMA training at WITS.			

4.2. KPI: Rapid & Efficiency in filling of funded vacancy positions identified as strategic			
IDP Priority	Sustainable Service Delivery		
GDS OUTCOME	A high performing metropolitan government that proactively contributes to and builds a sustainable, socially inclusive locally integrated and globally competitive Gauteng City Region		
Current Year 2020/21		**Prior year 2019/20**	
Annual Target	**Actual**	**Annual Target**	**Actual**
90% of all strategic vacancies filled within 90 days	0% of all strategic vacancies filled within 90 days	90% of all strategic vacancies filled within 90 days	35% of all strategic vacancies filled within 90 days
Not Achieved: Due to work disruptions experienced within the entity as a result of leadership instability thus it hindered the filling of vacancies.			

4.3. KPI: Streamlining of disciplinary processes			
IDP Priority	Sustainable Service Delivery		
GDS OUTCOME	A high performing metropolitan government that proactively contributes to and builds a sustainable, socially inclusive locally integrated and globally competitive Gauteng City Region		
Current Year 2020/21		**Prior year 2019/20**	
Annual Target	**Actual**	**Annual Target**	**Actual**
100% Disciplinary cases to be concluded successfully within 90 working days	0% Disciplinary cases to be concluded successfully within 90 working days	100% Disciplinary cases to be concluded successfully within 90 working days	0% Disciplinary cases to be concluded successfully within 90 working days
Not Achieved: Due to the postponements of disciplinary hearings.			

4.4. KPI: Occupational Safety of JPC Employees			
IDP Priority	Sustainable Service Delivery		
GDS OUTCOME	A high performing metropolitan government that proactively contributes to and builds a sustainable, socially inclusive locally integrated and globally competitive Gauteng City Region		
Current Year 2020/21		**Prior year 2019/20**	
Annual Target	**Actual**	**Annual Target**	**Actual**
Zero Fatalities	Zero Fatalities	0 Fatalities	0 Fatalities
Achieved			

5.1. KPI: Income generated through property transactions			
IDP Priority	Sustainable Service Delivery		
GDS OUTCOME	A high performing metropolitan government that proactively contributes to and builds a sustainable, socially inclusive locally integrated and globally competitive Gauteng City Region		
Current Year 2020/21		**Prior year 2019/20**	
Annual Target	**Actual**	**Annual Target**	**Actual**
R150 000 000.00 raised from rental income from leases and servitude sales	R94 935 460.69 raised from rental income from leases and servitude sales	R180 000 000 raised from rental income from leases and servitude sales	R130 962 743.71 raised from rental income from leases and servitude sales
Not Achieved: Due to revenue, shortfall caused prevailing economic conditions and delays in the renewal of leases and continued reticence from investors/tenants uncertain about future demand trends.			

5.2. KPI: Implementation of the Outdoor Advertising Masterplan			
IDP Priority	Economic Development		
GDS OUTCOME	An inclusive, job-intensive, resilient, competitive and smart economy that harnesses the potential of citizens		
Current Year 2020/21		**Prior year 2019/20**	
Annual Target	**Actual**	**Annual Target**	**Actual**
35% implementation of the Outdoor Advertising Masterplan	0% implementation of the Outdoor Advertising Masterplan	30% implementation of the Outdoor Advertising Masterplan	30% implementation of the Outdoor Advertising Masterplan
Not Achieved: The revised Implementation Plan was approved in the later part of the current financial year and is still at its implementation phase. The implementation of the masterplan has its biggest dependency on the current By-laws being reviewed. JPC has submitted its inputs on the by-laws to the Development Planning Department. Broad consultation with various stakeholders are still taking place hence delays in implementing new projects until the review process for by laws is finalised. Illegality remains the biggest threat to the growth of the portfolio and the City as the custodian of the By-laws requires developing a turnaround plan to deal with this scourge.			

5.3. KPI: Spend of Allocated Capex			
IDP Priority	Economic Development		
GDS OUTCOME	An inclusive, job-intensive, resilient, competitive and smart economy that harnesses the potential of citizens		
Current Year 2020/21		**Prior year 2019/20**	
Annual Target	**Actual**	**Annual Target**	**Actual**
100% spend on allocated CAPEX	4% spend on allocated CAPEX	100% spend on allocated CAPEX	45% spend on allocated CAPEX
Not Achieved: The JPC has not spend any CAPEX allocated to them for four consecutive quarters. YTD expenditure at the end of June 2021 is only R5 446 713 (4%) against an overall CAPEX budget of R147.9m. There was insufficient time left in the financial year to achieve anything significant and emphasis has been placed on turning the corner in the 2021/22 financial year. During the period under review, JPC confirmed with Group Finance that there would be no rolling over of funds, which resulted in halting of projects that had not started.			

5.4. KPI: Audit Opinion			
IDP Priority	Economic Development		
GDS OUTCOME	An inclusive, job-intensive, resilient, competitive and smart economy that harnesses the potential of citizens		
Current Year 2020/21		**Prior year 2019/20**	
Annual Target	**Actual**	**Annual Target**	**Actual**
Unqualified Audit Report	Unqualified Audit Report	Unqualified Audit Outcome	Unqualified Audit Outcome
Achieved			

5.5. KPI: Resolution of Auditor General & Internal Audit Findings			
IDP Priority	Economic Development		
GDS OUTCOME	An inclusive, job-intensive, resilient, competitive and smart economy that harnesses the potential of citizens		
Current Year 2020/21		**Prior year 2019/20**	
Annual Target	**Actual**	**Annual Target**	**Actual**
100% resolution of Auditor—General & Internal Audit findings within four months after a report is issued	59% resolution of Auditor—General & Internal Audit findings within four months after a report is issued	100% resolution of Auditor—General & Internal Audit findings within four months after a report is issued	92% resolution of Auditor—General & Internal Audit findings within four months after a report is issued
Not Achieved: Due to internal audits that are still being finalised as a result of being rolled over from the previous year. AGSA issued a management report with seventeen (17) audit findings, seven (7) are matters affecting the audit report and ten (10) are other important matters. Only seven (7) matters are still not yet resolved.			

Section 1.4: Performance against Service Standards

The company has committed to achieving the service standards that have been set out in terms of the Shareholder's service standards. The entity achieved eight of twelve standards and has put mitigation plans in place to address the service standard that was not achieved, going into the new financial year. A summary of the performance on the service delivery indicators is provided in **Table 65** and more details **on page 116.**

TABLE 32: JPC SERVICE STANDARDS PERFORMANCE

Service Standard	Service Standard Indicator	Actual Performance
Response in acknowledgement of requests, enquiries and complaints	Within 1 day of logged call	
Provision of answers and/or results related to the receipt of the requests and enquiries regarding properties	Within 3 days of logged call	
The performance of emergency work for JPC managed facilities	Within 1 day of logged call	
Performance of minor works on facilities managed by JPC	Within 2 days of logged call	
Performance of major works on facilities managed by JPC	Within 5 days of logged call	
Complete the sale or lease and registration of servitudes of Council owned land	Within 6 months after Council Approval in terms of Section 14(2) of the Municipal Finance Management Act	
Tender placed after Council approval and CoJ Executive Adjudication Committee	Within 4 months of CoJ Executive Adjudication Committee approval	
Internal allocation of land and buildings to City Departments and Entities (PTOB : Permission to occupy and build and lease office space from third parties)	Within 60 days of application and budget confirmation	
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	
Response to general enquiries at client services counter	Within 24 hours of logged call	
Response to enquiries regarding transactions in pipeline	Within 24 hours of logged call	
Response to applicants/interest to lease or acquire (formal applications) land and/or buildings	Within 30 days of application	

Section 1.5.: Performance against Batho Pele principles

The Batho Pele ("People First") principles (know the service you are entitled to) are aligned to the Constitution. Government officials must follow the Batho Pele principles, which require public servants to be polite, open and transparent, and to deliver good services to the public. In executing the principles, the organisation's focus areas are as follows:

Consultation

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

Access

Access to property information so that COJ Citizens are able to inform, influence, participate in all JCP property initiatives i.e. Property Leases, Developmental Projects etc.

Information

The company ensures that citizens are given full and accurate information about the public services they are entitled to receive through the annual publication of the Business Plan, Mid-term Report and Integrated Annual Report on the website.

Redress

Within the CoJ, the Ombudsman investigates complaints against administrative actions, procedures and practices such as improper conduct, unfair treatment, poor service, failure to follow procedures, disregard of Batho Pele principles and failure to respond to an enquiry, complaint or other correspondence.

Value for money

In terms of Regulation 28 (1) of the MFMA and the Municipal Supply Chain Management Regulations, the Bid Evaluation Committee must evaluate bids in accordance with the achievement of the best value for money. Clause 27.8 of the company's Supply Chain Management Policy ascribes to the aforementioned regulation, which is applied in the evaluation of bids.

Section 2: Core Business

Section 2.1: Asset Management

Acquisitions during the period

Thirty-two (32) properties to the value of R83 140 350.00 were taken on during the 2020/2021 financial year.

Twenty-nine (29) properties were acquired for housing development purposed on behalf of the Housing Department while two (2) properties were acquired for vehicle impound storage on behalf of the JMPD through the capital budget. A summary is outlined in the table below:

TABLE 35: PROPERTIES TRANSFERRED TO COJ IN TERMS OF VESTING & DEVOLUTIONS

CATEGORY	QUANTITY	MUNICIPAL VALUE
Housing Department	29	R43 140 350.00
JMPD	2	R40 000 000.00
Total	**31**	**R83 140 350.00**

Disposals during the Period under Review

Five hundred and seventy-two (572) properties to the value of R113 009 919.00 were transferred during the reporting period to advance the City's service delivery, housing provision and economic development objectives. These were made up as follows:

- Four hundred and thirteen (413) housing properties to the value of R10 058 620.00 were transferred to beneficiaries for the provision of housing as mandated by the Housing Act.

- Thirty-three (33) properties (16 shops and 17 churches) to the value of R405 209.00 were transferred to beneficiaries as part of the Land Regularization Program.

- One hundred and twenty-six (126) properties to the value of R102 546 090.00, which are situated in Ekurhuleni (outside the boundaries of the City of Johannesburg) were transferred to the rightful owner – City of Ekurhuleni Municipality. The table below provides an outline of the transferred properties.

TABLE 36: PROPERTIES DISPOSED DURING THE PERIOD

CATEGORY	QUANTITY	VALUE
Housing Transfers	413	R10 058 620.00
Land Regularisation	33	R405 209.00
Land Sales	126	R102 546 090.00
Total	**572**	**R113 009 919.00**

Status of CoJ Property Portfolio Holdings

The portfolio of the City has a total value of R9, 208 billion which comprises of 28 336 properties for the financial year ending 30 June 2021. The table below illustrates the high-level summary outlining the quantity and value per region.

TABLE 37: COJ PROPERTY PORTFOLIO

REGION	VALUE %	NO. OF PROPERTIES	SUM OF VALUE
Region A	8%	1 712	R757 935 548.28
Region B	17%	3927	R1 600 705 675.10
Region C	12%	2349	R1 117 590 161.38
Region D	10%	6126	R875 034 875.40
Region E	19%	4528	R1 727 039 068.18
Region F	16%	4862	R1 519 264 910.97
Region G	13%	4468	R1 165 281 144.12
Outside CoJ Boundaries	5%	364	R445 335 356.01
Total	**100%**	**28 336**	**R9 208 186 739.44**

Net Movements

The table below indicates the impact of the movements on the value of the Asset Register in the 2020/2021 financial year:

TABLE 38: NET MOVEMENT TABLE

ASSET REGISTER MOVEMENTS IN VALUE	
Opening Balance	R9 238 056 308.44
Acquisitions	R83 140 350.00
Disposals	R-113 009 919.00
Closing balance	R9 208 186 739.44
Movement in percentage	**-0.32%**

More properties were disposed compared to the number of properties that were acquired, the value of the portfolio has decreased by 0.32% in the 2020/2021 financial year. This is attributed to the value of the properties that were disposed.

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 and JPC transfer's properties to beneficiaries in terms of the Housing Act and the Land Regularisation program respectively.

TABLE 39: NUMBER OF PROPERTIES PER REGION

Number of properties					
Region	**2021**	**2020**	**2019**	**2018**	**2017**
Region A	1712	1756	1775	1907	1931
Region B	3927	3935	3989	3999	4014
Region C	2349	2349	2353	2354	2345
Region D	6126	6228	6407	6567	6667
Region E	4528	4759	4915	4907	4983
Region F	4862	4833	4841	4844	4843
Region G	4468	4526	4684	4886	4665
Outside CoJ	364	490	490	489	491
Total	**28336**	**28876**	**29454**	**29953**	**29939**

Section 2.2: Inner City

During the 2020/21 financial year, the focus of the Inner City Focused Intervention Projects Unit has been on the continuous monitoring of Town Planning Applications, of the Inner City Rejuvenation Programme's properties awarded for development. Ultimately approvals (i.e. Removal of restrictions/Consolidation/Rezoning/Site Development approvals/ Building Plan approvals) are sought so that construction can commence.

The Inner City Rejuvenation Programme's Phase 4 & 5 is also in motion, the aforementioned focuses on privately owned properties. Various privately owned properties in the Inner City, which are abandoned, hijacked and/or dilapidated have been identified and earmarked for release. To - date, no further properties have been approved by Council and released to the private sector for development. However, following numerous site inspections conducted in the inner city, the number of privately owned properties identified for possible redevelopment has increased from 187 to approximately 408 privately owned bad buildings. Furthermore, the Inner City Focused Projects and Intervention Unit has collaborated with other City Departments such as GFIS and CoJ Revenue in order to solicit additional information (i.e. Rates and Taxes, etc.).

Due diligence is of crucial importance. While the city-owned properties were swiftly released, it is evident that the process of conducting thorough due diligence and forensic investigations cannot be omitted when dealing with privately owned properties.

Amongst numerous other issues identified, the privately owned buildings identified have various issues ranging from illegal connections to the buildings owing Rates and Services, which exceed the property value. The aforementioned highlights the importance of conducting thorough research and investigations on privately owned properties, as this should in turn enable the City to explore and identify suitable options on how to possibly release these properties (i.e. by means of Declaratory Order, Expropriation, Sale in Execution, Abandonments, etc.).

Sadly there has also been considerable delays experienced due to the Covid-19 Lockdown restrictions imposed, which has subsequently impacted the Department's ability to meet the forecasted dates for a comprehensive report to be circulated to CoJ Committees for the Section 14(1) and the Section 14(2) approval, respectively.

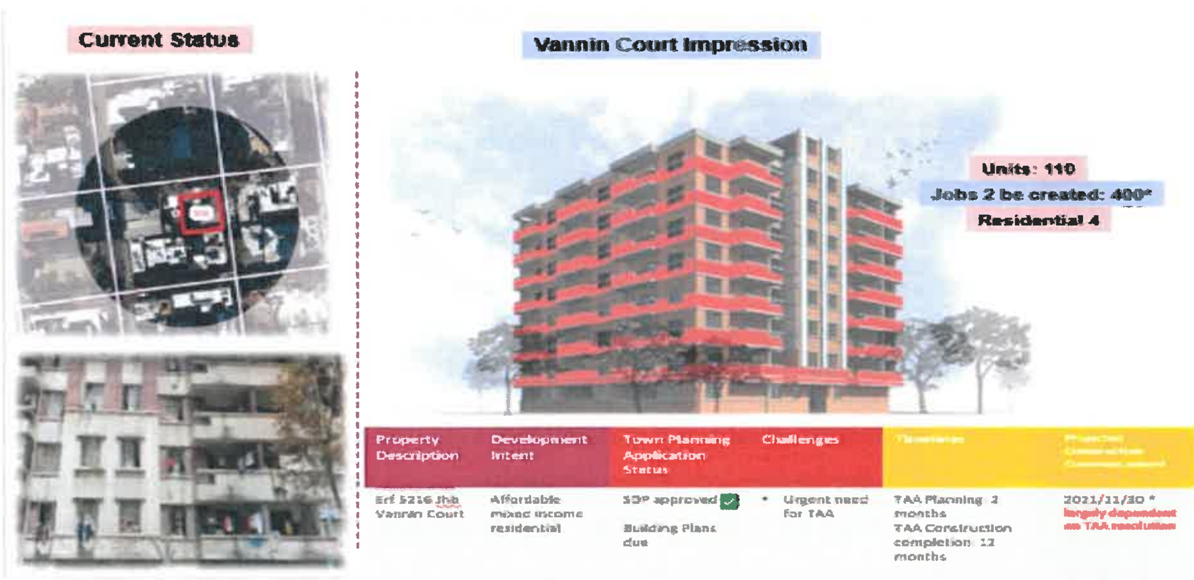
Inner City Projects

Vannin Court

TABLE 40: VANNIN COURT

Highlights (2020/21)	Challenges (2020/21)	Mitigating Actions /Plans	2021/22 Focus
Progress on Town Planning Applications during Q1 of 2020/21: **Site Development Plan approved** for Vannin Court (Erf 5216)	Vannin Court is a hijacked building and has illegal occupants paying rent to hijackers. The challenge is that JPC currently does not have vacant land for the developer to construct Temporary Alternative Accommodation (TAA). Moreover, currently the CoJ Housing whose mandate it is to provide TAA amongst other things, is unable to provide TAA as they have an existing backlog.	Despite numerous engagements & discussions with CoJ Housing the TAA issue remains unresolved/deadlocked.	Vannin Court to obtain Building Plan approval

DIAGRAM 14: ARTISTIC IMPRESSION OF DEVELOPMENT

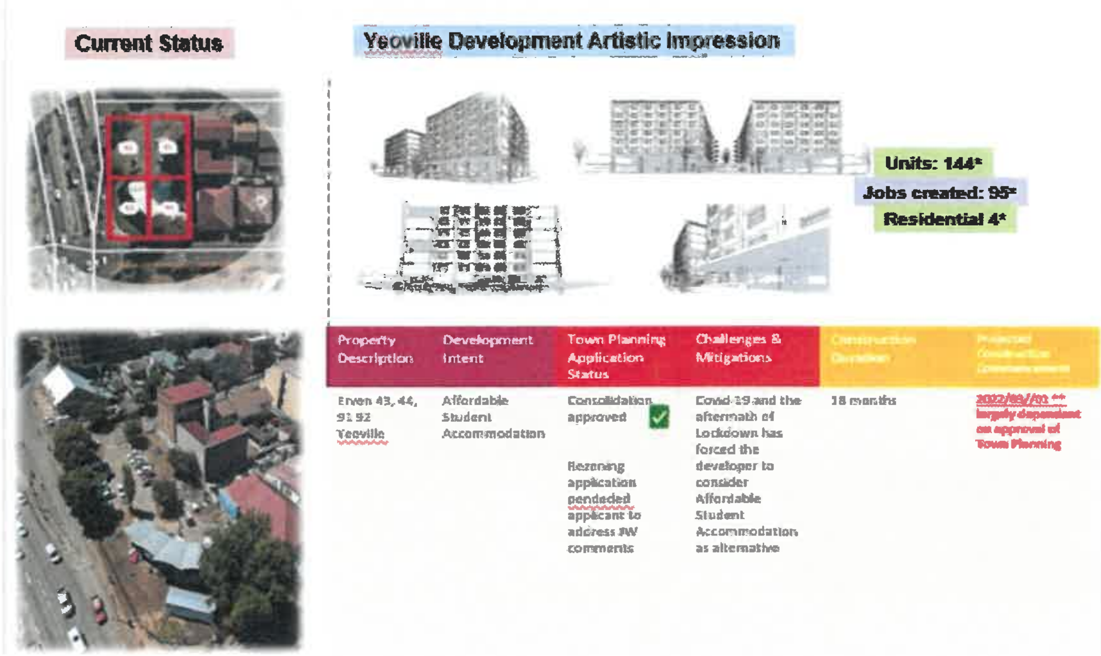


Yeoville Student Accommodation

TABLE 41: YEOVILLE STUDENT ACCOMMODATION

Highlights (2020/21)	Challenges (2020/21)	Mitigating Actions/Plans	2021/22 Focus
Yeoville Student Accommodation recommended approval of Consolidation application (Erven 43, 44, 91, 92 Yeoville)	Significant delays have been experienced as a result of dependencies on other CoJ Entities to circulate and provide the necessary Town Planning approvals promptly.	The Inner City Unit has used and been in consistent communication with the DED-Investment Prioritisation Committee (consisting of City Transformation, JRA, Joburg Water, City Power, etc.) as a means of unlocking the bottlenecks and ultimately approved.	Obtaining the necessary Development Rights approved by Council so that the project can progress.

DIAGRAM 15: ARTISTIC IMPRESSION OF DEVELOPMENT

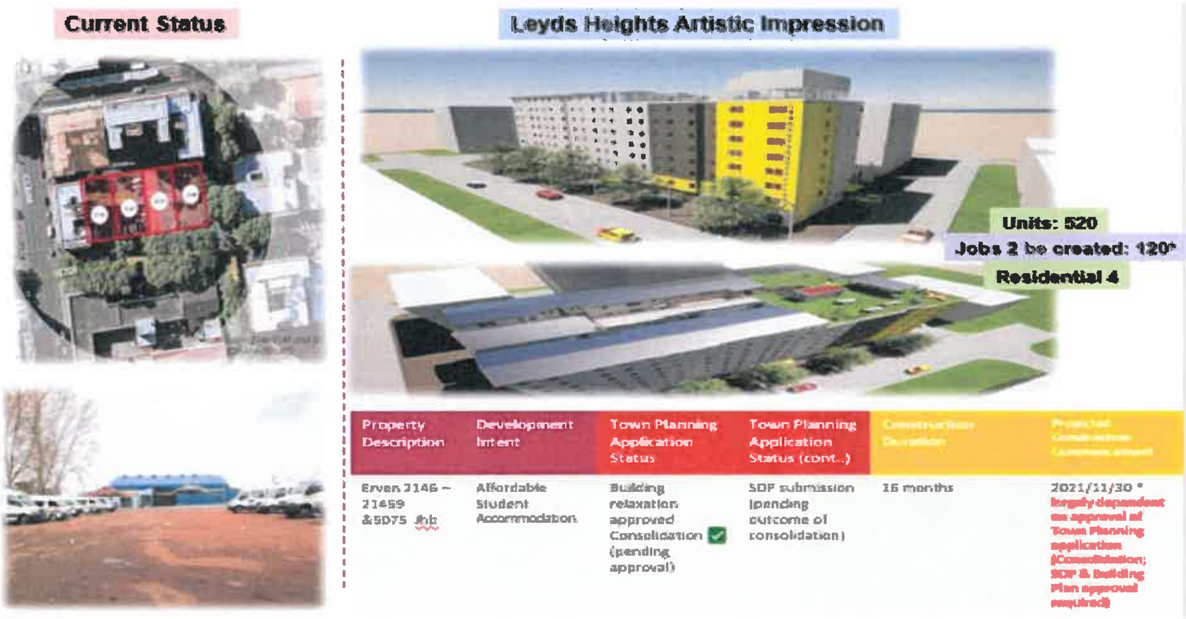


Lleyds Heights Student Accommodation

TABLE 42: LLEYDS HEIGHTS STUDENT ACCOMMODATION

Highlights (2020/21)	Challenges (2020/21)	Mitigating Actions/Plans	2021/22 Focus
Progress on Town Planning Applications during Q4 of 2020/21: **Site Development Plan for Lleyds Heights Student Accommodation (Erven 2146 – 2149 & 5075 Jhb) has been approved in line with Building Line and Consolidation approval and finalisation.**	Significant delays have been experienced as a result of dependencies on other CoJ Entities to circulate and provide the necessary Town Planning approvals promptly. The Inner City Unit has used and been in consistent communication with the DED-Investment Prioritisation Committee (consisting of City Transformation, JRA, Joburg Water, City Power, etc.) as a means of unlocking the bottlenecks and ultimately approved	For the Lleyds Heights Student Accommodation development to receive Building Plan approval and for the developer to begin construction, shortly thereafter.	For the Lleyds Heights Student Accommodation Development to receive Building Plan approval and for the developer to begin construction, in the 2021/22 financial year.

DIAGRAM 16: ARTISTIC IMPRESSION OF DEVELOPMENT

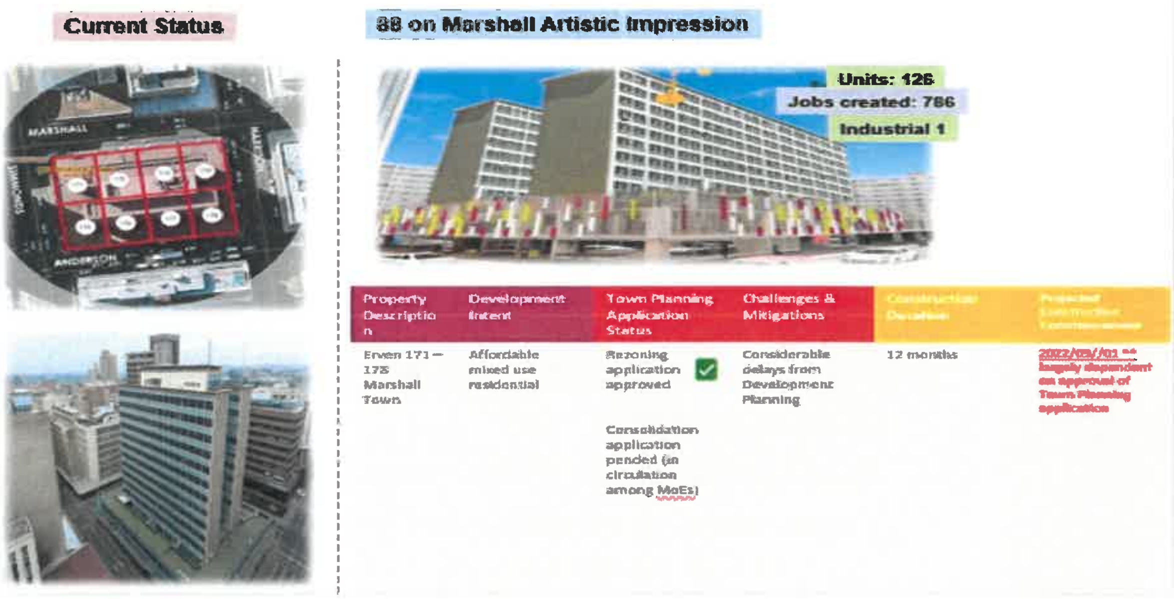


88 on Marshall

TABLE 43: 88 ON MARSHALL

Highlights (2020/21)	Challenges (2020/21)	Mitigating Actions/Plans	2021/22 Focus
Progress on the following Town Planning Applications for 88 on Marshall during Q4 of 2020/21: • **Consolidation application approved** • **Rezoning application recommended for approval**	Significant delays have been experienced as a result of dependencies on other CoJ Entities to circulate and provide the necessary Town Planning approvals promptly.	The Inner City Unit has used and been in consistent communication with the DED-Investment Prioritisation Committee (consisting of City Transformation, JRA, Joburg Water, City Power, etc.) as a means of unlocking the bottlenecks and ultimately approved.	For the 88 on Marshall Development to receive Building Plan approval and for the developer to begin construction, in the 2021/22 financial year.

DIAGRAM: 17: ARTISTIC IMPRESSION OF DEVELOPMENT



Section 2.3: Corporate Real Estate & Facilities Management

The function provides highly efficient leasing and building management services to CoJ departments and Municipal entities across the seven CoJ regions. The function focuses on strategic leasing, office space management and building management in line with international standards and norms in order to ensure a safe, friendly, cost effective working environment for all occupants in CoJ occupied facilities.

