




CITY OF JOHANNESBURG
THE METROPOLITAN TECH COMPANY

**Integrated
Annual Report**


2024/25




General Information

City of Johannesburg The Metropolitan Tech Company		
Country of Incorporation and Domicile	South Africa	
Business Address	33 Hoofd Street, Braampark, Forum 4, 2001	
Postal Address	P O Box 1049, Johannesburg 2000	
Controlling Entity	City of Johannesburg Metropolitan Municipality	

Bankers	Standard Bank South Africa	
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Auditors	The Auditor-General of South Africa Registered Auditors	
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Company Registration Number	1999/011422/30	
Nature of Business and Principal Activities	Broadband Network Services & ICT Services	

Executive and Non-Executive Directors	Mr J Nqakalastane - Current Chairperson Mr NS Motale - Previous Chairperson Mrs P Jacobs Mr BT Watson Mr L Saile Mrs MC Williams Mr M Tabane Mr V Blennies Mr I Singh Ms JX Scott Ms MV Mamagobo Mr T Goldsmith Mr T Moropa Mr R Chetty
Company Secretary	Ms S Balakrishna
Level of Assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

Preparer	The annual financial statements were internally compiled by: Mr Rajen Chetty CA (SA) Chief Financial Officer
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The Metropolitan Tech Company

Our Mission

To provide accessible and affordable digital services to stakeholders and citizens as an ICT provider. We aim to create a sustainable and harmonious environment that enhances the digital quality of life of citizens.

Our Vision

To ensure and enable a digitally connected City

Our Values

- Innovation
- Transparency
- Excellence
- Customer Service

Kenny Kunene Member of the Mayoral Committee		08/12/2025
Lutando Sithembele Maboza Department of Transport: Executive Director		08/12/2025
Makhate Jonas Nqakalatsane Chairperson of the Board		08/12/2025
Thedi Moropa Chief Executive Officer		08/12/2025
Rajen Chetty Chief Financial Officer		08/12/2025

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Acronyms	
AFS	Annual Financial Statements
ARC	Audit and Risk Committee
B-BBEE	Broad-Based Black Economic Empowerment
BRT	Bus Rapid Transport
CoJ	City of Johannesburg
CSR	Corporate Social Responsibility
CCTV	Closed-Circuit Television
CIPC	Companies Intellectual Property Commission
CEO	Chief Executive Officer
CTO	Chief Technology Officer
CAE	Chief Audit Executive
EPWP	Expanded Public Works Programme
ESS	Employee Self Service
EBM	Enhanced Business Model
EE	Employment Equity
GRAP	Standards of Generally Recognised Accounting Practice
GGT	Growing Gauteng Together
GDS	Growth Development Strategy
HSEC	Human Resources and Social Ethics Committee
HR	Human Resources
ITIL	Information Technology Infrastructure Library
IAC	Independent Audit Committee
ICT	Information and Communication Technology
KPI	Key Performance Indicator
POPI	Protection of Personal Information
MSA	Municipal Systems Act
MFMA	Municipal Finance Management Act
MMC	Member of the Mayoral Committee
MTC	Metropolitan Tech Company
NED	Non-Executive Director
SMMES	Small, Medium and Micro Enterprises
SDC	Service Delivery Committee
SDA	Service Delivery Agreement
SCM	Supply Chain Management
SLA	Service Level Agreement
SALGBC	South African Local Government Bargaining Council
SALGA	South African Local Government Agency
UIFWE	UIFWE (Unauthorised, Irregular, Fruitless and Wasteful Expenditure)
WIFI	Wireless Fidelity



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Our Icons For Our Capitals

-  Financial Capital
-  Manufacturing Capital
-  Human Capital
-  Intellectual Capital
-  Natural Capital
-  Social and Relationship Capital

Our Icons For Stakeholders

-  Employees
-  Suppliers
-  CoJ Communities
-  Customers
-  Media
-  SMMEs
-  Shareholder

Our Cross-Referencing Approach

-  (Further Information)
-  More information



Our Suite of Reports

The Metropolitan Tech Company 2024/25 Integrated Annual Report is part of a suite of reports and should be read in conjunction with them. These reports can be accessed at <https://MTC.joburg.org.Sa/documents.> has context menu

Reports available on this website include the following:

- Our Past Annual Integrated Reports
- The MTC Remuneration Policy
- MTC Quarterly Reports

Links To External Sources Used In The Report

BusinessTech. (2025). Mobile broadband penetration in South Africa reaches 97% in 2025. Available at: <https://businesstech.co.za> [Accessed 24 Aug. 2025].

Citizen. (2024). Municipalities owe Eskom R95 billion as debt crisis deepens. Available at: <https://www.citizen.co.za/news/south-africa/government-municipality-debt-eskom-ramokgopa> [Accessed 24 Aug. 2025].

Daily Maverick. (2025). Eskom marks 300 days without load-shedding for the first time since 2018. Available at: <https://www.dailymaverick.co.za/article/2025-01-21-eskom-marks-300-days-without-load-shedding> [Accessed 24 Aug. 2025].

Deloitte. (2024). Cybersecurity and infrastructure risk trends in South Africa 2024. Available at: <https://www.deloitte.com/za> [Accessed 24 Aug. 2025].

GPL (Gauteng Provincial Legislature). (2024). Policy Brief on the Government of National Unity (GNU). Available at: <https://www.gpl.gov.za> [Accessed 24 Aug. 2025].

GroundUp. (2024). Digital inclusion initiatives gain momentum across South African cities. Available at: <https://www.groundup.org.za> [Accessed 24 Aug. 2025].

HelloYes. (2025). Digital statistics and internet usage in South Africa 2025. Available at: <https://helloyes.co.za/digital-statistics-and-usage-south-africa-2025> [Accessed 24 Aug. 2025].

About the report

We are pleased to present the Metropolitan Tech Company (MTC) Integrated Annual Report for the 2024/25 financial year. This report provides stakeholders, partners, and the broader public with a transparent account of our performance, governance, and contribution towards realising the City of Johannesburg's Smart City vision.

As the technology arm of the City, MTC continues to play a pivotal role in driving innovation and delivering Information and Communications Technology (ICT) services across the City and its Municipal Entities. We take pride in our mandate to ensure that the City remains at the forefront of digital transformation, enabling better services, improved connectivity, and a smarter urban future for all residents.

Reporting Framework and Governance

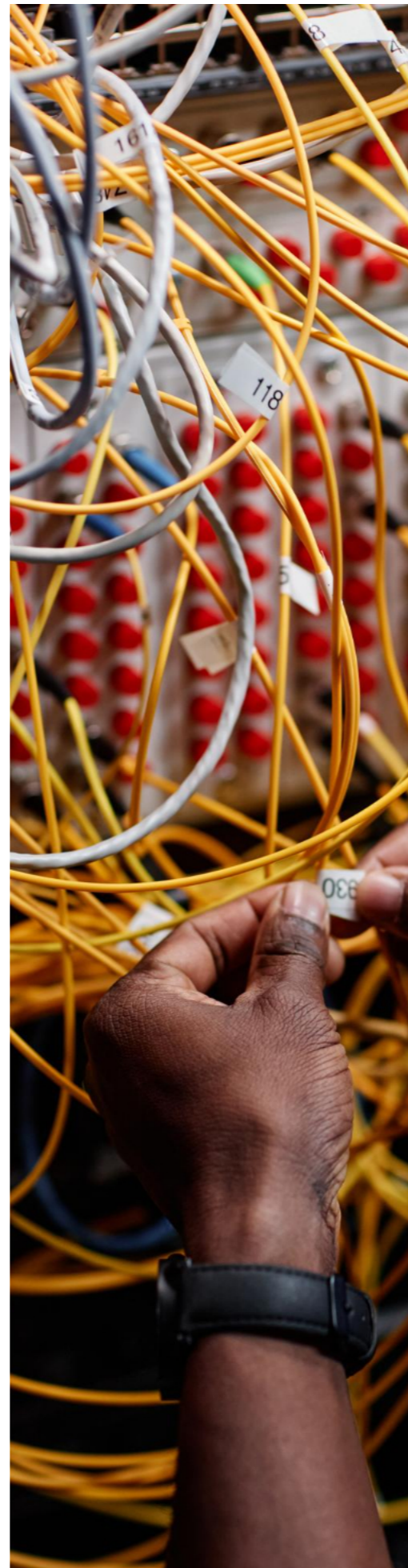
This report has been prepared in line with the International Integrated Reporting Framework issued by the International Integrated Reporting Council (IIRC) in January 2021. It also aligns with leading governance frameworks, including the King IV™ Report on Corporate Governance for South Africa and the Code on Corporate Governance for South Africa.

In addition, MTC has adhered to Circular 63 of the Municipal Finance Management Act (MFMA) No. 56 of 2003, issued by the National Treasury, which outlines the requirements for Annual Reports by municipalities and their entities.

Legislative, Policy, and Strategic Alignment

The content and direction of this report are also shaped by the following key frameworks and strategies:

- South African Statements of Generally Recognised Accounting Practice (GRAP)
- Section 46(1) of the Municipal Systems Act of 2000
- International Integrated Reporting Council's Integrated Report Framework (IIRC IRF)
- King IV™ Report on Corporate Governance for South Africa
- National Treasury Guidelines and Regulations
- National Development Plan 2030
- Joburg 2040 Growth and Development Strategy (GDS)
- City of Johannesburg Integrated Development Plan (IDP)



Basis and Presentation

The preparation of this report was overseen by the Corporate Strategy and Organisational Reporting Executive, Mr Celani Mathenjwa, who led a dedicated, cross-functional team. This team worked collaboratively with all departments across the Entity to ensure the accuracy, completeness, and reliability of the information presented.

In developing this report, we applied a rigorous approach that included the following key processes:

- **Materiality Determination Process** – to identify and prioritise the issues most relevant to our stakeholders and strategic objectives.
- **Reporting Boundaries** – to define the scope and parameters for data collection and performance measurement.
- **Assurance Processes** – to verify the integrity, accuracy, and completeness of the information disclosed.

These issues are covered in detail in this integrated report as they can have a potential impact on our ability to create value in the long run if not managed properly.

Reporting Boundary

The primary purpose of this Integrated Annual Report is to communicate MTC's financial and non-financial performance to stakeholders who are directly or indirectly impacted by, or who have an interest in the Entity's activities, decisions, and outcomes during the 2024/25 financial year.

The scope of the report covers all material aspects of MTC's performance for the reporting period, focusing specifically on the Entity's operations, strategic initiatives, and service delivery outcomes. Where appropriate comparative references to financial and non-financial results from previous years are included to provide context, highlight performance trends, and ensure continuity in reporting.

Assurance Process

The Board, supported by the Audit and Risk Committee, assumes ultimate responsibility for



Celani Mathenjwa

Corporate Strategy and Organisational Reporting Executive

the integrity, accuracy, and completeness of this Integrated Annual Report and any supplementary information it contains. The Board has undertaken a thorough review of the report's preparation and presentation of the report and has confirmed that it is aligned with the International Integrated Reporting Framework issued by the International Integrated Reporting Council (IIRC) in January 2021.

MTC applies a combined assurance model based on the widely recognised three lines of defence approach:

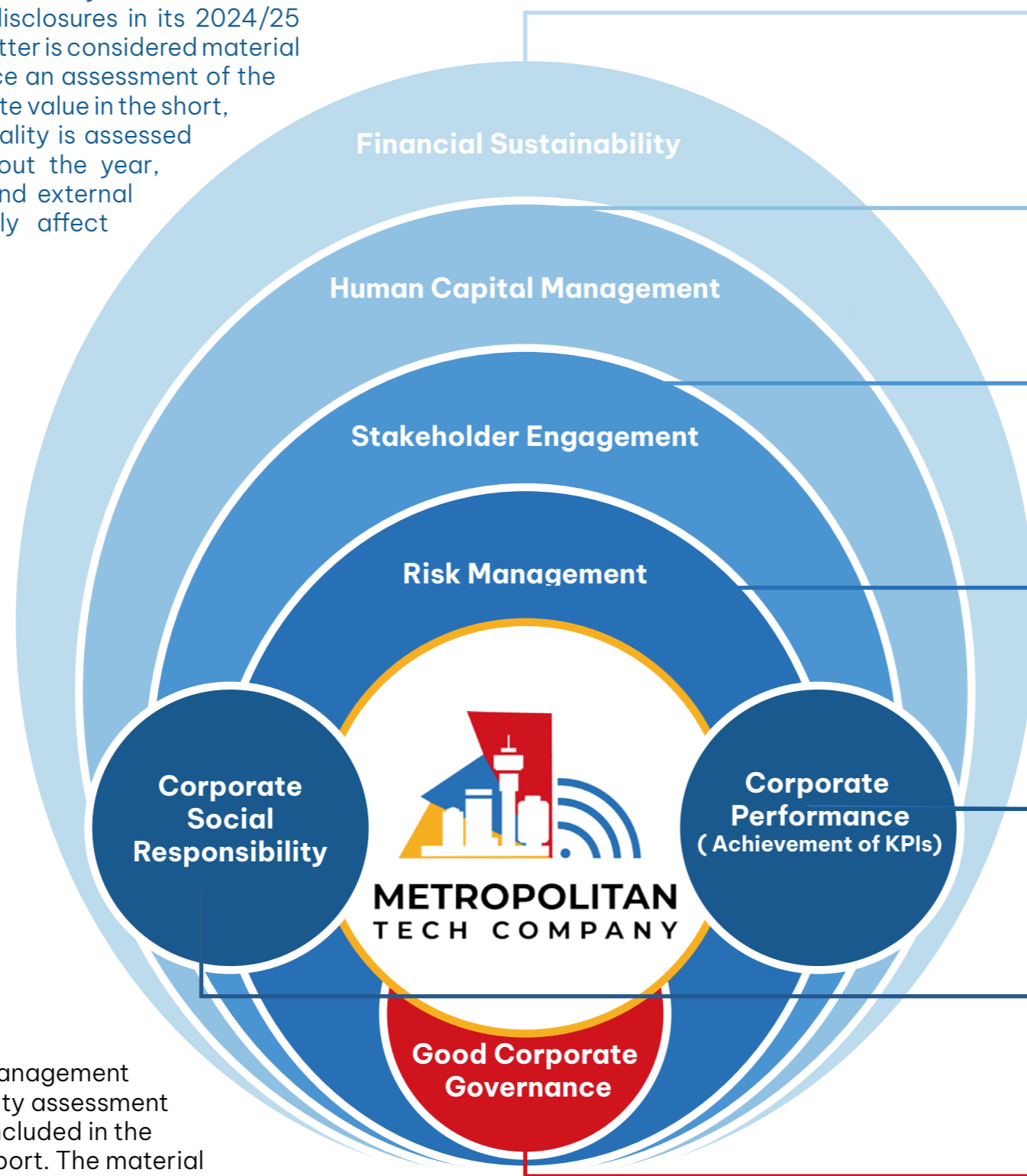
- 1. Management Review** – operational oversight and verification of information at departmental level.
- 2. Internal Assurance** – independent assessments conducted by internal audit and risk functions.
- 3. External Assurance** – independent verification by external auditors and assurance providers.

This model strengthens governance oversight, risk management, and internal control effectiveness, enabling the Audit and Risk Committee and the Board to make informed judgements on the adequacy of MTC's internal control environment.

For the 2024/25 financial year, the Integrated Annual Report has been evaluated and rated to ensure full compliance with all relevant disclosure standards and regulatory requirements outlined in the subsequent sections of this report.

Materiality Determination

MTC applies the principle of materiality to determine the nature, timing and extent of disclosures in its 2024/25 Annual Integrated Report. A matter is considered material if it could substantially influence an assessment of the report and MTC's ability to create value in the short, medium and long term. Materiality is assessed on an ongoing basis throughout the year, taking into account internal and external factors that may significantly affect value creation.



During this reporting period, management conducted a detailed materiality assessment to determine the issues to be included in the 2024/25 Annual Integrated Report. The material issues discussed in this report are set out below.

1) Financial Sustainability: We are disclosing Financial Sustainability as a material matter because it is fundamental to our ability to remain financially viable and to deliver on our mandate over the short, medium and long term. We prioritise disciplined budgeting, strong revenue management, prudent cost containment, and effective cash flow planning to sustain operations and planned service outcomes.

5) Human Capital Management: We are disclosing Human Capital Management as a material matter because our people and organisational capability are critical to executing strategy and delivering quality services. We invest in attracting, developing and retaining competent talent, supported by performance management, learning and development, employee wellbeing, transformation and fair labour practices.

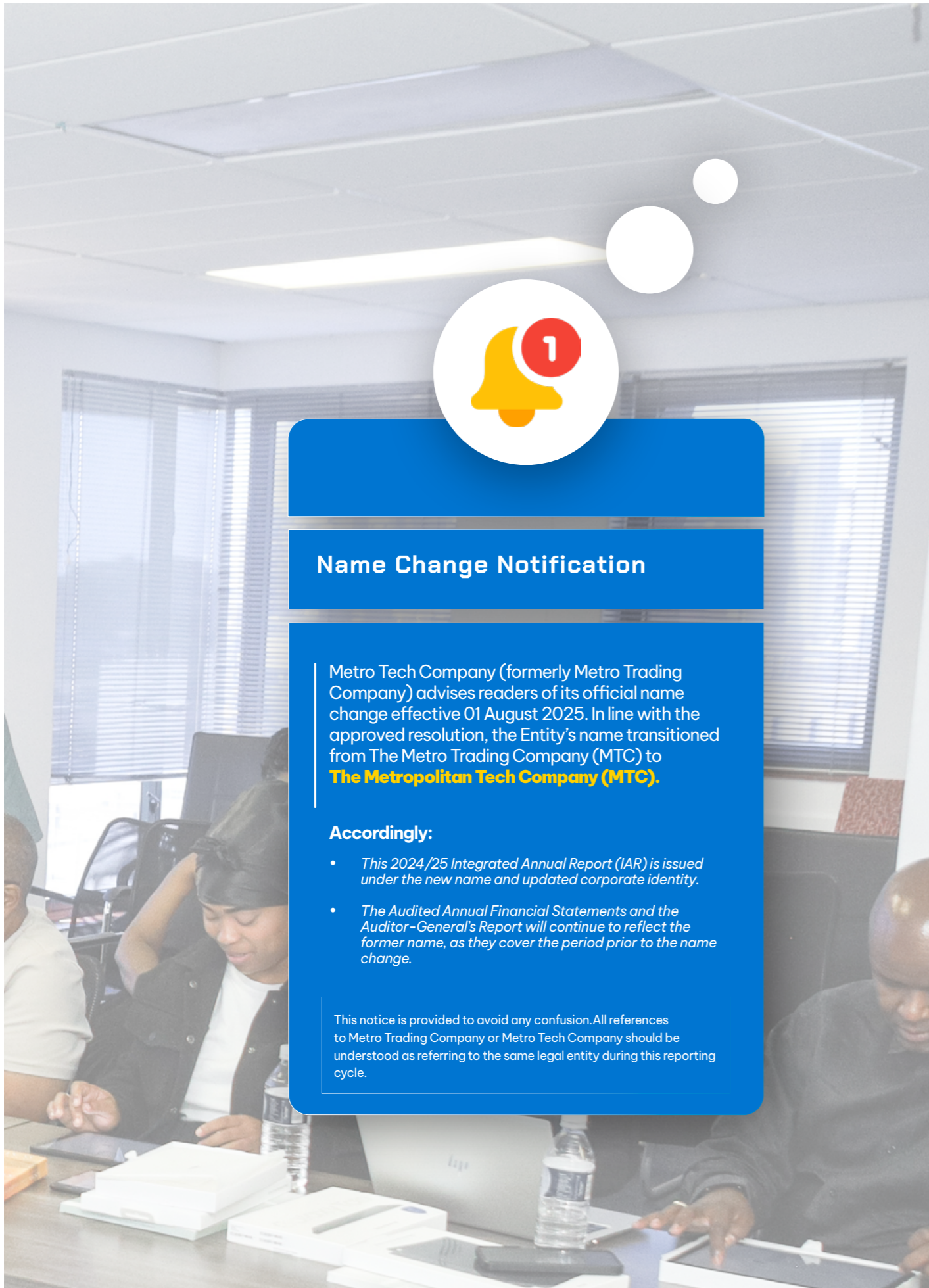
6) Stakeholder Engagement: We are disclosing Stakeholder Engagement as a material matter because constructive, transparent engagement is essential to maintaining trust, improving service delivery and ensuring alignment with stakeholder expectations. We engage the Shareholder, customers, regulators, employees, organised labour, suppliers and communities through structured platforms, using stakeholder insights to inform planning, implementation and continuous improvement.