The division is also responsible for Planned Maintenance, OHASA and Fleet management to the JPC Corporate buildings and COJ departments including MOEs. Our approach in terms of planned maintenance revolves around Condition Based Assessment for all corporate buildings depending on which buildings were attended to in the previous financial year while the emergency repairs are a reactive process to rectify anything that goes wrong in our facilities. OHASA is responsible to make sure that all our buildings are safety and Covid-19 compliant in terms of international safety standards while Fleet management ensures that all our JPC vehicles are used effectively and efficiently for the purposes of delivering services to the JPC client base.

The division is also responsible for Planned Maintenance, OHASA and Fleet management to the JPC Corporate buildings and COJ departments including MOEs. Our approach in terms of planned maintenance revolves around Condition Based Assessment for all buildings depending on which buildings were attended to in the previous financial year while the emergency repairs are a reactive process to rectify anything that goes wrong in our facilities. OHASA is responsible to make sure that all our buildings are safety compliant in terms of international safety standards while Fleet management ensures that all our JPC vehicles are used effectively and efficiently for the purposes of delivering services to the JPC client base.

The following projects were completed in the 2020/2021 financial year:

- Jabulani Civic Centre R26million: General repairs and maintenance including Council Chamber floor repairs, Carports Roofing, Electrical reticulation, Painting, Roof repairs, Fencing, Tilling, HVAC repairs, Replacement of blinds, Council Chamber seats repair.
- Roodepoort Civic Centre: R25million: General repairs and maintenance including Council chamber floor repairs, Carports Asbestos removal and repairs, window repairs, Fencing, Painting, Tilling, HVAC repairs, replacement of blinds, Security Guards house repair and boom repair.
- Alexandra Multi-purpose and Community Centre: R3.3million: Repairs and Maintenance of the Clinic Facility including Medicine room, Plumbing, Electrical, Roof, Carport repair, Wall construction and tree felling.

Leasing and Building Management

The leasing and building management function will lead the OSO Programme's Accommodation Plan and Workshop Strategy streams.

TABLE 44: CORPORAT REAL ESTATE FOCUS AREAS & STRATEGIC PROJECTS & OUTCOMES

Focus Area	Strategic Projects	Expected Outcomes
ACCOMMODATION PLAN	• CoJ wide office accommodation audit to confirm office accommodation requirements; • Detailed accommodation plan linking user departments/ME to planned office space while taking into account operational efficiencies, co-location, departmental synergies and dependencies; and • Relocation strategies for the different regional precincts with the Metro Centre and Randburg precincts being priority.	Space plan that responds to the New Normal (Covid19 regulations) and working from home principles. Redevelopment master plan of Metro Centre (centralization of CoJ Offices).
WORK PLACE STRATEGY	• Review existing workplace standards; • Develop compelling workplace strategy incorporating new trends; • User workshops and buy-in; and • Change management strategy.	Revised work place strategy would include parameters for the new normal i.e. work from home

The following projects are earmarked for 2021/22 financial year:

- Ennerdale Civic Centre - Repairs and Maintenance
- Meadowlands Civic Centre - Redevelopment
- Renovations of Metro Centre
- Decontamination & deep cleaning of Joburg Facilities
- Procurement of cleaning equipment
- Deployment of security officials at certain Corporate Buildings and Facilities

Office Accommodation Flagship Leases

JPC received a request during the period under review for office space/accommodation for the Johannesburg Water for a period of 3 years. Supply chain management processes are underway with contracting expected in the next financial year.

The JPC has received requests during the period under review for office space/accommodation from both MTC and Metro Bus. Supply chain management processes are underway with contracting expected in the next financial year to address office accommodation requirements for the two entities in the Forum 1 Braampark.

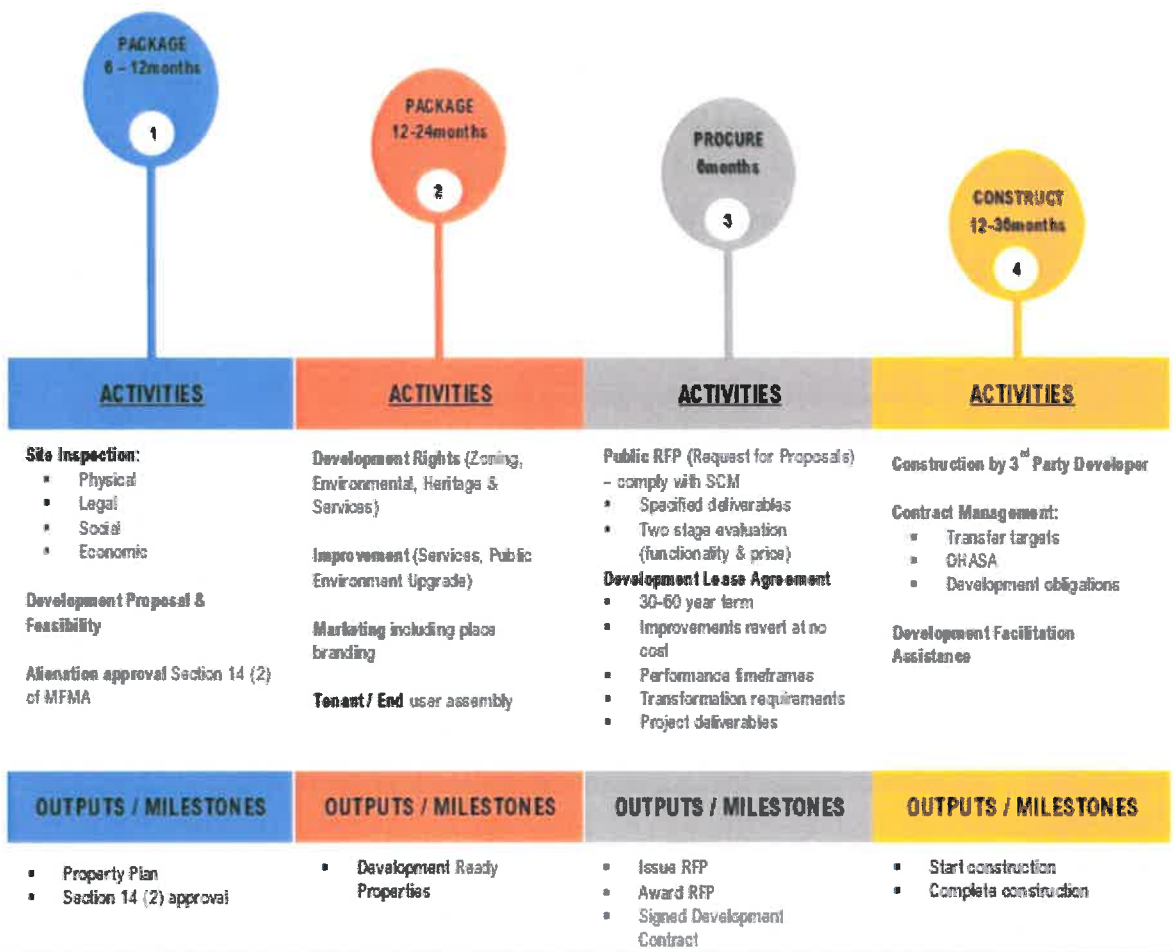
JPC submitted a deviation report in terms of Regulation 26(1)(a) (v) for office accommodation at 222 Smit Street during the period under review. The accounting officer approved the Deviation request and JPC will conclude contracting in the next financial year.

Section 2.4: Property Program Management Unit

The Property Program Management Unit 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 development and development returns.

The unit employs a four-stage development facilitation process to improve land assets in terms of which land is first and prepared for development by JPC, and development is undertaken by third-party developers procured in terms of the MFMA. Development is based on a long-term development lease in terms of which the entire development reverts to the CoJ at no cost at the end of the lease period.

DIAGRAM 18: FACILITATION PROCESS



Most of the property development projects experience regression in respect of project milestones as a result timelines and deliverables, which were pushed into the next financial year. This regression was caused by the disruption within the organisation, which negatively impacted project progress and related SCM processes.

Riverside View Mega Housing Development (Diepsloot Phase 1)

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 i.e. Between the lower income area of Diepsloot and the prestigious high-income area of Dainfern, provided a unique opportunity for development to integrate Diepsloot with the rest of Johannesburg and developing it into an urban network. In light of this JPC, went out on tender for Portion 5 and, it was awarded to Valumax Northern Farms (Pty) Ltd & COJ for the following development:

- A high density mixed use development to maximise the use of strategically located land and to ensure vibrancy and sustainability.

- A mixed income development to meet a wide range of housing demands and ensure that housing, is delivered to poorer beneficiaries in a way that helps people out of poverty.

It was envisaged that the development would yield the following yields:

- Approximately 3113 single residential GAP/FLISP units.
- Approximately 4332 high density walk up RDP units.
- Approximately 2969 high density walk up Rental units.
- The total residential yield of approximately 10 414 residential units was expected to be completed by 2022.

The Project's Status is as follows:

- Number of units completed to date:
  - Residential 1 FLISP units – 2948 units completed
  - Residential 3 RDP units – 3612 units completed
  - Residential 3 Rental units - 457 units completed

- Number of units to be completed:
  - Residential 3 RDP units - 528 units
  - Residential 3 rental units – 1108 units
  - Residential 3 Sectional title units – 1403 units

The residential three (3) sectional title unit's yield is still to be confirmed and is subject to change as Valumax is still in the process of finalising the Site Development Plans. There are six SDP's to be completed and approved. The land use rights to be approved on all Res 3 erven are 180 u/Ha with a 0.5 parking ratio. This allows Valumax to be flexible with different housing typologies on these erven.

A density of 180u/HA was obtained on the RDP units, due to the low vehicle ownership and parking requirements. On the Sectional title FLISP and Rental units, the parking provision increases to a minimum of 1 parking per unit which results in the actual density on the erven reducing to anywhere between 130 u/Ha to 160u/Ha. In addition to this, each Res 3 erf is different and as a result, Valumax cannot guarantee that they will get a specific amount of units on a stand. The topography also affects the unit numbers on an erf.

In light of the above the total residential yield of the project will be slightly less than originally projected, as a base density of 180u/Ha was used to calculate the total number of units on all Res 3 erven. However, once the SDP's are approved the actual number of units are confirmed and in some cases, they are substantially lower than the original estimates.

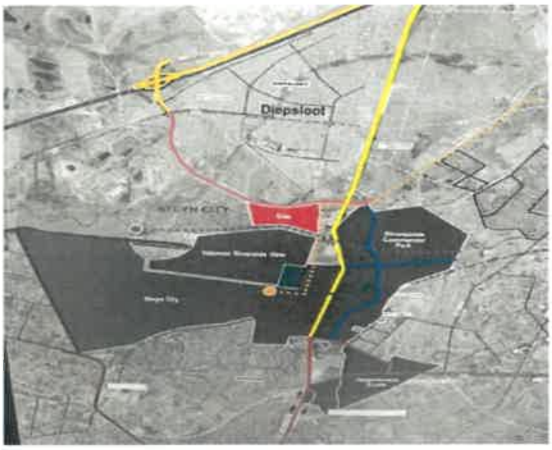
Valumax anticipates the project to be completed by the end of 2023, depending on budgets. There is a possibility that it might roll over into 2024.

Riverside View x65 (Diepsloot Phase 2)

The project area is the Remainder of Portion 6 and a portion of Portion 1 of the Remainder of the Farm Diepsloot 388 JR and is approximately 45 hectares in extent. The project is located on land which previously formed part of the Joburg Water Northern Farm Treatment Works. It is situated to the west of William Nicol Drive, approximately 28km from the Johannesburg CBD. It is in close proximity to the Riverside View development currently underway with Valumax.

The development is a unique mixed- use which will address a definite market gap, due to a lack of affordable opportunities in this area. It supports the development of different housing typologies and affordable housing options for a range of income levels as well as community facilities, open spaces and economic activity. The development site is situated favourably in terms of accessibility, centrality and market exposure.

A township establishment application was submitted to the City's Planning Department, and was approved in January 2020. The proposed township consists of 12 erven with 5 erven zoned for residential purposes and the rest zoned for public and private open spaces, educational and an incubation hub. The developer is awaiting the conclusion of the proclamation process.



Soweto Gateway

Soweto Gateway is located on Chris Hani Road, west of the N1 highway in Diepkloof Region D. It is east of the Chris Baragwaneth Hospital. The project area is approximately 30.5 hectares. The proposed development is a mixed use accommodating a mix of land uses taking advantage of the location of the site as an entrance into the Soweto/ Baralink Node. It will reinforce surrounding uses and activities such as institutional, educational, local manufacturing, training facilities, commercial etc. The Development will be supported by amongst others, medium to high density mixed income residential, community facilities, recreation and public spaces within a well- balanced and sustainable urban structure that is connected and accessible to the rest of Soweto and the City.

The proposed township mix is as follows:

- A residential component - medium to high density mixed income residential, social housing for the rental market, low cost housing;
- A business component – shops, restaurants, offices, car sales, motor / other showrooms, warehouses;

- Retail;
- High profile light industrial and training facilities;
- Hotel / Conference Centre;
- Community facilities - educational, child care centres, clinic & medical consulting rooms, social halls, sports and recreation clubs;
- Public open spaces and roads.

Progress made to date:

- Property Plan and all relevant studies done
- Public participation completed
- Section 14(2) approval obtained
- The township establishment process is underway
- The property went out on tender 4 December 2019 however due to COVID and circumstances the bid adjudication process took too long so the bid had to be cancelled due to the validity period expiring.

Way Forward and Timelines

TABLE 45: WAY FORWARD AND TIMELINES

PROCESS	TIMEFRAME
Finalising the revised tender document	September 2021
Putting out the RFP	October 2021
Adjudication of bids	November 2021
Probity	January 2022
EAC approval	February 2022
Awarding of bid	February 2022

LOCATION MAP- SOWETO GATEWAY

Southern Farms

Southern Farms is located south of the existing suburbs of Naturena, west of Kibler Park, east of Lenasia and Lehae as is abutted by the N1 and N12 National Highways. The N1 divides the project area into two distinctive quadrants, namely the areas to the west of the N1 and the area to the east of the N1. The project area is also bordered by the N12 Highway forming the north-western boundary of the project area. 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 (about 1094 hectares), is considered suitable for development.

MAP SHOWING LOCATION

The initial housing yield is 40 200 housing units, which include the following mix:

- 55% FLISP/ Bonded units
- 35% RDP units
- 10% Rental units

Other yields include:

- Commercial – 81 183m2 GLA
- Retail – 245 988m2 GLA
- Industrial – 418 000m2 GLA

The appointed developer has concluded stage 1 of the project. All investigations required such as geotechnical studies, flora and fauna studies and geo-hydrological studies amongst others, have been concluded. A Regional Precinct Plan and Business Plan was prepared, workshopped with all council and external and interested parties and approved by Council. The "Plans" had to be developed around managing and enhancing the ecologically valuable areas and ensuring the ongoing sustainability of the biodiversity of the property.

Since the project area falls outside of the Urban Development Boundary (UDB) of the city, the amendment of the Urban Development Boundary and Regional Spatial Development Framework (RSDF) to include the Southern Farms Development and the Precinct Plan is necessary for the project to move forward. To effect this, Planning, together with City Transformation has submitted a report into the committee cycle with their departmental recommendation on the Southern Farms Development Framework, to be approved by Mayoral Committee. This report served at the various cluster committee meetings and was approved at the Mayoral Committee meeting on 13 August 2021. The report will now serve at Council.

JPC submitted a report to the Executive Adjudication Committee (EAC), on the process and progress of the project to date, and for confirmation for Valumax / Safdev (VS JV) to proceed to Stage Two for the implementation of the Business Plan. The EAC in addition, was asked to approve entering into a Land Availability Agreement with VS JV for a minimum period of 3 years, to facilitate and finalise township establishment applications to move the project forward. This process has to be finalized and concluded.

The total capital expenditure of the Southern Farms Development is estimated at R27 billion, of which R16bn will be private sector investment, while the R11bn will be funded by government. It is estimated that the Southern Farms Development will create approximately 168 000-job opportunities during the construction phases of the project and an estimated 42 000 permanent job opportunities after construction. An estimated R2.3 billion will be paid to local labour during the construction phases of the project. It is also envisaged that about R690m of raw materials and R6bn of manufactured goods will be procured over the construction phases of the project. As much as possible of this, will be procured locally.

THE LAND DEVELOPED

THE SITE CURRENTLY

HOUSING OPPORTUNITIES

JABULANI HOUSING DEVELOPMENT

The development is located within the Jabulani CBD which is an emerging node, becoming a vibrant mixed use high density centre. The CBD is already home to the popular Jabulani Mall; a well-established Jabulani Police Station including Fire Station; the existing Amphi-theatre; in addition are the Bheki Mlangeni Provincial Hospital, the acclaimed Soweto Theatre.

This development forms part of the award that was made towards the regeneration of former township areas, and the realisation of vision for transformation in Soweto in particular.

JABULANI HOUSING DEVELOPMENT

PPMU Transactions Approved At EMT and Sub-Mayoral

The following transactions were submitted and approved at EMT and Sub Mayoral:

TABLE 56: APPROVED PPMU TRANSACTIONS FOR THE YEAR 2021/22

PROJECT	ESTIMATED INVESTMENT VALUE	PURPOSE
Remainder of portion 1 of farm Bergvallei 37IR	R800 million	Request to initiate public participation process as envisaged in Regulation 35 of the Asset Transfer Regulation
Portion of portion 1 of erf 5332 Johannesburg (Metro Centre)	R5.2 billion	Request to initiate public participation process as envisaged in Regulation 35 of the Asset Transfer Regulation
Portion 278 of the farm Langlaagte 224- IQ	R100 million	Request to initiate public participation process as envisaged in Regulation 35 of the Asset Transfer Regulation
Remainder of portion 13 and part of portion 29 of the Farm Rietvlei 101	R800 million	Request to initiate public participation process as envisaged in Regulation 35 of the Asset Transfer Regulation

We anticipate to obtain council approvals for all of the above and conduct public participation process in the first quarter of 2021/2022. The reports on the outcome of the public participation process and request for section 14(2) approvals to be submitted to the JPC Transactions Committee by the beginning of the second quarter of the new financial year.

National Academy of Africa's Performing Arts (NAAPA)

The National Academy of Africa's Performing Arts is a performing arts centre located in the Jabulani Cultural precinct in Soweto. The academy which is the brain child of Mam Letta Mbuli and Ntate Caiphus Semenya which will offer training, performing arts skills development and related services including the instrumentation and the manufacturing thereof under one roof.

The academy aims to redress the reliance of many of South Africa's indigenous music, musicians, songwriters, producers and music performers of African descent on their innate talents alone to teach themselves the very basics of music; read and write music; learn to play the various music instruments that are routinely employed in popular, traditional, classical and jazz. It will contribute to the local community by teaching performing arts students from the community.

The 1810m2 lettable area will comprise of a double storey building with ground and first floor, which will accommodate classrooms, lecture theatres, recording studio, performance / dance studio, gallery/ hall of fame space, equipment repairs workshop, ablutions and a lift.

The development to be completed in the following phases:

Phase 1: Construction of the building shell which was completed together with the launch of the development in December 2018.

Phase 2: commenced in October 2020 and comprises of the completion of the building, staircases, balustrades, internal finishes (including but not limited to walls, flooring, doors, ceiling, sanitary ware, plumbing, electrical, recording studio, air conditioning), external façade and external works including landscaping. We anticipate to reach practical completion in the coming financial year.

ARTIST IMPRESSION

Section 2.5: Property Management

During the period under review, JPC released properties that will be used for the provision of services to the residents of Johannesburg though public tender, registration of servitudes and acquisition of properties on behalf of the City's departments.

Finalized Sales and Leases for 2020/21

TABLE 57: FINALISED SALES & LEASES

Region	Property Description	Sales	Leases	Commission
A	Ptn 26 of Erf 4921 Ivory Park Ext 1	N/A	R50.00 p/m	R5.00 p/m
B	Erf 938 Parktown	R1 725 000.00	N/A	R172 500.00
D	Erf 2390 Dhlamini Ext 3 (Brittlewood Street)	R1 240 000.00	N/A	R1 240 00.00
E	Erf 11 Marlboro Gardens	R91 000.00	N/A	R9 100.00
	Erf 109 Marlboro Gardens	R91 000.00	N/A	R9 100.00
	Erf 116 Marlboro Gardens	R91 000.00	N/A	R9 100.00
	A Portion Of The Remaining Extent Of Erf 5 Benmore Gardens Adjacent To Portion 5 Of Erf 3 Benmore Gardens.	N/A	R5 665.83 p/m	R566.58 p/m
	Modderfontein AH 76 (Use & Maintenance Agreement)	N/A	N/A	N/A
G	Erf 6899 Drieziek	N/A	R2 000.00 p/m	R2 00.00 p/m
	Erf 2156 Orange Farm	N/A	R2 000.00 p/m	R2 00.00 p/m

The year to date target was not met during the 2020/21 financial year, as JPC experienced work disruptions, which impacted the planned Bid Specification Committees in that they could not be constituted, as a result properties were not released for sale/lease.

Mitigation Plans

Plans are in place to stabilize the Organisation. The sitting of the meetings will result in the release of the properties and the conclusion of the sale/lease transactions.

Servitude Registrations

During the period under review three (3) servitudes were registered.

Management of the Sanitary Lanes City-Wide

During the period under review forty (40) sanitary lane agreements were concluded.

Informal Trading

Income Collection

During the financial year under review, Informal Trading Unit collected R2 million, income has declined in comparison to previous financial year. The table below depicts the summary of the income collected for the financial year.

TABLE 58: INCOME COLLECTION YTD

KPI	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Quarterly collected	R 473 782.31	R520 531	R522 089.86	R492 871.98
Total achieved	**R 2 009 275.15**			

Renewal of Expired Leases: The target to enter into leases with Traders in the year under review was not achieved and this was attributable to organizational challenges experienced including Covid-19 lockdowns.

Lease renewal framework: During the course of the financial year the EAC strengthened its assurance process to ensure the quality of procurement is improved by subjecting the Informal Trading leases to a probity process. This is also to guard against non-compliance to Municipal Supply Chain Management regulations, relevant legislative prescripts and the City's Supply Chain Management policy. This new requirement, which has been introduced by EAC to tighten internal control mechanism however it has lengthened the approval process of the reports.

Formalization of Approximately 1930 or More Leases

The target to enter into leases with Traders in the year under review was not achieved and this was attributable to the unprecedented organizational challenges experienced by the Organisation, Some traders' resistance detailed below including Covid-19 lockdowns:

- One hundred and thirty-six (136) approved EAC reports;
- One hundred (100) EAC reports to be submitted for approval; and
- One hundred (100) EAC reports circulated for approval internally to be presented at EAC.

JITI Launch

TABLE 59: INFORMAL TRADING CHALLENGES / ACTIONS / FOCUS

Challenges (2020/21)	Mitigating Actions AND/OR Plans	2021/22 Focus
Trader resistance and refusal of signing leases. **Lack of willingness to pay of rental.** **Insufficient security guarding facilities.** **Cleaning and maintenance.** **Covid-19 impact to Traders and loss of income.** **Sense of entitlement to Stalls by Traders.** **No distinct role clarification on allocation vs leasing space.** **Interference of Trader organisations, Taxi associations in the running of the facilities.** **Subletting of stalls** **Trader transfer of stalls to family members when deceased or sick (Treating stalls as family inheritance).** **Trader litigations.** **Strained relations amongst Traders caused by perceptions that foreign nationals are taking over their trading spaces and deal in illicit goods.**	Trader engagement to communicate the lease renewal process and its importance. Implement credit control measures and lock stalls where Traders are not paying. Internal engagement Cleaning and Repairs Maintenance Unit to provide the execution plan. CoJ Informal Trading policy implementation to deal with all pertinent issues e.g. allocations, rights and duties of Traders, law enforcement, permits etc. JMPD has promised a hybrid model of security to deal with current challenges. Stricter by-law enforcement to prevent illegal activities in the facilities.	Submission of report to EAC to secure approval for JPC to enter into leases. To date JMPD to implement to hybrid security model to increase security Implementation of DED informal trading policy to address issues of allocation of stalls.

Section 2.6: Outdoor Advertising Portfolio

JPC revised its implementation plan, which was approved by the Acting Chief Executive officer, accelerate the delivery of projects critical to its business plan for the financial year under review. Although the 35% target for implementing the masterplan was not achieved, preparatory work has been finalised to fully implement in the coming financial year.

JPC and the City of Johannesburg's Department of Development Planning hosted a successful workshop on the 15th April 2021 to discuss the draft outdoor advertising by-law. Through the Outdoor Masterplan, JPC aims to achieve broad based transformation of the sector and increase the value of the portfolio to contribute to the financial sustainability of the City.

The key focus areas for the next financial year for Outdoor Advertising aims to tap into the revenue potential linked with the following:

- The Cell Mast Portfolio;
- Street Furniture Programme;
- Implementation of High Value Signs & Precincts.

The above-mentioned Outdoor Advertising initiatives will have these expected outcomes indicated below:

TABLE 63: OUTDOOR ADVERTING STRATEGIC PROJECTS

Focus Area	Strategic Projects	Expected Outcomes
Financial Sustainability	Cell Mast	Rapid deployment of cell mast to increase its footprint on CoJ's land, connectivity and revenue to the City
	Implementation of the Outdoor Advertising Masterplan	Attract investment on CoJ land to create digital advertising hubs and precincts and deploy smart street furniture
Socio Economic Development	Job creation and SMME development	Achieve transformation targets for outdoor advertising on CoJ's land

Section 2.7: Marketing & Communications

The City of Johannesburg website carried two stories on facilities completed in the previous financial year in the area of informal markets, name Bree Street and Fordsburg Phase 2.

Fordsburg Square

Other media queries from community papers focused on the maintenance of facilities like sports and recreation facilities like Fairmount Soccer Club and Melrose Bowls Clubs. The Star queried the maintenance of the Rissik Street Post Office which is available on tender. The Citizen's focus was Kwa Mai Mai and the Braampark lease.

Internal Communications

JPC Facilities covered in publicity through monthly internal newsletters. Two Staff Talk newsletters were developed in 2021.

JPC Projects on Social Media

Social media flighted the Johannesburg International Transport Interchange (JITI) video that was completed was promoted extensively until the launch date was moved from June 2021 to the new financial year. The JPC will actively promote the facilities management company when appointed and the tenant mix.

The cleaning of public facilities were the most prominent stories on the social media pages and garnered the positive publicity required. The City's social media team amplified the posts through shares and distribution.

Outdoor Advertising attracted the same interest it does throughout as members of the industry continued to post on issues on illegality and tagged the JPC.

Growth in Social Media Platforms

The social media platforms continued to grow with LinkedIn and Instagram proving to be the fastest growing. Twitter experienced organic growth, but the growth based simply on retweets and the JPC being tagged by followers.

TABLE 64: SOCIAL MEDIA PLATFORMS

Platform	June 30 2020 Status	June 30 2021 Statistics	% Growth
Facebook	4,100 Friends	4,954 Friends	20.8% growth
Twitter	3,944 Followers	4,488 Followers	13.79% growth
Instagram	318 Followers	451 Followers	41.82% growth
LinkedIn	1,518 Contacts	1.969 Contacts	29.7% growth

Website

The website was refreshed in March 2021, also procurement documents were loaded and as a result attracted healthy growth. The website remained inactive between February and April 2021. The volumes were large when reinstated and the interest equally so.

Media Queries

Press releases were not developed for the two developments completed in Informal Markets, media queries were received during the year, these were addressed by the JPC on most occasions – on facilities and project related queries, but also by Group Communications with regards to Kwa Mai Mai, a statement was prepared by the Executive Mayor's Office that pertained to the SIU Report, and Amabhungane were provided with PAIA (also available on the website) to ensure that their media query could be addressed.

Corporate Social Investment

Corporate Social Investment initiatives remain on hold during the Lockdown period as the sanitary pads cannot be distributed until schools can receive visitors and also when a suitable date is identified by the MMC's Office.

Book Contribution	Book donated by staff members to be given away as part of the Mandela Drive.
Blanket Drive	Blankets knitted during 2020/2021 by group of JPC employees to be donated.
Sanitary Pad Drive	Sanitary pads collected in are available for distribution.

The Mandela Day initiative will be realised in July as the background work has been done and products are available to take to communities. Despite this not being the strongest year for communications and Marketing the consolation is that there are projects in progress that will realised in the new financial year.

Section 2.8: Client Business Operations

Stakeholder Management

Methods of engagement vary from one stakeholder to another but include quarterly reports, attendance at virtual meetings and briefing sessions. In the latter part of the financial year, these methods of engagement started to be conducted virtually through relevant platforms such as Microsoft teams or zoom due to the impact of the covid-19 pandemic. Effective stakeholder management assists JPC to deliver services timeously.

The inter-dependent relationship between the stakeholders and the organisation focuses on improving the efficiency and effectiveness of customer relations management and ensure the focus is on the customer' needs by:

- An overview of the arrangements of governing and managing stakeholder relationships (Refer to Chapter Two: Section 8 on Page:51-54);
- Key areas of focus during the reporting period; and
- Actions taken to monitor the effectiveness of stakeholder management and how the outcomes were addressed.

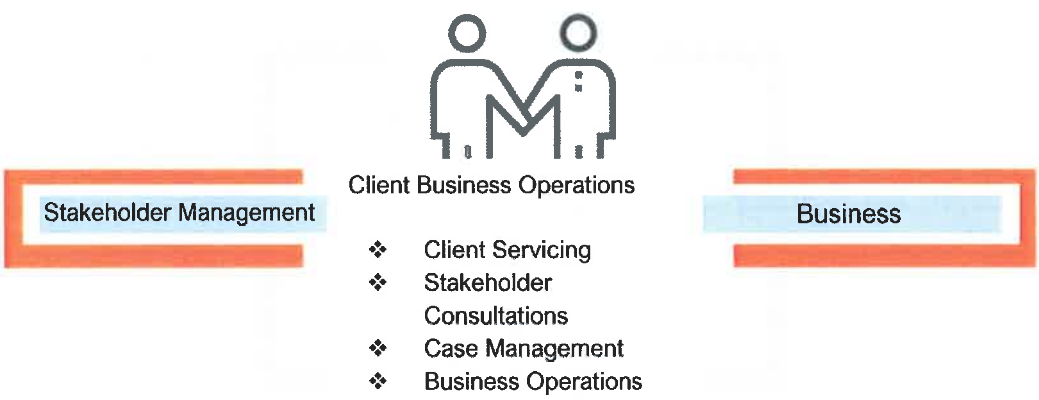


DIAGRAM 19: CLIENT RELATIONS

The Client Service Centre is an access point where the Johannesburg community can interact with the company regarding Council-owned property related enquiries by means of a letter, e-mail or telephone, or a visit by walk-in clients.

The period under review, stakeholder management initiatives were marked by the following highlights:

- ✓ Participation in the community based planning meetings across the regions;
- ✓ Successfully resumed client servicing desk for walk in clients after Lock down level 4 & 5 restrictions;
- ✓ Three Petitions were closed at the Petitions Standing Committee;
- ✓ Participated in the community based planning, Joburg10+, Mayors 120 Day Programme meetings and interventions across the regions;
- ✓ Various site visits to identify illegally occupied and invaded properties to apply for court interdicts.

The focus for the coming financial year will aim for improvement through the implementation of the following initiatives:

- ✓ Improved document warehouse system to safeguard JPC's documents.
- ✓ Digitisation: move to paperless environment.
- ✓ Promote JPC as a professional, transformative and customer centric company.

Section 3: JPC Performance Service Standards

The Company has committed to achieving the service standards that have been published as part of the Shareholder's service standards. The Entity achieved eight (8) of the twelve (12) standards. The service standards which were not achieved pertain to the following the reasons:

- KPI 1.6: Transactions that were not concluded within the set target of six months due to delays in approval of reports.
- KPI 1.7: No tenders were issued within the 4 months' timeframe due to the disruption of the organisation.
- KPI 1.8: Internal allocation of land and building – non-availability of budget.

TABLE 65: JPC PERFORMANCE SERVICE STANDARDS

KPI	Core Business	Service standard	Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
				Actual	Actual	Actual	Actual	Actual
KPI 1.1	Response in acknowledgement of requests, enquiries and complaints	Within 1 day of logged call	1 day	695	655	655	717	2722
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	3 days	0	5	165	492	662
KPI 1.3	The performance of emergency work for JPC managed facilities	Within 1 day of logged call	1 day	137	114	80	112	443
KPI 1.4	Performance of minor works on facilities managed by JPC	Within 2 days of logged call	2 days	48	43	31	40	162
KPI 1.5	Performance of major works on facilities managed by JPC	Within 5 days of logged call	5 days	28	3	0	20	51
KPI 1.6	Complete the sale or lease and registration of servitudes of Council owned land	Within 6 months after Council Approval in terms of Section 14(2) of the Municipal Finance Management Act	6 months	0	0	0	0	0
KPI 1.7	Tender placed after Council approval and CoJ Executive Adjudication Committee	Within 4 months of CoJ Executive Adjudication Committee approval	3 months	0	0	0	0	0
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 60 days of application and budget confirmation	10 days	0	0	0	0	0
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 *	Quarterly	*15	*15	*15	*15	*15
KPI 1.10	Response to general enquiries at client services counter	Within 24 hours of logged call	24 hours	0	0	159	156	315
KPI 1.11	Response to enquiries regarding transactions in pipeline	Within 24 hours of logged call	24 hours	0	0	0	0	0
KPI 1.12	Response to applicants/interest to lease or acquire (formal applications) land and/or buildings	Within 30 days of application	30 days	10/10 = 100%	34/34 = 100%	25/25 = 100%	29/29 = 100%	98/98 = 100%

Section 4: Delivery Agenda for 2021/2022

The delivery agenda for the financial year 2020/21 is informed by JPC's corporate strategy, which is aligned with the Integrated Development Plan (IDP), the Joburg 2040 Growth and Development Strategy (GDS) and strategic priorities. The strategic objectives are outlined in **Chapter 1 under Section 6: Strategic Objectives pages 30-34**. The following areas have been identified where JPC will continue to make an impact:

Inner City Rejuvenation Programme

Despite the numerous challenges and setbacks encountered the following number of development projects, that are part of the Inner City Rejuvenation Programme, are at Site Development Planning (SDP) and Building Plan approval stage:

- ✓ Vannin Court (Erf 5216)
- ✓ Yeoville Student Accommodation(Erven 43,44,91,92)
- ✓ Leyds Heights Student Accommodation (Erven 2146-2149 & 5075)
- ✓ 88 on Marshall

Therefore, we should ultimately witness the construction commencement of some of these projects in the 2021/22 financial year.

Strategic focus Inner City: City & Suburban Development

TABLE 33: INNER CITY STRATEGIC PROJECTS & OUTCOMES

Focus Area	Strategic Projects	Expected Outcomes
Phase 4& 5 (Block-by block approach is an ongoing process) the focus is on privately owned properties. No properties have been approved by Council and released to the private sector for development. This is because the process for the release of privately owned properties differs in that following thorough site visits/due diligence; a comprehensive report must be circulated to CoJ Committees for Section 14(1) approval and later, a Section 14(2) approval. Moreover, the privately owned buildings identified have various issues ranging from illegal connections to the buildings owing Rates and Services, which exceed the property value. Due diligence is of crucial importance so the City can thoroughly explore and identify options on how to possibly release these properties (i.e. by means of Declaratory Order, Expropriation, Sale in Execution, Abandonments, etc.).	**Phase 4 & 5 (Block-by block approach is an ongoing process)**	A provisional schedule outlining various Committees the report for the Privately owned properties will be circulated to for a Section 14(1) and Section 14(2) approval has been attached below.

3 SERVICE DELIVERY PERFORMANCE

Below is a provisional schedule outlining various Committees the report for the privately owned properties will be circulated to for a Section 14(1) and Section 14(2) approval, respectively.

TABLE 34: INNER CITY PHASE 4&5 INNER CITY PROJECTED TIMELINES & OUTCOMES

SCHEDULE FOR REPORT SUBMISSIONS	
Committee Meeting	**Date**
Site Inspections	Site Inspections completed
Rates & Taxes	Have Received all Rates and Taxes
JPC Transaction and Board	September 2021*
Economic Growth Technical Cluster	September 2021*
Economic Growth Sub Mayoral	September 2021*
Mayoral	October 2021*
Section 79	February 2022*
Council 14 (1) approval	March 2022*
Negotiation with owners of privately owned properties	6-12 months (minimum time forecasted)
Acquisition of properties	
Economic Growth Technical Cluster	October 2022*
Economic Growth Sub Mayoral	November 2022*
Mayoral	February 2023*
Section 79	March 2023*
Council 14 (2) approval	April 2023*
Bid Specification Committee	May 2023*
Tender Advertisement	June 2023*

PATERSON PARK

Paterson Park precinct has been earmarked for the development of high density mixed income residential development in support of the Louis Botha Corridor.

Due to its strategic location Paterson Park precinct has been identified as one of the catalytic projects to promote Transit Oriented Development (TOD) to restructure the Apartheid City. The City's implementation strategy is therefore focused on the following:

- Linking more development opportunities to the public transport backbone introduced by Rea Vaya along the Louis Botha Avenue.
- Supporting densification that can accommodate six times the current population and increase affordable rental accommodation.

TABLE 46: PATERSON PARK: 2021/22 FOCUS

2021/2022 FOCUS
• Obtain HIA approval from PHRA-G • Refurbish the bowling Club • Release first phase of Paterson Park precinct comprising of 744 mixed income residential units for development • Obtain Subdivision and Consolidation applications approval from CoJ Planning

Office Space Optimisation Programme

CoJ Office Optimization Program (OSO) intends to leverage the delivery of the Council offices to:

- Establish a rational framework for municipal offices and service delivery;
- Build wealth for the CoJ and its citizens by developing city owned office accommodation as an asset for future sustainability.

OSO: Metro Centre Precinct

OSO: Metro Centre Precinct is bordered by De Korte Street in the South; Loveday Street on the West; Joubert Street on the East and Hoofd Street on the North. This is a mixed use transit oriented development comprising of council chamber, CoJ offices, Retail, government and private sector offices, residential and a piazza in line with the Office Space Optimisation Programme. The total project area approximately **12 hectares** and the estimated development cost is **R5billion**.

TABLE 48: OSO: METRO CENTRE PRECINCT: 2021/22 FOCUS

2021/2022 Focus
Baseline Review.
Application for new grant (R15m).
Meeting with appointed Legal TA.
Approval and Issuing of IDC Grant (R10million).
Registration of PPP – Appointment of Transaction Advisor (Legal).
Approval of JPC to appoint TA (Finance, Technical & Environment).

OSO Region A: Midrand Precinct

The development site is located within Midrand adjacent to Grand Central Airport, the Midrand Gautrain and Gallagher Convention Centre. The site is accessible through the Pretoria Main Street and relatively good access to the N1. This is a of mixed use development comprising of mixed income residential, 5500m2 of council offices, refurbishment of informal traders stalls and taxi rank in line with the Office Space Optimisation Programme. The total project area approximately 4.3 hectares and the estimated development cost is **R1billion.**

TABLE 49: OSO: MIDRAND PRECINCT: 2021/22 FOCUS

2021/2022 Focus
Finalization of Rezoning Application (Submitted and Circulated).
Finalization of the Development Agreement.
Finalization of Temporary Taxi Holding Area (Strategy).
Finalization and Issuing of Long-Term Lease and Development RFP.

OSO REGION B: RANDBURG PRECINCT

OSO Randburg precinct is located corner Jan Smuts, Selkirk and Braamfischer in Randburg. This is a mixed use development comprising of mixed income residential, 5500m² of council offices, refurbishment of informal traders stalls and taxi rank. The total project area approximately 8.28 hectare and the estimated development cost is **R 1.86billion.**

TABLE 50: OSO: RANDBURG PRECINCT: 2021/22 FOCUS

2021/22 Focus
Joburg Water's SDP approvals.
Temporary relocations/decanting.
Preparation for Construction Phase.

Oso Region C: Roodepoort Civic Precinct

The property consists of a mixed-use development in the CBD of Roodepoort and extends in a northerly direction along the railway line and Main Reef Road. The total project area is approximately **6.4 hectares** and the estimated development cost is **R1billion.**

TABLE 51: OSO: ROODEPORT PRECINCT: 2021/22 FOCUS

2021/22 Focus
Finalization of Rezoning Application.
Draft Long-Term Lease and Development of Site approved.
Funding application submitted to SHRA

OSO REGION D: JABULANI PRECINCT

OSO Jabulani precinct is located corner Koma and Bolani Street in Jabulani. The total project area approximately 5.306 hectares and the estimated development cost is **R1billion.**

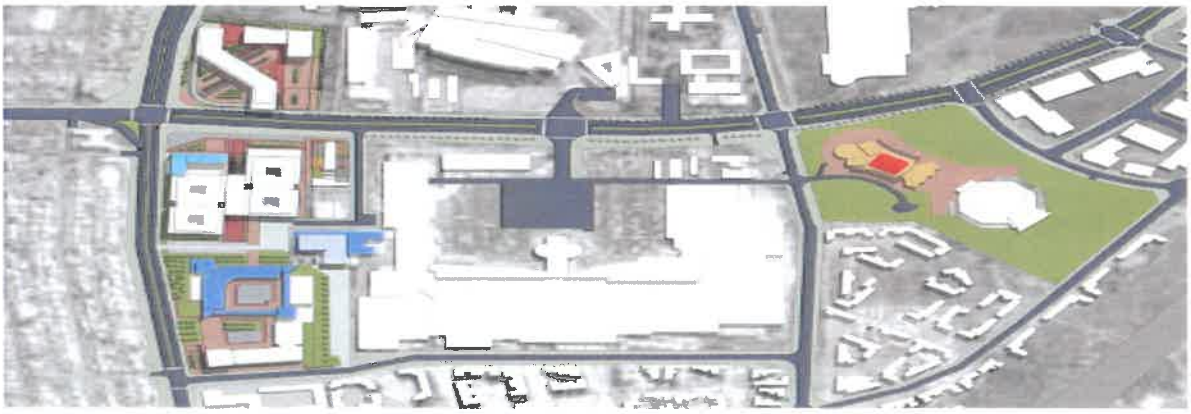


TABLE 53: OSO: JABULANI PRECINCT: 2021/22 FOCUS

2021/2022 FOCUS
Development lease agreement signed
Funding application submitted to SHRA
Rezoning application approvals.

Oso Region E: Watt Street Interchange Precinct

OSO Watt Street Interchange is bounded by North Street in the North, South Street in the south, Fourth Street in the West and in the east it is bounded by Old Pretoria Main road. The total project area approximately 2.7 hectares and the estimated development cost is **R1billion.**

TABLE 53: OSO: WATT STREET PRECINCT: 2021/22 FOCUS

2020/21 Focus
Development Frameworks Complete. Finalization of Rezoning Application. Draft Long-Term Lease and Development of Site approved.

Oso Region F: Turffontein Civic Precinct

The property consists mostly of vacant land adjacent to the Rand Stadium and Pioneer Park. The site is also in close proximity of the Turffontein Race Course and Wemmer Pan and owned by the City of Johannesburg in Region F. The total project area approximately 4.7 hectares and the estimated development cost is **R800million.**

TABLE 54: OSO: TURFFONTEIN PRECINCT: 2021/22 FOCUS

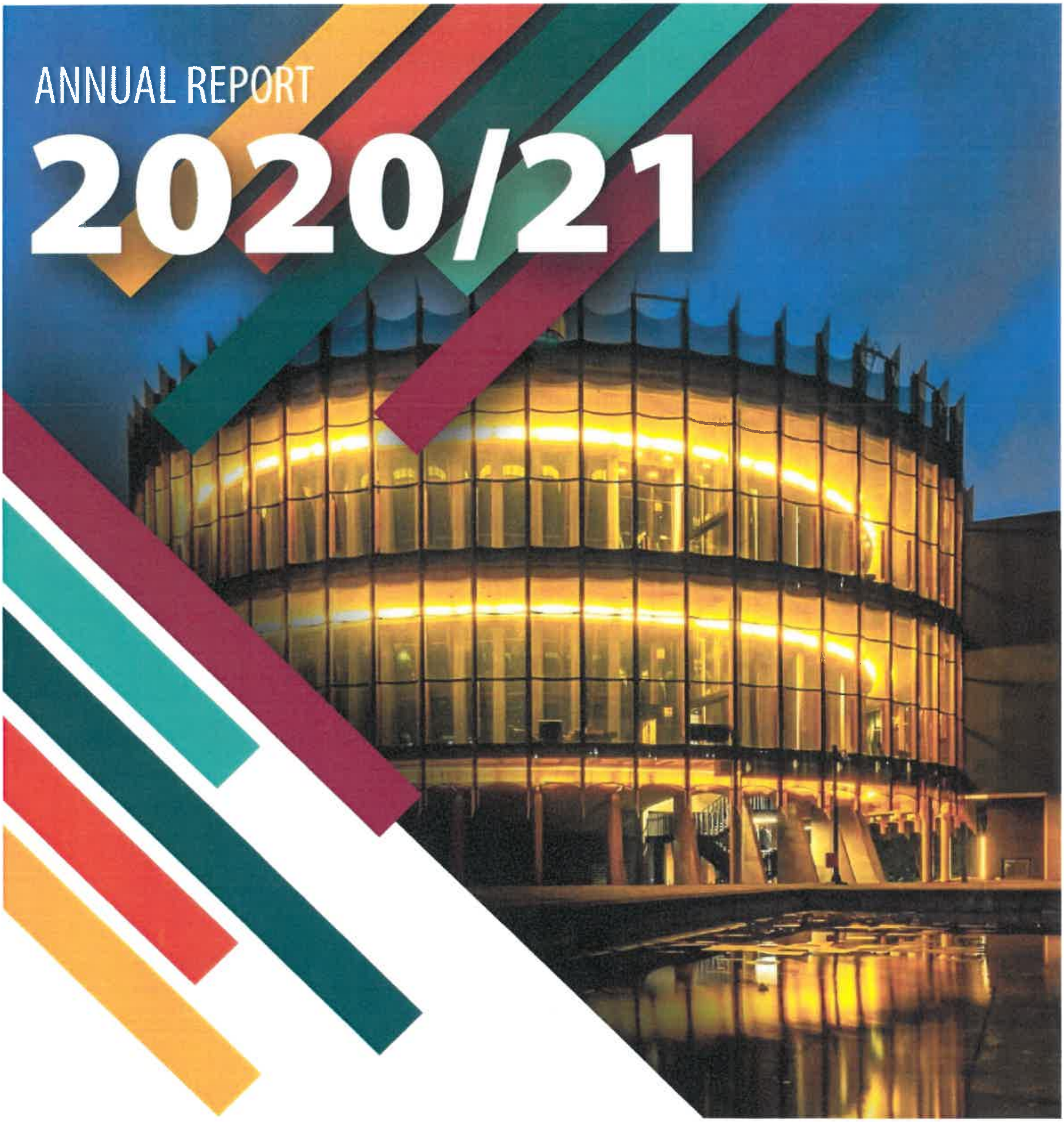
2021/22 Focus
Finalization of Rezoning Application. Draft Long-Term Lease and Development of Site approved. Funding application submitted to SHRA.

Oso Region G: Orange Farm Civic Precinct

This is a mixed-use development comprising of mixed income residential, 5500m2 of council offices, refurbishment of informal traders stalls and taxi rank in line with the Office Space Optimisation Programme. The total project area approximately 4.6 hectares and the estimated development cost is **R800million.**

TABLE 55: OSO: ORANAGE FARM PRECINCT: 2021/22FOCUS

2021/22 Focus
Finalization of Public Participation Process.
Finalization of Section 14 (2) approvals.
Finalization of Development Frameworks.
Submissions and circulations of Rezoning Application.
Structural Assessments and recommendations complete.
Draft Long-Term Lease and Development of Site approved.



Chapter 4: Human Resources & Organisational Management

Section 1: Highlights and Achievements for 2020/21

The period under review, HR together with management had to move beyond pandemic response and focus on what will drive a thriving recovery phase. This drive for thriving recovery phase requires a constant focus on the organisation's strategic objectives as outlined in the HR Strategy however also a review and revision of some aspects of the approved HR Strategy for a 3-year period i.e. 2018 to 2021. The uncertainty created by the COVID-19 pandemic and organisational dynamics has prompted JPC to accelerate the following initiatives:

- Work from home as per the City 's directive;
- Employee health, welfare and safety; and
- Online training programs to fill the skills gap.

Other strategies which will be consider relates to the following:

- Innovative platforms for recruitment
- Access to Vaccination Programme
- Organisational Change Management

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. At JPC our return on investment is measured in terms of the following strategic focus areas:

- Aligning the HR strategy to the JPC Strategy, IDP and the Mayoral Priorities by positioning JPC as an Employer of Choice.
- An HR Strategy that serves as a vehicle for facilitating transformation from a human capital perspective, and ensure that JPC has a workforce that is fit for purpose and productive.
- Aligning focus areas in order to contribute to the JPC mandate.

The envisaged success of the strategic objectives, will be achieved through focusing on the following HR Strategic priorities:

DIAGRAM 20: HR STRATEGIC PRIORITIES

CURB OF COVID-19 PANDEMIC

Human Capital Management has focused on supporting the business to manage the spread of COVID-19 in ensuring that the risk is effectively managed, health and safety of employees were a high priority.

Communication to employees has been very key in keeping them informed and implementing safety precautions is continuously critical and engaging employees through various awareness platforms such as WhatsApp groups and SMS's. This communication was aimed at informing employees on COVID-19 compliance regulations, keeping healthy and at the same time still contributing to business productivity in the new normal.

There is currently staff rotation plans for employees to report at the office which is based on the City's directive on working from home. The staff is fully capacitated to function or perform their duties from home. Staff are encouraged to use **"MICROSOFT/ZOOM"** for meeting purposes and as part of social distancing to alleviate the spread of covid-19.

EMPLOYEE SELF SERVICE (ESS)

JPC has been part of the first pilot of the SAP Business Transformation Programme project and this is amongst other MOE's. A sample of employees who have access to computers were nominated to test a part of **"Employee Self Service Portal"** on pay slip viewing and printing, this is indicative of the progress made so far and this directly aligns the organization to the new norm where technology is now a way of being in ensuring that there are effective tools to service employees and making their work life easy

EMPLOYMENT EQUITY COMPLIANCE

All employers are required to follow the Employment Equity Act and perform an analysis of their workforce for annual submissions to the Department of Labour. JPC has complied and submitted the Annual Employment Equity Report in January 2021.

TRAINING AND DEVELOPMENT

- HR department has successfully hosted 69 interns for a period of 18 months effective from 15th January 2020 to 15th June 2021. It is worth commending all mentors and coaches who were committed to the internship programme during the most challenging period of Covid-19 lockdown. Mentors played a pivotal role throughout the journey in ensuring that interns were supported to learn and gain work-based experience.

- In partnership with the City, JPC has achieved a 100% participation on the implementation of the 180 degree skills assessment project for employees within level 7 and 8 scope.

- The enrolment of 25 employees both newly appointment and existing Management, Supply Chain and Finance officials on Municipal Finance Management Programme to acquire skills and competencies in financial and supply chain as prescribed by the National Treasury. Introduction and implementation of online short programmes through the School of Government.

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 as conflict between the organization interest and that of an employee. The declaration of private interest is conducted at the beginning of each financial year.

A total number of 1142 submissions were received out of 1695 employees, and only 22 employees declared their personal interests. Due to COVID_19 risk adjusted plan, more than 40% of the staff compliment is still not back for work to limit exposure to COVID-19 infection and where possible employees work from home due to the following reasons:

- ❖ Employees who are 60 years and above;
- ❖ Employees with co-morbidities;
- ❖ Employees who are pregnant; and
- ❖ Employees who are based in high COVID-19 working sites (Public Convenience).

ORGANISATIONAL DEVELOPMENT

The organizational structure is reviewed as and when the business need arises to ensure that there is continuous performance improvement and increased productivity with accountability.