4) Risk Management: We are disclosing Risk Management as a material matter because unmanaged risks can materially affect service delivery, financial sustainability, compliance and reputation. We proactively identify, assess and mitigate strategic, operational, financial and compliance risks, strengthen internal controls, and maintain business continuity measures to protect and sustain value creation.

3) Corporate Performance (Achievement of KPIs) – City-Owned Entity: We are disclosing Corporate Performance (Achievement of KPIs) as a material matter because, as a City-Owned Entity, our success is measured by the delivery of the City's strategic priorities and service outcomes. We translate the shareholder's mandate into measurable annual targets aligned to approved plans and budgets, monitor delivery through credible reporting and assurance processes, and implement corrective actions to improve outcomes, value for money and service excellence.

7) Corporate Social Responsibility: We are disclosing Corporate Social Responsibility as a material matter because our long-term relevance depends on responsible corporate citizenship and meaningful socio-economic impact. We implement initiatives that create shared value for communities, support sustainability priorities, and strengthen partnerships that advance the City's broader developmental agenda.

2) Good Corporate Governance: We are disclosing Good Corporate Governance as a material matter because effective oversight, ethical leadership and compliance underpin sound decision-making and organisational legitimacy. We maintain robust governance structures, clear delegations of authority and adherence to applicable legislation, regulations and governance codes to strengthen accountability and stakeholder confidence.



Name Change Notification

Metro Tech Company (formerly Metro Trading Company) advises readers of its official name change effective 01 August 2025. In line with the approved resolution, the Entity's name transitioned from The Metro Trading Company (MTC) to **The Metropolitan Tech Company (MTC).**

Accordingly:

- *This 2024/25 Integrated Annual Report (IAR) is issued under the new name and updated corporate identity.*
- *The Audited Annual Financial Statements and the Auditor-General's Report will continue to reflect the former name, as they cover the period prior to the name change.*

This notice is provided to avoid any confusion. All references to Metro Trading Company or Metro Tech Company should be understood as referring to the same legal entity during this reporting cycle.



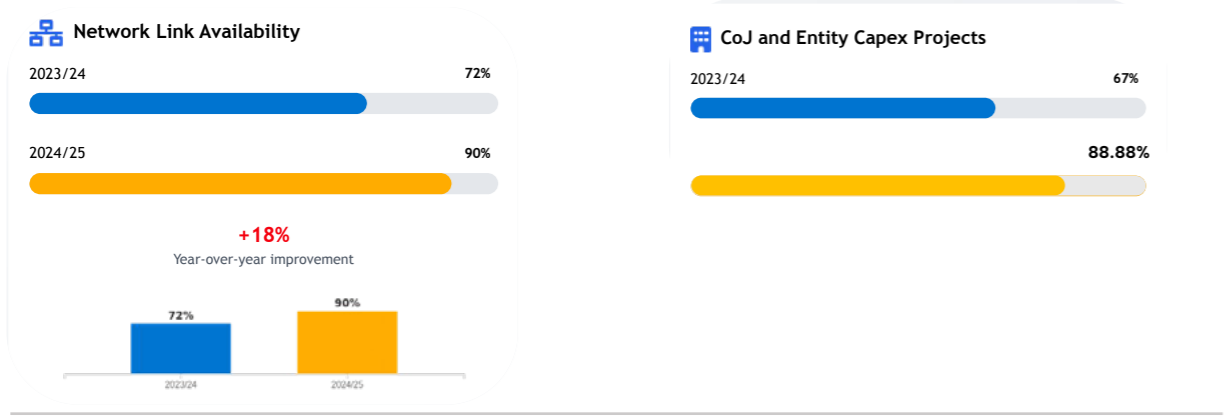
OLD LOGO



METROPOLITAN
TECH COMPANY

NEW LOGO

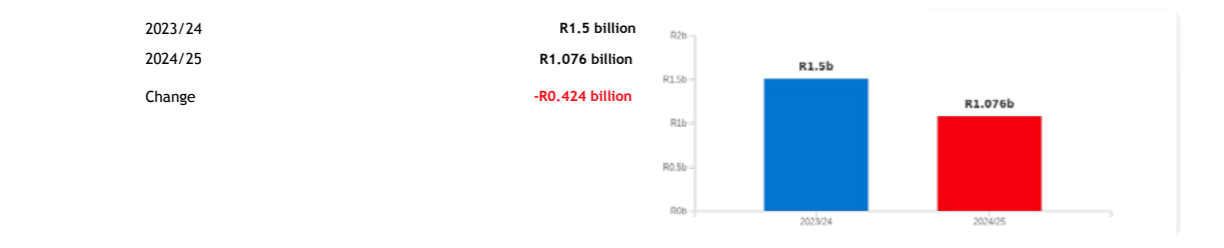
Performance Summary



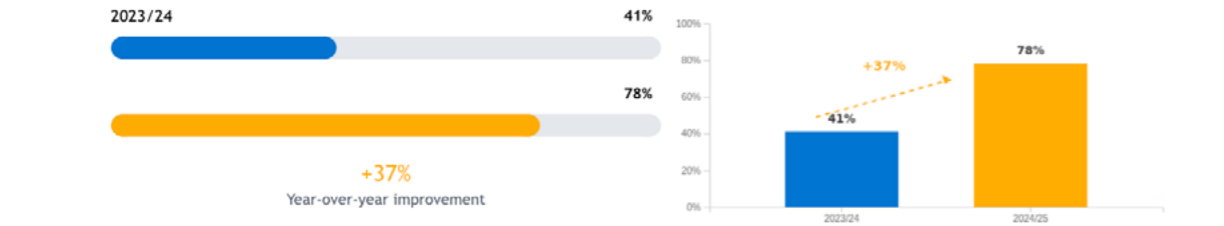
New KPIs Introduced This Financial Period



Financial Performance



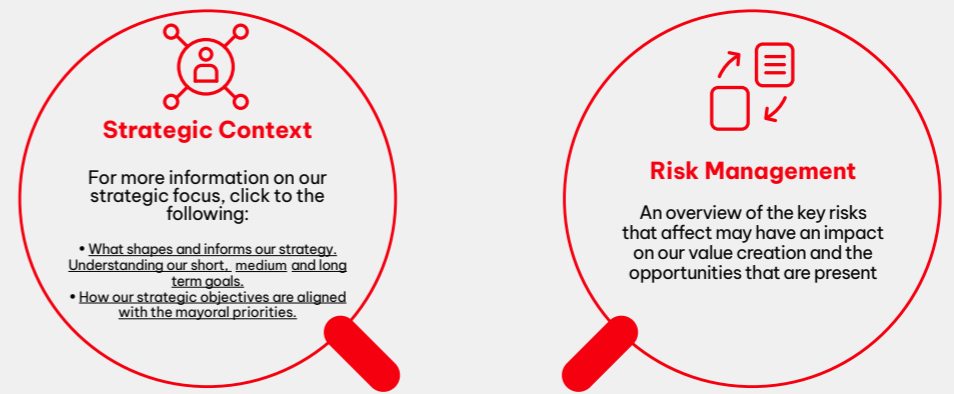
Percentage of total sales revenue collection achieved



New Financial Performance KPI



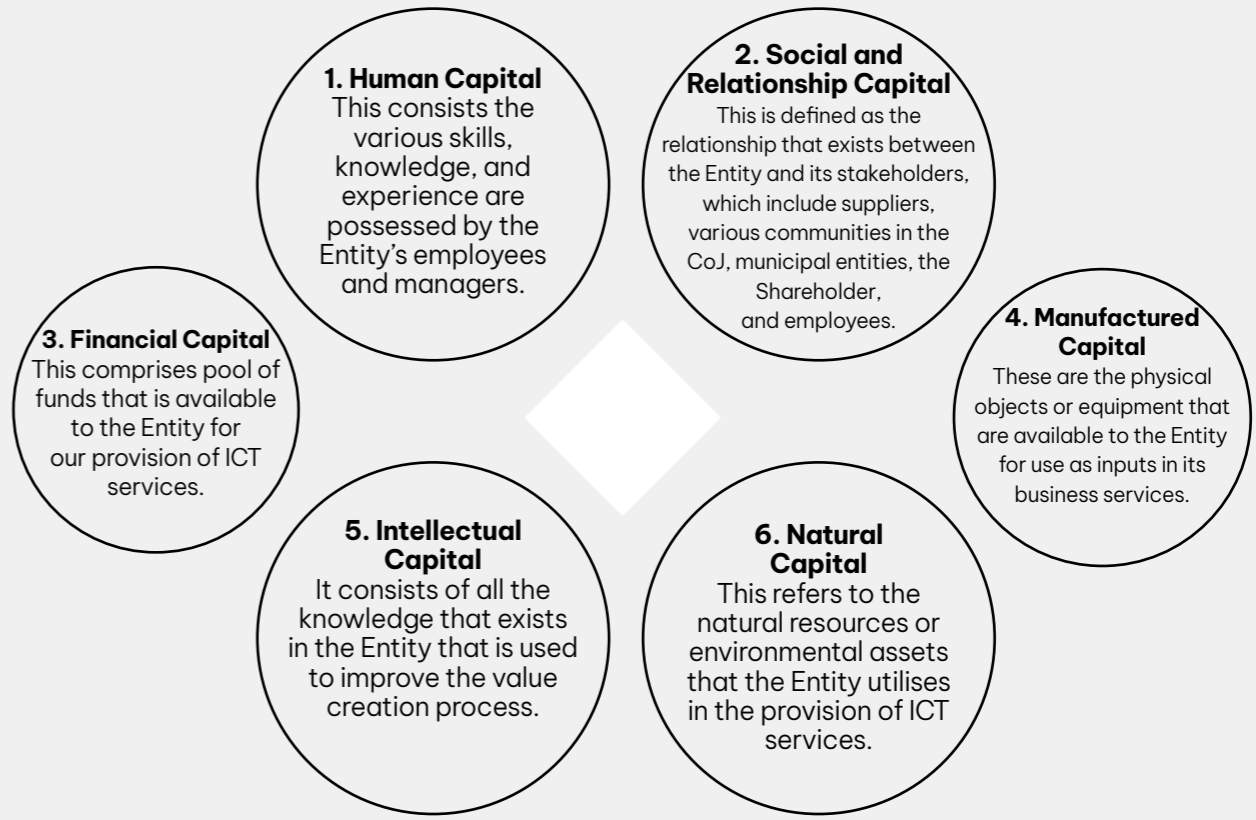
Exploration of Our Value Creation model



Our Value Creation

The Entity utilises all six capitals as inputs of its value creation process as set out in the Integrated <IR> Reporting Framework. The description of our capitals is as follows:

Our Capital Performance



(Further information on how our capitals performed is provided in our detailed value creation diagram) Click to refer to the performance of our capitals

Leadership and Corporate Profile

Capitals impacted by disclosures

 Financial Capital  Manufacturing Capital

Stakeholders Impacted by disclosures

 Shareholder  CoJ Communities  Employees

Cross-referencing used in the chapter

 More Information  Read More

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Our new focus

“Refresh and Monetise”

Our strategic theme, Refresh and Monetise, is centred on revitalising core offerings and customer experiences while systematically converting existing capabilities and assets into sustainable, diversified revenue streams.



Member of the Mayoral Committee



Kenny Kunene

Comprehensive Overview of Service Delivery and Governance

This report provides a comprehensive account of MTC's performance in delivering information and communication technology services throughout the City. It reflects on the progress made in expanding free public Wi-Fi to Rea Vaya stations and key public facilities, strengthening corporate governance practices, and improving the efficiency of stakeholder engagement processes. It further highlights MTC's proactive approach to risk management and its transition to the new Refresh and Monetise strategic direction. This shift positions the organisation to enhance financial sustainability, reduce reliance on shareholder funding, modernise critical infrastructure, and introduce new revenue-generating opportunities that support long-term operational stability.

Strategic Alignment with Provincial and Municipal Growth and Development Strategies

MTC's activities during the 2024/25 reporting period remained firmly aligned with the National Development Plan 2030, the Gauteng Province's Growing Gauteng Together 2030 strategy, and the City of Johannesburg's Integrated Development Plan and Growth and Development Strategy 2040. These strategic frameworks continue to guide MTC's interventions, ensuring that its initiatives support not only the City's Smart City aspirations but also the broader developmental objectives at municipal, provincial, and national levels.

Actions Taken to Ensure Achievement of Strategic Objectives in the IDP

The financial year presented several critical challenges, including persistent underfunding, an ageing and inadequate network infrastructure, ongoing power outages, and incidents of network vandalism that disrupted connectivity and affected service reliability. Liquidity constraints also limited the scope and pace of capital projects, creating barriers to the full achievement of network expansion and modernisation targets. Despite these difficulties, MTC made significant progress by strengthening its risk management framework, improving its engagement with City Treasury to enhance debt collection and payment turnaround times, and expanding community outreach initiatives such as anti-vandalism awareness campaigns and the Expanded Public Works Programme. These efforts demonstrated MTC's determination to overcome operational obstacles while advancing its mandate and strategic priorities.

Public Participation

Public participation remained central to MTC's operations throughout the reporting period. Programmes aimed at raising awareness about infrastructure protection and creating employment opportunities through the Expanded Public Works Programme were instrumental in fostering shared responsibility and community involvement. These initiatives also supported the City's broader socio-economic development objectives while ensuring that MTC's network infrastructure was better protected and maintained.



More Information on community engagement efforts is provided in Chapter 4

Looking Ahead

Looking ahead, MTC will focus on converting Shareholder Loans into equity to improve liquidity and unlock funding for essential infrastructure projects. The modernisation of the network will be prioritised to enhance service reliability and expand digital inclusion initiatives across Johannesburg. In addition, efforts to improve revenue collection processes, strengthen customer engagement, and ensure financial sustainability will remain key priorities as MTC continues to advance the City's Smart City vision.

As we close the 2024/25 financial year, I extend my gratitude to the Board, management, employees, and all stakeholders for their resilience, commitment, and support. Together, we will continue to drive digital transformation, strengthen Johannesburg's ICT infrastructure, and position the City as a leader in innovation, service delivery excellence, and inclusive economic growth.



Kenny Kunene

Member of the Mayoral Committee
Transport

Refresh and Monetise

Board Chairperson's Statement



Makhate Jonas Nqakalatsane

Introduction

It is with a deep sense of responsibility and pride that I present the Board Chairperson's Statement for the Metropolitan Tech Company (MTC) covering the 2024/25 financial year, from 1 July 2024 to 30 June 2025. This has been a year marked by considerable operational challenges but also by significant progress towards the modernisation of the City of Johannesburg's digital infrastructure and the realisation of its Smart City objectives. The Board has remained committed to exercising its oversight role with diligence, ensuring that MTC continues to uphold the highest standards of governance, accountability, and performance.

Governance and Oversight

Governance continues to be a core focus, as evidenced by our adherence to the King IVTM Code and compliance with legislative frameworks, including the MFMA and MSA, reflecting our commitment to ethical leadership and sound corporate citizenship. Throughout the year, the Board has provided rigorous oversight and strategic guidance aimed at achieving MTC's mission, strengthening risk management, and enhancing overall organisational performance.

Board committees, particularly the Audit and Risk Committee, have played a critical role in reviewing internal controls, monitoring compliance, and ensuring the integrity of financial and non-financial reporting. Regular engagements between the Board, management, and key stakeholders enabled transparent decision-making and alignment of MTC's priorities with the City's broader strategic vision.

The Board also experienced changes in its composition during the reporting period. Mr. Lloyd Saile resigned on 30 August 2024, Ms. Jacelyn Xenia Scott resigned on 12 December 2024, and Mr. Vencent Blennies resigned on 23 May 2025. The City of Johannesburg, as the Shareholder, was informed of these resignations and has commenced the process of appointing replacements to ensure continuity and the effective discharge of governance responsibilities.

Performance and Strategic Progress

Operationally, MTC has shown determination to meet its strategic objectives despite financial constraints, underfunding of capital projects, and persistent infrastructure challenges. The rollout of free Wi-Fi services at Rea Vaya stations and key public facilities stands out as a significant achievement, reflecting our commitment to digital inclusion and aligning directly with the City's Smart City aspirations.

During the reporting period, MTC transitioned away from the Enhanced Business Model (EBM) and adopted a new strategic direction centred on "Refresh and Monetise." This shift represents a decisive move towards strengthening operational efficiency, unlocking new revenue streams, and improving the commercial sustainability of the broadband network. The refreshed strategy focuses on optimising the network asset base, enhancing service offerings, modernising infrastructure, and positioning MTC to compete more effectively in the ICT market space.

Human Capital Development

Our human resources initiatives during the year showcased meaningful investment in employee development and wellness, which are vital for maintaining a productive and motivated workforce. These initiatives helped to ensure that MTC continues to attract and retain the critical technical and operational skills required for effective service delivery and long-term organisational success.

Stakeholder Engagement and Community Participation

The Board recognises the importance of strong relationships with stakeholders and communities as a foundation for sustainable service delivery. During the reporting period, MTC expanded public participation initiatives, including anti-vandalism campaigns and the Expanded Public Works Programme, which not only safeguarded critical infrastructure but also created employment opportunities for local communities. These initiatives underscore MTC's dual role as a technology enabler and a partner in advancing Johannesburg's socio-economic development.

Looking Ahead

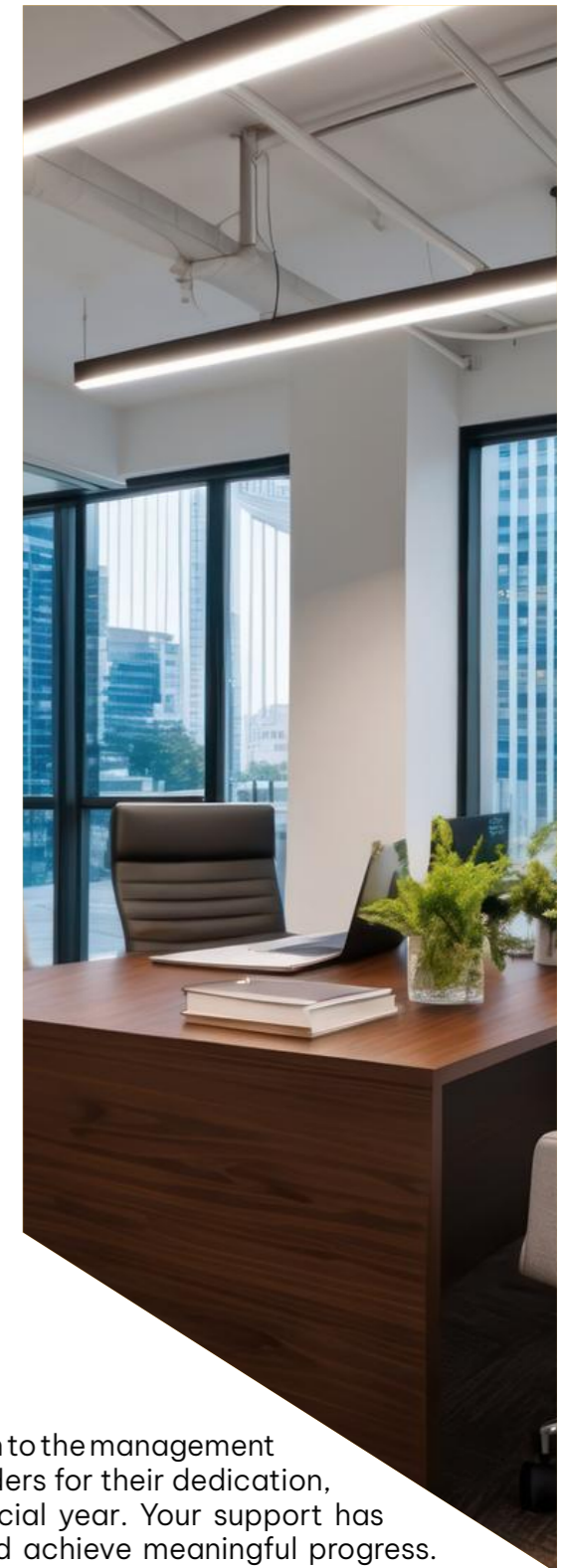
As we look to the future, the Board remains committed to guiding MTC through its next phase of growth and transformation. Our focus will be on accelerating network modernisation, converting Shareholder Loans into equity to improve liquidity and financial sustainability, and expanding digital inclusion programmes across the City. We will continue to provide strategic oversight to ensure that MTC upholds the highest standards of governance while delivering on its Smart City mandate.