The Cleaning Services function has also been augmented into the structure, which forms part of the Property Portfolio Management function, and this was aimed at attaining financial turnaround strategy at realigning the business, enhancing service delivery against core mandate. In addition to improve operational excellence and efficiency. The structure below is a reflection of the JPC structure including cleaning services function:

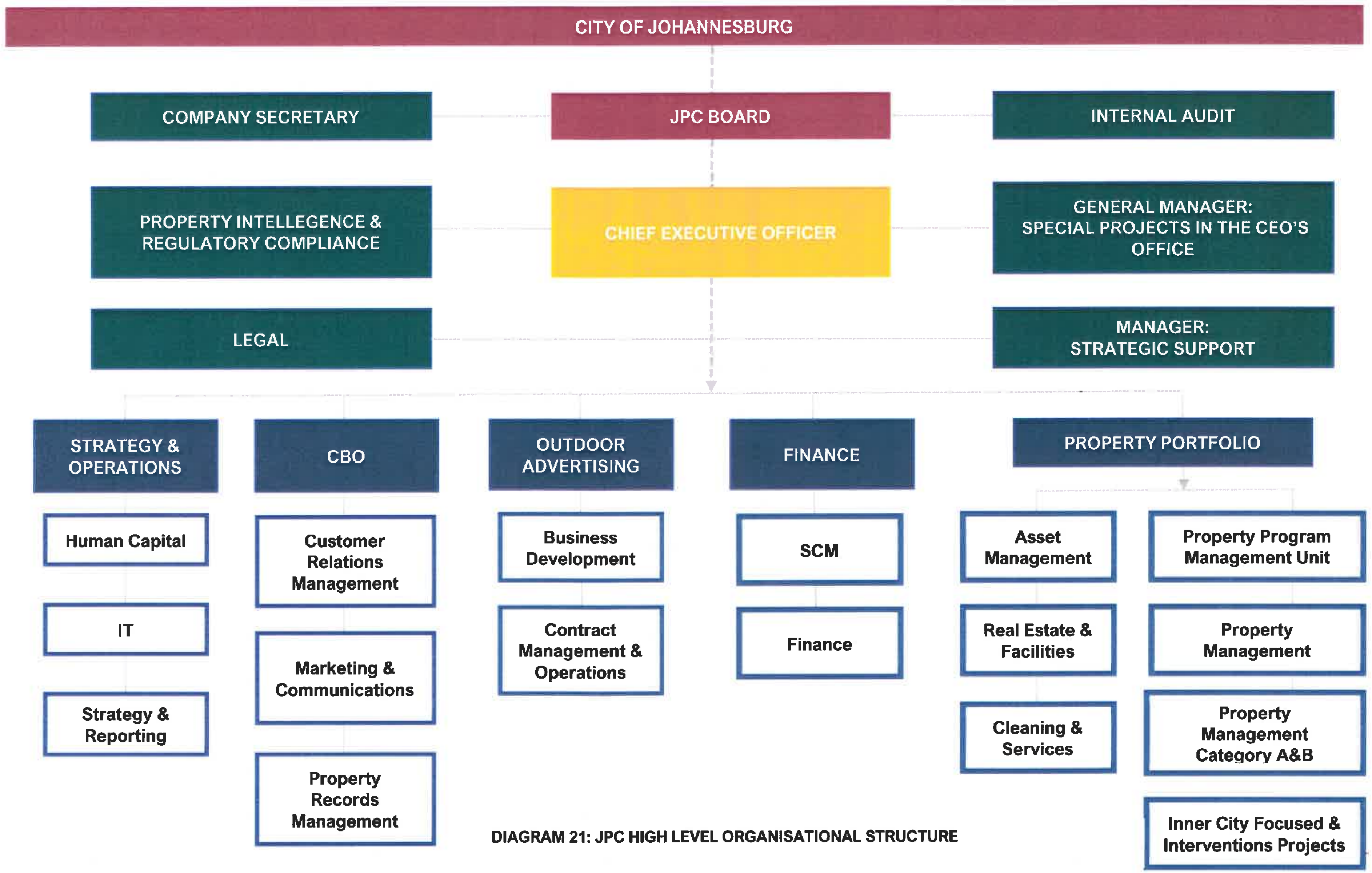


DIAGRAM 21: JPC HIGH LEVEL ORGANISATIONAL STRUCTURE

The Overall Structural Information as at June 2021 is as follows:

JPC STRUCTURE SUMMARY - JUNE 2021			
FUNCTIONAL AREA	TOTAL NO. OF POSITIONS	FILLED POSITIONS	VACANT POSITIONS
Office of the CEO	28	12	16
Finance	42	37	5
Client Business Operations	81	66	15
Outdoor Advertising	9	4	5
Strategic Co-Operate Support	26	18	8
Portfolio: Asset Management	7	4	3
Portfolio: PPMU	33	19	14
Portfolio Management Category A&B	16	9	7
Portfolio: Property Management & Informal Trading	114	43	71
Portfolio: Inner-City	17	11	6
Portfolio: Real Estate & Facilities	523	262	261
Cleaning Services	1253	1203	50
TOTAL STAFF COMPLIMENT	**2149**	**1688**	**461**

TABLE 66: STRUCTURAL INFORMATION

The total number of vacant positions as at June 2021 are 461. It must be noted that the structures have been successfully uploaded on SAP.

Section 2: Employee Remuneration and Cost Including Executives

Employee Remuneration and Cost

The total salary bill equates to an amount of R484 481 031.00 for the 2020/2021 financial year. The table below reflects a comparison of expenditure as at 30 June 2020 versus 30 June 2021 and indicates the variances:

	ACTUAL		VARIANCE	
Employee related costs	30 June 2021	30 June 2020	%	Rand value
	R484 481 031	393 637 885	23.08%	90 843 146

TABLE 67: EMPLOYEE REUMUNERATION & COST

The table above depicts the quarterly breakdown of the salary bill for the 2020/2021 financial year inclusive of the following transactions that emerged:

- Cost of living increase for 2020/2021 was implemented at 6.25%.
- Adjustment of all related employee benefits such as homeowners allowance and medical aid new limits.
- Payment of annual bonuses/13th cheques in November 2020.
- Payment of performance bonuses to qualifying Executive and Senior managers following AGM.
- Uploading of new tax tables in March 2021 the beginning of the 2021/2022 tax year.
- Final payments of terminated employees.
- Appointment of new employees following a recruitment process.

Overtime Costs: 2020/2021 (JULY TO JUNE)

The Overtime expenditure for 2020/2021 amounts to **R3 155 181.23** and represents 1% of Salary Bill. Overtime expenditure is consistent and as a result of services rendered to the public by JPC in respect of public convenience facilities. Public convenience facilities are open seven (7) days a week and are being maintained by employees who work five (5) days a week, they are required to work over weekends in order to deliver a quality service to the public.

2020/2021 FINANCIAL YEAR OVERTIME EXPENSES			
MONTHLY	TOTAL COSTS	% EXPENDITURE	QUARTERLY REDUCTION
Q1 (Jul-Sep 20)	R595 352.79	19%	8%
Q2 (Oct - Dec 20)	R1 028 924.63	33%	14%
Q3 (Jan - Mar 21)	R614 550.24	19%	-13%
Q4 (Apr - Jun 21)	R916 353.57	29%	10%
TOTAL AMOUNTS	R3 155 181.23		

TABLE 68: OVERTIME FOR THE 2020/2021 FINANCIAL YEAR

The overall overtime table indicates an increase of overtime worked and a significant cost reduction in the third quarter by 13%.

More of than not overtime is spiked due to the need for cleaners who are employed for normal 8 hours shift and are required to work in corporate buildings where there are shift workers, such as JMPD. These employees need 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 continually reduce the overtime cost by introducing shift and rational schedules to the cleaning and facilities management departments.

Section 3: Key Vacancies

Filling of Critical Positions

The process of filing the critical positions was placed in abeyance as a result of the instability in the organization and labour matters to ensure that the recruitment process is fairly and effectively implemented. Furthermore due to budget constraints the filling of the critical positions will resume in the first quarter of the new financial year. These issues impacted negatively on the corporate scorecard target of filling critical vacancies within 90 days.

JPC Vacancy Rate per Job Level

JPC has the total number of 461 vacant positions as at June 2021 with the vacancy rate of 21%.

TABLE 69: VACANCY RATE COMPARISON

Job Level	2018/19				2019/2020				2020/2021			
	Total no. of Positions	Total Filed positions	Vacancies (Full time equivalent)	Vacancies (as a % of total%	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.	%	No.	No.	No.	%
0-3	6	4	2	33.33%	6	5	1	17%	6	4	2	33%
4-6	99	60	39	39.39%	115	77	38	33%	111	70	41	37%
7-9	502	220	282	56.18%	593	316	277	47%	595	320	257	43%
10-11 etc.	394	203	191	48.48%	1436	1326	110	8%	1437	1294	161	11%
Total Permanent	**1001**	**487**	**514**	**51.34**	**2150**	**1724**	**426**	N/A	**2149**	**1688**	**461**	21%
Temps	N/A	13	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2	N/A	N/A
Total	**1001**	**500**	N/A	N/A	**2150**	**1724**	**426**	**20%**	**2149**	**1690**	**461**	21%

STAFF MOVEMENTS

Terminations:

It is reported in this financial year (2020/2021) terminations that were actioned are noted below:

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	2	0	1	0	2	0	0	0	0	0	**5**
Jun. Management, Superintendents and Skilled Technical	0	0	0	0	0	0	0	0	0	0	**0**
Semi-skilled / Administration	4	1	0	0	1	1	0	0	0	0	**7**
Unskilled and defined decision making	4	0	0	0	12	1	0	0	0	0	**17**
Total Permanent Staff	11	1	1	0	15	2	0	0	0	0	**30**
GRAND TOTAL	**11**	**1**	**1**	**0**	**15**	**2**	**0**	**0**	**0**	**0**	

TABLE 70: TERMINATIONS

The table above illustrates the terminations that happened in the 2020/2021 financial year.

Termination reasons:

- **Deceased:** Fifteen (15) employees passed away in this financial year mostly through ill health.
- **Early Retirement:** One (1) employee went on early retirement due to issues of ill health and age.
- **Resignation:** Seven (7) employees resigned from the organisation with prospects for better career opportunities
- **Retirement:** Seven (7) employees went on retirement in this financial year.

The impact of terminations rate realised contributes to the under capacitation within key business areas and the business has identified critical positions per business unit that need to be advertised as soon as budget is made available.

Staff Turnover for This Period under Review

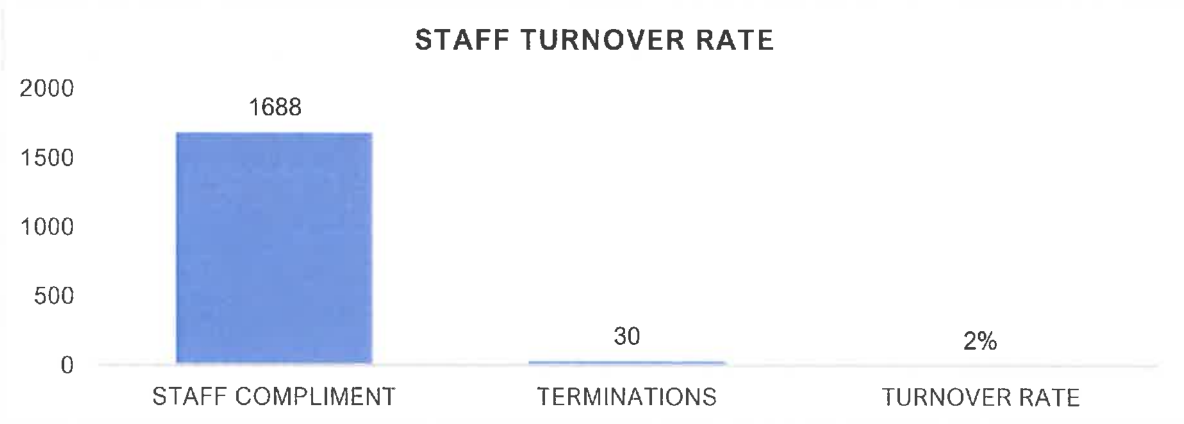


DIAGRAM 22: STAFF TURNOVER

The graph above shows staff turnover rate of 2%, which is a good level taking into consideration that a heathy turnover rate is 5% to 10%. Employees stay longer in the employ and this indicates that JPC is fair in paying employee benefits as an employer of choice.

Section 4: Employment Equity

The total JPC EE demographics of permanent workforce as at June 2021 is **1688**.

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	2	2	2	0	0	0	0	0	11
Professionally qualified and mid-management	18	1	5	4	23	2	2	6	0	0	61
Jun. Management, Superintendents and Skilled Technical	97	5	6	9	96	16	2	0	0	0	231
Semi-skilled / Administration	63	7	1	0	6	2	1	0	0	0	80
Unskilled and defined decision making	344	2	0	1	943	14	0	0	0	0	1304
Total Permanent Staff	527	15	14	16	1070	35	5	6	0	0	1688
Temporary Employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	**527**	**15**	**14**	**16**	**1070**	**35**	**5**	**6**	**0**	**0**	**1688**

TABLE 71: EE DEMOGRAPHICS

There are no significant changes since the third quarter on employee demographics. In terms of the racial representations there is still improvements to be realised particularly the identification of positions that must be filled by People living with Disabilities and positions to be filled to address gender disparities. Priority will be given to female incumbents as and when there are vacant positions to be filled within the organisation.

RACIAL & GENDER SPLIT PER POPULATION GROUPS as well as the gap analysis against EAP targets as at June 2021

JPC continues to put measures in place to improve gender equality and equal representation in terms of gender and race. The EE targets for 2019 to 2024 based on the Provincial Economic Active Demographic Population (EADP) are as follows:

POPULATION GROUP	MALE %	FEMALE %	TOTAL %	Gender Split %
Africans	31%	63%	95%	Male 34%
Coloureds	1%	2%	3%	
Indians	1%	0%	1%	Female 66%
Whites	1%	0%	1%	
Disability			2%	

TABLE 72: RACIAL & GENDER SPLIT PER POPULATION GROUP

RACIAL SPLIT per population groups in line with ECONOMIC ACTIVE DEMOGRAPHIC POPULATION

RACIAL SPLIT	TARGET	ACTUAL	CURRENT NUMERICAL
AFRICAN	81%	94.7%	1597
COLOURED	3%	2.9%	50
INDIAN	3%	1.1%	19
WHITE	14%	1.4%	22
			1688

TABLE 73: RACIAL SPLIT PER POPULATION GROUP

Overall Racial Split	RACIAL SPLIT			
	A	C	I	W
Actual	94.7%	2.9%	1.1%	1.4%
Target	81%	3%	3%	14%
Gaps	14%	0%	-2%	-12%

TABLE 74: RACIAL SPLIT PER POPULATION GROUP

The underrepresentation of Indians and whites in terms of racial split against the EAP targets and People living with Disabilities has not yet been addressed. The racial gap will be addressed as and when there are vacant positions to be filled.

Gender Split Analysis

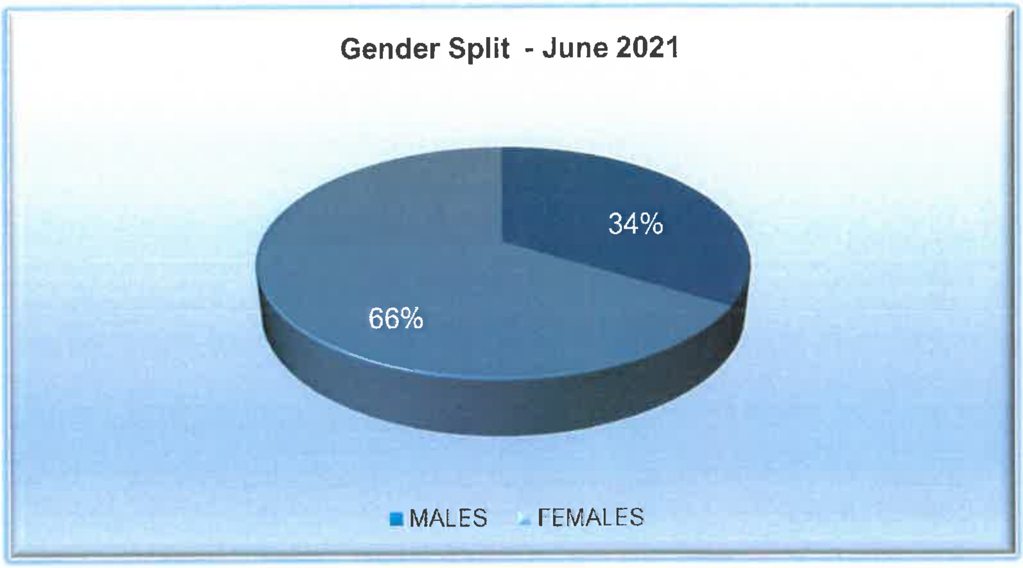


DIAGRAM 23: OVERALL RACIAL SPLIT

JPC has recorded 66% of the female representation overall, 4% drop as from previous quarters as a result of terminations. The bulk of the staff is under the lower levels staff. This provides JPC with an opportunity to put in place interventions to allow female employees in this unit to improve their skills at supervisory and team leader levels.

Section 5: Skills Development and Training

Implementation of the 2020/2021 Workplace Skills Plan

In light of the pandemic, the following in-house and external interventions were successfully implemented to capacitate employees from 01 July 2020 to 30 June 2021 utilising online/virtual platforms and smaller groups to adherence Covid19 protocols and employee safety to curb the spread of the virus in the workplace. An In-house workshop was conducted for 686 cleaners, focusing on generic competencies and over view of organisational policies. All planned training was deferred to 2021/2022 financial year as most of training interventions are conducted in lecture classrooms setups. The total training expenditure for 2020/2021 was **R1 417 145.15.**

TRAINING CLUSTER	PROGRAMME / COURSE IMPLEMENTED	NO. OF BENEFICIARIES
LEGISLATIVE COMPLIANCE	Municipal Finance Management Programme	26
TECHNICAL / FUNCTIONAL	COVID19 webinars for employees	9
	COVID-19 Awareness Workshops (in-house)	23
	Green Building Convention	1
	SAP Navigation Training (City in-house)	6
	Writing for Government	28
	Ethics in the Public Service	
	Generally Recognised Practice	1
	Introduction to Financial Management and Budgeting	
GENERIC COMPETENCIES	General Workers Cleaning Competencies (In-house Workshop)	686
TOTAL		780

TABLE 75: TRAINING INTERVENTIONS

FOCUS AGENDA FOR 2021/2022

- Implementation of the L&D and Workplace Skills Initiatives focused on lower occupational levels.
- Establishment of EESD Committee.
- Filling of Critical vacant positions subject to budget availability.
- Declaration of Interests.
- Approval of COO structure and Job Evaluations.

Section 6: Union Representation

Union Representation

JPC is highly unionised thus it requires structured, stabilised and sound labour relationships with organised labour to ensure a harmonious working environment. The union representation and membership graph above shows that from a staff compliment of 1688 permanent employees, 55% belong to SAMWU, 40% belong to IMATU and 5% fall within the Agency shop fees. There is a new union that has been introduced, which only has one member from JPC. In the fourth quarter there was a change in membership affiliation, employees in the cleaning department opted for either dual

DEPARTMENT	PERIOD	Number of Staff taken Sick leave	Total Sick Days Taken	% Absenteeism
Office of the CEO	July 2020 - June 2021	6	36	0.02%
Finance & SCM	July 2020 - June 2021	12	199	0.10%
Client Business Operations	July 2020 - June 2021	43	318	0.16%
Corporate Services	July 2020 - June 2021	11	92	0.05%
Outdoor Advertising	July 2020 - June 2021	1	2	0.00%
Portfolio Management	July 2020 - June 2021	104	731	0.38%
Cleaners	July 2020 - June 2021	267	1278	0.66%
TOTALS		**444**	**2656**	**1%**

TABLE 76: ABSENTEEISM

Section 8: Disciplinary Matters & Outcomes

Disciplinary Matters

PRECAUTIONARY SUSPENSIONS		
ALLEGED MISCONDUT	**PROGRESS**	**NEXT STEPS**
Twenty (20) employees were placed on precautionary suspension.	Investigation is still underway.	Pending outcome of investigation which point the employer in the direction to take.

TABLE 77: DISCIPLINARY MATTERS

DISCIPLINARY CASES		
NUMBER OF CASES	**PROGRESS**	**NEXT STEPS**
TWO (2)	Disciplinary enquiries held but not completed.	To proceed, set down new dates and finalise.

EXTERNAL DISPUTES	
CASE DESCRIPTION	**OUTCOME**
Unfair Labour Practice	The matter was dismissed at the CCMA as the employee referred the matter at the incorrect forum instead of Bargaining Council
185 Unfair Labour Practice	Conciliation held and the outcome indicated that matter was not resolved. The complainant has proceeded and referred the matter for arbitration. An Award certificate has been issued and matter concluded.
185 Unfair Labour Practice	Conciliation has not been held, employee has proceeded and referred the matter to the High Court and case has been dismissed. The employee has referred the matter back Bargaining Council for conciliation.

TABLE 78: DISPUTE MATTERS: EXTERNAL

membership to both IMATU and SAMWU or cancelled membership with IMATU to join SAMWU.

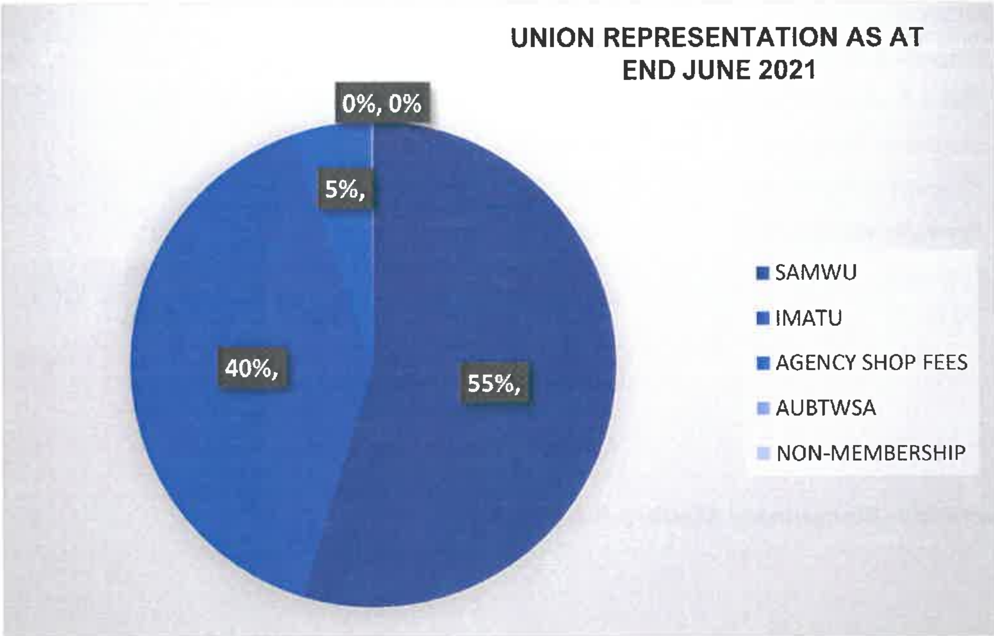


DIAGRAM 24: UNION REPRESENTATION

Section 7: Leave & Productivity

Leave Liability: 2020/2021 (July to June)

The leave liability amount based on the annual leave balances as at end June 2021 amounts to **R38 663 732**.

The below table illustrates the absenteeism rate per department, JPC has an absenteeism rate of 1% and the department with the highest absenteeism rate is the Cleaning department. This department is where our lower level employees who majority are not on medical aid and are propelled to go to clinics for health services. Since the outbreak of the corona virus JPC has had a number of active cases, which contributes to the sick leave rate, coupled with the ageing workforce.

Section 9: Employee Wellness

JPC is implementing measures of control in terms of limiting the spread of Covid-19 in the office space environment. This is a necessary requirement to safeguard our employees and adhere to the guidelines as laid out in the regulations.

The first health awareness event of the year – the employee wellness awareness walk - was well received and attended by employees from depots and head office.

Workplace health and safety is under the microscope with the outbreak of the Corona Virus and various awareness communications and posters have been distributed regarding hygiene and leave provisions.

Employees who tested positive received regular telephonic counselling and health tips from qualified professional health nurses while recovering at home. Fortunately, there have been no bereavements during this period under review. The recovery rate is an indicator that the risk of the virus spread is well managed by the organisation through precautionary measures taken by employees and adherence to compliance regulations.

It is also compulsory for all employees to report all incidences via means of telecommunication of any employee diagnosed with COVID-19 or showing signs of COVID-19 or flu-like symptoms, not to report to work in person and self-isolate. This should also be true if a member of the employees' household becomes ill.

Health Declarations

Employees who have underlying health conditions which are a risk to COVID-19 infections have disclosed, with the prevalence being hypertension. Line managers were advised to manage the risks associated with these employees by allowing those who can work from home to continue to do so and to ensure that the necessary protective arrangements are made for those who cannot work from home.

On a positive note, three hundred and seventy-six (376) employees have confirmed that they do not suffer from any disease, which would render them a risk to COVID-19.

HIV/AIDS

JPC's objective is to give employees access to treatment, reduce stigma and eliminate discrimination when it comes to focus on HIV/AIDS. Employees infected or living with HIV/AIDS have access to the HIV/AIDS programme offered by COJ Group Occupational Health Clinics where they receive testing, treatment and counselling. The psychological wellbeing of employees is also taken care of by offering counselling through the City's EAP Programme and these services are also being utilised for employees who have tested positive for COVID-19 and also as part of the recovery process.

Section 10: Employee Benefits

The graph below demonstrates the membership distribution of JPC to the accredited pension funds. This condition is compulsory to all JPC employees with the exception of 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 virtue of the salary increase percentage and related linked benefits.

The graph below indicates the pension funds membership distribution as at end June 2021.

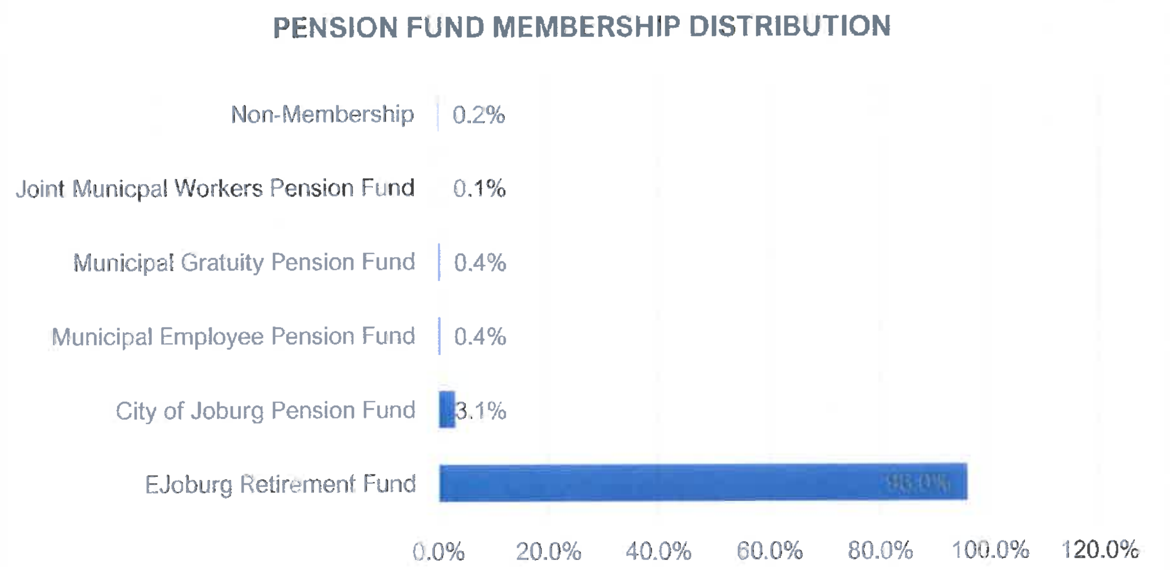


DIAGRAM 25: PENSION FUND MEMBERSHIP

The Accredited Medical Aid Schemes membership distribution as at end June 2021 is as follows:

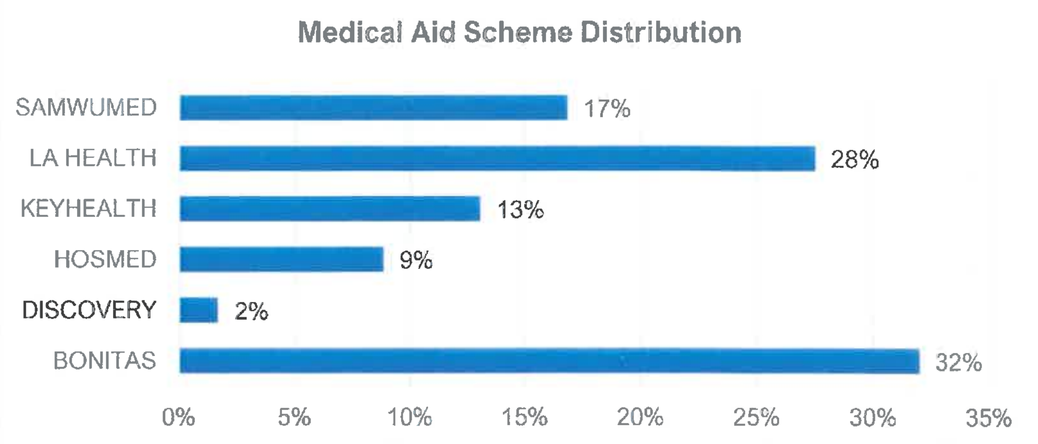


DIAGRAM 26: MEDICAL AID SCHEME DISTRIBUTION

The table above specifies the accredited medical aid schemes and membership distribution to each scheme as at the end of June 2021. 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 R4 773.12 for 2020/2021 financial year.

Section 11: Occupational Health & Safety

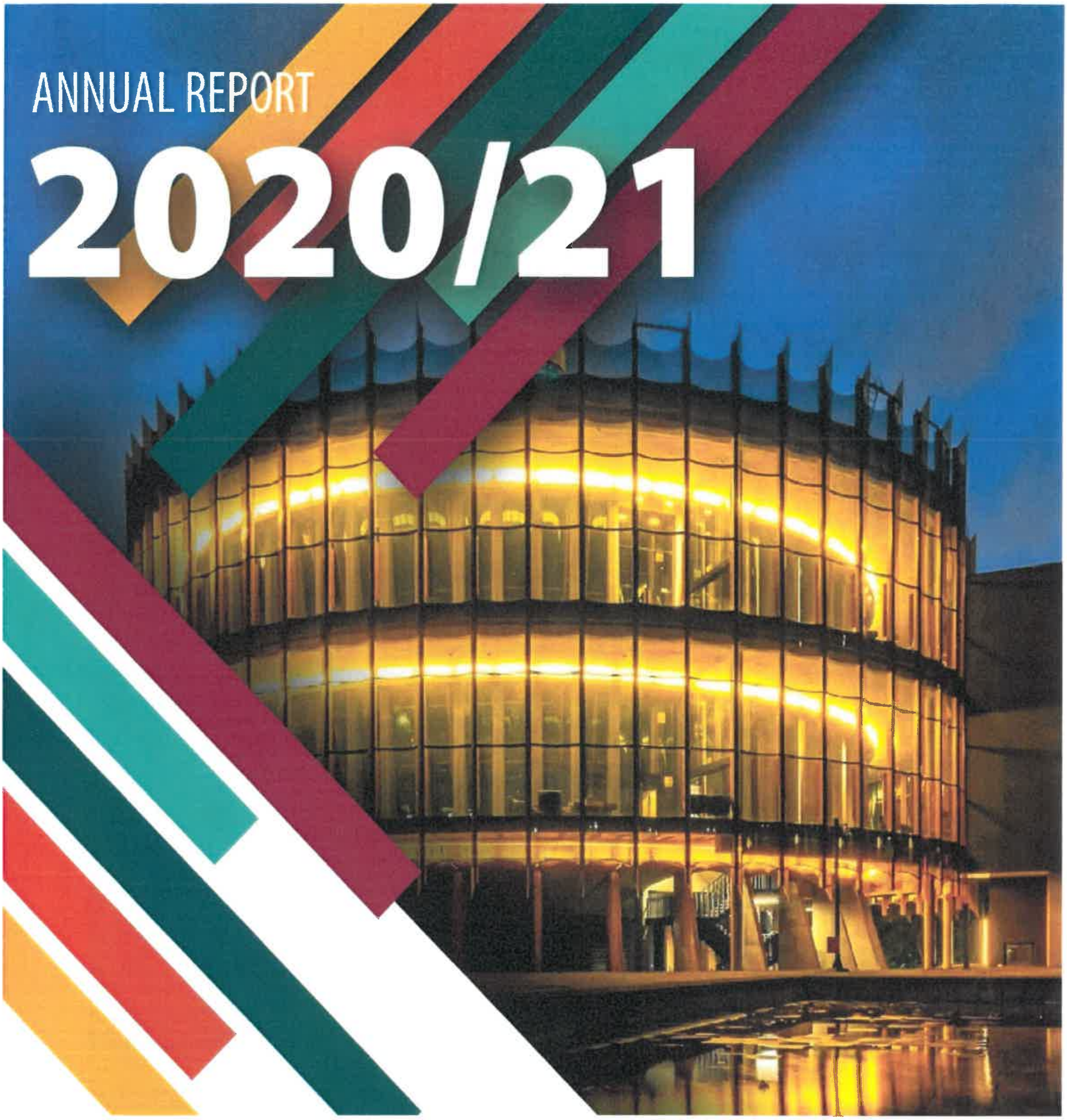
- ❖ Emergency Display Chart with valuable information on appointed OHAS Workplace representatives for Fire and Safety, First Aid Officials and, the emergency contact numbers for all emergencies. Availing such information to JPC's OHAS Stakeholders, is a continuation effort to influence and maintain the JPC staff awareness roll out programme for the 2020-21 period.

- ❖ Zero tolerance drive and practice towards potential fire hazards at JPC's 11 workplaces where, the area of focus is to ensure that, the JPC staff enjoy a safe and secure working environment. In supporting the drive, various OHAS goods and services were ordered to provide benefits such as, advance fire warnings through the use of safety tools; fire warning panel Boards, fire sirens, smoke detector and, visible warning signs. The matter is ongoing and is expected to reach closure in the 2020-21 period.

- The latter half of 2021 also focused on implementing health and Safety priority programmes at JPC as part of ensuring compliance to Covid -19 workplaces regulations while improving OHAS standards at workplaces is visible.

- Compliance at all operational levels.

- JPC conducted sanitation and deep cleaning initiatives through the City's Markets and Transport facilities and provided sanitizers dispensers at all its facilities. The distribution of personal protective clothing and safety gear to all employees was completed to combat Covid-19. JPC strives to ensure that JPC's employees, comply with safety regulations hence the workplace is being reconfigured to accommodate social distancing requirements.



Chapter 5: Financial Performance

Section 1: Statement of Financial Position & High-Level Notes

				Year-on-year Variance	
	REF	30-Jun-21	30-Jun-20	%	R
Assets					
Current assets		739 814 884	670 443 436	10.35%	69 371 448
Cash and cash equivalents		2 000	2 000	0%	-
Receivables from exchange transactions	1	603 148 547	661 176 621	-8.78%	-58 028 074
Loans to shareholders	2	136 223 472	8 960 950	1420.19%	127 262 522
Receivables from non-exchange transactions		146 328	2 939	4878.84%	143 389
Prepayments		294 537	300 926	-2.12%	-6 389
Non-current assets		55 561 553	64 680 732	-14.10%	-9 119 179
Deposits		189 559	182 092	4.10%	7 467
Prepayment		-	24 447	-100.00%	-24 447
Property, plant and equipment		19 651 976	20 017 879	-1.83%	-365 903
Intangible assets		13 558 751	13 890 178	-2.39%	-331 427
Deferred Tax Asset	3	22 160 552	23 708 335	-6.53%	-1 547 783
Current tax receivable	4	715	6 857 801	-99.99%	-6 857 086
Total Assets		795 376 437	735 124 168		60 252 269
Liabilities					
Current Liabilities		817 301 283	753 137 312	8.52%	64 163 971
Payables from exchange transactions	5	228 902 979	351 585 935	-34.89%	-122 682 956
Finance lease obligation		547 121	4 183 102	-86.92%	-3 635 981
Current tax payable	6	9 329 573	6 309 009	47.88%	3 020 564
Income received in advance		-	3 975 000	-100.00%	-3 975 000
Loans from shareholders		570 718 381	372 074 506	53.39%	198 643 875
Provisions		1 565 576	3 096 951	-49.45%	-1 531 375
Operating lease liability		6 237 653	11 912 809	100.00%	-5 675 156
Non-Current Liabilities		774 000	1 233 120	-37.23%	-459 120
Finance lease obligation		-	547 120	-44.10%	-547 120
Employee benefit obligation		774 000	686 000	9.20%	88 000
Total liabilities		818 075 283	754 370 432		63 704 851
Net Assets		-22 698 846	-19 246 264		-3 452 582
Share Capital		5 142 721	5 142 721	0%	-
Accumulated Surplus/(Deficit)		-27 841 567	-24 388 985	14.16%	-3 452 582
Total Net Assets / Liabilities		-22 698 846	-19 246 264		-3 452 582

TABLE 79: STATEMENT OF FINANCIAL POSITION - ASSETS

Notes to the Statement of Financial Position

1. Trade receivables from exchange transactions increased year-on-year as JPC billed in excess of R141 million for the recovery of insourced cleaning staff in the last quarter of the 2021 financial year. Per GRAP 104, the provision for bad debts has been reviewed and revised to account for changes in third party debtors. Due to significant collections in the July 2021 month, the provision has been revised down by R5.6 million as the risk of default on outstanding debt has decreased.

2. The cash position of JPC improved in the last quarter of the 2021 financial year due to improved cash collections. The result of this influx in cash has reversed the overdraft that JPC previously disclosed and the cash position of JPC has closed the financial year at R128.6 million.

3. A deferred tax asset on losses brought forward from previous financial years was recognized in the 2021 financial year. Taxable profits for the 2020 and 2021 financial year have utilised the tax credits for accumulated tax losses resulting in a year-on - year reduction in the net deferred tax asset.

4. During the 2021 financial year SARS concluded audits for the 2017 and 2018 financial years. SARS thereafter offset any taxes due for those financial years against the asset, to an amount of R2.4 million, and refunded the remaining R4.4 million to JPC.

5. Trade and other payables has decreased year-on-year after JPC accounted for repairs and maintenance projects completed and accrued at financial year end. Included in accruals is R65 million for security services provided by JMPD at various sites and corporate buildings. A prior period adjustment was also provided for the accounting of leave days due to cleaning staff. The disclosure of cleaner leave days was previously accounted for by the COJ but was permanently transferred to JPC.

6. The profitability of JPC over the last three financial years has utilised tax losses from previous financial years, this has resulted in JPC being in a tax paying position for the 2021 financial year.

Section 2: Statement of Financial Performance

	REF	30-Jun-21	30-Jun-20	Year-on-year Variance %	Year-on-year Variance R
Revenue					
Revenue from exchange transactions		**213 441 218**	**153 558 501**	**39.00%**	**59 882 717**
Cellmast services		17 814 762	13 324 191	33.70%	4 490 571
Commissions and ad hoc fees		30 093 033	30 459 423	-1.20%	-366 390
Management fees		20 519 698	38 540 882	-46.76%	-18 021 184
Internal recoveries		2 212 815	2 032 264	8.88%	180 551
Cleaning service recoveries	1	141 300 910	66 376 228	112.88%	74 924 682
Facilitation fees		1 500 000	2 825 513	-46.91%	-1 325 513
Revenue from non-exchange transactions		**646 229 000**	**658 636 000**	**-**	**-12 407 000**
COJ - Subsidies received		646 229 000	658 636 000	-1.88%	-12 407 000
Other income		**440 067**	**246 648**	**78.42%**	**193 419**
Interest received		440 067	246 648	78.42%	193 419
Total Revenue		**860 110 285**	**812 441 149**	**5.87%**	**47 669 136**
Expenditure					
Employee related costs	2	484 632 017	393 976 040	23.01%	90 655 977
Depreciation and amortisation	3	26 004 884	11 341 980	129.28%	14 662 904
General expenses		189 159 133	147 515 368	28.23%	41 643 765
Interest and finance costs		3 723 006	18 175 219	-79.52%	-14 452 213
Debt impairment	4	-5 626 635	33 909 883	-116.59%	-39 536 518
Lease rentals on operating leases		121 613 010	131 059 179	-7.21%	-9 446 169
Loss on disposal of fixed assets	5	1 053 213	5 303	19760.70%	1 047 910
Repairs and maintenance		36 004 714	60 397 660	-40.39%	-24 392 946
Total expenditure		**856 563 342**	**796 380 632**	**7.56%**	**60 182 710**
(Deficit)/surplus before taxation		**3 546 943**	**16 060 517**	**-77.92%**	**-12 513 574**
Taxation	6	**6 999 526**	**20 462 376**	**-65.79%**	**-13 462 850**
(Deficit)/surplus for the year		**-3 452 583**	**-4 401 859**	**590.12%**	**-25 976 424**

TABLE 80: STATEMENT OF FINANCIAL POSITION: REVENUE

Notes to the Statement of Financial Performance

1. JPC recovers the salary costs of insourced cleaners through internal recoveries from COJ departments at corporate buildings. The 2021 financial year is the first year that JPC has billed for a full 12 month cycle of cleaning service recoveries.

2. Employee costs have increased year-on-year due to the accounting of salary costs and benefits for cleaners over a 12 month cycle. Included in the disclosure are accruals for 13th cheques and movements in provisions for leave pay and bonuses.

3. Depreciation year-on-year has increased significantly as tenant lease installations for Forum 1 and 2 have been accounted over the duration of the lease term. As the tenant installations were concluded in the 2021 financial year and there are only 10 months remaining on the Forum 1 lease the depreciation has been accelerated to align with the lease term.

4. Per GRAP 104, the provision for bad debts has been reviewed and revised to account for changes in third party debtors. Due to significant collections in the July 2021 month, the provision has been revised down by R5.6 million as the risk of default on outstanding debt has decreased.

5. Per resolution by the Braampark Office Park landlord, JPC disposed of the remaining net book values of the tenant installations in Forum 2 as the landlord required the building to be white-boxed at the end of the lease term.

6. JPC incurred a current tax expense for the 2021 financial year as well as a deferred tax expense due to the full utilisation of previous tax losses and derecognition of deferred tax assets.

Section 3: Cash Flow Statement

	30-Jun-21	30-Jun-20
Cash flows from operating activities		
Rendering of services	267 350 903	-73 240 670
Subsidies	646 229 000	658 636 000
Interest Income	370 192	74 073
	913 950 095	**585 469 403**
Payments		
Employee costs	-486 075 392	-393 430 080
Suppliers	-469 139 343	-194 365 587
Finance costs	-3 723 006	-18 175 219
Taxation receivable	4 488 281	-
	-954 449 460	**-605 970 886**
Net cash flows from operating activities	**-40 499 365**	**-20 501 483**
Cash flows from investing activities		
Purchase of PPE	-26 360 768	-944 776
Proceeds/(Loss) on disposal of PPE	-	-
Purchase of intangible assets	-	-35 036
Net cash flows from investing activities	**-26 360 768**	**-979 812**
Cash flows from financing activities		
Net movement of shareholders loan	71 043 235	28 882 250
Finance lease payments	-4 183 102	-7 400 955
Net cash flows from financing activities	**66 860 133**	**21 481 295**
Net increase/(decrease) in cash and cash equivalents	-	-
Cash and cash equivalents at 01 July 2020	2 000	2 000
Cash and cash equivalents at 30 June 2021	2 000	2 000

TABLE 81: CASH FLOW STATEMENT

Section 4: Capital Projects & Expenditure

JSIP NO	DETAILS	2020-21 BUDGET	YTD ACTUALS	%
2669	COMPUTER EQUIPMENT - NEW COMPUTER UPGRADES	8 100 000	-	0%
4142	ERF 43-46 VICTORIA EXT 3(PATERSON PARK NODE) VICTORIA EXT.3 E REGIONAL	5 000 000	-	0%
2290	FMMU - PUBLIC CONVENIENCES NEW PUBLIC TOILETS JOHANNESBURG	25 000 000	769 584	3%
6358	MARLBORO STATION PROJECT LAND PREPARATION	500 000	-	0%
4184	METROMALL TAXI RANK SHOP REVITALISATION AND WASTE MANAGEMENT AREA REDESIGN	20 000 000	3 574 356.88	0%
2284	OFFICE SPACE OPTIMISATION PROGRAM NEW PRECINCT REDEVELOPMENT JOHANNESBURG F CITY WIDE	71 880 655	-	0%
2632	PARK CENTRAL FACILITY UPGRADE AND PACKAGING RENEWAL BUILDING ALTERATIONS JOHANNESBURG F WARD	2 500 000	-	0%
4180	REVAMPING OF THE INFORMAL TRADING STALLS WITHIN THE INNER CITY RENEWAL OPERATIONAL CAPEX JOHANNESBURG F WARD	15 000 000	1 102 772	15%
		147 980 655	**5 446 713**	**4%**

TABLE 82: CAPITAL PROJECTS & EXPENDITURE

Section 5: Ratio Analysis

Surplus (Deficit)

The net deficit as at 30 June 2021 is at R3 452 583 and was at a deficit of R4 401 859 when compared to restated figures for the period ended 30 June 2020. Major contributors to the deficit 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.
- A full 12 month cycle of recoveries for cleaning services provided by JPC to the COJ. However, this entailed that employee costs increased.
- Interest expense reduced as a result of the cash position changing from an overdraft to a R128 million surplus.
- Current and deferred taxation being recognised on profits and movements on deferred tax assets and liabilities that increased the computed taxable income of JPC.

Solvency Ratio

The City's solvency ratio benchmark is 2:1, which is higher than the generally accepted norm of 1:1. JPC's ratio is 0.97:1, which indicates that the entity is on the border of solvency. The total liabilities exceed total assets by R22.7 million.

JPC will be approaching the City to seek a surety letter regarding the going concern. JPC is commercially solvent and able pay creditors as they fall due. The implementation of the business plan and strategy will result in the improvement of the solvency of JPC in 2022.

Liquidity Ratio

JPC has a current ratio of 0.90:1 as compared to the City's norm of 1:1. The main contributors to this adverse ratio are the loan accounts with the shareholder and year-end accruals. This position is expected to improve as the profitability of JPC improves in 2021/22.

Cost Coverage Ratio

Due to positive cash flows in the last quarter of 2021, the cost coverage ratio is 1.9:1. However, the ratio is not a true reflection of JPC's operational expenditure as R&M related to expenses by CoJ that are paid for by JPC and offset against internal recoveries revenue. Compared year-on-year the ratio has improved from negative 3.17 to positive 1.9, illustrating the drastic year-on-year improvement in the cash position.

Debtors Collection Period

Collection of third party debtors have declined due to the timing difference for the receipt of cell mast income and facilitation fees across the financial year-end. The debtors' collection ratio for related party debtors is 187 days. The improvement in the intercompany debtors' collection ratio is due to the influx of receipts for historic debt prior to the closure of the financial year-end.

The repairs and maintenance budget which resulted in the related party balance to escalate to over half a billion has been returned to the City entities and departments. JPC only works with the COJ and entities on an ad hoc basis.

Creditors Payment Cycle

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

Section 6: Supply Chain Management & 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.

Deviations

JPC Entity

JPC has deviations identified during the period under review including current deviations that were approved in the previous period and now running their term. Please refer to the table below:

TYPE OF DEVIATION	AMOUNT
Deviations related to Covid-19 (2020-21)	R53 104 131
Deviations related to office accommodation (2019/20)	R256 329 617

City Portfolio

There are no deviations

Payment within 30 days

JPC currently pays service providers and creditors within 30 days as defined by the MFMA. This compliance with 30 days is one of the reasons why JPC has an overdraft, as the City departments do not settle their intercompany debts within 30 days.

BBBEE

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

TABLE 83: BBBEE YTD FIGURES

Section 7: Fruitless & Wasteful Expenditure

IRREGULAR EXPENDITURE	FRUITLESS AND WASTEFUL EXPENDITURE	ESTIMATED AMOUNT	CATEGORY	DISCIPLINARY ACTION	CRIMINAL CHARGE	OTHER
Yes	N/A	R10 825 207	Fleet Services	None	N/A	**N/A**
Yes	N/A	R26 360 769	Panel of Professionals	None	N/A	**N/A**
Yes	N/A	R5 019 014	Cleaning consumables	None	N/A	**N/A**
Yes	N/A	R485 684	Legal services	None	N/A	**N/A**
N/A	Yes	R6 619	Supplier payments	None	N/A	**N/A**
N/A	Yes	R120 442	Acting allowances	None	N/A	**N/A**
N/A	Yes	R15 083 913	Rental	None	N/A	**N/A**
N/A	Yes	R269 568	Board members in the employ of the state	None	N/A	**N/A**

TABLE 84: FRUITLESS & WASTEFUL EXPENDITURE

IRREGULAR EXPENDITURE

JPC incurred R10 825 207 for 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.

During the financial year, the Board of JPC engaged legal services for the investigation and advisory for matters related to the suspension of the CEO and CFO. No supply chain process was presented or followed by the previous Board of JPC.

During the financial year the board of JPC engaged legal services for the investigation and advisory for matter related to the suspension of the CEO and CFO. No supply chain process was presented or followed by the previous board of JPC.

FRUITLESS & WASTEFUL EXPENDITURE

Disputes with creditors over contracts and invoices resulted in interest being levied on overdue accounts in the 2020/21 financial year amounting to R6 619.

There were three positions that required acting appointments for officials who were placed on precautionary suspension for more than three months. JPC consulted National Treasury who indicated that the only portion that is fruitless and wasteful, is the acting allowance paid after three months and not the full salary cost of suspended.

JPC has incurred R15 083 913 related to the leasing of office accommodation in Braampark office park at Forums 1 and 2. Forum 1 was completed and occupied from 01 September 2020 with the first two months rental being classified as fruitless and wasteful. However, Forum 2, previously occupied by JPC, became vacant and the months that the building was unoccupied has been accounted for as fruitless and wasteful.

Board and Independent Audit Committee members who are employed by the state were paid normal meeting fees, contradicting National Treasury Circular on remuneration of non-executive directors and CoJ policy.

Section 8: Pending Litigations & Possible Liabilities

JPC does not have any pending litigations or possible liabilities against third parties. There were no contingent liabilities as at the end of financial year.

Section 9: Insurance Claims against JPC

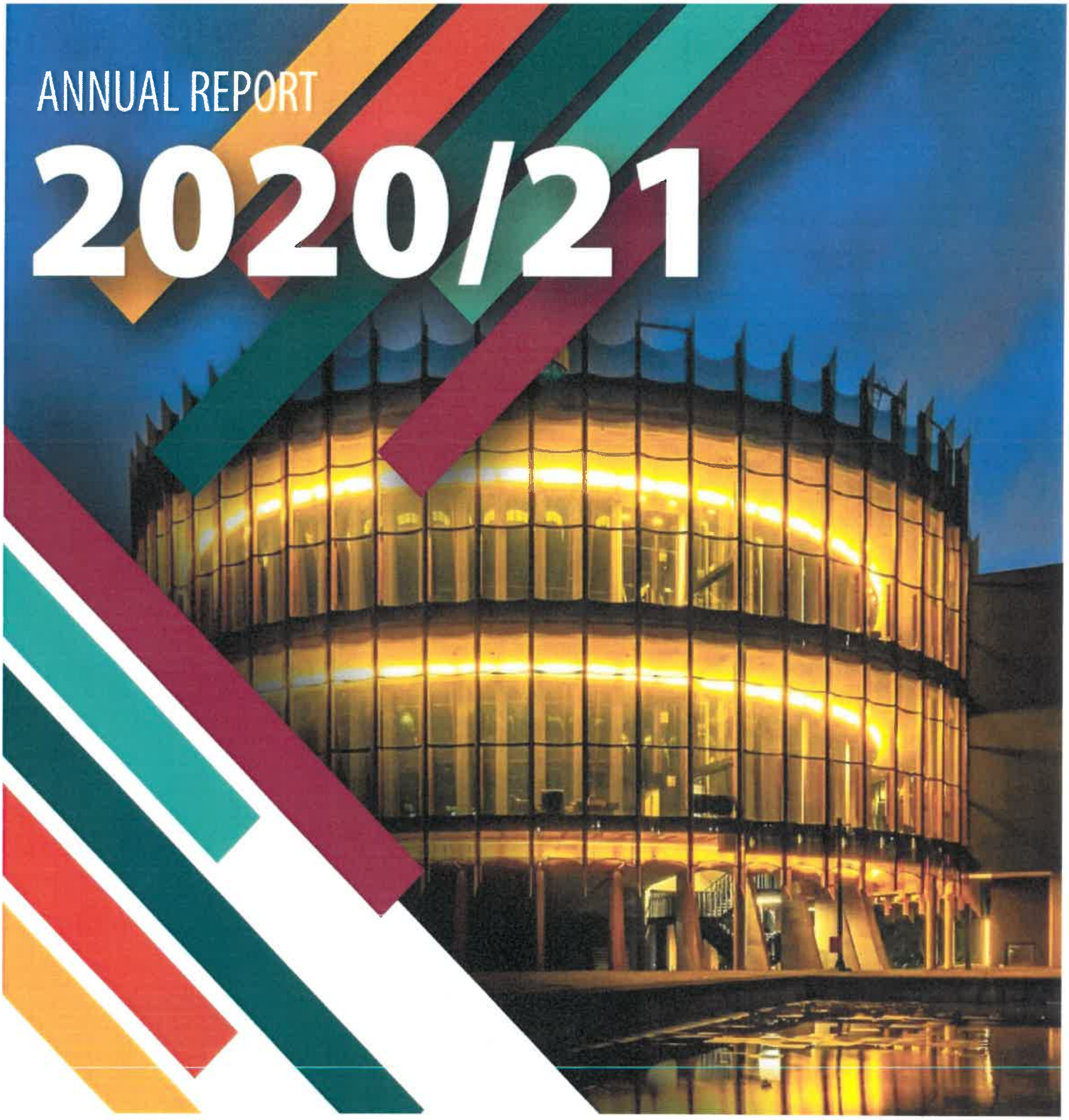
There are no insurance claims against JPC.

Section 10: Statement of Account Owed to Government Departments & Public Entities

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

Section 11: Investments as at the end of the financial year 2020/21

JPC does not have any kind investments o as at the end of the financial year.



Chapter 6: Internal & External Audit

Section 1: Results of Internal Audits

The three-year rolling internal audit plan is reviewed and approved annually by the Audit and Risk Committee after taking into account both strategic and operational risks of the entity.

ARC approved the annual plan during the period under review. JPC successfully established a panel of 15 service providers to assist the General Manager: Internal Audit, execute the full internal audit plan.

PROGRESS MADE ON THE ANNUAL PLAN

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

TABLE 85: RATING TABLE

The table below confirms the review and progress as per the Audit and Risk Committee approved coverage Audit plan for the 2020/21 financial year:

INTERNAL AUDIT PLAN REF NO	AUDIT DESCRIPTION	STATUS	CONCLUSION ON CONTROL ENVIRONMENT
1.	Audit of Pre-determined Objectives Quarter (1, 2,3 & 4)	Complete	🙁 (red)
2.	Contract Management	Complete	🙂 (green)
3.	Service Level Standards	Complete	🙁 (red)

INTERNAL AUDIT PLAN REF NO	AUDIT DESCRIPTION	STATUS	CONCLUSION ON CONTROL ENVIRONMENT
4.	Annual Financial statement review	Complete	
5.	Supply Chain Management	Complete	
6.	Related parties Transactions	Complete	
7.	Human Resources	Complete	
8.	Revenue Management	Complete	
9.	Compliance	Complete	
10.	Fleet Management	Complete	
11.	Information Technology	Complete	
12.	OHASA Audit	Complete	

TABLE 86: IA REVIEW AND PROGRESS

Section 2: Progress on Resolution of Internal Audit Findings

ANNUAL AUDIT PLAN

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

INTERNAL AUDIT FINDINGS

Internal Audit findings over 60 days are included in the OPCA report. Below is a table outlining the findings.