Appreciation

On behalf of the Board, I wish to extend my sincere appreciation to the management team, employees, the City of Johannesburg, and all stakeholders for their dedication, resilience, and collaboration throughout the 2024/25 financial year. Your support has been invaluable in enabling MTC to navigate challenges and achieve meaningful progress. Together, we will continue to build a digitally connected, innovative, and inclusive City that serves the needs of all its residents.

Makhate Jonas Nqakalatsane

Chairperson:
The Metropolitan Tech Company



Chief Executive Officer



Thedi Moropa

Introduction

It gives me great pleasure to present the CEO's perspective on the performance of the Entity for the 2024/25 financial year. This period marked significant efforts towards strategic realignment, strengthening service delivery, and addressing critical operational and financial challenges to position MTC for long-term sustainability and growth.

Strategic Realignment and Performance Improvements

During the financial year, the Executive Committee (Exco) focused on accelerating improvements across all key performance areas, especially indicators that had been under pressure in previous reporting periods. I am particularly pleased to report that, over the course of the 2024/25 financial year, network availability

improved significantly, reaching 90% by year end, a major step towards achieving the long-standing target of 98% for the first time in the Entity's history.

Similarly, the number of surveillance cameras connected to the Integrated Operations and Observation Centre (IOOC) met its set targets, demonstrating the success of our interventions to stabilise critical infrastructure. These operational gains helped MTC to achieve an overall organisational performance of 63% by the end of the financial year, a clear sign of progress despite the persistent challenges we faced.

Risk Management and Governance

Risk management remained at the centre of our operations throughout the year, as guided by the Audit and Risk Committee and the Board. During the course of the year, MTC implemented quarterly risk assessments to identify, evaluate, and mitigate risks impacting financial, operational, and strategic objectives.

Key risks included liquidity constraints, network infrastructure vulnerabilities, load shedding disruptions, and incidents of vandalism. In response, the management team rolled out mitigation measures that stabilised network operations, strengthened revenue collection processes, and enhanced financial controls. These efforts contributed directly to the remarkable improvement in network availability and operational performance in the final quarter.

Importantly, the adoption of an Enterprise Risk Management (ERM) framework ensured that risk ownership was embedded across departments, aligning mitigation measures with the City of Johannesburg's Smart City vision and legislative compliance requirements.

[Read More On Our Risk Management Initiatives In Chapter 2](#)

Investment in Human Capital

MTC's success is underpinned by its people. With over 90% of employees holding undergraduate degrees, our workforce continues to reflect a high calibre of skills and professionalism. During the year, we launched a soft skills training programme aimed at fostering a culture of service excellence and innovation, as well as initiating a staff wellness programme to provide structured support for employees during times of need.

These initiatives demonstrate our commitment to employee development, well-being, and retention, ensuring that MTC remains an employer of choice in the ICT sector while building the capacity required to deliver on our strategic mandate.

In terms of capacitation, MTC has 82 positions in its approved

organisational structure, with 52 positions filled by the end of the 2024/25 financial year, resulting in a vacancy rate of 34%. While this demonstrates progress in strengthening MTC's human capital base, the vacancy rate underscores the importance of targeted recruitment, retention, and skills-development initiatives to ensure the Entity is fully resourced to deliver on its strategic mandate.

Looking Ahead

As we move into the 2025/26 financial year, MTC will continue focusing on modernising its ICT infrastructure, strengthening financial sustainability through enhanced revenue collection, and expanding digital inclusion programmes across Johannesburg. Risk management processes will remain central to our strategy, ensuring that we continue to mitigate potential threats while building on the progress achieved this year.

I extend my sincere appreciation to the Board, our employees, the City of Johannesburg, and all stakeholders for their unwavering support and dedication throughout the year. Together, we will continue to advance MTC's role as a key enabler of the City's Smart City ambitions, delivering value to residents and businesses alike.

It is my pleasure to present the financial performance overview of the Metropolitan Tech Company (MTC) for the 2024/25 financial year.

Thedi Moropa

Chief Executive Officer:
The Metropolitan Tech Company



Chief Financial Officer



Rajen Chetty

Introduction

It is my pleasure to present the financial performance outcomes of the Metropolitan Tech Company (MTC) for the 2024/25 financial year. The period under review was characterised by both positive operational gains and continued financial pressures requiring disciplined financial management and strengthened internal controls.

Overall Financial Performance

For the year ending 30 June 2025, MTC recorded a deficit before taxation of R119.2 million, an increase from the prior year's deficit of R103.9 million. The deficit continues to be driven by high finance costs associated with the Shareholder loan and overdraft, coupled with reduced commercial activity during the reporting period.

Total revenue amounted to R512 million (2023/24: R594 million), representing

a 14% decline year on year. The reduction is mainly attributable to fewer ICT projects undertaken for the City and Municipal Entities, as well as the application of GRAP 109, where the Entity acted as an agent in certain projects, recognising only the portion of revenue aligned with the principal-agent assessment.

Exchange revenue decreased to R287.2 million, while non-exchange revenue (subsidy) amounted to R224.9 million, in line with the approved allocation.

Table 1.1 summarises the key performance indicators:

Table 1.1 Financial Performance Overview

	2024/25 Actual (R'000)	2023/24 Actual (R'000)	YOY % Actual (R'000)	2024/25 Budget (R'000)	%Change Actual vs Budget
Revenue					
Exchange Transactions	287 190	335 383	-14%	302 800	-5%
Non-exchanged Transaction	224 856	259 136	-13%	224 856	0%
Total Operating Expenditure	631 322	698 454	-10%	527 656	20%
Finance Costs	339 642	264 249	29%	177 899	91%
Deficit Before Tax	-119 276	-103 935	15%	-	-

Expenditure Performance

Total expenditure decreased by 10%, amounting to R631 million (2023/24: R698 million). The most significant costs remain:

Finance Costs: Increased to R339.6 million (2023/24: R264.2 million) mainly owing to interest on the Shareholder loan and late-payment penalties.

Depreciation and Amortisation: R33.2 million, reflecting ageing assets and reduced asset values.

Contracted Services and Cost of Sales: R75.5 million, aligned with reduced project delivery.

Management continues to prioritise cash-flow controls, improved debtor recoveries, and strict expenditure containment as part of the sustainability strategy.

Cash Flow and Liquidity Position

The Entity closed the financial year with an overdraft of R593 million, driven primarily by historical debt and collection constraints from internal counterparties. While collection improved to a rate of 70% for the year, this area remains a critical priority.

Proactive engagements are underway with the City to explore debt restructuring, enhanced cash allocations, and alignment of the repayment profile of the Shareholder Loan.

Table 1.2 Key Ratios

Ration	2024/25	2023/24	Norm	Comment
Liquidity	1.1	1.2	1.5 - 2.0	The ratio is below the norm due to challenges with collection of internal debtors
Solvency	0.9	0.9	2	Impact of shareholder loan increasing while assets are depreciating
Acid Test	1.1	1.2	1	Current assets higher than current liabilities due to high debtors balance.
Debtors days	3718	1665	30 days	Challenges with collection of internal debtors.
Cash coverage	-	-	1 - 3 months	Overdraft position at year end.
Debt to Revenue	> 100%	> 100%	45%	Shareholder loan balance much higher than revenue that was generated.
Capital Cost	54%	38%	6% - 8%	Interest on shareholder loan is the largest expense item.

Improvement of Supply Chain Management Processes

The department is better resourced than in prior years, with acting and short-term positions being converted into permanent positions in the department. The impact of these additional resources is reflected in the reduction of the UIFW expenditure from the prior year. The Contracts Management function maintained a clean audit in the previous two financial years and we are confident of maintaining this trajectory.

Resolution of UIFWe (Unauthorised, Irregular, Fruitless and Wasteful Expenditure)

The Board of MTC approved the write-off of UIFW expenditure for the financial years 2022/23 and 2023/24. The interest on the Shareholder's Loan was also written off and irregular transactions amounting to R123m were also approved for write-off. The amounts written off were only approved by the Board after the Entity had sought legal opinion on these transactions.

Looking Forward

The 2025/26 financial year will focus on:

- Improving the liquidity position through stronger revenue collection
- Business development with an emphasis on procuring external clients
- Reprioritising expenditure to protect core service delivery
- Investing in Smart City and Safer City technology infrastructure
- Strengthening internal controls across financial and operational environments
- Resolution of the Shareholder loan to improve the solvency and liquidity of the Entity.

The annual audit process was concluded on 30 November 2025 and the Entity achieved an unqualified audit opinion with findings. The recommendations of the Auditor General will be implemented, with the aim of achieving a clean audit outcome in 2025/26.

I wish to extend my sincere appreciation to the Board, Executive Management, the City of Johannesburg, our employees, and all stakeholders for their continuous support and commitment.

Rajen Chetty

Chief Financial Officer:
The Metropolitan Tech Company

Corporate Profile and Overview of the Entity

"We are the City's broadband backbone, driven by purpose to connect communities, unlock opportunity, and bring the City's vision of a digitally empowered Johannesburg to life through inclusive, reliable digital connectivity."

MTC is a municipal-owned entity (ME) operating under the ownership of the City of Johannesburg Metropolitan Municipality. Established to address the City's growing digital connectivity needs, MTC serves as the backbone of broadband services in Johannesburg, playing a pivotal role in advancing the City's vision of a digitally empowered community.

In 2013, the City of Johannesburg restructured the operations of the previous MTC, integrating its functions into other municipal units. However, recognising the critical importance of broadband connectivity, the City Council approved the establishment of a dedicated Broadband Network Municipal Entity (ME) on 28 February 2015, in accordance with Section 76(b) of the Local Government: Municipal Systems Act No. 32 of 2000. The network assets and related operations were officially transferred to this entity on 3 September 2015, marking the revival of MTC in its new role.

As the designated ME, MTC was tasked with delivering efficient broadband services to enhance digital connectivity across Johannesburg. Its strategic objectives align with the City's commitment to fostering an inclusive, well-connected digital ecosystem for residents, businesses, and stakeholders.

MTC's operations are guided by the 2018/2021 Service Delivery Agreement (SDA), signed by MTC's Board and the City of Johannesburg. This agreement formalised MTC's commitments, outlining Key Performance Indicators (KPIs) to ensure alignment with the Entity's operational context. Over time, these KPIs were refined to address emerging challenges and opportunities, ensuring that MTC remained responsive to the City's evolving digital needs.

MTC remains committed to its mission of delivering innovative broadband solutions while adapting to a rapidly changing technological landscape. Through continuous improvement, stakeholder engagement, and strategic realignment, MTC will continue to play a key role in supporting the City of Johannesburg's digital empowerment agenda.



The shifting of governance in the CoJ, accompanied by the formation of the Government of Local Unity (GLU), has necessitated the development of a roadmap to guide its socio-economic and service delivery trajectory.

OUR CORE MANDATE

Digital Connectivity Utility

01

MTC is the City of Johannesburg's digital connectivity utility, delivering an innovative, secure digital ecosystem through offering wholesale data services to public and private entities on behalf of the City, while delivering on its primary mandate of Smart City enablement and bridging the digital divide.

Wholesale and Internal Connectivity Services

02

MTC shall offer wholesale services to existing and new markets and internal connectivity services to the City and its entities with spare capacity on the network provided to Network Operators and ICT Resellers, who will sell this directly to enterprises, SMMEs, and households.

Additional ICT Services under SDA

03

MTC shall perform any other digital connectivity and ICT services aligned to MTC's Service Delivery Agreement (SDA) with the CoJ, as amended occasionally.

Figure 1.1 Core Mandate

Quick Facts



50.8
Million users
in South Africa



Rapid Expansion by
Private Operators



78.9%
Internet
Penetration



124
million active cellular
mobile connections.

Macroenvironmental Analysis

The Entity's operating environment during the 2024/25 financial year was shaped by a range of political, economic, social, technological, environmental, and legal (PESTEL) factors that influenced both strategic direction and operational performance. This period was characterised by shifting political dynamics following the establishment of the Government of National Unity (GNU), ongoing economic constraints in municipalities, rapid technological advances, and increasing demands for digital inclusion across the City of Johannesburg (GPL, 2024; Citizen, 2024).

Understanding these macroenvironmental forces is critical to contextualising MTC's achievements, challenges, and strategic decisions during the reporting period. The PESTEL analysis presented in this section provides insights into how these external factors shaped the Entity's ability to deliver on its mandate, manage risks, and align with the City's Smart City objectives and long-term development

Political

The formation of the Government of National Unity (GNU) in 2024 created a coalition administration at national and provincial levels. While this structure promised policy inclusivity and broader representation, it introduced delays in budget approvals and infrastructure funding decisions affecting municipal entities such as MTC (GPL, 2024). The political uncertainty impacted the timing of Smart City initiatives, making financial and operational planning less predictable (Oxford Economics, 2024).

Economic

South Africa's economic landscape was constrained by high municipal debt, with arrears to Eskom escalating to R95.4 billion by November 2024, projected to exceed R110 billion by March 2025 (Citizen, 2024). This municipal debt crisis delayed payments to service providers, including MTC, leading to persistent cash flow challenges. Despite this environment, MTC achieved a 23% annual revenue increase, supported by high-value ICT projects commissioned by the City of Johannesburg.

Social

Internet penetration in South Africa reached 78.9% in January 2025, representing 50.8 million users and growth of 2.6 million users in a single year (HelloYes, 2025). Yet, significant digital divides remain across urban and peri-urban areas. MTC's expansion of free Wi-Fi and public safety connectivity projects directly addressed this gap, advancing digital inclusion and enabling communities to access essential services online (GroundUp, 2024).

Technological

Digital infrastructure improved nationally, with mobile broadband penetration exceeding 97% by early 2025 (BusinessTech, 2025). For MTC, this growth provided opportunities to expand service coverage, as evidenced by the achievement of 96% network availability by year end, the highest in the Entity's history (MTC, 2025). However, persistent risks such as cable theft, ageing infrastructure, and cybersecurity vulnerabilities underscored the need for accelerated modernisation investments (Deloitte, 2024).

We are operating in a challenging environment shaped by shifting political and funding conditions, municipal economic constraints, and evolving technological, energy, environmental, and legal pressures that influence our delivery on the City's Smart City objectives.

Environmental

Eskom marked 300 consecutive days without load shedding in early 2025, the first such milestone since 2018 (Daily Maverick, 2025). This stability reduced operational disruptions for MTC's connectivity services. Nonetheless, ongoing tariff hikes capped at 12.7% for 2025 and municipal payment backlogs highlight the continued risk of future energy supply instability (Reuters, 2025). MTC's infrastructure resilience strategy must therefore incorporate renewable energy solutions and energy-efficient technologies.

Laws and Regulations

MTC strengthened compliance with the Municipal Finance Management Act (MFMA), Municipal Systems Act (MSA), and King IV™ Corporate Governance Code, reducing audit findings compared to prior years (MTC, 2025). The Board's decision to write off certain Unauthorised, Irregular, Fruitless, and Wasteful (UIFW) expenditures following legal opinion, demonstrated accountability and transparency in financial governance (MTC, 2025).

Competitive Landscape Analysis (2024/25)

The competitive environment for MTC in the 2024/25 financial year was defined by increasing demand for broadband connectivity, rising expectations for Smart City infrastructure, and rapid adoption of next-generation digital technologies. With broadband penetration reaching record levels, the competitive space became more intense as both public and private entities sought to expand coverage, improve service quality, and capture emerging digital markets.



Key Market Competitors: South Africa's broadband and ICT infrastructure sector continues to be led by large telecommunications providers such as Telkom, Vodacom, MTN, and Rain. These players dominate the commercial space, offering extensive fibre, mobile broadband, and 5G services across major metropolitan areas. Their focus remains largely on profitability and high-value markets, with significant investments in infrastructure modernisation and private-sector service delivery.



Competitive Positioning for MTC: MTC differentiates itself through its public service mandate rather than direct commercial competition. The Entity's focus on affordable access, digital inclusion, and Smart City enablement positions it as a strategic partner to the City of Johannesburg rather than a rival to private ISPs. Key initiatives, such as the rollout of free public Wi-Fi and the provision of connectivity for municipal facilities and safety networks, directly support the City's developmental agenda and help to bridge the digital divide.

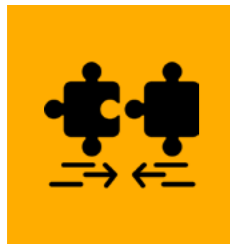


MTC's competitive strengths include: Alignment with municipal priorities: Its operations are integrated into Johannesburg's Smart City vision, ensuring strategic relevance beyond purely commercial considerations. Public safety and infrastructure support: MTC enables IoT-driven surveillance, traffic management, and public safety connectivity services that are not typically prioritised by private operators. Cost-effectiveness and accessibility: The Entity's ICT solutions are tailored to meet municipal service delivery needs while maintaining affordability for end-users



Emerging Competitive Trends:

- 5G expansion by private operators is reshaping connectivity expectations in urban centres.
- Public-private collaboration models are emerging as municipalities explore partnerships for broadband rollouts, potentially creating opportunities for MTC to leverage private infrastructure while maintaining its public service role.
- Digital inclusion policies at municipal and national levels are increasing funding and policy support for universal access projects, providing strategic openings for MTC to secure resources for network expansion.



Strategic Implications for MTC

- To remain competitive and relevant in this evolving landscape, MTC must:
- Accelerate the expansion of its public Wi-Fi footprint in underserved communities.
 - Strengthen collaborative partnerships with telecom operators for shared infrastructure development.
 - Invest in cybersecurity resilience and infrastructure upgrades to maintain reliability.
 - Leverage its municipal mandate to secure funding and policy support for Smart City initiatives aligned with Johannesburg's long-term growth strategy.

Strategic Objectives and Goals

At MTC, our strategic direction is firmly anchored in the commitment to align our operations and initiatives with the priorities of the CoJ . As an ME, we recognise that our Shareholder's mandate forms the foundation of our purpose, ensuring that everything we do meaningfully supports the City's developmental objectives.

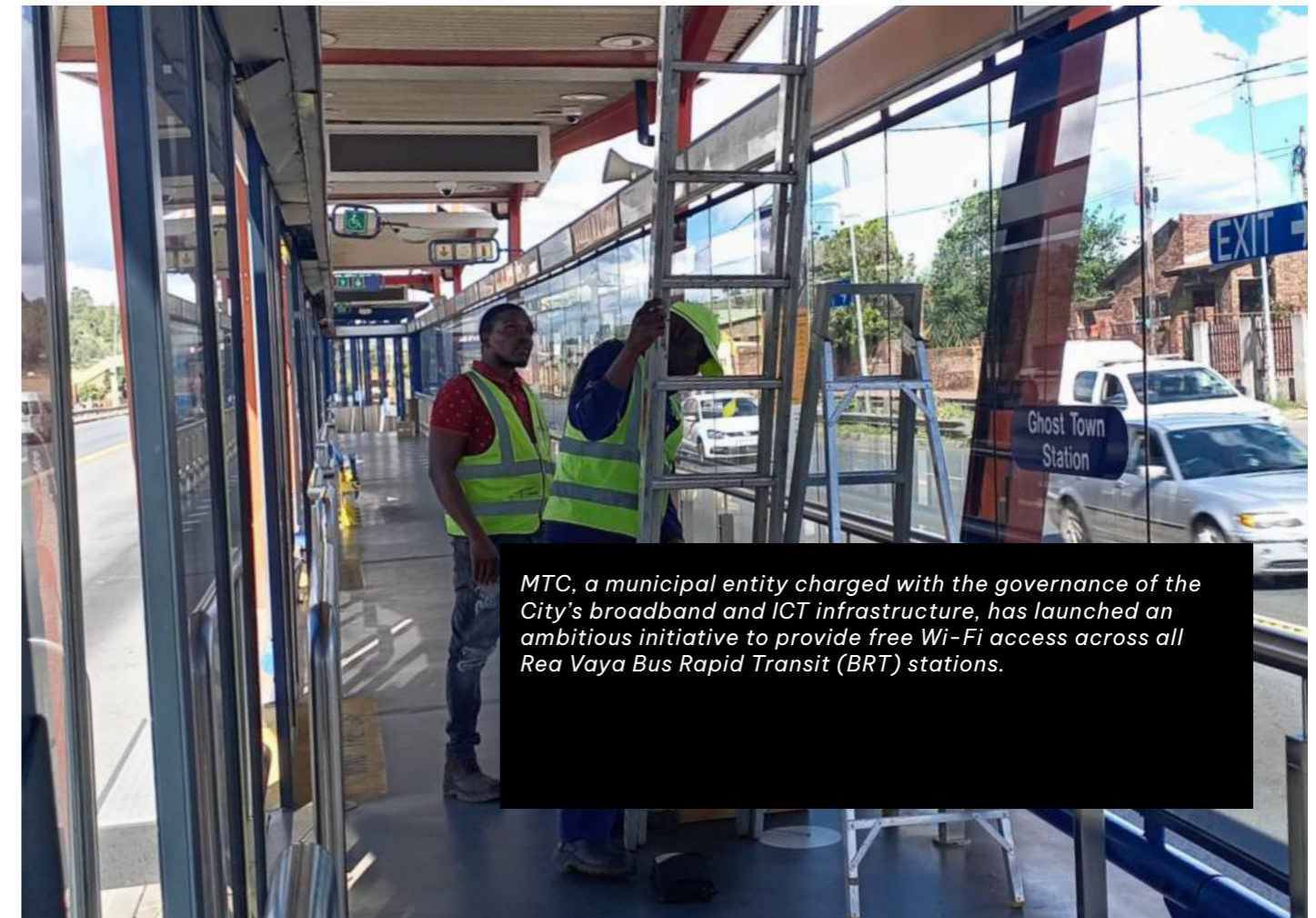
Our strategic framework draws from key national and regional development blueprints. At the national level, the National Development Plan (NDP) 2030 guides our efforts towards sustainable economic growth, social inclusion, and infrastructure development. At the provincial level, we integrate the principles of Growing Gauteng Together (GGT) 2030, which focus on fostering economic resilience and improving the quality of life for all residents.

Locally, our strategy is closely aligned with the City of Johannesburg's Growth and Development Strategy (GDS) 2040 and the Integrated Development Plan (IDP), both of which articulate a vision for a connected, inclusive, and innovative City. By synchronising our programmes with the Mayoral Strategic Priorities, we ensure our initiatives are targeted towards the City's most pressing developmental needs and aspirations.

This alignment positions MTC as a critical enabler of Johannesburg's transformation into a world-class African City. Through focused collaboration and delivery of high-impact projects, we continue to drive progress, advance social equity, and enhance service delivery for all stakeholders.



Figure 1.2 Strategic Goals and Objectives



MTC, a municipal entity charged with the governance of the City's broadband and ICT infrastructure, has launched an ambitious initiative to provide free Wi-Fi access across all Rea Vaya Bus Rapid Transit (BRT) stations.

Table 1.3 Five-year Strategic Plan for Sustainable Growth

Strategic Goals	Strategic Objective	Five-year Strategic Initiatives	Annual Targets				
			Short Term		Medium Term		Long Term
			2024/25	2025/26	2026/27	2027/28	2028/29
Financial Sustainability	To ensure financial health and long-term viability (Financial sustainability)	Achieve a high customer-retention rate through efficient customer support services	90%	100%	100%	100%	100%
		Achieve a targeted sales turnover	922 777.02	966 147.54	1 011 556.47	1 059 099.63	1 108 877.31
Smart City	To promote citizen engagement and inclusivity.	Deliver successfully on Capex projects	100%	100%	100%	100%	100%
Safer City	To explore and deliver technological platforms for reporting and sharing vital public safety-related information	Ensure that there are accessible and available Wi-Fi and CCTV devices.	1034	1034	1034	1034	1034
			120 000	120 000	120 000	120 000	120 000
Good Governance	To achieve a clean administration through good governance practices and maintaining positive institutional reputation.	Ensure compliance with applicable laws and regulations	100% Implementation of Core Legislations	100% Implementation of Core Legislations	100% Implementation of Core Legislations and Generic Legislations	100% Implementation of Core Legislations and Generic Legislations	100% Implementation of Core Legislations and Generic Legislations
		Address Internal Audit Findings	100%	100%	100%	100%	100%
		Address Audit Findings to ensure there are no material findings	Unqualified without material findings (Clean Audit)	Unqualified without material findings (Clean Audit)	Unqualified without material findings (Clean Audit)	Unqualified without material findings (Clean Audit)	Unqualified without material findings (Clean Audit)
		Implementation of effective risk management strategies	100%	100%	100%	100%	100%
		Improve risk maturity level	Level 4	Level 5	Level 5	Level 5	Level 5
		Deliver combined assurance model through the implementation of integrated assurance services.	100%	100%	100%	100%	100%
		Address Audit Findings to ensure there are no material findings	100%	100%	100%	100%	100%
Sustainable Service Delivery	Quality of integrated Broadband access to CoJ entities and departments	Ensure there is network availability	99,90%	99,95%	99,99%	99,99%	99,99%
Sustained Economic Growth	Creating working opportunities and developing SMMEs in the CoJ	Enhance EPWP job creation monitoring	150	150	150	150	150

MTC Value Creation Model

MTC has established its business model, aligning inputs, business processes, and outputs with principles 4 and 5 of the King IV™ Report. This section visually represents the Entity’s value creation model in line with the King IV™ code.

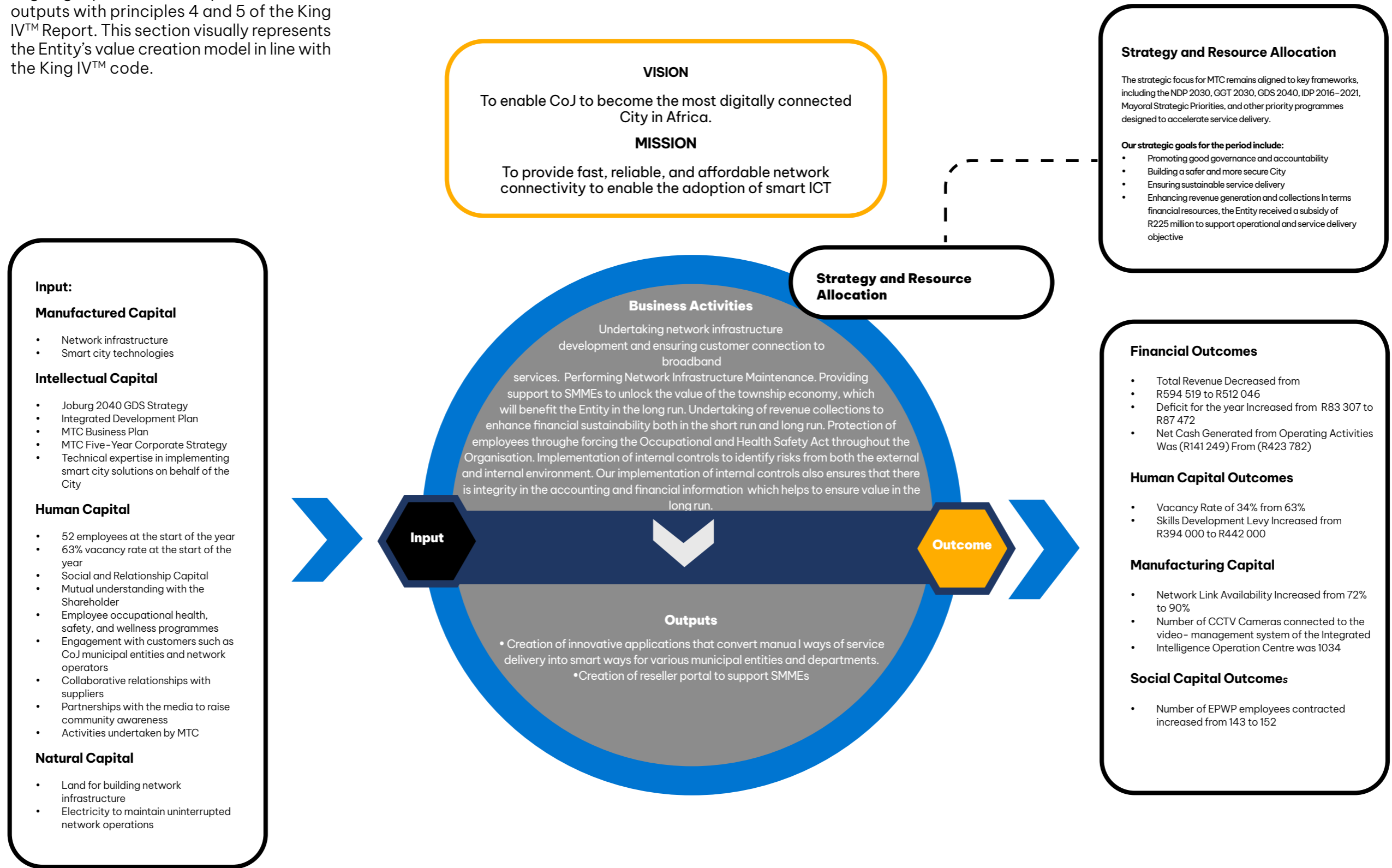


Figure 1.3 Value Creation Model

02



Governance

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- 29 Section 2 High-level Organisational Structure
- 30 Section 3 Governance of Stakeholder Relationships
- 33 Section 4 Risk Management
- 46 Section 5 Anti-Corruption and Fraud Investigations
- 49 Section 6 ICT Governance
- 50 Section 7 Compliance with Laws & Regulations

Capitals impacted by disclosures

-  Financial Capital
-  Manufacturing Capital
-  Human Capital
-  Social and Relationship Capital

Cross referencing used in the chapter

-  (Further Information)
-  More information

Stakeholders Impacted by disclosures

- | | |
|--|---|
|  Shareholders |  Employees |
|  Communities |  Media |
|  Suppliers |  SMMES |

02

Governance

02

Introduction

In today's rapidly changing business landscape, where regulations tighten and stakeholder expectations rise, strong governance has become essential to MTC's long-term success. It provides the foundation for navigating challenges, seizing new opportunities, and driving sustainable growth. At MTC, we believe that transparency, accountability, and ethical leadership are not just principles but the cornerstones of meaningful value creation for both our organisation and the communities we serve.

Our governance framework is anchored in globally recognised standards and key legislative requirements, including the King IV Code on Corporate Governance, the Municipal Finance Management Act (MFMA), the Municipal Systems Act (MSA), and the Companies Act. Together, these instruments guide us to uphold the highest levels of integrity, responsibility, and compliance:

- King IV Code shapes our ethical culture and ensures governance remains outcomes driven and sustainable.
- MFMA and MSA demand financial discipline, prudent resource management, and service delivery that meets stakeholder needs.
- Companies Act reinforces our obligation to act in the best interests of the organisation and its stakeholders.

In this Annual Report, we openly share how these frameworks translate into clear policies, processes, and controls across MTC. By aligning our practices with both legal mandates and global best practices, we reaffirm our commitment to governance excellence and our role in delivering lasting impact for the CoJ. With this solid governance foundation, MTC is ready to meet today's demands while unlocking opportunities for future growth and long-term community value.

Our Approach to Corporate Governance

MTC aligns its corporate governance practices with the principles outlined in the King IV™ Report on Corporate Governance for South Africa (2016). This report provides a comprehensive framework for achieving sound governance and ensuring organisations meet the highest standards of

ethics, accountability, and performance. Guided by these principles, the Board of Directors remains committed to compliance while embedding a governance philosophy that delivers the outcomes envisioned by King IV™.

Effective Control

In line with the King IV™ Code, the Board prioritises the creation of strong governance structures, clear protocols for risk management, and effective internal control mechanisms. These measures help the organisation to identify and manage potential risks, address weaknesses, and make informed decisions. A robust control environment also plays a key role in preventing fraud, mismanagement, and other harmful activities.

At the same time, King IV™ places great emphasis on ethical behaviour across the organisation. The Board has adopted a Code of Conduct for both directors and employees, ensuring consistency in ethical standards and professional conduct. These codes provide guidance on managing the company's affairs responsibly while upholding the highest levels of integrity. Leadership and ethical behaviour are viewed as core pillars of governance and are embedded throughout the organisation, applying equally to executive and non-executive directors as well as to all employees.

Legitimacy

The Board places significant importance on building trust with stakeholders through transparent and inclusive engagement. By actively listening to stakeholder concerns and aligning decisions with their interests, the Board strengthens the organisation's credibility and legitimacy. Delegating stakeholder relationship management to an experienced executive management team ensures consistency and professionalism. This approach demonstrates MTC's commitment to ethical governance, accountability, and transparent decision-making, helping to foster a strong reputation built on trust and mutual respect.



More Information on the governance of our stakeholder relationships is given in Section 3

A Conceptual View of Our Governance Structure

Key Activities

- 4 Quarterly Board Meetings
- 2 Special Board Meetings
- Additional Board Meeting on request and approval

Legislated Reporting

- Mid Term Reporting
- Annual Integrated Reporting

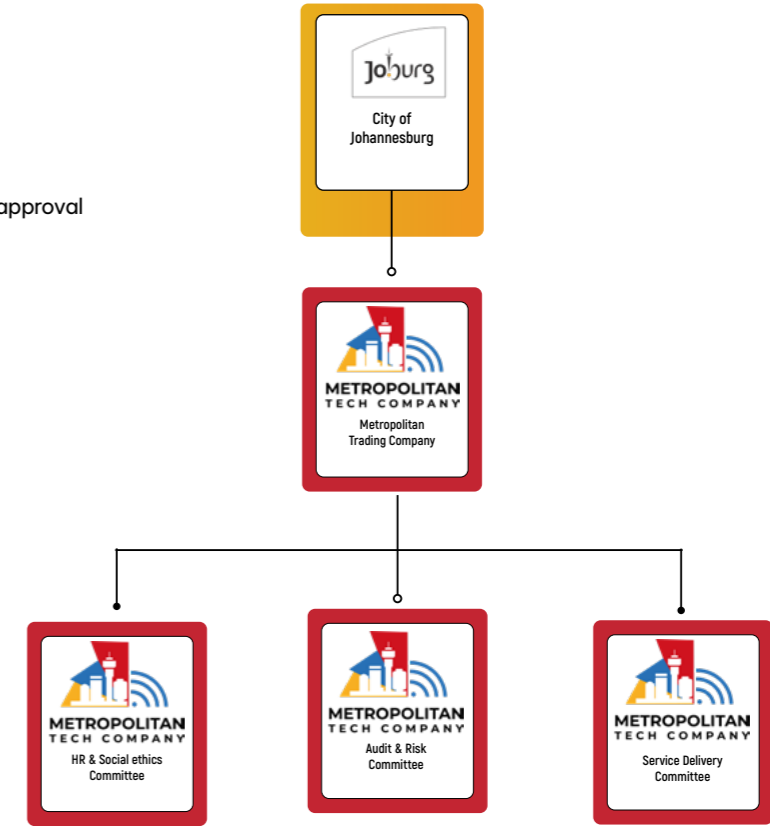


Figure 2.1 Governance Structure



Section 1

Composition, Key Activities And Remuneration Of Board Of Directors Board Of Directors

Non- executive Directors (NED) and Independent Audit Committee (IAC) members



Name and Age	Mr Makhate Jonas Nqakalatsane ⁵¹	Ms Myrtle Charmaine Williams ⁶¹	Ms Patricia Jacobs ⁴⁸	Mr Trevor Richards Goldsmith ⁵²	Ms Maphale Victoria Mamogobo ³⁹	Mr Manene Tabane ⁵⁸	Mr Ingle Singh ⁵⁴
Status and position	Active Board Chairperson and NED member	Active NED member	Retain /Active NED member	Active NED member	Active NED member	Rotation (JOSHCO) NED Member	Rotation (JOSHCO) NED Member
Qualification	<ul style="list-style-type: none"> Financial Management Diploma Currently studying: BCom in Project Management PMFA and General Government Admin Certificate Completing Certificate Being a director with IODSA 	<ul style="list-style-type: none"> Degree in Theology 	<ul style="list-style-type: none"> Financial Services Diploma Advanced Credit Diploma (incomplete) Educare N5 Educare N6 (incomplete) Intro to Tourism Management and Development Bachelor of Education. Certificate of Registration with SACE 	<ul style="list-style-type: none"> Diploma in Ministry (Certified Bishop) 	<ul style="list-style-type: none"> Diploma in Business Management; Call Centre and Office Administration certifications. 	<ul style="list-style-type: none"> National Diploma in Law (NQF Level 5); LLB (in progress); Diploma in Local Government; NQF Level 5 – Developing a Project Plan for an advocacy Campaign on HIV and AIDS; Programme in Customer Service 	<ul style="list-style-type: none"> Higher Certificate in Public Administration and Management (provisionally completed), Certificate in Bookkeeping; Introduction to Municipal Councilor certificate of attendance
Years of Work Experience	Approximately 28 years (from February 1997 to present, including employment and self-employment).	Over 25 years' experience spanning the banking sector, construction industry, and non-profit leadership. Has served as Chief Executive Officer of a community-based organisation since 2000 and previously founded and managed a construction company delivering multiple multimillion-rand public infrastructure projects. Holds extensive board governance experience including service on national and provincial non-profit boards.	30 years in financial services and education, including roles in credit risk, client liaison, and teaching at secondary school level.	Over 27 years' experience in leadership, community work, ministry oversight, customer service management, and administration, including current role as Bishop and various community leadership positions.	Over 13 years' experience in administration, call centre operations, and office coordination.	Extensive experience in legal, governance, and community leadership roles, with active participation in national and provincial committees	Over 33 years' experience in banking, production supervision, sales, municipal governance, strategic advisory, consulting, and business ownership, including leadership roles as Ward councilor and Deputy Director Strategic Advisor.
Other directorships during your time on the MTC board?	Managing Director of a private company since November 2014	CEO and Founder of her own company since 2000	None disclosed during MTC board tenure.	None disclosed during MTC board tenure	None disclosed during MTC board tenure.	Spokesperson - MTE Royal Family (Mpondomise); National Organiser - Royal Leaders of SA; Committee Member - Gauteng Initiation Technical Team; Member - Case Flow Management Committee (Tembisa Magistrate Court); Member - South African National AIDS Council; Steering Committee Member - NEDLAC; Presiding Leader - MTE Royal Court.	None disclosed during MTC board tenure.

Section 1

Composition, Key Activities And Remuneration Of Board Of Directors Board Of Directors (Continued)

Non- executive Directors (NED) and Independent Audit Committee (IAC) members



Name and Age	Mr Jacques Burt Watson ⁵⁵	Mr Vincent Blennies ⁵¹	Mr Lloyd Garth Saile ⁴²	Ms Jacelyn Xenia ⁴⁵	Ms Taryn-Lee Roman ²⁴	Ms Althea Curtis Cluff ⁴³	Ms Deveney Denor Rayners ²⁹
Status and position	Retain/Active NED member	Resigned 23 May 2025 Accepted the opportunity to work in government as CEO (New Role)	Resigned 30 August 2024 He accepted a work opportunity in the Legislature / Retained	Resigned 12 December 2024 owing increasing personal and professional commitments.	Retain/Active NED member	Retain/Active NED Member	Retain/Active NED Member
Qualification	<ul style="list-style-type: none"> BSc Computer Science Oracle 9i Certified Various project management and ICT certifications MSc Project Management studies (completion was expected 2024) 	<ul style="list-style-type: none"> PhD candidate in Management in Technology and Innovation; Master of Science in Technology and Innovation; National Diploma in Business Administration and Management; Negotiation Skills Diploma; various advanced management, leadership, and sales training programs. 	<ul style="list-style-type: none"> Matric 	<ul style="list-style-type: none"> BCom in Management; USB Executive Development Managers Development Programme; Proficient in MS Office and Pastel Partner 	<ul style="list-style-type: none"> Bachelor of Science Degree in Information Technology 	Certificate: <ul style="list-style-type: none"> Union negotiation and strike management Employment Equity Act Training Course NOSA Health and Safety SHE Representative Training Course Practical Labour Law Short Course 	<ul style="list-style-type: none"> Matric
Years of Work Experience	Over 32 years in telecommunications and ICT industries, including senior management roles in billing, revenue assurance, project management, and programme delivery	Over 25 years' executive and senior management experience in healthcare, telecommunications, and financial services, with expertise in strategic leadership, business development, operations management, digital transformation, and stakeholder engagement at national and international level.	Over 20 years' experience in administration, management, credit control, debt collection, and customer service, including roles as Service Advisor / Admin Manager, Assistant Manager, Senior Credit Control Clerk, Debt Collection Supervisor, Office Manager, and Municipal Outreach Coordinator	Over 26 years in management, client liaison, medical aid administration, marketing, training, logistics, entrepreneurship, and data processing, including more than 13 years in management at a national medical scheme	Approximately 2 years of practical work experience, including internship and part time roles from 2016 to 2023	Over 13 years' experience in human resources, site supervision, payroll management, and administration, including HR management, performance management, recruitment, policy development, and team supervision. Roles include HR Manager, Site Supervisor / Labour Broker, and Gym Manager.	Approximately 6 years in education and customer service, including roles as a teacher's assistant, customer service representative, and inbound customer service team lead
Other directorships during your time on the MTC board?	None disclosed during MTC board tenure.	Non-Executive Member - Council for Africa Leaders Association; Advisory Member - IT Master; Non-Executive Member - KKN Engineering; Board Member - Tudor Bismark Ministries; Chairperson - Jabula Destiny Ministries SA; Executive Member - Faith Rose (Pty) Ltd.	None disclosed during MTC board tenure.	None disclosed during MTC board tenure.	None disclosed during MTC board tenure.	None disclosed during MTC board tenure.	None disclosed during MTC board tenure.