Unresolved Internal Audit Findings

#	FINDING HEADING	REPEAT FINDING	MANAGEMENT ACTION PLAN	STATUS PER MANAGEMENT ASSERTION
1	No Service Level Agreement with departments for the provision of cleaning Services	0	SLA to be finalised and signed before end of second quarter	Not resolved
2	Technical Indicator Description has not been developed	0	Technical Indicators to be completed by 31 March 2021	Not resolved
3	A functional Disaster Recovery site had not been establish	0	• Disaster Recovery site had been identified. • Management still has to complete the new Data Recovery site • On line disaster recovery	Not resolved
4	Cancelled leave not updated on the system	0	Timeous cancellation of leave will be actioned accordingly to ensure that the leave transaction is processed on the SAP system. The leave will be cancelled periodically i.e. in thirty (30) days' time of receiving the cancellation.	Resolved
5	Unreconciled differences between payroll reports, invoices and cost analysis reports	0	Ensure that the monthly recon between Payroll and Finance transpires in order to ensure that there is correctness and accuracy of the payroll reconciliation.	Resolved
6	JPC Management do not review changes made to payroll Masterfile	0	Variance reports to be reviewed monthly.	Resolved
7	Inadequate controls over ghost employees	0	Full employee verification to be executed to mitigate the risk	Resolved

TABLE 87: IA UNRESOLVED FINDINGS

CATEGORY	TOTAL AS AT 30 JUNE 2021	NOT RESOLVED
Very High	1	1
High	6	2
Medium	0	0
Total	7	3

TABLE 88: IA REVIEW AND PROGRESS

Section 3: Progress on the resolution of external findings

The Auditor General of South Africa (AGSA) finalised the 2020/21 audit and issued their audit and management report letter on 26th November 2021. The entity received an unqualified audit opinion with material findings on compliance with legislation which is similar to the prior year i.e. 2019/20.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 2021 and its financial performance and cash flows for the specified year that ended. No material findings identified the usefulness and reliability of the reported performance information.

The dashboard for unresolved external audit findings (2019/20) is as follows:

There were seven material findings reported that affect the audit report.

CATEGORY	TOTAL AS AT 31 MARCH 2021	RESOLVED AS AT JUNE 2021		UNRESOLVED	
		#	%	#	%
Matters affecting the auditor's report	7	6	0%	1	100%
Other Important maters	10	10	100%	0	0%
Administrative matters	0	0	0%	0	0%
Total	17	16	**91.12%**	7	**5.88%**

TABLE 89: UNRESOLVED EXTERNAL AUDIT FINDINGS

FINANCIAL YEAR	TOTAL FINDINGS	REPEAT FINDINGS	RESOLVED	IN PROGRESS	UNRESOLVED
2015/16	0	0		0	
2016/17	0	0		0	
2017/18	10	0	10	0	1
2018/19	10	0	10	0	1
2019/20	**40**	**0**	**40**	**0**	3
Total number as at 30 June 2020	**17**	**0**	**16**	**0**	1
Percentage			**94.12%**		5.88%

TABLE 90: PREVIOUS YEARS FINDINGS

Unresolved External Audit Findings

#	FINDING HEADING	REPEAT FINDING	MANAGEMENT ACTION PLAN	STATUS PER MANAGEMENT ASSERTION
1	Reasonable steps were not taken to prevent fruitless and wasteful expenditure in contravention of section 95(d) of the MFMA	No	The building that caused the expenditure has been occupied by JPC in September 2020. The Covid-19 pandemic delayed the leasehold improvement that needed to be effected prior to moving to the new building.	Not resolved
2	Sufficient appropriate audit evidence could not be obtained that goods and services with transaction value below R200 000 were procured using the price quotations as required by SCM regulation 17(1)(a) and (c)	No	Controls around document management to be improved and prioritised. Documents were misplaced which resulted in the finding.	Resolved
3	Some of the quotations were accepted from prospective providers who were not on the list of accredited prospective providers and did not meet the listing requirements prescribed by SCM policy, in contravention of SCM regulations 16(b) and 17(1)(b)	No	To enhance our Controls and curb abuse, the SCM Policy will be amended to read "in cases where one quotation is received after advertisement on the website and a submission/memo will be submitted to the Accounting Officer to approve the consideration and evaluation of such quotation.	Resolved
4	Sufficient appropriate audit evidence could not be obtained that contracts were awarded only to bidders who submitted a declaration on whether they were employed by the state or connected to any person employed by the state, as required by SCM Regulation 13(c).	No	Controls around document management to be improved and prioritised. Documents were misplaced which resulted in the finding.	Resolved
5	Some quotation of the goods and services were accepted from bidders whose tax matters had not been declared by SARS to be in order, in contravention of SCM regulation 43.	No	Central Supplier Database Report to be printed by SCM during evaluation of bids for the recommended bidders. Bidders with tax issues to be provided 7 days to remedy the situation in line with MFMA Circular 90.	Resolved
6	Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids as required by SCM regulation 19(a).	No	This was raised due to a finding relating to splitting of bids, even though the procurement process were four months apart. JPC will be addressing this issue by enhancing the demand management process.	Resolved

#	FINDING HEADING	REPEAT FINDING	MANAGEMENT ACTION PLAN	STATUS PER MANAGEMENT ASSERTION
7	Some of the contracts were awarded to bidders based on points given for a criteria that differs from those stipulated in the original invitation for bidding, in contravention of SCM regulation 21(b) and 28(1)(a)(i) and the Preferential Procurement Regulations, Similar non-compliance was noted in the prior year.	No	Controls around document management to be improved and prioritised. Documents were misplaced which resulted in the finding. In the past financial year the issue was capturing the correct bid evaluation score to the BEC report, a score of 75 was captured as 57 resulting in a bidder being incorrectly eliminated.	Resolved

TABLE 91: PREVIOUS YEARS AUDIT OUTCOMES

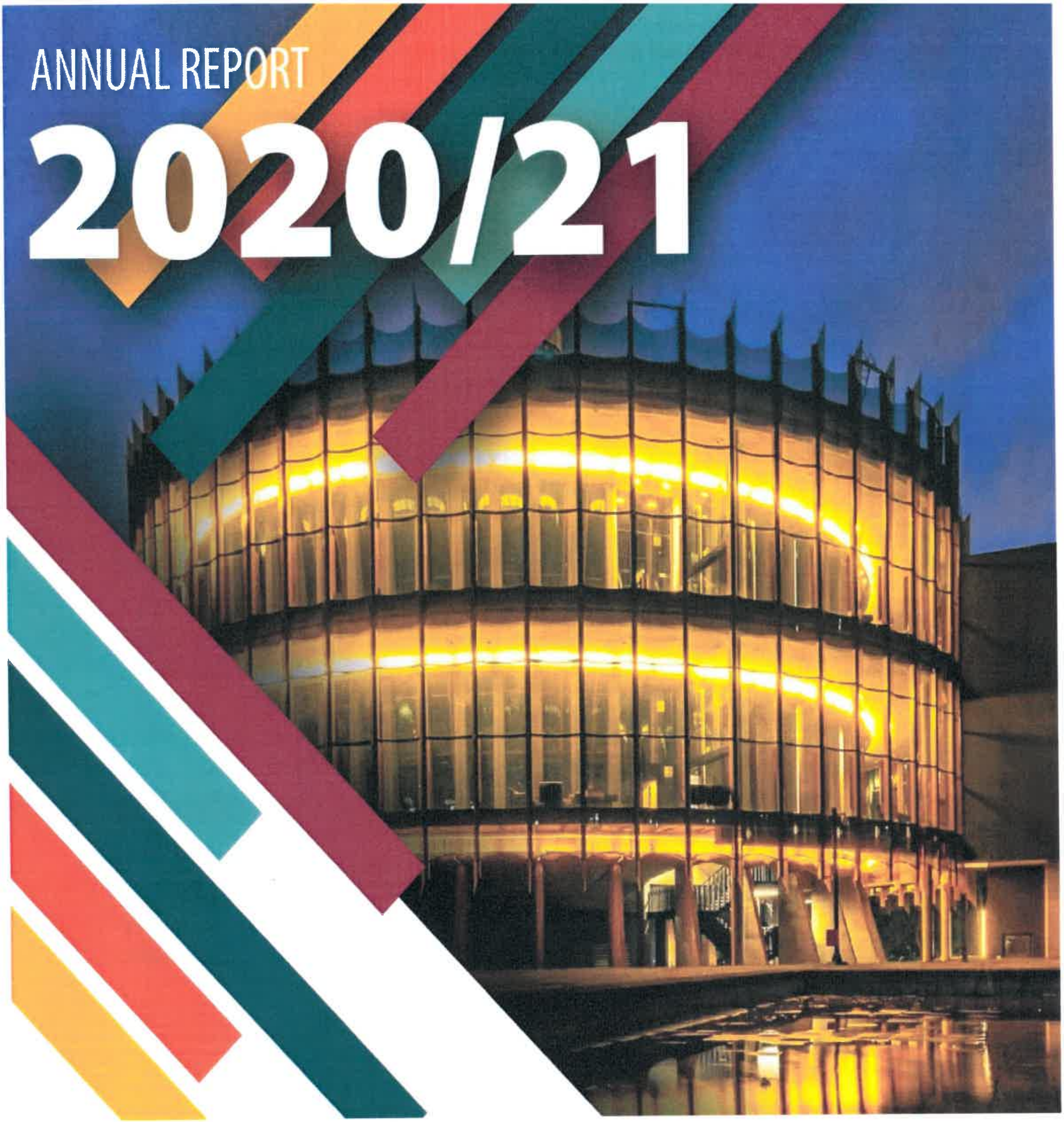
JPC has achieved the constant audit outcome for past four financial years being an Unqualified Audit Opinion.

Audit Opinion	2016/2017	2017/2018	2018/2019	2019/2020	2020/21
	Unqualified	Unqualified	Unqualified with findings	Unqualified with findings	Unqualified with findings

TABLE 92: PREVIOUS YEARS AUDIT OUTCOMES

Section 4: State of the internal Controls

The internal controls systems as designed by management are effectively implemented to provide reasonable assurance that the objectives and goals may be achieved. The internal control deficiencies noted by AGSA in 202021 audit report are being addressed



Appendices

City of Joburg Property Company (SOC) Limited
(Registration number 2000/017147/07)
Annual Financial Statements
for the year ended 30 June 2021
These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

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 IM Bhamjee Mr M Rabodila Mr J Letsapa Ms X Lingani Ms S Maja-Masilo Mr S Mda Ms S Moichelo Ms T Mopai Ms M Mngomezulu Mr S Mngomezulu Ms K Muthwa Ms P Numa
Business address	33 Hoofd Street Forum II 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 (Acting)
Company registration number	2000/017147/07
Tax reference number	9292/129/14
Preparer	The annual financial statements were internally compiled by: Mr Sipho Mzobe 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:

COID	Compensation for Occupational Injuries and Diseases
COJMM	City of Johannesburg Metropolitan Municipality
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act

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 ensuring that there is a 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, deficit or fraud.

The directors have reviewed the entity's cash flow forecast for the year to 30 June 2022 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. However, the financials are endorsed on the basis that a letter of surety on the going concern of the entity has been issued by the City of Johannesburg Metropolitan Municipality to provide adequate resources in sustaining the entity for the forthcoming year.

The entity is wholly dependent on the City of Johannesburg Metropolitan Municipality for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the City of Johannesburg Metropolitan Municipality 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 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 12, which have been prepared on the going concern basis, were approved by the board on 30 November 2021 and were signed on its behalf by:

Ms HM Botes	**Mr M Rabodila**
Chief Executive Officer	**Chairperson**

Audit and Risk Committee Report

We present our report for the financial year ended 30 June 2021.

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. Since their appointement on 10 February 2021, the current committee met on 4 occasions.

Name of member	Number of meetings attended
Mr S Mda (Chairperson, Appointed - 10 February 2021)	4
Ms S Maja-Masilo (Appointed - 10 February 2021)	4
Mr P Makape (IAC, Appointed - 10 February 2021)	4
Mr B Kekana (IAC, Appointed - 10 February 2021)	3
Ms N Makhanya (IAC, Appointed - 10 February 2021)	4

IAC - Independent audit and risk committee member

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.

SW Mda

Chairperson of the Audit Committee

Date: ______________________

Report of the auditor-general to Gauteng Provincial Legislature and the council of the City of Johannesburg Metropolitan Municipality on City of Joburg Property Company (SOC) Limited

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the City of Joburg Property Company (SOC) Limited set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2021, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the City of Joburg Property Company (SOC) Limited as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Companies Act 71 of 2008 (the Companies Act).

Basis for opinion

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

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

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

Emphasis of matter

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

Restatement of corresponding figures

7. As disclosed in note 33 to the financial statements, the corresponding figures for 30 June 2020 were restated as a result of errors in the financial statements of the municipal entity at, and for the year ended, 30 June 2021.

Other matter

8. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited disclosure note

9. 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

10. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and the Companies Act, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

11. In preparing the financial statements, the accounting officer is responsible for assessing the municipal entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipal entity or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

12. 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.

13. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

14. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected priority presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

15. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipal entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipal entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

16. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following priority presented in the municipal entity's annual performance report for the year ended 30 June 2021:

Priority	Pages in the annual performance report
Priority 3: economic development	x – x

17. I performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

18. I did not identify any material findings on the usefulness and reliability of the reported performance information for this priority:

- Priority 3: economic development

Other matters

19. I draw attention to the matters below.

Achievement of planned targets

20. Refer to the annual performance report on pages … to … for information on the achievement of planned targets for the year.

Adjustment of material misstatements

21. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of priority 3: economical development. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

22. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the municipal entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

23. The material findings on compliance with specific matters in key legislation are as follows:

Expenditure management

24. Reasonable steps were not taken to prevent irregular expenditure amounting to R26 360 769 as disclosed in note 37 to the annual financial statements, as required by section 95(d) of the MFMA. The majority of the irregular expenditure was caused by the use of a panel of professionals which was declared irregular in the prior years.

25. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R15 525 129, as disclosed in note 36 to the annual financial statements, in contravention of section 95(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by renting office accommodation which was subsequently not fully occupied.

Consequence management

26. Irregular expenditure incurred by the municipal entity were not investigated to determine if any person was liable for the expenditure, as required by municipal budget and reporting regulations 75(1).

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

Annual financial statements

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

Other information

29. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the directors' report, the audit committee's report and the company secretary's certificate, as required by the Companies Act. The other information does not include the financial statements, the auditor's report and those selected strategic objective presented in the annual performance report that have been specifically reported in this auditor's report.

30. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

31. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected priority presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

32. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

33. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation and misstatements on the financial statements included in this report.

34. Management of the municipal entity did not have sufficient monitoring and reviewing controls to ensure that financial reports submitted for auditing were accurate and complete and that action plans developed were adequately implemented.

35. Management did not adequately review and monitor compliance with applicable laws and regulations.

Other reports

36. I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the municipal entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

37. A number investigations relating to allegations of procurement irregularities, fraud and corruption were referred to the City of Johannesburg Group Forensic and Investigation Services for investigation. Some of the investigations were in progress, some were closed due to lack of evidence and others were finalised by the reporting date.

38. The investigation by the Special Investigations Unit (SIU) was concluded and reported during the year. This investigation included allegations of fraud and corruption on the covid-19 related expenditure. This investigation was subsequently finalised by the board of directors.

Auditor - General

Johannesburg

30 November 2021

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Board of Director's Report

The Directors have pleasure in submiting to the Shareholders their report together with the annual financial statements for the year ended 30 June 2020.

1. Incorporation

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

2. Review of activities

Main business and operations

Net deficit of the entity was R 3 452 583 (2020: deficit R 4 401 859), after taxation of R 6 999 526 (2020: R 20 462 376).

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.

4. Subsequent events

There were no subsequent events that occurred after te year end reporting date.

5. 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.

6. Share capital / contributed capital

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

7. 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.

8. 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

9. Board

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

Name	Nationality	Changes
Ms HM Botes	South African	
Mr IM Bhamjee	South African	
Mr M Rabodila	South African	
Mr T Harper	South African	Resigned 10 February 2021
Mr J Letsapa	South African	Appointed 10 February 2021
Ms X Lingani	South African	Appointed 10 February 2021
Ms S Maja-Masilo	South African	Appointed 10 February 2021
Mr S Masemola	South African	Resigned 10 February 2021
Mr S Mda	South African	Appointed 10 February 2021
Ms S Moichelo	South African	Appointed 10 February 2021
Ms T Mopai	South African	Appointed 10 February 2021
Ms M Mngomezulu	South African	Appointed 10 February 2021
Mr S Mngomezulu	South African	Appointed 10 February 2021
Ms K Muthwa	South African	Appointed 10 February 2021
Ms P Numa	South African	Appointed 10 February 2021
Mr C Rampheri	South African	Resigned 10 February 2021
Ms A Ramakoaba	South African	Resigned 10 February 2021
Ms K Sithebe	South African	Resigned 10 February 2021
Mr TM Thulare	South African	Appointed 10 February 2021, resigned 30 June 2021
Mr V Ward	South African	Resigned 10 February 2021
Ms Y Erasmus	South African	Resigned 10 February 2021

10. Secretary

The secretary of the entity is Ms G Dlamini (Acting).

Business address	33 Hoofd Street Forum I Braampark Building Braamfontein 2000
Postal address	P O Box 31565 Braamfontein 2017

11. 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

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:
  - 8 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 meetings

The board has met on - separate occasions during the financial year. The board schedules to meet at least - times per annum.

Non-executive directors have access to all members of management of the entity.

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

Name	Board Meeting	Audit and risk committee	Social, ethics remuneration and transformation committee	Transaction and service delivery committee
Ms Y Erasmus (Resigned - 10 February 2021)	4	2	-	-
Mr T Harper (Resigned - 10 February 2021)	4	2	-	-
Mr J Letsapa (Appointed - 10 February 2021)	7	-	-	1
Ms X Lingani (Appointed - 10 February 2021)	7	-	-	1
Ms S Maja-Masilo (Appointed - 10 February 2021)	7	4	-	1
Mr S Masemola (Resigned - 10 February 2021)	4	-	-	-
Mr S Mda (Appointed - 10 February 2021)	7	4	-	-
Mr S Moichelo (Appointed - 10 February 2021)	7	-	2	-
Ms T Mopai (Appointed - 10 February 2021)	7	-	2	-
Ms M Mngomezulu - (10 February 2021)	7	-	-	-
Mr S Mngomezulu - (10 February 2021)	7	-	2	1
Ms K Muthwa (Appointed - 10 February 2021)	7	-	2	1
Ms P Numa (Appointed - 10 February 2021)	7	-	2	1
Mr M Rabodila	11	-	-	-
Mr C Rampheri (Resigned -10 February 2021)	4	-	-	-
Ms A Ramakoaba (Resigned - 10 February 2021)	4	-	-	-
Ms K Sithebe (Resigned - 10 February 2021)	4	-	-	-
Mr TM Thulare (Appointed - 10 February 2021, Resigned 30 June 2021)	5	-	-	-
Mr V Ward (Resigned - 10 February 2021)	4	-	-	-
	11	6	2	1

Board of Director's Report

Audit and risk committee

As at 30 June 2021 the committee comprised of 2 (two) non-executive directors, namely: Mr. S Mda (Chairperson) and Ms. S Maja-Masilo.

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 Ms. N Makhanya, Mr. B Kekana and Mr. P Makape. 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 6 (six) members, namely: Ms. K Muthwa (Chairperson), Ms. S Maja-Masilo, Mr. J Letsapa, Ms. X Lingani, Ms. P Numa and Mr. S Mngomezulu.

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

As of 30 June 2021 the committee comprised of 5 (five) members: Ms. S Moichela (Chairperson), Ms. M Mngomezulu, Ms. T Mopai, Ms. P Numa and Ms. K Muthwa.

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.

12. Controlling entity

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

13. Auditors

Auditor General South Africa will continue in office in accordance with the 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 12, which have been prepared on the going concern basis, were approved by the board on 30 November 2021 and were signed on its behalf by:

Ms HM Botes	**Mr M Rabodila**
Chief Executive Officer	**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 (Acting)
Company Secretary

Statement of Financial Position as at 30 June 2021

Figures in Rand	Note(s)	2021	2020 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	2 000	2 000
Receivables from exchange transactions	4	603 148 547	661 176 621
Loans to shareholders	5	136 223 472	8 960 950
Prepayments	6	294 537	300 926
Receivables from non-exchange transactions	7	146 328	2 939
		739 814 884	**670 443 436**
Non-Current Assets			
Deposits	8	189 559	182 092
Prepayments	6	-	24 447
Property, plant and equipment	9	19 651 976	20 017 879
Intangible assets	10	13 558 751	13 890 178
Current tax receivable	11	715	6 857 801
Deferred tax	16	22 160 552	23 708 335
		55 561 553	**64 680 732**
Total Assets		**795 376 437**	**735 124 168**
Liabilities			
Current Liabilities			
Loans from shareholders	5	570 718 381	372 074 506
Payables from exchange transactions	12	228 902 979	351 585 935
Current tax payable	17	9 329 573	6 309 009
Income received in advance	13	-	3 975 000
Finance lease obligation	14	547 121	4 183 102
Provisions	15	1 565 576	3 096 951
Operating lease liability	19	6 237 653	11 912 809
		817 301 283	**753 137 312**
Non-Current Liabilities			
Finance lease obligation	14	-	547 120
Employee benefit obligation	18	774 000	686 000
		774 000	**1 233 120**
Total Liabilities		**818 075 283**	**754 370 432**
Net Assets		**(22 698 846)**	**(19 246 264)**
Share capital / contributed capital	20	5 142 721	5 142 721
Accumulated surplus		(27 841 567)	(24 388 985)
Total Net Liability		**(22 698 846)**	**(19 246 264)**

* See Note 33

Statement of Financial Performance

Figures in Rand	Note(s)	2021	2020 Restated*
Revenue			
Revenue from exchange transactions			
Cellmast services	21	17 814 762	13 324 191
Commissions and ad hoc fees	21	30 093 033	30 459 423
Management fees	21	20 519 698	38 540 882
Internal recoveries	21	2 212 815	2 032 264
Cleaning service recoveries	21	141 300 910	66 376 228
Facilitation fees	21	1 500 000	2 825 513
Interest received	22	440 067	246 648
Total revenue from exchange transactions		**213 881 285**	**153 805 149**
Revenue from non-exchange transactions			
Transfer revenue			
City of Johannesburg Metropolitan Municipality - Subsidy	21	646 229 000	658 636 000
Total revenue	21	**860 110 285**	**812 441 149**
Expenditure			
Employee related costs	23	(484 632 017)	(393 976 040)
Depreciation and amortisation	9&10	(26 004 884)	(11 341 980)
Interest and finance costs	28	(3 723 006)	(18 175 219)
Lease rentals on operating lease	26	(121 613 010)	(131 059 179)
Doubtful debts	4	5 626 635	(33 909 883)
Loss on disposal of assets	9	(1 053 213)	(5 303)
General Expenses	25	(189 159 133)	(147 515 368)
Repairs and maintenance	27	(36 004 714)	(60 397 660)
Total expenditure		**(856 563 342)**	**(796 380 632)**
Surplus before taxation		**3 546 943**	**16 060 517**
Taxation	17	6 999 526	20 462 376
Deficit for the year		**(3 452 583)**	**(4 401 859)**

* See Note 33

Statement of Changes in Net Assets

Figures in Rand	Share capital / contributed capital	Share premium	Total share capital	Accumulated surplus	Total net assets
Balance at 01 July 2019	**1 000**	**5 141 721**	**5 142 721**	**(19 987 126)**	**(14 844 405)**
Changes in net assets					
Surplus for the year	-	-	-	(4 401 859)	(4 401 859)
Total changes	-	-	-	(4 401 859)	(4 401 859)
Restated* Balance at 01 July 2020	**1 000**	**5 141 721**	**5 142 721**	**(24 388 984)**	**(19 246 263)**
Changes in net assets					
Surplus for the year	-	-	-	(3 452 583)	(3 452 583)
Total changes	-	-	-	(3 452 583)	(3 452 583)
Balance at 30 June 2021	**1 000**	**5 141 721**	**5 142 721**	**(27 841 567)**	**(22 698 846)**
Note(s)	20	20	20		

* See Note 33

Cash Flow Statement

Figures in Rand	Note(s)	2021	2020 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		267 350 903	(73 240 670)
Grants		646 229 000	658 636 000
Interest income		370 192	74 073
		913 950 095	585 469 403
Payments			
Employee costs		(486 075 392)	(393 430 080)
Suppliers		(469 139 343)	(194 365 587)
Finance costs		(3 723 006)	(18 175 219)
Tax refunded	11	4 488 281	-
		(954 449 460)	(605 970 886)
Net cash flows from operating activities	30	**(40 499 365)**	**(20 501 483)**
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(26 360 768)	(944 775)
Purchase of other intangible assets	10	-	(35 036)
Net cash flows from investing activities		**(26 360 768)**	**(979 811)**
Cash flows from financing activities			
Repayment of shareholders' loan		71 043 235	28 882 249
Finance lease payments		(4 183 102)	(7 400 955)
Net cash flows from financing activities		**66 860 133**	**21 481 294**
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 33

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	11 594 000	-	**11 594 000**	17 814 762	**6 220 762**	
Comissions and ad hoc revenue	79 299 000	-	**79 299 000**	30 093 033	**(49 205 967)**	
Management fees	7 000 000	-	**7 000 000**	20 519 698	**13 519 698**	
Internal recoveries	-	-	**-**	2 212 815	**2 212 815**	
Cleaning service recoveries	201 937 000	(29 607 000)	**172 330 000**	141 300 910	**(31 029 090)**	
Facilitation fees	72 578 000	(2 578 000)	**70 000 000**	1 500 000	**(68 500 000)**	
Interest received	-	-	**-**	440 067	**440 067**	
Total revenue from exchange transactions	**372 408 000**	**(32 185 000)**	**340 223 000**	**213 881 285**	**(126 341 715)**	
Revenue from non-exchange transactions						
Non-exchange revenue						
Non-conditional subsidies	596 229 000	50 000 000	**646 229 000**	646 229 000	**-**	
Total revenue	**968 637 000**	**17 815 000**	**986 452 000**	**860 110 285**	**(126 341 715)**	
Expenditure						
Personnel	(409 826 592)	(45 393 000)	**(455 219 592)**	(484 632 017)	**(29 412 425)**	
Depreciation and amortisation	(14 132 121)	-	**(14 132 121)**	(26 004 884)	**(11 872 763)**	
Finance costs	(39 830 000)	(3 396 000)	**(43 226 000)**	(3 723 006)	**39 502 994**	
Lease rentals on operating lease	(130 788 126)	-	**(130 788 126)**	(121 613 010)	**9 175 116**	
Doubtful debts	-	-	**-**	5 626 635	**5 626 635**	
General Expenses	(374 060 161)	30 974 000	**(343 086 161)**	(225 163 847)	**117 922 314**	
Total expenditure	**(968 637 000)**	**(17 815 000)**	**(986 452 000)**	**(855 510 129)**	**130 941 871**	
Operating surplus	**-**	**-**	**-**	**4 600 156**	**4 600 156**	
Loss on disposal of assets	-	-	**-**	(1 053 213)	**(1 053 213)**	
Surplus before taxation	**-**	**-**	**-**	**3 546 943**	**3 546 943**	
Taxation	-	-	**-**	6 999 526	**6 999 526**	
Actual Amount Presented in the Budget and Actual Comparative Statement	**-**	**-**	**-**	**(3 452 583)**	**(3 452 583)**	

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
2021											
Financial Performance											
Investment revenue	-	-	-	-		-	440 067		440 067	DIV/0 %	DIV/0 %
Transfers recognised - operational	-	596 229 243	596 229 243	-		596 229 243	646 229 000		49 999 757	108 %	DIV/0 %
Other own revenue	-	372 408 000	372 408 000	-		372 408 000	213 441 218		(158 966 782)	57 %	DIV/0 %
Total revenue (excluding capital transfers and contributions)	**-**	**968 637 243**	**968 637 243**	**-**		**968 637 243**	**860 110 285**		**(108 526 958)**	**89 %**	**DIV/0 %**
Employee costs	-	(409 826 592)	(409 826 592)	-	-	(409 826 592)	(484 632 017)	-	(74 805 425)	118 %	DIV/0 %
Debt impairment	-	-	-			-	5 626 635	-	5 626 635	DIV/0 %	DIV/0 %
Depreciation and asset impairment	-	(14 132 121)	(14 132 121)			(14 132 121)	(26 004 884)	-	(11 872 763)	184 %	DIV/0 %
Finance charges	-	(39 830 000)	(39 830 000)	-	-	(39 830 000)	(3 723 006)	-	36 106 994	9 %	DIV/0 %
Other expenditure	-	(499 524 963)	(499 524 963)	-	-	(499 524 963)	(347 830 070)	-	151 694 893	70 %	DIV/0 %
Total expenditure	**-**	**(963 313 676)**	**(963 313 676)**	**-**	**-**	**(963 313 676)**	**(856 563 342)**	**-**	**106 750 334**	**89 %**	**DIV/0 %**
Surplus/(Deficit)	**-**	**5 323 567**	**5 323 567**	**-**		**5 323 567**	**3 546 943**		**(1 776 624)**	**67 %**	**DIV/0 %**
Taxation	-	-	-	-		-	6 999 526		6 999 526	DIV/0 %	DIV/0 %
Surplus/(Deficit) for the year	**-**	**5 323 567**	**5 323 567**	**-**		**5 323 567**	**(3 452 583)**		**(8 776 150)**	**(65)%**	**DIV/0 %**

Accounting Policies

1. Presentation of Annual Financial Statements

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

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

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

GRAP 1 Presentation of Financial Statements
GRAP 2 Cash Flow Statements
GRAP 3 Accouting Policies, Changes in Accounting Estimates and Errors
GRAP 13 Leases
GRAP 14 Events after the reporting date
GRAP 17 Property, Plant and Equipment
GRAP 19 Provisions, Contingent Liabilities and Contingent Assets
GRAP 20 Related Parties
GRAP 31 Intangible Assets
GRAP 104 Financial Instruments GRAP 109
Accounting by Principals and Agents

1.1 Going concern assumption

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

1.2 Significant judgements and sources of estimation uncertainty

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

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 15 - 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.