Section 1

Composition, Key Activities and Remuneration of Board of Directors Board of Directors [Continued]

Executive Directors

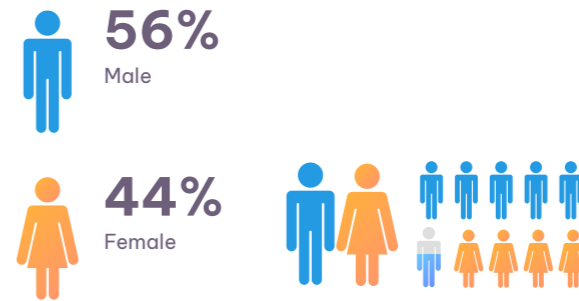


Name and Age	Thedi Moropa ⁴⁰	Rajeen Chetty ⁴⁸
Status and position	Retain/Active Chief Executive Officer	Retain/Active Chief Executive Officer
Qualification	<ul style="list-style-type: none"> MBA Postgraduate Diploma in Business Management (PGDip) Postgraduate certificate in Management (PGCert) Municipal Executives Financial Management Programme (MEFMP) Fibre-to-the-x (FTTx) Certification – Accredited by ITU, IEEE, SCTE Bachelor of Commerce in Economics (B.Com Economics) 	<ul style="list-style-type: none"> CA(SA) – Chartered Accountant (South Africa) RA – Registered Auditor BCompt – Bachelor of Accounting Science BComHons – Bachelor of Commerce Honours in Accounting
Years of Work Experience	<p>Thedi Darrius Moropa is an accomplished leader with over 20 years of experience spanning telecommunications, mining, and public administration. As CEO of MTC, he drives strategic initiatives, fosters operational excellence, and champions innovation in broadband and Smart City solutions. He holds a Postgraduate Diploma in Business Management from Heriot-Watt University and has an MBA from Edinburgh Business School. Mr Moropa has previously held senior leadership positions at Atmox Mining and Glam Steel and Construction.</p> <p>With deep expertise in governance, financial planning, and stakeholder engagement, he plays a pivotal role in advancing MTC’s contribution to Johannesburg’s socio-economic development.</p>	<p>Rajeen Chetty is a seasoned Chartered Accountant (CA(SA)) with over 15 years of experience in financial management, governance, and strategic planning across both public and private sectors. As CFO of MTC, he leads financial operations, supply chain management, and compliance, ensuring financial sustainability and operational excellence. Holding a BCompt degree from UNISA and a BCom Honours in Accounting from the University of KwaZulu-Natal, Mr Chetty has previously served in senior financial leadership roles at Toyota Tsusho Africa and Iwanda Incorporated. His expertise spans financial strategy, risk management, and corporate governance.</p>

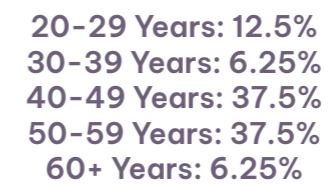
Board Demographics

The Board reflects a broadly representative mix of skills and demographics, supporting inclusive governance and ensuring diverse perspectives inform oversight and strategic decision-making.

Gender Distribution



Age Distribution



Qualification Profile

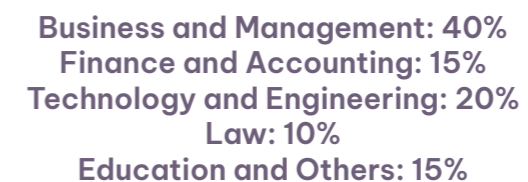


Figure 2.2 Board Demographics

Board Evaluation

The Board recognises that regular reviews of its effectiveness and performance is crucial to the improvement of the governance of MTC. The Board reviews and evaluates its own performance and the performance of its Committees on an annual basis. The CoJ also conducts Board effectiveness and independence assessments from time to time and the Board and individual directors will participate in these assessments when called upon to do so.

The Delegation of Authority Framework

Subject to the formal Delegations of Authority, the Board delegates responsibility for the operation and management of MTC's business to the CEO as an Accounting Officer and the executive management team. This includes responsibility for the following:

- Developing business plans, budgets and strategies for consideration by the Board.
- Operating MTC's business within the parameters set by the Board from time to time and keeping the Board informed of material developments in the business.
- Identifying and managing risks and, where those risks could have a material impact on MTC's business, and with respect to its performance, financial position, operating results and prospects, to position the Board to fulfil its governance responsibilities.
- Ensuring that the Board is provided with sufficient information on a timely basis in regard to MTC's business and in particular with respect to MTC's performance, financial operation, operational results and prospects, to position the Board to fulfil its governance responsibilities.
- Implementing the policies, processes and codes of conduct approved by the Board.

Contracted conditions related to the termination of contract of the Chief Executive Officer and the notice period

The termination of the CEO's contract of employment will take place upon expiry of his contractual term. Termination at the instance of the CEO as the employee will take place if the employee gives the employer two (2) months' notice of termination of employment in writing. To this end, termination can take place if the Board Chairperson accepts shorter notice. Termination of the employment contract at the employer's initiative may take place owing to any reason recognised by law as sufficient.

In this regard the employer shall comply with the disciplinary code and procedures. In the event that the employee accepts a nomination as a candidate for election as a member of a Municipal Council, Provincial Legislature or Parliament, he shall be deemed to have voluntarily terminated his services with the employer with effect from the date that he is issued a certificate in terms of section 31(3) of the Electoral Act, 1998 (Act 73 of 1998) or section 64 of the Local Government Municipal Electoral Act, 2000 (Act 27 of 2000) indicating that he is a candidate in the relevant election or from the date on which he is nominated as a permanent delegate to the national Council of Provinces as contemplated in section 61 (2)(b) of the Constitution, 1996.

Board's Key Focus Areas

During the reporting period, the Board maintained unwavering commitment to good governance, strategic oversight, and ethical leadership. In fulfilling its mandate, the Board focused on the following priority areas:



Figure 2.3 Board's Key Focus Areas

More Information on Initiatives around Ethics are provided in Section 5

▶ Board Committees

As at 30 June 2025, the MTC Board had three sub-committees, all established on 8 August 2024. The Audit and Risk Committee was reconstituted following the ARC Chairperson's resignation in May 2025, with new leadership appointed on 26 May 2025. The Service Delivery Committee expanded from four to five members after an appointment on 10 January 2025. The Human Resources, Social and Ethics Committee experienced two resignations in 2024 and was strengthened with two new appointments on 10 January 2025.



Mrs Patricia Jacobs
Chairperson (ARC)

Audit And Risk Committee (ARC)

Composition of Members

1. Patricia Jacobs (Chairperson)
2. Jacques Burt Watson
3. Ingle Singh
4. Taryn-Lee Roman
5. Deveney Rayners
6. Althea Cluff

Key focus areas

The ARC focused on strengthening governance through robust financial reporting oversight, ensuring accurate disclosures, sound accounting judgement, and appropriate assurance on sustainability reporting. It reinforced risk management by monitoring financial, fraud and IT risks and overseeing implementation of risk frameworks and mitigation plans. The Committee also enhanced internal control effectiveness and transparency, provided strong internal and external audit oversight (including coordination with the Auditor-General), and ensured credible whistle-blower and investigation processes. In addition, it prioritised IT risk governance (security, access and disaster recovery) and advanced a combined assurance approach to improve overall oversight and accountability.

Assessment of the ARC

The Committee is satisfied that it executed its responsibilities diligently and effectively throughout the reporting period, providing robust oversight of financial reporting, internal controls, risk management, compliance and audit processes.



More Information on the detailed recommendations given by the ARC is provided In Appendix E



Mr Jacques Burt Watson
Chairperson (HSEC)

Human Resources and Social Ethics Committee

Composition of Members

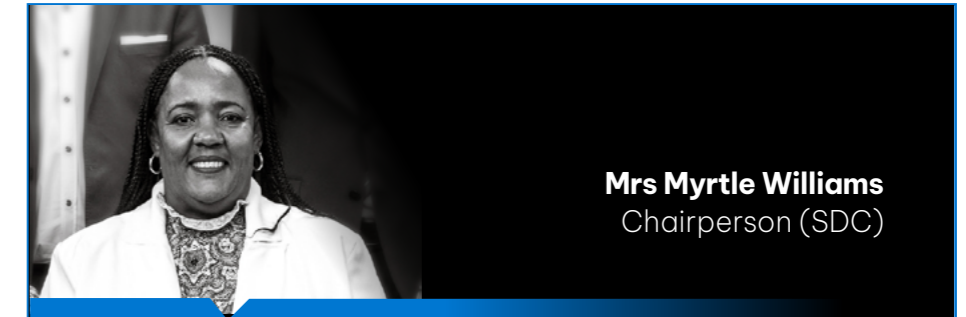
1. Jacques Burt Watson (Chairperson)
2. Makhate Jonas Nqakalatsane
3. Manene Tabane
4. Maphale Victoria Mamogobo

Key focus areas

The Committee oversaw programmes, policies and initiatives relating to human capital, workplace practices, and ethics. Its focus included supporting a human capital strategy aligned to business needs, monitoring workforce development and decent working conditions, strengthening skills development, succession and retention, and providing oversight of remuneration structures and performance management, including the CEO's performance evaluation. The Committee also monitored labour and employment practices by reviewing human capital reports (employment equity, working conditions, employee relations, skills development and training) and evaluating related policies to ensure ethical and regulatory alignment. The Committee reported on its work to shareholders at the AGM to promote transparency and accountability.

Assessment of the HSEC

The HSEC Committee confirmed that it possessed the requisite skills and had reviewed its Terms of Reference, including its authority and responsibilities as set out in the Board Charter. The Committee affirms that it effectively discharged its duties in accordance with the Companies Act, the MFMA, the MTC Board Charter, the MTC Delegation of Authority Framework, and the King IV™ Code on Corporate Governance. The Committee remains committed to diligently fulfilling its responsibilities in the periods ahead.



Mrs Myrtle Williams
Chairperson (SDC)

Service Delivery Committee (SDC)

Composition of Members

1. Myrtle Williams (Chairperson)
2. Maphale Victoria Mamogobo
3. Manene Tabane
4. Trevor Goldsmith

Key focus areas

During the reporting period, the SDC provided oversight to ensure MTC's initiatives remained strategically aligned, operationally sustainable, and compliant. The Committee monitored delivery of strategic decisions, reviewed project and service delivery performance, and strengthened accountability through operational reporting and Board recommendations. It also promoted transformation and job creation through fair utilisation of service provider panels, reinforced financial governance to prevent irregular expenditure, ensured alignment with shareholder and government priorities, and oversaw ICT strategy, risk management, and marketing and communications effectiveness.

Assessment of the ARC

As part of its self-assessment, the SDC reports that it had the required skills and effectively reviewed its Terms of Reference including its authority and responsibilities. The Committee has effectively discharged all its responsibilities and has performed its statutory duties as mandated by the Board and set out in the Company Act. The Chairperson of the Committee was appointed by the Board and had to be a Non-executive Member of the Board. The interaction and sharing of information between the Board, the Committee and other Board committees was critical to avoid duplication of activities.

Board Remuneration and Meetings For The Reporting Period

The Entity remunerates the NEDs and independent audit committee members in accordance with the CoJ's Group Policy on the Governance of the Group Advisory Committees, Municipal Entities Boards of Directors, and Independent Audit Committees.

The NED's and independent audit committee members are paid for each meeting attended. Executive directors and prescribed officers are employees of MTC and do not receive any additional remuneration.

Table 2.1 Board Remuneration

Name	Surname	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Total
Ntodi Steven	Motale	R16 000	R0	R0	R0	R16 000
Makhate Jonas	Nqakalatsane	R56 000	R112 000	R56 000	R72 000	R312 000
Patricia	Jacobs	R82 000	R76 000	R32 000	R84 000	R296 000
Jacques Burt	Watson	R76 000	R58 000	R34 000	R46 000	R234 000
Myrtle Charmaine	Williams	R76 000	R70 000	R34 000	R46 000	R238 000
Lloyd	Saile	R72 000	R0	R0	R0	R72 000
Manene	Tabane	R44 000	R68 000	R40 000	R52 000	R216 000
Vencent	Blennies	R76 000	R120 000	R54 000	R12 000	R262 000
Ingle	Singh	R52 000	R76 000	R32 000	R44 000	R224 000
Jacelyn Xenia	Scott	R44 000	R68 000	R0	R0	R112 000
Maphale Victoria	Mamogobo	R44 000	R68 000	R40 000	R52 000	R216 000
Trevor	Goldsmith	R44 000	R68 000	R32 000	R44 000	R130 000
Taryn-Lee	Roman	R24 000	R16 000	R8 000	R8 000	R64 000
Deveney	Rayners	R24 000	R16 000	R8 000	R8 000	R64 000
Althea	Cluff	R24 000	R16 000	R8 000	R8 000	R64 000

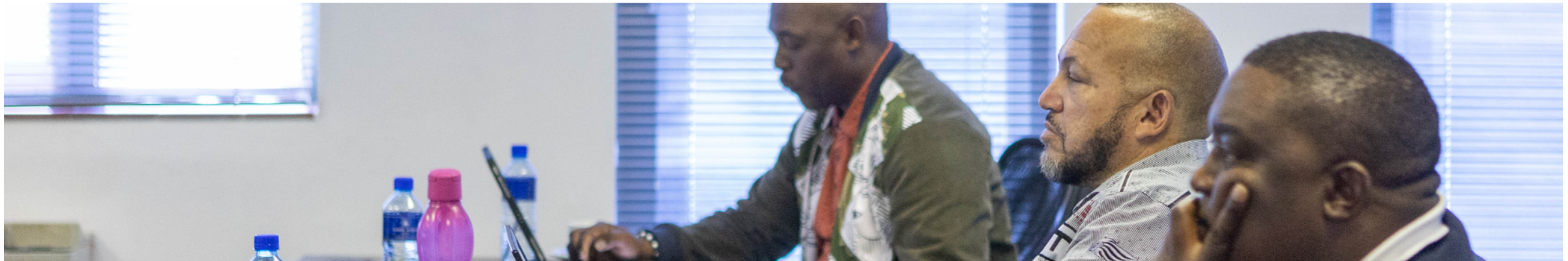
Board Meetings

Table 2.2 Board Meetings

	Name and surname	Board : 15 meetings	Audit and Risk Committee 8 meetings	HR, Social, Ethics Committee 5 meetings	Service Delivery Committee 5 meetings	Total
1.	Mr J Nqakalastane -	14	-	4	2	20
2.	Mr NS Motale - Previous Chairperson	1	-	-	-	1
3.	Mrs P Jacobs (Chairperson)	15	8	1	-	24
4.	Mr JB Watson	14	1	5	1	21
5.	Mr LG Saile	4	2	2	-	8
6.	Ms MC Williams	15	-	-	5	20
7.	Mr M Tabane	12	-	2	4	18
8.	Mr C Blennies	12	6	-	-	18
9.	Mr I Signh	14	7	-	-	21
10.	Ms JX Scott	8	-	2	-	10
11.	Ms MV Mamogobo	14	-	2	4	20
12.	Mr T Goldsmith	14	-	-	4	18
13.	Mrs T Roman (IAC)	-	8	-	-	8
14.	Mrs A Cluff (IAC)	-	8	-	-	8
15.	Ms D Rayners (IAC)	-	8	-	-	8

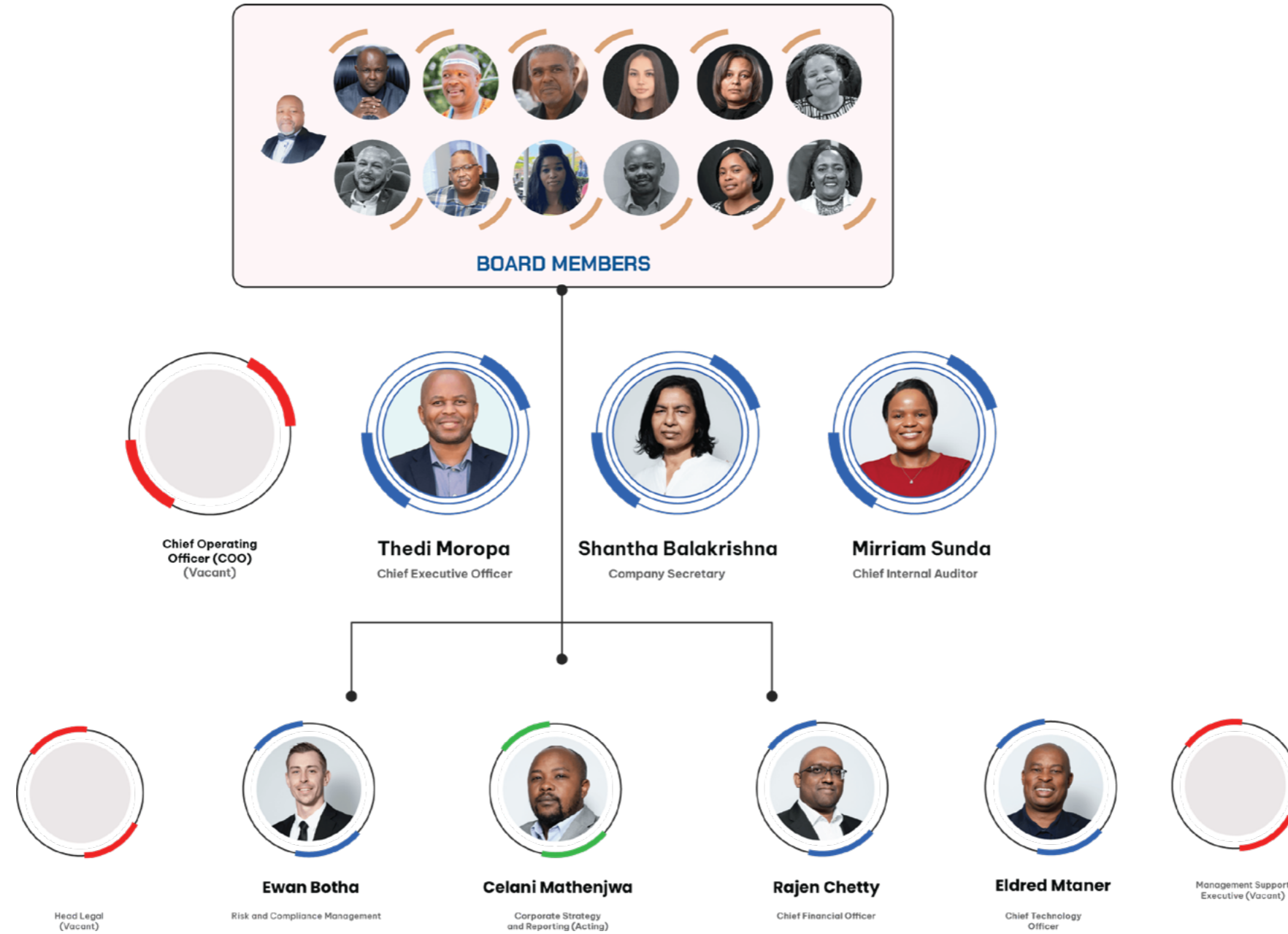
MTC's executive has three vacant posts, namely Head of Legal, Corporate Report and Strategy Executive, and Chief Operating Officer. MTC did not incur the payments mentioned below in line with the policy:

- Termination of Employment and/or Office
- Sign-on, retention, and restraint payments.
- Commissions and Allowances over and above as prescribed in the City's Remuneration Policy
- Pre-vesting forfeiture and post-vesting forfeiture of remuneration



Section 2

High Level Organisational Structure



- Permanent Positions
- Vacant Positions
- Acting Positions

Figure 2.4 High Level Organisation Structure





MTC's executive has three vacant posts, namely Head of Legal, Management Support Executive, and Chief Operating Officer. MTC did not incur the below-mentioned payments in line with the policy:

- Termination of Employment and/or Office
- Sign-on, retention, and restraint payments
- Commissions and Allowances over and above as prescribed in the City's Remuneration Policy
- Pre-vesting forfeiture and post-vesting forfeiture of remuneration

Section 3

Governance of Stakeholder Relationships






Stakeholders are individuals or groups affected by MTC’s activities. Managing them well supports MTC’s strategic goals and sustainable value. Guided by King IV™ Principle 16, MTC engages stakeholders fairly and proactively by identifying key groups, tailoring engagement, responding to feedback, and using insights in decisions to build trust and support the City of Johannesburg’s priorities

 Employees	 CoJ Shareholder	 National and Provincial spheres of government	 Communities across Johannesburg
<p>Key Interests and Concerns</p> <p>Job security, competitive remuneration, professional development, safe and inclusive working environment.</p>	<p>Key Interests and Concerns</p> <p>Fulfilment of MTC’s mandate, compliance with SDA, governance and financial accountability, contribution to Smart City objectives.</p>	<p>Key Interests and Concerns</p> <p>Strengthened intergovernmental collaboration to support infrastructure rollout, digital transformation, and service delivery coordination.</p>	<p>Key Interests and Concerns</p> <p>Access to affordable digital connectivity, socio-economic upliftment, job creation, and protection of public infrastructure</p>
<p>Engagement Approach During the Reporting Period</p> <p>Weekly internal meetings, wellness initiatives, training and capacity building sessions, staff surveys, and leadership feedback sessions.</p>	<p>Engagement Approach During the Reporting Period</p> <p>Quarterly performance reporting, shareholder review meetings, submission of strategic plans, and participation in IDP processes.</p>	<p>Engagement Approach During the Reporting Period</p> <p>Participation in City Intergovernmental Relations forums, engagements with national and provincial departments and entities</p>	<p>Engagement Approach During the Reporting Period</p> <p>Public education campaigns (anti-vandalism), community consultations, outreach initiatives, and collaboration with ward structures.</p>
<p>Measurement of Engagement Effectiveness</p> <p>Improved staff morale, reduced turnover, and positive feedback from engagement surveys.</p>	<p>Measurement of Engagement Effectiveness</p> <p>Achievement of KPIs, positive shareholder feedback, and alignment with City priorities.</p>	<p>Measurement of Engagement Effectiveness</p> <p>Improved alignment of with intergovernmental priorities, enhanced partnerships, and integrated</p>	<p>Measurement of Engagement Effectiveness</p> <p>Reduction in vandalism incidents, improved connectivity access, seamless implementation of projects, and enhanced community participation</p>
<p>Impact: High ■ Interest: High ■</p>	<p>Impact: High ■ Interest: High ■</p>	<p>Impact: High ■ Interest: Moderate ■</p>	<p>Impact: High ■ Interest: Moderate ■</p>

Section 3

Governance of Stakeholder Relationships (Continued)

MTC identifies and analyses stakeholders based on influence, interest and relationship with the Entity, and tailors engagement strategies to each category to support effective communication and collaboration. By listening and responding to stakeholder feedback and integrating insights into decision-making, planning and operations, MTC strengthens transparency, governance and alignment with the CoJs developmental priorities.

 Suppliers and Service Providers, SMMEs and Local Entrepreneurs	 Regulators (ICASA, National Treasury, AGSA, CIPC)	 Strategic Partners	 Clients (Municipal Departments, Entities, External Customers)	 Media and General Public
Key Interests and Concerns Fair procurement, clarity on tender processes, timely payments, and transparent evaluation.	Key Interests and Concerns Compliance with regulatory frameworks, reporting transparency, and governance accountability.	Key Interests and Concerns Collaboration on innovation, knowledge exchange, research, and digital transformation.	Key Interests and Concerns Quality, reliability, and affordability of digital infrastructure and services.	Key Interests and Concerns Transparency, information access, and awareness of MTC's role and initiatives.
Engagement Approach During the Reporting Period Supplier database, Email, City's website, Newspapers, MTC website continuous supplier performance reviews.	Engagement Approach During the Reporting Period Compliance with regulatory frameworks, reporting transparency, and governance accountability.	Engagement Approach During the Reporting Period Joint workshops, benchmarking exercises, MoUs, and collaborative project reviews.	Engagement Approach During the Reporting Period Emails, progress reporting meetings, Service completion certificates, and service delivery improvement plans.	Engagement Approach During the Reporting Period Press releases, digital campaigns, interviews, and social media engagement
Measurement of Engagement Effectiveness Service completion certificates, Increased supplier satisfaction, improved compliance with SCM policies.	Measurement of Engagement Effectiveness Clean audit outcomes, improved compliance rating, and no material findings.	Measurement of Engagement Effectiveness Strengthened partnerships, co-created projects, and shared learning outcomes.	Measurement of Engagement Effectiveness Increased client satisfaction and improved response times.	Measurement of Engagement Effectiveness Increased positive media coverage and improved public perception.
Impact: Moderate ■ Interest: High ■	Impact: High ■ Interest: High ■	Impact: Moderate ■ Interest: Moderate ■	Impact: High ■ Interest: High ■	Impact: High ■ Interest: High ■

Future Focus Areas

In the coming year, MTC will prioritise the approval and implementation of the Stakeholder Management Strategy to strengthen engagement, collaboration, and sustainable stakeholder relationships. The Strategy will provide a structured framework aligned to organisational objectives, with a focus on transparency, accountability, and responsiveness to build trust. Stakeholder-identified business opportunities will continue to be channelled to Business Development, with improved lead management and stronger integration of stakeholder insights to convert leads into tangible outcomes and support growth.

Quick Fact

Communities across Johannesburg remain a key stakeholder for MTC, and our commitment to inclusive development is demonstrated through job creation initiatives implemented via the Expanded Public Works Programme (EPWP). This year, once again, we met our EPWP targets creating work opportunities for local residents and contributing meaningfully to local economic development and improved livelihoods.



Section 4

Risk Management

Ewan Botha

Head of Risk and Compliance



MTC operates in a fast-changing and uncertain environment, making effective risk management essential to achieving its objectives, strengthening resilience, and delivering sustainable value.

As a Smart City enabler, MTC is increasingly reliant on digital infrastructure and technologies, which creates heightened cyber risks such as system disruption, data breaches, financial losses, and reputational damage. At the same time, rising citizen and consumer expectations require improved digital capabilities and seamless services, supported by ongoing investment in analytics, AI, and scalable technology.

To address these risks and seize opportunities, MTC must strengthen cyber prevention and detection measures (including suitable insurance) while continuing targeted research and strategic technology investment to remain competitive and resilient.



Annual Risk Management Implementation Plan Progress Report

The Board reviewed and approved the Risk Management Implementation Plan, which outlines key activities to be executed by the Risk Management and Compliance Unit during the 2024/25 financial year.

For the year under review, an implementation performance of 86% was achieved against the approved plan, reflecting strong progress in embedding risk management practices across the organisation.

Table 2.3 Risk Management Implementation Plan Monitoring

Details	Target	Activities Implemented	Activities not Implemented
Annual	28	24	4
Percentage		86%	14%

Details of Non-achieved Activity:

Table 2.4 Non-achieved Activities

Activity	Progress and Reason for Non-achievement	Remedial Action Plan
Business Continuity Plans Developed	Not Achieved The Business Impact Analysis (BIA) was put on hold pending the finalisation of the Enhanced Business Model (EBM) project and the conclusion of a long-term lease agreement. However, the EBM project was cancelled in the third quarter, and the office lease matter is currently being addressed.	The review of the Business Impact Analysis (BIA) and development of the Business Continuity Plan (BCP) will be scheduled for the 2025/26 financial year, following the finalisation of the long-term lease agreement.
Conduct Disaster Risk Assessment	Not Achieved The Disaster Risk Assessment was put on hold as the Entity is currently exploring the most suitable solution for facility management and undertaking a review of the Organisational Strategy.	The Disaster Risk Assessment will be conducted in alignment with the updated Organisational Strategy and finalised facility arrangements during the 2nd quarter of the 2025/26 financial year.
Physical Risk Assessment on MTC building and infrastructure Conduct	Not Achieved The organisation is on a month-to-month lease agreement. Physical Risk Assessment on the building put on holding waiting for the procurement of new office space.	Conduct the facility risk assessment during 2025/26 financial year.
Procurement of Risk Management system/software/tool.	Not Achieved The procurement of a risk management system/software/tool was not achieved owing to budgetary constraints.	Procurement of Risk Management system/software/tool. 2024/25 Financial Year

Key Challenges Faced by the Risk and Compliance Unit

The Risk and Compliance Unit faced several operational challenges during the reporting period, which have impacted the full implementation of the risk management framework:

- **Absence of a Risk Management Tool:** The lack of an automated risk management system has limited the Unit's ability to efficiently monitor, track, and report on risks across the organisation.
- **Insufficient Human Capacity:** The Unit is currently operating with a 40% vacancy rate, with three critical positions unfilled. This staffing shortfall has placed additional strain on existing

Business Continuity Management BCM

The Business Interruptions Risk continues to materialise during the year under review in the form of water interruption. Management implemented remote working during the period. The formalisation of the working from home or remote working remains critical to ensure standardisation of process and practice by employees.

The development of the Business Continuity Plan (BCP) experienced delays owing to the concurrent review of the organisational strategy, formulation of the business plan, and ongoing procurement of office facilities. However, significant progress was made during the quarter under review, with both the Business Plan and Organisational Strategy successfully developed and approved.

Procurement of new office facilities is currently in progress. The Business Impact Analysis (BIA) is scheduled to commence in the first Quarter of the 2025/26 financial year.

Section 4

At a Glance: Key Risks, Opportunities and Dependencies

Key Risks	
	Business Interruptions
	Ineffective Stakeholder Engagement
	Inadequate Organisational Performance
	Large Scale Disruption
	Non- Compliance To Regulatory Requirements
	Solvency Risk
	Slow Pace of Digital Transformation and Cybersecurity vulnerabilities
	Lack of Economic Growth in the City
	Ineffective Governance Structures
	Cyberinformation Security Risks
	Fraud and Corruption Risk
	Liquidity Risks

Key Dependencies	
Factors	Dependency
Failure to collect revenue owed by the City and related entities continues to drive MTC's liquidity challenges. Outstanding receivables constrain cash flow and affect MTC's ability to meet short-term obligations, fund operations, service debt, and maintain supplier and payroll commitments. Addressing this is critical to restoring financial stability and sustainability.	The City Entity
The shareholder loan continues to accrue interest, increasing fruitless and wasteful expenditure and straining cash resources. This weakens financial sustainability and threatens MTC's going-concern position unless the loan is restructured or the Entity is recapitalised.	The City
MTC continues to lose business opportunities because it cannot effectively enforce its ICT and IT support mandate across the City. This results in fragmented service delivery, duplicated efforts, and lost revenue. Stronger governance and clearer authority are needed.	The City Entity

Opportunities

- Key opportunity:** Strengthen MTC's position as the City's reliable connectivity provider by delivering affordable, high-quality network services that improve stability and extend coverage.
- Current challenges:** Network availability is below the 98% target; ageing and unsupported infrastructure; limited patching and vendor support increases downtime and cyber risk; passive network backlogs and expansion needs persist.
- Critical success factors:** Restoring performance will require a phased modernisation programme that prioritises critical and high-traffic sites, supported by stronger vendor partnerships and enforceable SLAs to reduce downtime. This must be underpinned by capital funding for refurbishment and expansion, together with scheduled preventive maintenance and proactive network monitoring for early fault detection.

Section 4

2024/2025 Financial Year Strategic Risk Monitoring

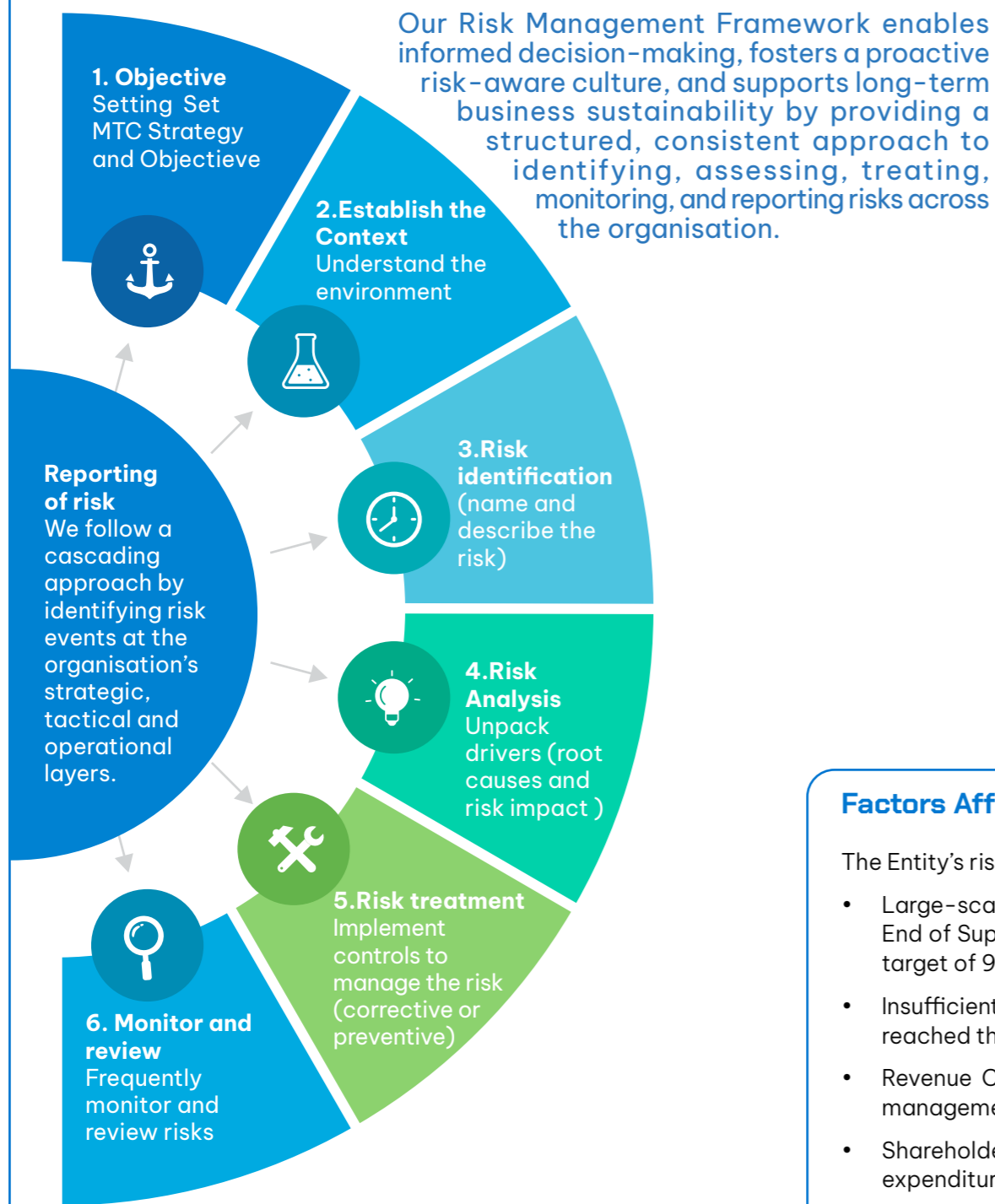


Figure 2.5 Risk Management Framework

During the year under review, twelve (12) Strategic Risks were identified as part of the Annual Strategic Risk Review exercise. Each risk has been assessed, described, and ranked based on its residual risk level, which reflects the remaining level of exposure after accounting for existing controls and mitigation efforts.

Management has developed targeted risk mitigation strategies aimed at reducing the identified strategic risks to within the organisation's approved risk appetite and tolerance levels. The implementation of these mitigation strategies is actively monitored, with progress tracked and reported on a quarterly basis.

Table 2.5 Outlines the progress made in implementing these risk mitigation strategies during the 2024/25 financial year:

Table 2.5 Risk Mitigation Progress 2024/25

Details	Business Operations	Finance	Company Secretary	Corporate Strategy and Reporting	Internal Audit	Risk and Compliance	Legal Services	Office of the CEO	Total number of Action Plans	(%)
Implemented	27	15	6	23	6	18	1	2	98	64%
Not Implemented	18	10	0	19	0	7	0	0	54	36%
Total	45	25	6	42	6	25	1	2	152	100%

Factors Affecting The Mitigation of Risks

The Entity's risk profile performance is influenced by several key factors that affect management's ability to effectively mitigate risks:

- **Large-scale Interruption of Digital Services:** The continued reliance on old and dilapidated infrastructure – specifically End of Life (EOL) and End of Support (EOS) equipment – remains a significant challenge. This situation hinders the Entity's ability to achieve the network availability target of 98%
- **Insufficient Budget:** The lack of adequate funding restricts the Entity's capacity to properly maintain and refurbish network assets that have reached their EOL/EOS status, further exacerbating infrastructure risks.
- **Revenue Collection Challenges:** Persistent difficulties in collecting revenue owed by the City and other entities negatively impact liquidity management, limiting the Entity's ability to meet short-term financial obligations.
- **Shareholder Loan:** The accumulation of interest on the Shareholder loan increases the Entity's debt burden, resulting in fruitless and wasteful expenditure and elevating the Going Concern Risk. Active engagement with the Shareholder is essential to resolve this issue.
- **Organisational Redesign:** The long-overdue organisational structure review remains critical to enabling the Entity to adequately capacitate its resources.