1.2 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 18.

Effective interest rate

The company used the City of Johannesburg Metropolitan Municipality average borrowing rate as a point of departure.

1.3 Property, plant and equipment

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

The cost of an item of property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment 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 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 costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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

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

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

Item	Depreciation method	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
Computer software	Straight line	7 years
Leasehold improvements	Straight line	Term of lease

Accounting Policies

1.3 Property, plant and equipment (continued)

Finance lease equipment	Straight line	Term of lease

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 are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

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

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.

1.4 Intangible assets

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

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

An intangible asset is recognised 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

1.4 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.

1.5 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 uncollectibility.

1.5 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.

1.5 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

1.5 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

1.6 Tax

Current tax assets and liabilities

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

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

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.

1.7 Leases

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

Finance leases - lessee

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

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

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

Finance charges are charged to surplus or deficit, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the company's general policy of borrowing costs.

1.7 Leases (continued)

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.

1.8 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
- 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.

1.9 Share capital / contributed capital

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

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.

1.10 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Accounting Policies

1.10 Employee benefits (continued)

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.

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.

Accounting Policies

1.10 Employee benefits (continued)

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.

1.10 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.

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.

Accounting Policies

1.10 Employee benefits (continued)

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.

1.11 Provisions and contingencies

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

1.11 Provisions and contingencies (continued)

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.

1.12 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:
- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.13 Revenue from exchange transactions

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

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

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

Measurement

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

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.

1.14 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

1.14 Revenue from non-exchange transactions (continued)

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.

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.

Non-conditional subsidy

Non-conditional subsidies are recognised as non-exchange revenue when:
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

1.15 Borrowing costs

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

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

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.

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

Accounting Policies

1.19 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

(a) this Act; or
(b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
(c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

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

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

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

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

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

1.20 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

Although the entity operates in a number of geographical areas (depots), the geographical information is not considered relevant to management for decision-making. The goods and services provided to the community throughout the depots are based on similar service standards and are incorporated in the single segment. Therefore, the entity has assessed that it will not disclose geographical segments.

1.21 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.

Accounting Policies

1.21 Budget information (continued)

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

The approved budget covers the fiscal period from 2018/07/01 to 2019/06/30.

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.

1.22 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

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

GRAP 18 (as amended 2016): Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

The subsequent amendments to the Standard of GRAP on Segment Reporting resulted from editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP.

The most significant changes to the Standard are:

- General improvements: An appendix with illustrative segment disclosures has been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.

The effective date of the standard is for years beginning on or after 01 April 2020

The entity has adopted the standard for the first time in the 2019/2019 annual financial statements.

The impact of the standard is set out in note Changes in Accounting Policy.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	2 000	2 000

The company's cheque account is swept on a daily basis in terms of an agreement with The City of Johannesburg Metropolitan Municipality in order to facilitate better cashflow management on a city-wide basis. Cash is readily available at all times and the sweeping has no effect on its availability.

The entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2021	**30 June 2020**	**30 June 2019**	**30 June 2021**	**30 June 2020**	**30 June 2019**
Standard Bank - Current Account - 000198900	128 597 724	(187 843 627)	(273 228 606)	128 597 724	(187 843 627)	(273 228 606)

4. Receivables from exchange transactions

External trade debtors	70 700 212	68 073 130
Doubtful debts	(28 283 248)	(33 909 883)
Related party debtors	560 731 583	627 013 374
	603 148 547	**661 176 621**

Receivables from exchange transactions ageing		
Current	126 823 585	355 109 192
30 Days	(64 978 067)	9 211 036
60 Days	75 212 128	68 756 041
90 Days	28 371 720	(34 319 954)
120 + Days	437 719 181	262 420 306
	603 148 547	**661 176 621**

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. A quarterly review of external trade debtors will be performed to test for possible impairment in 2021/22.

Doubtful debts

During the 2019/20 financial year JPC raised a provision for doubtful debts on facilitation fees raised in the 2018/19 financial year. Given the economic and financial challenges COVID-19 poses to developers the long outstanding debts for facilitation fees is being provided for in the event the projects do not proceed. A provision has also been provided for an outdoor advertising debtor per review of the debtor and the application of GRAP 104. Subsequent to financial year end the debtor related to outdoor advertising paid R18 000 000 towards their outstanding amount, the reduction in doubtful debt provision accounts for this repayment.

Trade and other receivables impaired

As of 30 June 2021, trade and other receivables of R 28 283 248 (2020: R 33 909 883) were raised as doubtful debts and provided for facilitation fees related to the inner city rejuvenation projects.

The ageing of these debts is as follows:

Over 6 months	28 283 248	33 909 883

Figures in Rand	2021	2020

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.	(304 296 745)	(67 294 118)
City of Johannesburg Metropolitan Municipality - Portfolio The loan account through which accounting transactions transfer between JPC and Portfolio for commisions. The loan bears no interest .	7 625 748	8 960 950
City of Johannesburg Metropolitan Municipality - Housing The loan originates from the pending transfers of various property acquisitions across the financial year end for the Department of Housing.	(17 682 554)	(34 010 655)
City of Johannesburg Metropolitan Municipality - Emergency & Medical Services Loan payable to Emergency and Medical Services for the the overpayment of a JPC invoice	-	(4 877 704)
City of Johannesburg Metropolitan Municipality - Group Treasury The sweeping account bears interest at an average call rate of 3.75% p.a irrespective of a favourable bank balance or not.	128 597 724	(187 843 627)
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)	(3 737 594)
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.	(243 935 505)	(74 310 808)
	(434 494 909)	**(363 113 556)**

Current assets	136 223 472	8 960 950
Current liabilities	(570 718 381)	(372 074 506)
	(434 494 909)	**(363 113 556)**

6. Prepayments

Current Assets	294 537	300 926
Non-current Assets	-	24 447
	294 537	**325 373**

Current assets

Prepayment of software licenses to be amortised over the 2020/21 financial year. The software licenses are required for the utilisation of software and extend beyond the financial year end.

Non-current assets

The non-current portion of the prepayment for professional services. The expense is to be amortised over the course of the lease agreement signed by JPC for the Hoofd Street head office.

7. Receivables from non-exchange transactions

Staff debtors	146 328	2 939

Figures in Rand	2021	2020

8. Deposits

Deposits held by Eskom for informal trading facilities.

Baragwanath	165 367	158 853
Lenasia	24 192	23 239
	189 559	**182 092**

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment

	2021			2020		
	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	(6 047 302)	303 655	6 350 957	(5 793 264)	557 693
Plant and machinery	2 028 047	(1 261 161)	766 886	2 028 047	(1 058 469)	969 578
Furniture and fixtures	7 230 822	(2 917 780)	4 313 042	5 426 822	(2 494 081)	2 932 741
Office equipment	2 822 198	(1 839 072)	983 126	2 822 198	(1 491 786)	1 330 412
IT equipment	15 553 679	(10 842 907)	4 710 772	15 553 679	(8 743 030)	6 810 649
Leasehold improvements	24 711 516	(17 596 582)	7 114 934	2 642 372	(1 280 079)	1 362 293
Finance lease assets	28 320 238	(27 347 877)	972 361	28 437 173	(22 869 860)	5 567 313
Total	**87 504 657**	**(67 852 681)**	**19 651 976**	**63 748 448**	**(43 730 569)**	**20 017 879**

Reconciliation of property, plant and equipment - 2021

	Opening balance	**Additions**	**Disposals**	**Depreciation**	**Total**
Land	487 200	-	-	-	487 200
Buildings	557 693	-	-	(254 038)	303 655
Plant and machinery	969 578	-	-	(202 692)	766 886
Furniture and fixtures	2 932 741	1 804 000	-	(423 699)	4 313 042
Office equipment	1 330 412	-	-	(347 286)	983 126
IT equipment	6 810 649	-	-	(2 099 877)	4 710 772
Leasehold improvements	1 362 293	24 556 769	(1 053 209)	(17 750 919)	7 114 934
Finance lease assets	5 567 313	-	(5)	(4 594 947)	972 361
	20 017 879	**26 360 769**	**(1 053 214)**	**(25 673 458)**	**19 651 976**

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Depreciation	Total
Land	487 200	-	-	-	487 200
Buildings	812 427	-	-	(254 734)	557 693
Plant and machinery	635 370	494 371	-	(160 163)	969 578
Furniture and fixtures	3 270 260	-	(450)	(337 069)	2 932 741
Office equipment	1 373 664	279 501	-	(322 753)	1 330 412
IT equipment	8 889 941	136 508	-	(2 215 800)	6 810 649
Leasehold improvements	1 592 749	34 395	-	(264 851)	1 362 293
Finance lease assets	13 020 302	-	(4 853)	(7 448 136)	5 567 313
	30 081 913	**944 775**	**(5 303)**	**(11 003 506)**	**20 017 879**

Depreciation rates

The depreciation methods and average useful lives of property, plant and equipment have been assessed as follows:

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
Leased equipment	Straight-line	Term of lease

Assets subject to finance lease (Net carrying amount)

Leasehold improvements	7 114 934	1 362 293
Finance lease assets	972 361	5 567 313
	8 087 295	**6 929 606**

Figures in Rand	2021	2020

9. Property, plant and equipment (continued)

Details of properties

Erf 737 and Erf 1304, 18 Beford Road, Yeoville

	2021	2020
- Cost	487 200	487 200

Erf 737 and Erf 1304, 18 Beford Road, Yeoville

	2021	2020
- Purchase price: 1 December 2008	6 350 957	6 350 957
- Accumulated depreciation	(6 047 302)	(5 793 264)
	303 655	**557 693**

10. Intangible assets

	2021			2020		
	Cost / Valuation	**Accumulated amortisation and accumulated impairment**	**Carrying value**	**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	2 381 613	(1 584 751)	796 862	2 381 613	(1 253 324)	1 128 289
Total	**15 143 502**	**(1 584 751)**	**13 558 751**	**15 143 502**	**(1 253 324)**	**13 890 178**

Reconciliation of intangible assets - 2021

	Opening balance	Amortisation	Total
Computer software, internally generated	12 761 889	-	12 761 889
Computer software, other	1 128 289	(331 427)	796 862
	13 890 178	**(331 427)**	**13 558 751**

No impairment is required for any intangible asset in the 2020/21 financial year.

Reconciliation of intangible assets - 2020

	Opening balance	Additions	Amortisation	Total
Computer software, internally generated	12 761 889	-	-	12 761 889
Computer software, other	1 431 728	35 036	(338 475)	1 128 289
	14 193 617	**35 036**	**(338 475)**	**13 890 178**

11. Tax refunded

	2021	2020
Balance at the begining of the year	6 858 227	6 693 421
Interest received	62 372	164 806
Refunds received	(4 488 708)	-
Utilised	(2 431 176)	-
	715	**6 858 227**

Subsequent to the conclusion of prior period assessments, SARS refunded JPC for all outstanding monies.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

12. Payables from exchange transactions

Trade and other payables	24 527 499	23 501 734
Related parties	64 516 479	49 984 478
Accrued leave pay	38 663 729	30 001 448
Accrued 13th cheques	18 682 404	18 831 528
Accruals	82 512 868	229 266 747
	228 902 979	**351 585 935**

Accruals primarily relate to repairs and maintenance projects completed by the financial year end.

13. Income received in advance

Category		
Commission on property acquisition	-	3 975 000

Commission related to the acquisition of property for the COJMM Department of Housing was raised and received in the 2020 financial year; however the transaction only materialised subsequent to the financial year end.

14. Finance lease obligation

Minimum lease payments due		
- within one year	554 140	4 454 196
- in second to fifth year inclusive	-	554 140
	554 140	5 008 336
less: future finance charges	(7 019)	(278 114)
Present value of minimum lease payments	**547 121**	**4 730 222**

Present value of minimum lease payments due		
- within one year	547 121	4 183 102
- in second to fifth year inclusive	-	547 120
	547 121	**4 730 222**

Non-current liabilities	-	547 120
Current liabilities	547 121	4 183 102
	547 121	**4 730 222**

Interest rates are fixed at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The company leases IT infrastructure and equipment under finance lease. These assets are leased over a period of two to five years at a fixed negotiated rate. Refer note 9.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

15. Provisions

Reconciliation of provisions - 2021

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Exco bonuses	3 096 951	1 565 576	(1 270 508)	(1 826 443)	1 565 576

Reconciliation of provisions - 2020

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Exco bonuses	2 412 991	3 096 952	(2 079 986)	(333 006)	3 096 951

2020/21: The provision relates to bonuses due to EXCO members for the 2020/21 financial year. The bonuses are subject to review of KPI's and performance targets being met for the 2021 financial year prior to approval for disbursement**.** The disbursement is weighted against achieved KPI's for the 2021 financial year.

2019/20: The provision relates to bonuses due to EXCO members for the 2019/20 financial year.

16. Deferred tax

Deferred tax liability

	2021	2020
Non-current asset - Finance leases	(272 261)	(1 558 847)
Prepaid expenses	(82 470)	(43 189)
Property, plant, equipment and intangibles	(2 035 935)	(2 316 212)
Total deferred tax liability	**(2 390 666)**	**(3 918 248)**

Deferred tax asset

	2021	2020
Finance lease obligations	153 194	1 324 462
Income received in advance	-	1 113 000
Post-retirement benefit obligation	216 720	192 080
Provision for bonuses and 13th cheques	5 669 435	6 139 975
Provision for doubtful debts	5 939 482	7 121 075
Provision for leave pay	10 825 844	8 400 405
Straight-lining of operating leases	1 746 543	3 335 586
Total deferred tax asset	**24 551 218**	**27 626 583**

	2021	2020
Deferred tax liability	(2 390 666)	(3 918 248)
Deferred tax asset	24 551 218	27 626 583
Total net deferred tax asset	**22 160 552**	**23 708 335**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

17. Taxation

Major components of the tax expense

	2021	2020
Current		
Local income tax - current period	3 498 618	6 309 009
Local income tax - recognised in current tax for prior periods	1 953 122	-
	5 451 740	**6 309 009**
Deferred		
Originating and reversing temporary differences	1 547 786	14 153 367
	6 999 526	**20 462 376**

	2021	2020
Current Tax Payable		
Balance brought forward	6 309 009	-
Income tax - current period	3 498 618	6 309 009
Income tax - prior period	1 953 122	-
Income taxes paid	(2 431 176)	-
	9 329 573	**6 309 009**

Reconciliation of the tax expense

Reconciliation between accounting surplus and tax expense.

	2021	2020
Accounting surplus	3 546 943	16 060 517
Tax at the applicable tax rate of 28% (2020: 28%)	993 144	4 496 945
Tax effect of adjustments on taxable income		
Expenditure - Capital in nature	135 992	580 607
Provision for doubtful debts	(1 419 018)	(2 373 693)
Depreciation of fixed assets - non-deductible	5 041 388	145 484
Accounting loss on disposal of assets - non-deductible	294 898	-
Penalties and interest	-	753 032
Local income tax - prior period	1 953 122	-
Assessed losses utilised	-	16 860 001
	6 999 526	**20 462 376**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

18. Employee benefit obligations

Defined benefit plan

Post retirement medical aid plan

Actuarial valuations are done at an interval of not more than one year using the projected credit method.

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

Carrying value		
Present value of the defined benefit obligation	(686 000)	(824 000)
Net expense recognised in the statement of financial performance	(88 000)	138 000
	(774 000)	**(686 000)**

The fair value of plan assets includes:

Net expense recognised in the statement of financial performance

Actuarial (gains)/losses	86 140	(142 356)
Benefits paid to members	(58 140)	(55 644)
Interest cost	60 000	60 000
	88 000	**(138 000)**

Comparative figures	**2020/21**	**2019/20**	**2018/19**	**2017/18**	**2016/17**
Present value of the defined benefit obligation	(686 000)	(824 000)	(775 000)	(846 863)	(669 775)
Net expense recognised in the statement of financial performance	(88 000)	138 000	(49 000)	71 863	(177 088)
	(774 000)	**(686 000)**	**(824 000)**	**(775 000)**	**(846 863)**

Figures in Rand	2021	2020

18. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rate	8.92 %	9.05 %
Consumer price inflation	6.82 %	5.60 %
Expected increase in healthcare costs	5.82 %	4.60 %
Net effective discount rate	1.97 %	3.27 %

The calculations for post-retirement medical aid were based on the policy adopted by the City of Johannesburg Metropolitan Municipality with regard to post-reitrement 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 postretirement 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	2021	2020

19. Operating lease asset/(liability)

Current liabilities	(6 237 653)	(11 912 809)

Office accommodation leases were renewed in the 2019 financial year resulting in a operating lease liability. The liability will amortise over the term of the lease.

20. Share capital / contributed capital

Authorised		
1 000 Ordinary shares of R1 each or par value of R1	1 000	1 000
Reconciliation of number of shares issued:		
Reported as at 01 July 2020	1 000	1 000
Issued		
1 000 Ordinary shares of R1 each	1 000	1 000
Share premium	5 141 721	5 141 721
	5 142 721	**5 142 721**

21. Revenue

Cellmast services	17 814 762	13 324 191
Commissions and ad hoc fees	30 093 033	30 459 423
Management fees	20 519 698	38 540 882
Internal recoveries	2 212 815	2 032 264
Cleaning service recoveries	141 300 910	66 376 228
Facilitation fees	1 500 000	2 825 513
City of Johannesburg Metropolitan Municipality - Subsidy	646 229 000	658 636 000
	859 670 218	**812 194 501**

The amount included in revenue arising from exchanges of goods or services are as follows:		
Cellmast services	17 814 762	13 324 191
Cleaning service recoveries	141 300 910	66 376 228
Commissions and ad hoc fees	30 093 033	30 459 423
Management fees	20 519 698	38 540 882
Internal recoveries	2 212 815	2 032 264
Facilitation fees	1 500 000	2 825 513
	213 441 218	**153 558 501**

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

Transfer revenue		
City of Johannesburg Metropolitan Municipality - Subsidy	646 229 000	658 636 000

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

22. Interest revenue

Interest revenue		
Standard Bank sweeping account	370 228	-
Interest received on land acquisition	-	74 073
Interest received on deposits	7 467	8 196
Interest received on SARS refunds due	62 372	164 379
	440 067	**246 648**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

23. Employee related costs

Basic	348 008 659	276 413 632
Exco bonuses	39 881	2 763 946
Medical aid - company contributions	19 603 074	12 104 989
UIF	2 742 164	1 677 720
SDL	2 652 728	2 860 751
Payroll levies	402 946	258 646
Leave pay provision charge	15 208 839	17 705 904
Pension fund contributions	56 538 960	46 377 502
Overtime payments	3 073 078	4 733 665
13th Cheques	26 251 424	23 591 191
Housing benefits and other allowances	10 022 264	5 626 094
Post-retirement medical aid benefits	88 000	(138 000)
	484 632 017	**393 976 040**

Remuneration of Executive Manager: Strategic Corporate Support

Annual remuneration	1 983 665	1 759 131
Performance bonus	298 156	298 156
Contributions to UIF, Medical and Pension Funds	437 109	393 232
	2 718 930	**2 450 519**

Remuneration of Executive Manager: Property Portfolio*

Annual remuneration	976 796	1 759 558
Performance bonus	227 276	298 156
Contributions to UIF, Medical and Pension Funds	232 952	393 295
Leave encashment	402 864	-
	1 839 777	**2 451 009**

*Deceased in December 2020

Remuneration of General Manager: Internal Audit

Annual remuneration	1 456 519	1 328 453
Travel allowance	120 000	70 000
Performance bonus	192 600	104 166
Contributions to UIF, Medical and Pension Funds	337 072	311 128
Acting allowance	-	55 114
	2 106 191	**1 868 861**

Remuneration of General Manager: Legal

Annual Remuneration	1 583 469	1 342 228
Performance bonus/13th cheque	192 600	99 180
Contributions to UIF, Medical and Pension Funds	341 254	292 655
	2 117 323	**1 734 063**

Remuneration of General Manager: Compliance and Secretarial

Annual Remuneration	-	660 576
Contributions to UIF, Medical and Pension Funds	-	80 120
	-	**740 696**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

23. Employee related costs (continued)

Remuneration of Executive Manager: Information Technology*

Annual Remuneration	-	264 128
Travel allowance	-	30 000
Contributions to UIF, Medical and Pension Funds	-	57 169
Leave encashment	-	102 147
Gratuities	-	300 000
	-	**753 444**

*Resigned in the 2020 financial year

Remuneration of Executive Manager: Outdoor Advertising

Annual remuneration	1 731 865	1 452 709
Travel allowance	90 222	52 630
Performance bonus/13th cheque	-	99 180
Contributions to UIF, Medical and Pension Funds	328 515	326 170
Leave encashment	56 490	47 607
	2 207 092	**1 978 296**

24. Directors' emoluments

The following emoluments were paid to the executive and non-executive directors during the year.

Executive

2021

	Basic Salary	Performance Bonus	Travel Allowance	Company Contributions	Total
Ms HM Botes	2 700 000	-	250 000	31 126	2 981 126
Mr IM Bhamjee	1 914 067	227 876	96 000	410 514	2 648 457
	4 614 067	**227 876**	**346 000**	**441 640**	**5 629 583**

2020

	Basic Salary	Performance Bonus	Travel Allowance	Leave Encashment	Company Contributions	Total
Ms HM Botes	2 585 432	348 842	250 000	119 603	34 323	3 338 200
Mr IM Bhamjee	1 689 489	298 155	96 000	-	366 681	2 450 325
	4 274 921	**646 997**	**346 000**	**119 603**	**401 004**	**5 788 525**

Non-executive

2021

	Directors' fees	Total
Mr M Rabodila	212 174	212 174
Ms Y Erasmus	73 044	73 044
Mr T Harper	86 957	86 957
Mr J Letsapa	129 700	129 700
Ms X Lingani	90 000	90 000
Ms S Maja-Masilo	73 044	73 044
Mr S Masemola	106 000	106 000
Mr S Mda	146 089	146 089
Ms S Moichelo	86 957	86 957
Ms T Mopai	67 736	67 736
Ms M Mngomezulu	67 826	67 826
Mr S Mngomezulu	67 826	67 826
Ms K Muthwa	90 435	90 435
Ms P Numa	88 696	88 696
Mr C Rampheri	135 875	135 875
Ms A Ramakoaba	41 739	41 739
Ms K Sithebe	90 435	90 435
Mr TM Thulare	71 130	71 130
Mr V Ward	121 890	121 890
	1 847 553	**1 847 553**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

24. Directors' emoluments (continued)

2020

	Directors' fees	Total
Mr M Rabodila	52 174	52 174
Mr T Harper	48 696	48 696
Mr J Letsapa	36 522	36 522
Prof H Kasan	109 565	109 565
Mr S Masemola	108 000	108 000
Mr S Masemola	53 913	53 913
Ms M Mojapelo	125 804	125 804
Mr O Mongale	99 130	99 130
Ms K Muthwa	165 217	165 217
Ms Y Pamla	215 652	215 652
Mr L Qina	99 130	99 130
Mr M Rabodila	270 696	270 696
Ms A Ramakoaba	46 957	46 957
Mr C Rampheri	62 610	62 610
Ms K Sithebe	52 174	52 174
Mr V Ward	48 696	48 696
	1 594 936	**1 594 936**

25. General expenses

	2021	2020
Advertising	76 469	-
Auditors remuneration	3 765 611	3 459 767
Bank charges	37 895	46 379
Board expenses	-	67 622
Board fees	1 861 282	1 770 587
Cleaning consumables	5 019 014	8 686 987
Consulting and professional fees	748 034	2 398 437
Document storage	378 193	428 052
Electricity and water	29 821 081	30 917 642
Fleet	13 164 150	12 577 050
Insurance	9 932 509	5 152 319
IT expenditure	5 315 438	4 899 250
IT system licenses	352 824	722 893
Minor assets	10 542	44 438
OHASA - COVID-19	54 105 882	9 310 009
Operating costs - office accommodation	1 504 519	1 188 049
Parking	49 883	143 920
Pest control	853 993	1 015 397
Printing and stationery	832 529	2 405 745
Promotions	33 000	47 806
Protective clothing	1 717 055	745 684
Rates and taxes	6 916 061	6 751 193
Refuse	568 278	517 284
Sanitation and sewerage	1 591 796	1 632 080
Security	46 772 363	49 237 196
Staff training	855 474	489 488
Staff welfare	1 000	77 261
Subscriptions and membership fees	1 496 375	797 770
Telephone and fax	1 377 883	1 831 668
Travel - local	-	153 395
	189 159 133	**147 515 368**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

26. Lease rentals on operating lease

Office accommodation	116 287 294	108 142 646
Parking	22 124 634	19 172 455
GRAP 13 - Straight-lining of operating leases	(5 675 156)	3 744 078
GRAP 13 - Tenant installation incentives	(11 123 762)	-
	121 613 010	**131 059 179**

27. Repairs and maintenance

Repairs and maintenance	36 004 714	60 397 660

JPC is mandated by the COJMM to undertake facilities management across the greater Johannesburg area to ensure that buildings that support and house COJ functions are adequately maintained to mitigate occupational health and safety risks.

28. Finance costs

Finance leases	278 075	1 076 828
Sweeping account	3 438 312	14 408 791
Disputed supplier accounts	6 619	1 446
SARS	-	2 688 154
	3 723 006	**18 175 219**

29. Auditors' remuneration

Fees	3 765 611	3 459 767

External audits	2 260 888	1 805 906
Internal audits	1 504 723	1 080 630
Probity audits	-	573 231
	3 765 611	**3 459 767**

30. Cash used in operations

Deficit	(3 452 583)	(4 401 859)
Adjustments for:		
Depreciation and amortisation	26 004 884	11 341 980
Loss/(gain) on sale of assets	1 053 213	5 303
Movements in operating lease assets and accruals	(5 675 156)	3 744 079
Movements in retirement benefit assets and liabilities	88 000	(138 000)
Movements in provisions	(1 531 375)	683 960
Movement in tax receivable and payable	3 020 564	6 309 009
Annual charge for deferred tax	1 547 786	14 153 367
Non-cash flow interest received	(62 372)	(164 380)
Movement in tax payable - prior period	2 431 176	-
Changes in working capital:		
Receivables from exchange transactions	58 028 074	(230 824 707)
Other receivables from non-exchange transactions	(143 389)	50 536
Prepayments	30 836	83 626
Payables from exchange transactions	(122 344 801)	174 688 798
Deposits	(7 503)	(8 195)
Taxation refunded	4 488 281	-
Income received in advance	(3 975 000)	3 975 000
	(40 499 365)	**(20 501 483)**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

31. Commitments

Operating leases - as lessee (Office accomodation)

Minimum lease payments due		
- within one year	110 730 045	133 388 377
- in second to fifth year inclusive	12 211 195	122 941 240
	122 941 240	**256 329 617**

Operating lease payments represent rentals payable by the entity for the JPC head office and office accommodation for 20 buildings for various City departments. Leases are negotiated for a term of 2 to 5 years for City department occupied buildings and 9 years and 11 months for the JPC head office, all leases are subject to yearly escalations. No contingent rent is payable.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

32. 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 Metropolitan Police Department
	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 IM Bhamjee - Chief Financial Officer
	Mr ES Mbethe - EM: Outdoor Advertising
	Mr TF Mokataka - GM: Legal
	Mr SZ Mntungwa - EM: Property Portfolio
	Mr SG Mzobe - GM: Internal Audit
	Ms MDS Ramoetlo - Company Secretary
	Ms F Sardianos - EM: Client Business Operations

Related party balances

	2021	2020
Loan accounts - Owing by related parties		
City of Johannesburg Metropolitan Municipality - Group Treasury	128 597 724	-
City of Johannesburg Metropolitan Municipality - Portfolio	7 625 748	8 960 950
	136 223 472	**8 960 950**

	2021	2020
Loan accounts - Owing to related parties		
City of Johannesburg Metropolitan Municipality - Emergency and Medical Services	-	(4 862 283)
City of Johannesburg Metropolitan Municipality - Group Finance	(304 296 745)	(67 294 118)
City of Johannesburg Metropolitan Municipality - Group Corporate and Shared Services	(243 935 505)	(74 310 808)
City of Johannesburg Metropolitan Municipality - Group Treasury	-	(187 843 627)
City of Johannesburg Metropolitan Municipality - Housing	(17 682 554)	(34 010 655)
City of Johannesburg Metropolitan Municipality - Revenue Services	(4 803 577)	(3 737 594)
	(570 718 381)	**(372 059 085)**

	2021	2020
Services rendered to related parties		
City of Johannesburg Metropolitan Municipality - Commission received	29 867 083	30 183 603
City of Johannesburg Metropolitan Municipality - Cleaning services recoveries	141 233 524	66 376 228
City of Johannesburg Metropolitan Municipality - Management fees	17 434 051	34 309 440
City of Johannesburg Metropolitan Municipality - Subsidies received	646 229 000	658 636 000
City of Johannesburg Metropolitan Municipality - Internal recoveries	2 212 815	2 032 264
City Power Johannesburg SOC Ltd	90 426	110 369
Johannesburg Development Agency SOC Ltd	11 484	3 173
Johannesburg Fresh Produce Market SOC Ltd	2 903 028	3 017 374
Johannesburg Metropolitan Bus Services SOC Ltd	166 930	583 724
Johannesburg Water SOC Ltd	201 269	839 566
Johannesburg Roads Agency SOC Ltd	-	62 904
Metropolitan Trading Company SOC Ltd	248 688	3 214
	840 598 298	**796 157 859**

Balance included in trade receivables

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
32. Related parties (continued)		
City of Johannesburg Metropolitan Municipality	507 636 520	583 925 266
City Power Johannesburg SOC Ltd	305 351	51 577
Johannesburg Development Agency SOC Ltd	16 856	3 649
Johannesburg Fresh Produce Market SOC Ltd	48 572 832	36 680 675
Johannesburg Roads Agency SOC Ltd	561 145	561 145
Johannesburg Metropolitan Bus Services SOC Ltd	2 860 535	5 659 559
Johannesburg Water SOC Ltd	492 352	85 633
Metropolitan Trading Company SOC Ltd	285 992	45 870
	560 731 583	**627 013 374**

Balances included in trade payables		
City of Johannesburg Metropolitan Municipality - Group Corporate Shared Services	-	1 141 000
Joburg City Parks and Zoo	1 070 865	-
Johannesburg Metropolitan Police Department	64 516 479	48 843 478
	65 587 344	**49 984 478**

Services rendered from related parties		
City of Johannesburg Metropolitan Municipality - Development Planning	-	80 966
City of Johannesburg Metropolitan Municipality - Group Corporate Shared Services	3 401 878	2 193 098
City of Johannesburg Metropolitan Municipality - Office of the Mayor	-	2 959 222
Joburg City Parks and Zoo SOC Ltd	931 187	227 933
Johannesburg Metropolitan Police Department	46 275 766	48 843 478
	50 608 831	**54 304 697**

Interest paid to related parties		
City of Johannesburg Metropolitan Municipality - Group Treasury	3 438 312	14 408 791

Balances included in non-current liabilities		
City of Johannesburg Metropolitan Municipality - Group Finance	774 000	686 000

Interest received from related parties		
City of Johannesburg Metropolitan Municipality - Group Treasury	370 228	-

Notes to the Annual Financial Statements

Figures in Rand

32. Related parties (continued)

Remuneration of management

Executive management

2021

Name	Basic salary	Performance bonuses	Travel allowance	Leave encashment	Company contributions	Total
Ms HM Botes	2 700 000	-	250 000	-	31 126	2 981 126
Mr IM Bhamjee	1 914 067	227 876	96 000	-	410 514	2 648 457
Mr ES Mbethe	1 731 865	-	90 222	56 490	328 515	2 207 092
Mr SZ Mntungwa	976 796	227 276	-	402 864	232 952	1 839 888
Mr TF Mokataka	1 583 469	192 600	-	-	341 254	2 117 323
Mr SG Mzobe	1 456 519	192 600	120 000	-	337 072	2 106 191
Mr F Sardianos	1 983 665	298 156	-	-	437 109	2 718 930
	12 346 381	**1 138 508**	**556 222**	**459 354**	**2 118 542**	**16 619 007**

32. Related parties (continued)

2020

Name	Basic salary	Performance bonuses	Travel allowance	Leave encashment	Gratuities	Acting allowance	Company contribution
Ms HM Botes	2 585 432	348 842	250 000	119 603	-	-	34 32
Mr IM Bhamjee	1 689 489	298 156	96 000	-	-	-	366 68
Mr ES Mbethe	1 452 709	99 180	52 630	42 607	-	-	326 17
Mr SZ Mntungwa	1 759 558	298 156	-	-	-	-	393 29
Mr TF Mokataka	1 342 228	99 180	-	-	-	-	292 65
Mr SG Mzobe	1 328 453	104 166	70 000	-	-	55 114	311 12
Ms K Padayachee	264 128	-	30 000	102 147	300 000	-	57 16
Ms MDS Ramoetlo	660 577	-	-	-	-	-	80 12
Mr F Sardianos	1 759 131	298 156	-	-	-	-	393 23
	12 841 705	**1 545 836**	**498 630**	**264 357**	**300 000**	**55 114**	**2 254 77**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

33. Prior period adjustments

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

Statement of financial position		
Trade and other receivables	-	208 363
Current tax payable	-	(6 309 009)
Currect tax receivable	-	(427)
Deferred taxation	-	1 039 073
Deferred taxation - finance lease assets	-	2 086 838
Deferred taxation - finance lease liability	-	(2 086 838)
Trade and other payables - Accruals	-	(1 915 271)
Trade and other payables - Leave provision	-	(9 706 391)
	-	**(16 683 662)**

Statement of financial performance		
Cleaning consumables	-	(348 093)
Electricity	-	209 561
Employee Costs	-	338 156
OHASA	-	284 269
Pest Control	-	31 667
Printing	-	97 777
Repairs and maintenance	-	557 752
Stationery	-	62 833
Temp Staff	-	681 349
Leave pay provision	-	9 706 391
JPC R&M fees	-	67 465
Facilitation fees	-	(500 000)
Cleaning service recoveries	-	224 172
Interest received	-	427
Deferred taxation	-	(1 039 073)
Current taxation	-	6 309 009
	-	**16 683 662**

Trade and other receivables - Upon investigation of the final completion of the R&M projects and prior to payment. The final bill of quantities revealed savings that required a reversal to correct the original billing to the COJ . However, there were also items that were incorrectly billed to COJ departments that related to common areas and corporate buildings which are required to be absorbed by JPC as they are in the domain of JPC's operations.

Trade and other payables: Accruals - Additional expenditure and reversals relating to accruals for 2020 was adjusted for in the 2021 financial year

Provision for leave pay - As part of the completion for the insourcing of cleaing staff, JPC was required to account for the leave balances due to cleaning staff. The leave days were previously accounted for in the COJ and transferred to JPC in 2021.

Deferred tax - The deferred tax assets were adjusted for the increase in leave provisions for cleaning staff and changes to the accumulated losses.

Current tax payable - Upon submission of the 2020 annual tax return it was calculated and assessed by SARS that JPC had utilised all assessed losses previously brought forward and there was taxable income that gave rise to a current tax liability.

Employee costs - Overtime expenditure related to May and June 2020 was accounted for in the first quarter of 2021. The expenditure has been corrected as a prior period adjustment.

Notes to the Annual Financial Statements

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34. Risk management

Financial risk management

Due to the entity's solvency position, the entity's activities expose it to a variety of financial risks: interest rate risk, credit risk and liquidity risk.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, entity treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The companies cash is swept on a daily basis to The City of Johannesburg Metropolitan Municipality main account.The COJ releases money for use by the JPC as and when funds are needed. Any over expenditure in which the current cash swept cannot cover is covered by the COJ.

At 30 June 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Finance lease obligations	547 120	-	-	-
Trade and other payables	228 902 979	-	-	-
	229 450 099	**-**	**-**	**-**

At 30 June 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Finance lease obligations	4 183 102	547 120	-	-
Trade and other payables	351 585 935	-	-	-
Loan Account - COJ Group Treasury	187 843 627	-	-	-
	543 612 664	**547 120**	**-**	**-**

Interest rate risk

As the company has no significant interest-bearing assets, the company'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.

Credit risk

Credit risk consists mainly of cash deposits, 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	**2021**	**2020**
Trade and other receivables	603 148 547	661 176 621
Cash and cash equivalents	2 000	2 000

35. Financial instruments disclosure

Categories of financial instruments

2021

Financial assets

	At amortised cost	Total
Loans to shareholders	136 223 472	136 223 472
Trade and other receivables from exchange transactions	603 148 547	603 148 547
Cash and cash equivalents	2 000	2 000
Deposits	189 559	189 559
	739 563 578	**739 563 578**

Financial liabilities

	At amortised cost	Total
Loans from shareholders	570 718 381	570 718 381
Trade and other payables from exchange transactions	228 902 979	228 902 979
Finance lease obligation	547 121	547 121
	800 168 481	**800 168 481**

2020

Financial assets

	At amortised cost	Total
Loans to shareholders	8 960 950	8 960 950
Trade and other receivables from exchange transactions	661 176 621	661 176 621
Cash and cash equivalents	2 000	2 000
Deposits	182 092	182 092
	670 321 663	**670 321 663**

Financial liabilities

	At amortised cost	Total
Loans from shareholders	372 074 506	372 074 506
Trade and other payables from exchange transactions	228 902 979	228 902 979
Finance lease obligation	4 183 102	4 183 102
	605 160 587	**605 160 587**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

36. 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 commisions 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 11 years are remaining. The surplus of the company before taxation is R3 546 943 (2020: surplus R16 398 672), after taxation it is a deficit of R3 452 582 (2020: deficit R20 462 376). 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.

37. Fruitless and wasteful expenditure

Opening balance as previously reported	32 413 424	5 361 729
Opening balance	**32 413 424**	**5 361 729**
Office accommodation	15 083 913	24 362 095
SARS	-	2 688 154
Supplier disputes	6 619	1 446
Acting allowances	165 029	-
Board members in the employ of the state	269 568	-
Closing balance	**47 938 553**	**32 413 424**

2021: Supplier disputes - Disputes with creditors over contracts and invoices resulted in interest being levied on overdue accounts in the 2020/21 financial year amounting to R6 619.

Acting allowances - There were three positions that required acting appointments for officials who were placed on precuationary suspension for more than three months. JPC consulted National Treasury who indicated that the only portion that is fruitless and wasteful, is the acting allowance paid after three months and not the full salary cost of suspended.

Board members in the employ of the state - Board and Independent Audit Committee members who are employed by the state were paid normal meeting fees, contradicting National Treasury Circular on remuneration of non-executive directors and CoJ policy.

Office accommodation - JPC has incurred R15 083 913 related to the leasing of office accommodation in Braampark office park at Forums 1 and 2. Forum 1 was completed and occupied from 01 September 2020 with the first two months rental being classified as fruitless and wasteful. However, Forum 2, prevously occupied by JPC, became vacant and the months that the building was unoccupied has been accounted for as fruiltess and wasteful.

2020: SARS - During the financial year SARS conducted a VAT audit for the 2015 and 2017 financial years. SARS re-assessed VAT submissions for the period March, April, May and June 2015 periods as well as December 2017 and raised penalties and interest based on their reassessment amounting to R2 689 339. The penalties and interest arose from the transfer of rental contracts to JPC from the COJ during the integration in 2013/14. The contracts are authorised and contracted for on behalf of the COJ but are budgeted for and paid by the JPC.

Office accommodation - During the 2019 financial year audit the Audit General of South Africa (AGSA) found that five of the six floors in Forum 1 were unutilised, with only Group Governance in occupation of the 6th floor. The AGSA considered rental and parking less the recovery for rental from Group Governance to conclude on an amount that should be declared and disclosed by JPC as fruitless and wasteful expenditure for the unutilised floor space for the 2019 financial year. Using a similar assumption for the calculation of fruitless and wasteful expenditure, JPC has incurred R24 362 095 for the YTD.

Supplier disputes - Disputes with creditors over contracts and invoices resulted in interest being levied on overdue accounts in the 2019/20 financial year amounting to R1 446.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

38. Irregular expenditure

	2021	2020
Opening balance as previously reported	20 446 894	14 496 323
Opening balance	**20 446 894**	**14 496 323**
Fleet services	10 825 207	11 436 050
Panel of professionals	26 360 769	2 007 753
Written-off - Fleet services	-	(13 700 469)
Supply chain management non-compliance	-	6 207 237
Legal services	485 684	-
Cleaning consumables	5 019 014	-
Closing balance	**63 137 568**	**20 446 894**

2021: Fleet - JPC incurred R10 825 207 for 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.

Panel of professionals - The contractor appointed to execute and complete the tenant installations at Braampark Office Park, Forum 1 was awarded from POP03/2018. The panel was declared irregular at the conclusion of the 2019 annual audit by AGSA. The award to the contractor was made prior to the panel being declared irregular.

Legal services - During the financial year the board of JPC engaged legal services for the investigation and advisory for matter related to the suspension of the CEO and CFO. No supply chain process was presented or follwed by the previous board of JPC.

Cleaning consumables - Subsequent to internal audit review it was established that the panel utilised for procurement of cleaning consumables had exceded the validity period of the tender advertisement.

2020: Fleet - JFleet - JPC incurred R11 436 050 for 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.

Subsequent to the 2020 financial year end, the Council of the COJMM approved the write-off of irregular expenditure related to fleet services. The write-off totals to R13 700 469 and condones all fleet expenditure for the 2018 and 2019 financial years.

Panel of professionals - The JPC issued a tender for a panel of professionals under POP 03/2018. The tender was issued to the public through a competitive bidding process. The JPC Bid Adjudication Committee awarded the tender after having followed due process. The Auditor General declared the panel irregular stating that the Bid Evaluation Committee members were not fair in allocating their scores. The JPC has since withdrawn the panel under POP 03/2018 and bidders were informed of the withdrawal.

Supply chain management non-compliance - During the audit of the 2020 financial year the Auditor General of South Africa identified additional irregular expenditure related to non-compliance of various supply chain regulations and requirements.

39. Reconciliation between budget and statement of financial performance

Reconciliation of the budget with the surplus/(deficit) in the statement of financial performance:

	2021	2020
Net deficit per the statement of financial performance	(3 452 583)	(4 401 859)
Adjusted for:		
Revenue	126 341 715	91 084 852
Operating expenses	(130 941 871)	(107 150 672)
Loss on disposal of fixed assets	1 053 213	5 303
Taxation	6 999 526	20 462 376
Net surplus per approved budget	**-**	**-**

Figures in Rand	2021	2020

40. Deviation from supply chain management regulations

Regulation 12(1)(d)(i) of the Municipal Supply Chain Management Regulation, Government Gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process. Regulation 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations, reports them to the next meeting of the board, and includes a note to the annual financial statements

In the previous period, JPC acquired leases of office accommodation via Regulation 36. JPC was disclosing the expenditure on an annual basis throughout the contract period. National Treasury provided clarity that the disclosure should be done during the year of the deviation and JPC must disclose the full contract value and not what was expensed in that period. Contracts that were varied or extended via Municipal Finance Management Act Section 116 do not need to be disclosed in the annual financial statements. The contracts amended via section 116, are therefore removed from this disclosure and only the remaining contract value disclosed for leases on Regulation 36.

During the period under review, JPC established an emergency panel of service providers for the provision of deep cleaning, sanitizing and fogging services at various City of Joburg facilities. The bids were advertised for a shorter period (7 days) in line with MFMA section 22(1)(b)(1)

Deviations related to COVID-19		
4T Group Pty Ltd	778 470	-
Achemar Trading and Projects	975 823	-
Afropex Consulting	1 618 948	-
Amagwala Trading	934 648	-
Ambrica.za Pty Ltd	934 648	-
Ambroser Solutions - LMZ Capital cc JV	1 011 256	-
Baitsekago Projects Pty Ltd	482 436	-
Ballatz Construction and Maintenance	565 751	-
Bavumile Marketing and Consulting Pty Ltd	934 648	-
Big Boys Construction	1 267 860	-
Blackcherry Trading Enterprise cc	760 018	-
Blue Lotus Trading Pty Ltd	508 295	-
Bonamini Trading Enterprise	934 648	-
Chillo Group	1 473 255	-
Cleanride (Pty) Ltd	438 474	-
Complete Link	508 295	-
Dloziman Trading Enterprise cc	953 819	-
Elevated Hygiene Services Pty Ltd	2 432 145	-
Entambane Pty Ltd	482 436	-
Fachs Business Consulting and Trading	113 134	-
Girman Thandinkosi Trading	207 278	-
Gloyan Investment and Trade (Pty) Ltd	691 000	-
Headstart Projects	322 959	-
Hikumekile Business Enterprise cc	286 139	-
Igano Group Pty Ltd	533 346	-
Intando Yesintu Trading 13	934 648	-
Keavusi Trading and Projects Pty Ltd	527 721	-
Kendisa Trading	849 240	-
Khanimamba Projects and Finance Pty Ltd	565 670	-
Khobale Growth Investments	555 003	-
KKL IT Solutions and Projects	934 648	-
KM and FM Baleleni JV	508 295	-
Kokhoza Trading and Enterprise	419 375	-
Kwa Mbombo Cleaning and Supply	489 709	-
Laumeth Trading cc	926 521	-
Lesego Ke Neo Trading	519 679	-

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
40. Deviation from supply chain management regulations (continued)		
Majodina Group Pty Ltd	482 436	-
Mamotlaletsi Pty Ltd	707 341	-
Mila Oluhle Group cc	778 470	-
Mimuso Group	420 374	-
Missy Tee Business Enterprise Pty Ltd	565 670	-
Mogale Solution Providers (MSP) Pty Ltd	1 027 903	-
Moomeleng Business Enterprise	535 182	-
Mote Business Solutions Pty Ltd	424 620	-
Musenga Investments - Above Ground JV	489 709	-
Mxhumazwe Consulting	482 436	-
Nyeleti Training and Projects Pty Ltd	472 900	-
Omeida Trading 105	1 650 074	-
Othaniel Consulting and Projects	316 960	-
Phuti Mpai Building and Civil Contractors	489 709	-
Phuto Engineering	482 436	-
Poto M Construction Pty Ltd	404 050	-
Princess Mpule Projects	489 709	-
PTM Global Consulting	304 573	-
Rangi Property Management	790 461	-
Re Mo Cleaning Services Pty Ltd	484 860	-
Right Start Trading and Projects Pty Ltd	484 860	-
Royal Pest Management	482 436	-
Seeds Consulting and Projects Management	934 648	-
SIM Building Supplies and Projects Pty Ltd	934 648	-
Tallship Haulers Pty Ltd	489 709	-
Thathe Holding (Pty) Ltd	395 951	-
The Great Rocks (TGR) Trading	489 709	-
Thembane Cleaning Services cc	934 648	-
Thibololo Seholo Pty Ltd	448 172	-
Tirhani Nkateko Projects and Developments	130 183	-
TNK Global Services	934 648	-
Tokitone Pty Ltd	436 697	-
Topcor Risk Services	934 648	-
Triple SL Tech CC	404 050	-
Try Easy Electrical Solution	202 025	-
Tswelopele Business Services and Projects	508 295	-
Tubatse Products	448 172	-
Twin Place Trading and Projects Pty Ltd	126 306	-
Vakhova Management Consultants	849 240	-
WKS Holdings Pty Ltd	555 003	-
Wyza Media Solution	482 611	-
Ximambana Trading Enterprise	1 246 731	-
Young Peers Trading and Projects Pty Ltd	555 003	-
Zentoria LS Investments Pty Ltd	515 627	-
	53 104 131	**-**

	2021	2020
Deviations related to office accommodation		
6 Plein Street	15 258 992	10 368 438
Abzubix	20 877 211	12 142 610
Alchemy	-	523 976
Balfin	196 923	334 403
Blend Property	-	1 046 942
CEZ Investments	9 102 147	4 360 960
City Property	2 030 800	1 048 377
Hermans and Romans	17 235 095	11 137 278
Malvern Plaza	18 305	300 577
Mutodo	32 018 044	29 732 103
Nesher	-	3 499 813

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

40. Deviation from supply chain management regulations (continued)

Nthwese Developments	15 305 708	4 698 935
Orion Property Group	7 647 313	5 449 510
Redefine Properties	80 943 416	46 582 146
Sanlam/JHI	53 968 420	36 257 024
Sizanai	1 727 243	959 434
Sparkle Bay	-	11 097 017
Vividend	-	126 033
	256 329 617	**179 665 576**

Deviations related to General Expenditure

Document Warehouse	-	518 077
Nicor Propsys	-	819 235
	-	**1 337 312**

Notes to the Annual Financial Statements

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41. Sponsored skills development

During the 2019/20 financial year the trust account earned interest of R47 477.
The pledge is held in trust by Cliff Dekker Hofmeyer Attorneys on the pledgees' behalf.

As at 30 June 2020, R698 285 of this fund has been utilised to identify the best international practices and standards for property and facilities management.

Sponsored skills development		
Opening balance	670 122	641 430
Additions - Current year	-	726 977
Utilised	-	(698 285)
	670 122	**670 122**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

42. Accounting by principals and agents

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

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

The JPC is mandated to provide facilities management that incorporates repairs and maintenance for the CJMM and other MOEs' in the CJMM group. The JPC is the agent in the arrangement. The JPC facilitates and manages the R&M projects on behalf of the CJMM 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 ensure that the works are executed according to the scope agreed upon with the CJMM departments and other MOEs'.

	2021	2020
Revenue related to principal-agent arrangements		
Internal recoveries - Repairs and maintenance	130 913 660	311 861 587
Management fees	13 519 698	31 608 347
	144 433 358	**343 469 934**
Trade receivables related to principal-agent arrangements		
Trade receivables	299 288 127	416 797 299
Expenditure related to principal-agent arrangements		
Repairs and maintenance	130 913 660	311 861 587
Trade payables related to principal-agent arrangements		
Accruals	56 542 495	145 797 911

APPENDIX E(1)

	Current Year Actual Balance (000's)	Current Year Revised Budget (000's)	Variance (000's)	Var	Explanation of Significant Variances greater than 10% versus Budget
Revenue					
Cellmast services	17 815	11 594	6 221	53.7	Collections are in line with the contract. revenue exceeded budgeted due to greater than anticipated quarterly upliftment fees
Commissions and ad hoc fees received	30 094	79 299	(49 205)	(62.0)	Commissions trail budgeted objectives due to leases currenlty under review at EAC.
Internal recoveries	2 213	-	2 213	-	Recovery of rent from Group Governance for the occupation of the 6th florr on Forum 1
Interest received	432	-	432	-	Interest income generated from the sweeping account as the account is in surplus. Interest received is due to SARS refunds outstanding.
Management fees	20 527	7 000	13 527	193.2	JPC undertook more R&M and CAPEX work than originally budgeted for and anticipated.
Cleaning services recoveries	141 300	172 330	(31 030)	(18.0)	Cleaning service recoveries have been recovered per the allocation of cleaning staff around the COJ.
Subsidy	646 229	646 229	-	-	
Third party facilitation fees	1 500	70 000	(68 500)	(97.9)	Facilitation fees for the 2021 financial year did not materialise due to challenges related to site preparation for the projects to initiate.
	860 110	986 452	(126 342)	(12.8)	
Expenses					
Personnel	(484 632)	(455 219)	(29 413)	6.5	The budget approved for cleaning staff under-provided for the expenditure by R20 million.
Depreciation	(26 005)	(14 132)	(11 873)	84.0	Depreciation exceeds the budget due to the accelerated depreciation on leasehold improvements to align the NBV to the remaining lease term.
General expenditure	(225 164)	(343 086)	117 922	(34.4)	
Finance costs	(3 723)	(43 226)	39 503	(91.4)	JPC reduced the overdraft during the 2021 year resulting in saving on interest costs
Lease rentals	(121 613)	(130 789)	9 176	(7.0)	Lease payments in line with contractual obligations
Debt Impairment	5 626	-	5 626	-	Bad debts provision has been revised down due improved collections subsequent to year end.
	(855 511)	(986 452)	130 941	(13.3)	
Operating profit					
	4 599	-	4 599	-	
Other revenue and costs					
Gain or loss on disposal of fixed assets	(1 053)	-	(1 053)	-	
Net surplus/ (deficit) for the year	3 546	-	3 546	-	
Taxation					
Current	(5 452)	-	(5 452)	-	JPC has utilised all tax losses from previous financial years and is now liabile for current taxation.
Deferred tax	(1 548)	-	(1 548)	-	
Profit/(Loss) for the year	(3 454)	-	(3 454)	-	