Table 2.6 2024/2025 Strategic Risks

Strategic Goal	Strategic Objective	NO	Risk	Risk Description	Root Cause	Action Plan	Action Owner	Progress	Remedial Action Plan and Action Date	
Financial sustainability	To ensure financial health and long-term viability	1	Solvency risk	Financial instability to meet the obligations and continue business for the foreseeable future	Shareholders' loan	Request additional budget.	CFO	Not Achieved Service provider appointed to conduct an assessment on the Shareholders	Assessment to be conducted from Quarter 1 of 2025/26 financial year	
						Re initiate the discussion with treasury to find solutions on the shareholder's loan.	CFO	Not Achieved Discussions not held however a service provider was appointed to conduct an assessment on the Shareholder's Loan	Assessment to be conducted from Quarter 1 of 2025/26 financial year.	
		2	Liquidity risk	Inability to pay short-term debt owing to low collection rate from customers.	Poor collection of outstanding amounts.	Implementation of the debt impairment.	CFO	Achieved Payments are being received from internal debtors.		
					Non enforcement of service delivery	Establishment of a debt collection task team.	CFO	Achieved A task team has been established, and engagements are ongoing with the affected entities and relevant City departments.		
					Lack of adequate Sales Strategy.	Draft a letter to the City Manager and political heads.	CEO	Achieved The matter has been escalated to the Member of the Mayoral Committee (MMC) and is currently being discussed across various forums to facilitate resolution.		
						Develop an approved sales strategy in line with the business plan.	Sales and Marketing Executive.	Not Achieved A draft Sales Strategy is in place. Finalisation is pending the completion of the Organisational Redesign and Business Plan, both of which were undertaken during Quarter 4.		The strategy will be finalised in the 2025/26 financial year, following alignment with the approved Organisational Design and Business Plans.
		Smart City	Promote citizen engagement and inclusivity.	3	Large-scale disruption of digital services	The inability of the network to adequately provide connectivity.	Aged and dilapidated end of life and of support network equipment.	Request for funding to replace aged and dilapidated network equipment.	CTO	Not Achieved A request was submitted; however, the initiative could not proceed as no budget was allocated.
Severely vandalised core network routes.	Proactive maintenance of the network and monitoring of the appointment service provider.						CTO	Achieved Maintenance was carried out on an as-needed basis when damages occurred. The appointed service provider was also monitored to ensure timely response and adherence to service standards.		
	Request funding to repair severely vandalised core network routes.						CTO	Not Achieved A request was submitted; however, the initiative could not proceed as no budget was allocated.	The Entity will explore alternative sources of funding, including the Infrastructure Grant, during the 2025/26 financial year to support the implementation of the initiative	
Inadequate maintenance and insufficient support from appointment service provider.	Request budget for the advance network monitoring and diagnostic tools.						CTO	Not Achieved A request was submitted; however, the initiative could not proceed as no budget was allocated.	The Entity will explore alternative sources of funding, including the infrastructure Grant, during the 2025/26 financial year to support the implementation of the initiative	
4	Cyber and Information security risks.			Cyberattacks aimed at MTC could lead to service interruption, infringement of personal data, organisational data, and confidential data.	Inadequate Cyber Security governance and operational structure.	Implement the policy and monitor the policy adherence.	CTO	Achieved The policy has been successfully implemented, and no incidents have been reported to date		

Table 2.6 2024/2025 Strategic Risks (Continued)

Strategic Goal	Strategic Objective	NO	Risk	Risk Description	Root Cause	Action Plan	Action Owner	Progress	Remedial Action Plan and Action Date
Safer City	Explore and deliver technological platforms for reporting and sharing vital public safety-related information.	4				Recruitment of Cyber Security Specialist resources (Request for funding)	CTO	Achieved A request for funding was submitted, and a service provider was successfully appointed to conduct the cybersecurity assessment	The Entity will implement remedial actions in line with the recommendations outlined in the Cybersecurity Assessment Report during the 2024/25 financial year. Continue pursuing other stakeholders in the new financial year Continue pursuing other stakeholders in the new financial year
		5	Slow pace of digital transformation and cyber security vulnerabilities	Failure to quickly adapt to New emerging technology/ Technological agility to enable reporting and sharing vital public safety-related information.	Lack of capacity and skills.	Inadequate monitoring of activities performed by the administrators and other employees.	CTO	Not Achieved The Cyber Risk assessment is still under way	
						Implementation of the remedial action plans to address the shortcoming identified through the cyber risk assessment (monthly)	CTO	Not Achieved Multiple external stakeholder involvement	
						Implementatio n of Smart City projects.	CTO	Not Achieved Multiple external stakeholder involvement	
					Create value-added smart crime technologies that will enable to monitor areas	CTO	Not Achieved Multiple external stakeholder involvement		
Good Governance	Achieve a clean administration through good governance practices and maintaining a positive institutional reputation.	6	Ineffective governance structures.	Failure to achieve a clean administration.	Non-implementation of recommendations by assurance providers.	Implementation of Auditor-General (AG), internal audit corrective actions to resolve the findings.	All Executives.	Not Achieved 19 AG findings resolved and 16 Findings Outstanding. 13 Internal Audit findings are not resolved. For the following department: Finance Operations Corporate Strategy and Reporting	Implementation of IA recommendation as per the agreed timelines. During the 1st Quarter 1 of 2025/26 financial year. Review the risk mitigation strategy to ensure alignment with the new organisational strategy ahead of its implementation in the 2025/26 financial year.
						Implementation of effective risk management strategies	All Executives	Not Achieved Not all risk mitigation strategies were implemented	
						Ongoing UIFW investigations conducted by internal audit	CAE	Achieved UIFW investigation conducted	
						Fluidity in the City's political leadership impacting MTC's governance.	Company Secretary.	Achieved Workplan is being implemented and complied with.	
						Implementation of CSR initiatives	Corporate Strategy and Reporting	Achieved The Entity implemented ethical labour practices and policies to sustain business practices.	
						Deliver a Combined assurance model through implementing of integrated assurance	Head of Risk and Compliance	Achieved Combined assurance forums are held monthly	
Sustained Economic Growth	Creating working opportunities and development of SMMEs within the CoJ.	7	Lack of economic growth in the city.	Failure to create work opportunities and development SMMEs.	Inadequate Enterprise development Strategy and Plan	Implement an Enterprise Development Strategy and Plan	CFO	Achieved Two appointed during the quarter under the review	MTC will refresh the panel. The Operations department to draft the specifications during Quarter 1 of 2025/26 financial year
					Insufficient technical Capacity within SMMEs.	Review and Monitor SMME's compliance	Corporate Strategy.	Not Achieved The SMME panel has expired.	
					Budgetary Constraints.	Develop new MOUs to introduce new players	Corporate Strategy.	Achieved +/- 12 new SPs have been added for MTC	
						Create EPWP Jobs		Achieved EPWP target met	

Table 2.6 2024/2025 Strategic Risks (Continued)

Strategic Goal	Strategic Objective	NO	Risk	Risk Description	Root Cause	Action Plan	Action Owner	Progress	Remedial Action Plan and Action Date
Good Governance	Achieve a clean administration through good governance practices and maintaining a positive institutional reputation	8	Business Interruptions	Failure to build and maintain a secure, resilient, and reliable digital services infrastructure resulting in large-scale outages threatening Business Continuity	Lack of Business Continuity Plans and Inadequate Disaster Recovery Plan	Testing of Disaster Recovery plan	CTO	Achieved DRP is being tested monthly	
					Natural disasters owing to Climate Change.	Testing of Business Continuity Plan	Head Risk and Compliance	Not Achieved Business Continuity Plan has not been developed, and BIA still needs to be revised based on the outcome of Organisational Strategy and new facility arrangement.	Develop Business Continuity Plan in alignment with the Organisational Strategy. 2025/2026 Financial Year
					Inadequate facilities to host infrastructure (Carries grade data centre facilities with air conditioning, uninterrupted power supply, security, and site access control). Unrest.	Monitoring of Lease Agreement	Corporate Strategy and Reporting	Not Achieved There was a delay between Metropolitan Tech Company (MTC) and Johannesburg Property Company (JPC) in finalising the office space agreement. A meeting held on 3 April 2025 resulted in an agreement to proceed with the procurement process. Specifications have been submitted, and MTC is currently awaiting JPC to finalise their internal processes	Finalise the procurement of office space during the 2025/26 financial year.
Good Governance	Achieve a clean administration through good governance practices and maintaining a positive institutional reputation.	9	Noncompliance with regulatory requirements.	MTC's failure to comply with applicable laws and regulations.	Constant changes in the regulatory requirements.	Completion of Compliance Checklist.	Head Risk and Compliance.	Achieved Compliance checklist updated.	
					Outdated Policy and Procedure Manuals.	Conduct Compliance Monitoring.	Head Risk and Compliance.	Achieved Compliance Monitoring conducted.	
						Review Compliance Universe	Head Risk and Compliance.	Achieved Compliance Universe reviewed	
Good Governance	Achieve a clean administration through good governance practices and maintaining a positive institutional reputation.	10	Fraud and corruption risk.	Fraud and corruption are major factors that might destroy MTC's ability to achieve its mandate.	Lack of consequence management.	Implementation of consequence management.	All Executives.	Achieved Consequence management is being implemented in accordance with the recommendations of the Disciplinary Committee (DC).	
						Implementation of fraud prevention plan Conduct Ethics, Fraud and Corruption Awareness workshops	Head Risk and Compliance.	Achieved Ethics, fraud, and corruption awareness workshops were conducted, and informational newsletters were issued. The most recent workshop was held for employees in June 2025.	
					Lack of ethical risk culture.	Monitoring of the Hotline.	Head Risk and Compliance.	Achieved The Hotline is actively monitored, and no incidents have been reported to date.	
					Inadequate integrity checks	Vetting of employees	Corporate Strategy and Reporting	Achieved All new appointments undergo a thorough screening process to ensure suitability and compliance with organisational standards.	

Table 2.6 2024/2025 Strategic Risks (Continued)

Strategic Goal	Strategic Objective	NO	Risk	Risk Description	Root Cause	Action Plan	Action Owner	Progress	Remedial Action Plan and Action Date
Sustainable Service Delivery	Quality of integrated broadband access to CoJ entities and departments.	11	Inadequate organisational performance.	Inability to retain and attract critical skills to enable MTC to achieve its mandate and strategic objective.	Lack of digitised management process.	Approval and implementation of Performance Management Policy	Corporate Strategy and Reporting	Not Achieved Performance reviews have been conducted as scheduled; however, not all employees have been reviewed to date.	Implement consequence management measures for employees who are non-compliant in 2025/26.
					Inadequate performance management system.	Implementation of Organisational Structure.	Corporate Strategy and Reporting	Not Achieved The Organisational Design (OD) process is complete and currently awaiting approval, pending alignment with the Organisational Strategy	Implement the organisational structure in Quarter 1 of the 2025/26 financial year.
An active and engaged citizenry	Elevate MTC's brand visibility and reputation by engaging with communities to promote active citizenry through meaningful interactions.	12	Ineffective stakeholder engagement/ communication channels.	Unengaged citizens.	Inadequate Brand Positioning and Marketing.	Marketing Campaign and Brand Repositioning.	Corporate Strategy and Reporting.	Not Achieved The brand repositioning has been placed on hold pending the rebranding process, which is necessary to align with the updated Organisational Strategy	Commence the rebranding process in Quarter 1 of the 2025/26 financial year.
					Lack of stakeholder engagement programmes.	Brand awareness.	Corporate Strategy and Reporting.	Achieved Brand awareness is mostly active with online articles and intranet, website and engagement with CoJ stakeholder forums.	



Residual Risk Movement Results

NO	Risk #1	Risk Description	Risk indicators monitoring			Q1 Residual Risk	Q2 Residual Risk	Q3 Residual Risk	Q4 Residual Risk	Risk Movement
			Risk indicators	Target	Actual performance					
1	Solvency risk	Financial instability to meet the obligations and continue business for the foreseeable future.	Gearing ratio.	Norm 2	0.87	Medium	Very High	Very High	Very High	↔

The ratio remains below the acceptable norm owing to the Entity's technical insolvency, primarily driven by the impact of the Shareholder loan. Additionally, the decrease in Property, Plant, and Equipment (PPE) values owing to depreciation has further contributed to this financial strain. As a result, the residual risk rating remains very high, necessitating immediate management attention. It is critical that management negotiates improved terms to address the shareholders loan, which continues to accumulate interest on a quarterly basis.

NO	Risk #2	Risk Description	Risk indicators monitoring			Q1 Residual Risk	Q2 Residual Risk	Q3 Residual Risk	Q4 Residual Risk	Risk Movement
			Risk indicators	Target	Actual performance					
2	Liquidity risk	Inability to pay short-term debt owing to low collection rate from customers.	Current ratio	Norm 1.5 to 2:1	1.27	High	Very High	Very High	Very High	↔
			Debtors' days.	30 days	6116					
			% of the collection of revenue	95%	135%					

The residual risk rating remained unchanged at Very High, indicating an unacceptable risk level that requires urgent management intervention to address the following key issues:

- Current Liabilities:** The current ratio is below the acceptable norm owing to a high balance of current liabilities, driven largely by city-wide cash flow challenges.
- Debtors of the Entity:** The debtor ratio exceeds the general norm significantly, primarily because of outstanding debt owed by the Shareholder that has been overdue for more than a year. Despite this, the Shareholder continues to receive services with little to no payment made to MTC.

NO	Risk #3	Risk Description	Risk indicators monitoring			Q1 Residual Risk	Q2 Residual Risk	Q3 Residual Risk	Q4 Residual Risk	Risk Movement
			Risk indicators	Target	Actual performance					
3	Large-scale disruption of digital services.	The inability of the network to adequately provide connectivity.	% of network availability.	98%	96%	Very High	Very High	Very High	High	↓

The improvement was driven by the implementation of a power backup solution, which significantly enhanced network availability. Although the performance remains slightly below the 98% target, a substantial increase was achieved during the Quarter 4.

NO	Risk #4	Risk Description	Risk indicators monitoring			Q1 Residual Risk	Q2 Residual Risk	Q3 Residual Risk	Q4 Residual Risk	Risk Movement
			Risk indicators	Target	Actual performance					
4	Cyber and Information security risks	Cyber-attacks aimed at MTC could lead to service interruption, infringement of personal data, Organisational data, and confidential data.	Number of incidents.	Zero (0)	0	Low	Low	Low	Low	↔

The risk remained unchanged at an acceptable residual risk rating. The Entity utilises a group Hotline managed by an independent service provider. During the year under review, no Hotline incidents or cases were reported.

Residual Risk Movement Results (Continued)

NO	Risk #5	Risk Description	Risk indicators monitoring			Q1 Residual Risk	Q2 Residual Risk	Q3 Residual Risk	Q4 Residual Risk	Risk Movement
			Risk indicators	Target	Actual performance					
5	Slow pace of digital transformation and cyber security vulnerabilities.	Failure to quickly adapt to New emerging technology/ Technological agility to enable reporting and sharing vital public safety-related information.	Several new Technology introduced.	Zero (0)	Zero	Medium	High	High	High	↔

The risk rating remained unchanged owing to a lack of new project requests from the City and its Entities for MTC to implement.

NO	Risk #6	Risk Description	Risk indicators monitoring			Q1 Residual Risk	Q2 Residual Risk	Q3 Residual Risk	Q4 Residual Risk	Risk Movement
			Risk indicators	Target	Actual performance					
6	Ineffective governance structures.	Failure to achieve a clean administration.	Audit Opinion.	Unqualified audit opinion	Unqualified audit	Medium	High	High	High	↔
			% Resolution of Internal Audit Finding.	100%	72% of internal audit findings were resolved.					
			% of risk mitigation strategies implemented.	100%	64% of strategic risk mitigation strategies are not implemented.					

The residual risk amount remained unchanged at High, primarily owing to poor performance of key risk indicators and slow progress in resolving findings and implementing risk mitigation strategies. Management has committed to executing a remedial action plan aimed at improving performance in the next financial period.

NO	Risk #7	Risk Description	Risk indicators monitoring			Q1 Residual Risk	Q2 Residual Risk	Q3 Residual Risk	Q4 Residual Risk	Risk Movement
			Risk indicators	Target	Actual performance					
7	Business Interruptions	Failure to build and maintain a secure, resilient, and reliable digital services infrastructure, resulting in large-scale outages threatening business continuity.	Critical System uptime (Network availability).	98%	96%	Very High	Very High	Very High	High	↓
			Increase Maintenance or failure rate.	8% of the total budget	3					
			Increase attempts or successful breaches.	Zero tolerance	No incident reported					

The Business Interruptions Risk decreased, primarily owing to a significant improvement in a key risk indicator – critical system uptime (network availability), which reached 96%. This improvement was largely driven by the successful implementation of backup power systems.

However, water interruptions continue to pose a significant challenge to business continuity, particularly within the main office facilities. Water is essential for both operational processes and hygiene standards. As a mitigating measure, Management has frequently implemented remote working arrangements during periods of water shortage.

Residual Risk Movement Results (Continued)

NO	Risk #8	Risk Description	Risk indicators monitoring			Q1 Residual Risk	Q2 Residual Risk	Q3 Residual Risk	Q4 Residual Risk	Risk Movement
			Risk indicators	Target	Actual performance					
8	Non-compliance with regulatory requirements	MTC's failure to comply with applicable laws and regulations.	The number of compliance deviations compliance issues.	Zero	Fourteen (14) instances of non-compliance were identified.	Very High	Very High	Very High	Very High	↔
					63 payments made outside the 30-days payment (Non-compliance with section 65 of MFMA).					
			UIFWE incurred.	Zero	The fruitless and wasteful expenditure on the Shareholders' Loan Interest charged and overdraft interest for the quarter is R49,125,332.40					

The risk remained unchanged at the maximum residual risk rating owing to the following factors:

- Non-compliance with Section 65 of the Municipal Finance Management Act (MFMA).
- Incurrence of fruitless and wasteful expenditure related to interest on shareholders' loans and overdraft.

NO	Risk #9	Risk Description	Risk indicators monitoring			Q1 Residual Risk	Q2 Residual Risk	Q3 Residual Risk	Q4 Residual Risk	Risk Movement
			Risk indicators	Target	Actual performance					
9	Fraud and corruption risk	Fraud and corruption are major factors that might destroy MTC's ability to achieve its mandate	Number of Hotline calls receive	0	0	Low	Low	Low	Low	↔

The risk remains low, as no incidents related to fraud, corruption, or unethical behaviour were reported, and the performance of the risk indicators supports this assessment. Management continued to implement measures to prevent and combat fraud and corruption.

NO	Risk #10	Risk Description	Risk indicators monitoring			Q1 Residual Risk	Q1 Residual Risk	Q3 Residual Risk	Q4 Residual Risk	Risk Movement
			Risk indicators	Target	Actual performance					
10	Inadequate organisational performance.	Inability to retain and attract critical skills to enable MTC to achieve its mandate and strategic objective.	Number of employees assessed in line with performance.	50	35	Very High	Very High	Very High	Very High	↔
			Number of signed performance agreement.	50	43					
			Number of resignations by employees.	0	1 contract ended and one resignation recorded					

The residual risk rating for Inadequate Organisational Performance remained very high during the year under review. This is primarily attributed to the non-implementation of key risk mitigation strategies and poor performance on critical risk indicators - most notably, the failure to ensure that all employees sign performance agreements or scorecards and the lack of timely assessments.

The absence of performance agreements increases the likelihood of miscommunication, reduced productivity, and overall organisational inefficiency. Well-defined performance agreements provide a structured framework that guides, evaluates, and supports both individual contributions and the organisation's broader success.

Residual Risk Movement Results (Continued)

NO	Risk #11	Risk Description	Risk indicators monitoring			Q1 Residual Risk	Q2 Residual Risk	Q3 Residual Risk	Q4 Residual Risk	Risk Movement
			Risk indicators	Target	Actual performance					
11	Lack of economic growth in the City.	Failure to create work opportunities and develop SMMEs.	Number of EPWP Jobs created.	50	32 jobs Created	Medium	Low	Medium	Very High	↑

The residual risk rating increased owing to the poor performance of the Key Risk Indicator linked to the risk. The Entity's performance on EPWP Jobs target fall short in Q4 as a result of expiration of the previous service provider's contract during the reporting period.

NO	Risk #12	Risk Description	Risk indicators monitoring			Q1 Residual Risk	Q2 Residual Risk	Q3 Residual Risk	Q4 Residual Risk	Risk Movement
			Risk indicators	Target	Actual performance					
12	Ineffective stakeholder engagement/ communication channels.	Unengaged citizens.	% of activities within the sales and marketing strategy that have been completed	100%	0%	Very High	Very High	Very High	Very High	↔

The residual risk rating for unengaged citizen remained at very high during the year under review. This is largely due to the postponement of the brand repositioning initiative, which was put on hold to accommodate the rebranding effort and the concurrent review of the organisational strategy.

Despite this, brand awareness activities continue through online articles, the intranet, the website, and active engagement in the CoJ Stakeholder Forums. However, the overall risk remains elevated until the repositioning and broader engagement strategies are fully implemented.

Emerging Risks / Materialised

During the year under review, the business continuity risk materialised owing to unplanned disruptions in the water supply at the facility. In response, remote working arrangements were implemented to ensure uninterrupted business operations.

At MTC, we proactively manage operational risks to ensure continuity of service, protect financial stability, and limit reputational exposure.

Operational Risks

The Entity continues its proactive approach to identifying, assessing, managing, and mitigating risks arising from internal operations encompassing people, processes, systems as well as external events. This ongoing process is integral to ensuring that operational risks are effectively monitored and controlled, thereby minimising potential adverse impacts on the organisation's strategic objectives, financial stability, and reputation. Table 2.8 summarises the operational risk performance for the year under review:

Details of Interventions/ Actions Not Implemented

Table 2.7 Operational Risk Performance

Department	Quarter 4 Interventions/ Actions to improve management of the risk	Number of Interventions/ Actions Implemented	Number of Interventions/ Actions Not Implemented
Corporate Strategy and Reporting	70	63	7
Finance	79	74	5
Operations	50	42	8
Company Secretary	21	21	0
Total	220	200	20
Percentage		91%	9%

Table 2.8 Details of Interventions/Actions

Department	Risk	Root Cause	Interventions/ Actions Not Implemented	Progress	Remedial Action Plan
Corporate Strategy and Reporting (Human Resource)	Unrest /dissatisfaction displayed by MTC workers in the form of strikes	Misinterpretation of the main collective agreement	Conduct induction which includes the main collective agreement and other HR related policies	Not Achieved Action plan to conduct outstanding HR disciplines coincided with other organisational activities	Conduct awareness on collective agreement and HR policy in 2025/26
		Salary Disparities	Conduct change readiness assessment / Employee readiness survey	Not Achieved The City of Johannesburg is in the process of addressing Salary Disparities through the PFA	Review the action in the 2025/26 financial year to ensure alignment with current priorities and strategic objectives.
Corporate Strategy and Reporting (Human Resources)	Inadequate organisational design and development	Change in the organisational strategy that requires re-evaluation of Jobs	Finalisation of organisation development process	Not Achieved The Organisational Assignment Department are updating the high-level structure	Align the organisational structure with the Business Plan to promote strategic coherence, optimise resource allocation, and improve operational efficiency.
Corporate Strategy and Reporting (Performance Management)	Under-performing MTC Staff affecting achievement of the mandate	Lack of performance evaluation	Conduct performance coaching and final review	Not Achieved 35 Employees were assessed and 15 are outstanding	Implement consequence management measures for instances of non-compliance, in accordance with applicable policies and procedures.
Corporate Strategy and Reporting (Records Management)	Poor Record Management	Lack of uniformity in handling records.	Procurement of record management system	Not Achieved Budgetary constraints preventing the implementation of the action plan	Review the action in the 2025/26 financial year to ensure alignment with strategic objectives and operational priorities.
		Inadequate /Lack of functional file plan	Training of Staff	Not Achieved Budgetary constraints preventing the implementation of the action plan	Review the action in the 2025/26 financial year to ensure alignment with strategic objectives and operational priorities.
		Lack of record management policy	Development of file plan	Not Achieved Budgetary constraints preventing the implementation of the action plan	Review the action in the 2025/26 financial year to ensure alignment with strategic objectives and operational priorities.

Table 2.8 Details of Interventions/Actions (Continued)

Department	Risk	Root Cause	Interventions/ Actions Not Implemented	Progress	Remedial Action Plan
Operations	Misalignment of MTC ICT policies and industry best practice	Inadequate capacitation	Capacitation of the position in line with the approved organisational structure (dependency on the approval of organisational structure)	Not Achieved New OD structure is in process, to be implemented Q1 2025/26	Implement the action plan during the 2025/26 financial year to address identified priorities and ensure effective execution.
	Cyber Crime	Inadequate IT Security Controls	Implement the remedial plan on the Cyber Security Risk Assessment	Not Achieved Cyber Security plan currently being reviewed by the Acting CTO- to be implemented in Q1 2025/26	Review the action plan during the 2025/26 financial year to assess progress and make necessary adjustments.
	Ineffective Disaster Recovery Plan (DRP) resulting in inability to implement Business Continuity Plan for critical business systems	Lack of Testing of DRP	Request for budget to implement the recommendations to improve Disaster recovery	Not Achieved No budget has been allocated; report is attached	Review the action plan during the 2025/26 financial year to assess progress and make necessary adjustments.
	Failure to achieve service level standards and IT System Availability	Inadequate facilities	Request for budget for the relocation of MTC IT systems to adequate facilities	Not Achieved No budget was allocated at mid-year. To consider migration to cloud	Review the action plan during the 2025/26 financial year to assess progress and make necessary adjustments.
		End-of-Life and Out-of- Support IT infrastructure and passive network infrastructure that requires maintenance and relocations			Review the action plan during the 2025/26 financial year to assess progress and make necessary adjustments.
		Capacity constraints (Human Resources)	Filling of positions		New OD structure has been approved, to be implemented in Q1 2025/2026
	Inadequate Data Centre	1 Computing facilities (independent climate control, fire suppression systems, uninterruptible power supply, continuous monitoring, and generators);	Request for budget for relocation of MTC IT System to world class hosted data centre	Not Achieved No budget was allocated at mid-year. To be escalated to Exco, Board for intervention	Review the action plan during the 2025/26 financial year to assess progress and make necessary adjustments.
		2 Server management (manages and supports the Entity operating and application server infrastructure);	Request for budget to implement new server infrastructure, administrative and monitoring tools	Not Achieved No budget was allocated at mid-year. To be escalated to Exco, Board for intervention	Review the action plan during the 2025/26 financial year to assess progress and make necessary adjustments.
	Inadequate IT security controls	Manager system not able to produce user list with creation dates owing to system limitation	Procurement of new system for incident management	Not Achieved No budget has been allocated. Engaging SP and OEM on alternative solutions to the challenges (Sabelo has several engagements and can provide more detail)	Engage with Service Providers (SP) and Original Equipment Manufacturers (OEM) on alternative solutions to address the challenges during the first quarter of the 2025/26 financial year
		OpManager system not able to produce password reset list			
		Default Administrator account not renamed			

Table 28 Details of Interventions/Actions (Continued)

Department	Risk	Root Cause	Interventions/ Actions Not Implemented	Progress	Remedial Action Plan
Finance (Contract Management)	Inadequate Contract Management	Inadequate Monitoring of Contracts (The municipal Entity did not monitor the performance of some of the contractors or providers on a monthly basis, as required by section 116(2) (b) of the MFMA. Similar non-compliance was also reported in the prior year)	Conduct workshop on Contract Management policy and Standard Operating Procedure (SOP) to Stakeholders	Not Achieved Workshops not yet conducted Awaiting approval of SOP by board	Submission of the SOP in 2025/26
		Lack of automated contract management system which sends contract end date notifications and monitor performance and spending of contracts.	Request budget for the Procurement of Contract Management solutions	Not Achieved No budget for solution	Submit a budget request for consideration in the 2025/26 financial year to support planned initiatives.
		Inadequate maintenance of the contract register.	Drafting of SLA for Customers submitted by End Users	Not Achieved Customer contracts drafted save for a few new request. Customer contract requests are ongoing on a weekly basis and owing to the under capacitation of contracts management department, we are unable to attend to all requests as soon as they are made	Finalise all outstanding customer requests by 31 July 2025 to ensure timely service delivery and improved customer satisfaction.
Finance Asset Management	Inadequate approach for disposal of assets	No defined process for assets disposal	Update the Asset Management Policy to address disposal of assets	Not Achieved Policy update initiated, still need internal review conducted and structure drafted.	Follow up with the City to obtain the policy document, and complete the alignment and update process upon receipt..
			Disposal of assets in line with the Asset Management Policy based on the assessment results	Not Achieved Assessment of assets that are no longer in use is still under-way.	Finalise the asset assessment, compile the disposal list, and initiate the approval process in accordance with the updated Asset Management Policy by 30 September 2025.

Section 5

Anticorruption and Fraud Investigations

(including Forensic Investigations)

MTC conducts its business in accordance with the principles of fairness, honesty, openness, decency, integrity, and respect. The Entity maintains a zero-tolerance stance on fraud and corruption. All allegations of fraud, corruption, and unethical conduct are thoroughly investigated. MTC encourages its employees, stakeholders, and the broader community to report improper or illegal activities. It is the Entity’s policy to fully support and investigate such disclosures in line with its commitment to transparency and accountability.

During the year under review, MTC raised awareness on matters related to unethical behaviour, fraud, and corruption by hosting a staff-wide workshop in collaboration with the Special Investigating Unit (SIU) on 30 June 2025, and through issuing regular newsletters and communications to reinforce ethical standards and promote a culture of integrity.

Furthermore, MTC continues to proactively address potential fraudulent activities by ensuring that effective controls and preventative measures are in place. The Entity actively monitors eight (8) identified Ethics, Fraud, and Corruption Risk areas. The following table outlines the progress made in addressing these risks during the year under review:

Table 2.9 Anti-Corruption and Fraud Risk Mitigation Progress Tracker

No	Focus Area	Risk Name	Risk description	Root Causes	Residual Risk Rating	Action to improve management of risk	Progress	Remedial Action Plan
1	Asset Management	Loss, theft and damage/ vandalism of Assets.	MTC assets not attaining their useful operating life.	Inadequate security controls.	Very High	Upgrading of security management system	Not Achieved Owing to lack of funds, the security system was not upgraded	The security /camera system will be upgraded in the new financial year
				Ineffective controls for safe keeping of assets or poor record keeping (lack of asset management tool).		Development of security management policy.	Target Not Achieved Put on hold pending finalisation of procurement of office space	The security /camera system will be upgraded in the new financial year
2	Human Resources	Possible ghost employees.	MTC accounting for ghost employees.	Financial gains.	Medium	Review of the net pay report.	Target Achieved Net pay review conducted, with no deficiencies identified.	Each employee listed on the report should be cross-checked against the Human Resources database to confirm their current employment status
				Lack of employee verification		Conduct employee headcount	Achieved Headcount was conducted	
3		Submission of fraudulent qualifications.	Applicants submitting fraudulent qualifications.	Inadequate verification of qualification.	Low	Vetting and verifications of qualification before appointment.	Not applicable No new appointments were made during the quarter.	
4		Fraudulent timekeeping.	Possible Excessive Overtime Claimed by Employee.	Inadequate monitoring of overtime.	Low	Pre-approval of overtime.	Target Achieved Overtime worked was pre-approved.	
						Confirmation of budget.	Target Achieved Budget was confirmed before overtime approval.	
						Basic condition for employment (Overtime limits at 40hrs per month per employee 910hrs per week).	Target Achieved 40 hours adhered to as stipulated on the BCEA	
						Attendance register is signed by the employee and line manager.	Target Achieved Monitoring is done by line managers.	
5	Absence from work with permission.	Incorrect management and administration of MTC employee's leave records.	Non-functionality of the Leave Management System.	High	Provision of all employee access to EES and Monitoring of employees (Activity Report).	Not Achieved 2% of employees are unable to access ESS owing to the login challenges. HR not informed by the respective line management the status quo on the acting capacity for electronic leave approvals through ESS. Employees applied on ESS however, the assigned respective line managers based on organisational assignment do not have access to approve or receive any notifications	Communication through Blackboard 30 August 2025	
					Monitoring of employees (Activity Report)	Not Achieved Running interface between Attendance Register, leave forms and ensuring that activity reports are submitted monthly will not be sufficient and do not address the issue of digitalising the leave management through ESS		

Table 2.9 Anti-Corruption and Fraud Risk Mitigation Progress Tracker

No	Focus Area	Risk Name	Risk description	Root Causes	Residual Risk Rating	Action to improve management of risk	Progress	Remedial Action Plan
6	SCM	Conflict of interest.	Failure to disclose a business conflict of interest by employees.	Dishonesty.	Low	Conduct ethics fraud and corruption awareness workshops.	Target Achieved Ethics, Fraud and Corruption awareness workshop was conducted.	
						Annual declaration of interest and as when for new employees	Target Achieved All employees made their annual declarations.	
7		Fraud and Corruption.	False disclosure of interest by bidders.	Collusion.	High	Completion of MDB forms declaring their interest.	Target Achieved MDB form reviews were conducted and duly completed. Bidders were verified through a system.	
8	Information Technology	Cyber Crime.	Loss of information and data owing to Cyberattacks.	Inadequate information system control.	Medium	Monitoring of incidents/security attacks and blocking.	Target Achieved Monitoring was conducted and there were no violations noted.	
				Hackers.				

Risk Financing

The Entity continues to mitigate the financial impact of risk events including property damage, liability claims, business interruptions, and other unforeseen losses through a comprehensive insurance portfolio.

To date, four insurance claims have been submitted relating to the loss or theft of cellular devices:

Table 2.10 Insurance Claim

Date	Incident type	Description	Case Number	Progress
28 June 2025	Theft of Cell phone	Samsung S24 Cell phone taken from MTC employee.	Cas:280/6/2025	Claim Approved by insurance
15 10 2024	Theft of Cell phone	Samsung S23 Cell phone was stolen from MTC employee.	Cas:21/10/2024	Claim Approved by insurance
04 August 2024	Theft of Cell phone	Samsung S24 Cell phone was stolen from MTC employee.	Cas: 49/8/2024	Claim Approved by insurance
21 August 2024	Theft of Cell phone	Samsung S24 Cell phone was stolen from MTC employee.	Cas:333/8/2024	Claim Approved by insurance

Section 6

ICT Governance

The ICT Governance section provides a detailed overview of the key IT initiatives undertaken throughout the year, offering readers valuable insights into the Entity’s technological advancements that support strategic goals, enhance operational efficiency, and strengthen compliance.



Eldred Mtaner
Chief Technology Officer

This section also addresses the challenges encountered in implementing these initiatives, presenting a balanced view of the progress made and the obstacles faced. By highlighting both the achievements and challenges, readers gain a comprehensive understanding of how IT initiatives contribute to improved service delivery, robust risk management, and alignment with governance and regulatory standards. This section underscores the Entity’s commitment to leveraging technology as a foundational element of sustainable growth and continuity.

Understanding MTC’s ICT Policies

MTC’s ICT policies have been reviewed to confirm alignment with ICT governance standards and to assess their contribution to ICT capability maturity. Where necessary, full policy reviews and updates will follow. Below is a summary of each policy.

Table 2.11 MTC ICT Policies

MTC ICT Policy	Policy Brief
MTC ICT Governance Framework	The governance framework aligned with the Department of Public Services Administration for corporate governance of ICT.
MTC Acceptable Use Policy	Governs the use of ICT tools of trade, covering hardware, software, and data assets.
MTC IT Service Management Policy	Sets out how ICT services are managed for MTC customers; aligned with the Information Technology Information Library for ICT service.
MTC Change Control Policy	Defines how changes in the ICT environment are managed to minimise impact on the network and on customers’ business.
MTC Incident Management Policy	Specifies how network incidents—resulting in outages or service degradation—are handled to improve turnaround times.
MTC Information Policy	Guides the management of digital (ICT) data assets to ensure proper classification, security, and access by authorised persons or agencies.
MTC IT Service Continuity Policy	Ensures the ICT environment supporting internal and external customers can continue functioning during a disaster.
MTC Security Policy	Protects ICT assets, including hardware, software, and data.
MTC Cloud Policy	Governs the implementation and management of various cloud solutions.

ICT Governance

Innovation Initiatives Embarked On During The Year



1. Wi-Fi Rollout Programme Expansion

MTC continued to expand its Wi-Fi Commercialisation Programme, reaching additional locations and communities. During the year, 25 Rea Vaya BRT stations were integrated into the City’s Wi-Fi network, with further public sites scheduled for activation. To enhance accessibility, the City initiated adoption of a unified SSID, “Joburg Free Wi-Fi,” across municipal facilities, Wits University, BRT stations and Metrobus hubs, enabling seamless roaming without network switching. The phased roll-out, supported by active performance monitoring and planned upgrades to bandwidth, security and coverage, advances the City’s goal of bridging the digital divide and supports students, job seekers and small businesses. Progress was tempered by incidents of vandalism and intermittent power supply at some sites; mitigation includes site hardening, resilience measures and community engagement.



2. Smart City Initiatives

During the year, MTC’s IT initiatives focused on advancing Johannesburg’s Smart City vision through expanded digital infrastructure, broader digital inclusion and strengthened public-safety capabilities. The municipal Wi-Fi network became a key enabler of affordable internet access across the city, improving access to online public services, education and economic opportunities, and supporting greater civic engagement.

The Eye on the Bus initiative delivered measurable improvements in safety, operational efficiency and accountability within the Metrobus system. Real-time surveillance and incident capture provide evidential support for investigations, while continuous data on passenger volumes, vehicle locations and driver behaviour enables immediate route and schedule adjustments and deters criminal activity. Adoption was supported through training and engagement with drivers, administrators and labour unions. Although Global System for Mobile Communications (GSM) coverage constraints in some areas affected real-time transmission, reliability is being improved through targeted network monitoring, software updates, and planned integration with traffic management and public-safety platforms, alongside the exploration of advanced analytics.

Future IT Initiatives: Driving Commercialisation and Sustainable Service Delivery

The plan for MTC is to commercialise its technology assets and evolve into a sustainable, service-oriented business. The aim is to deliver innovative and efficient digital solutions that meet the needs of both the City of Johannesburg (CoJ) and the private sector. In the next reporting period, MTC will continue advancing its smart city initiatives, focusing on enhancing service delivery, improving operational efficiency, and building value-driven technology platforms that support long-term growth and financial sustainability.



Further Information on the Roll Out of Our IT Initiatives is discussed under CSR

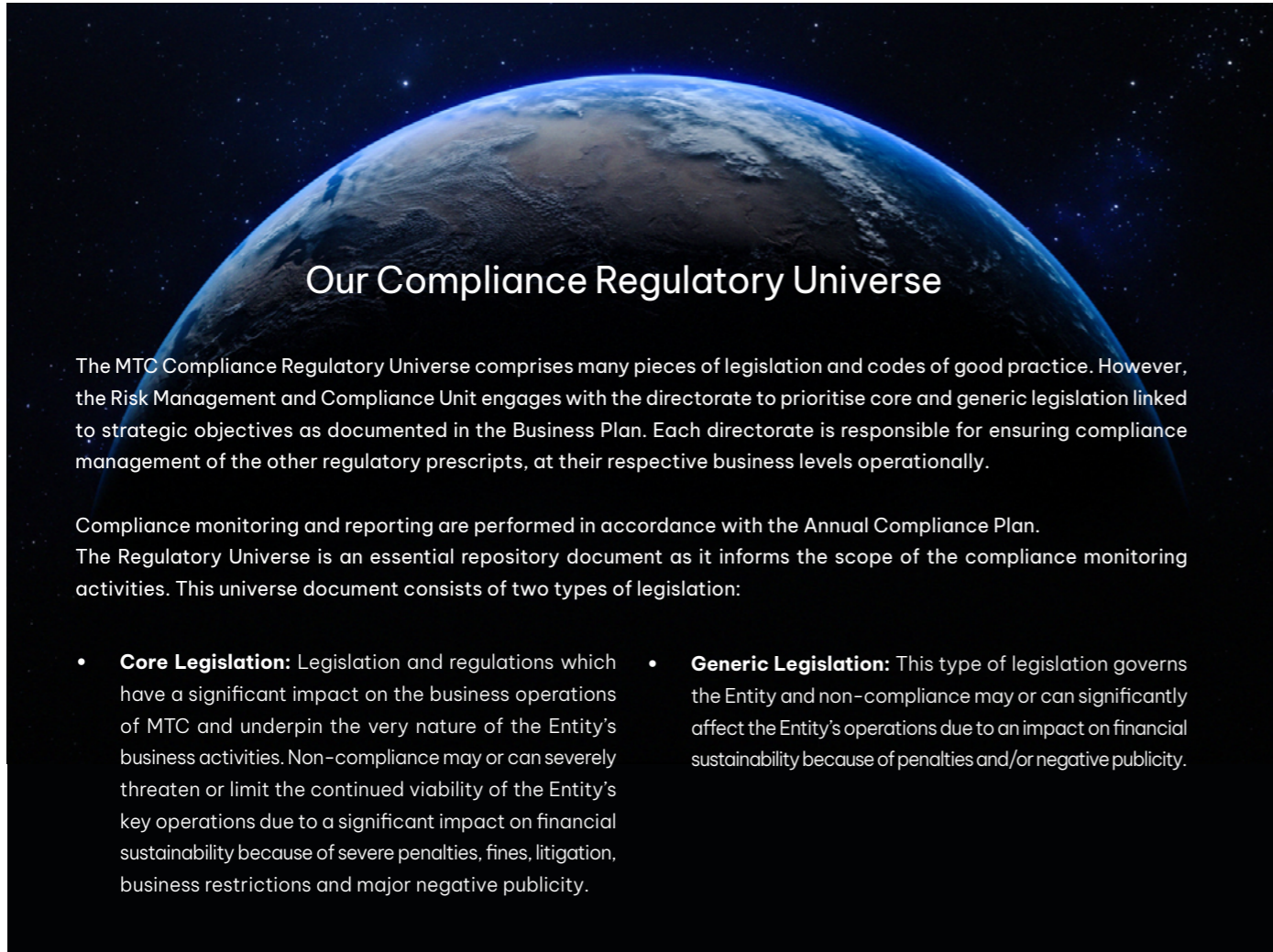
Section 7

Compliance with Laws and Regulations

MTC aims to comply with all applicable laws and regulations, as well as internal policies, to support sound business practices.

Our Compliance Policy, therefore:

- Provides guidance to the internal assurance providers on the type and potential extent of collaboration and integration, without impairing the functional independence and objectivity of each of these functions, especially between the Risk and Compliance unit/Compliance Champions within the Core Administration of the Entity;
- Provides guidelines to the Compliance Units/Compliance Champions within the Core Administration on adequate and effective compliance management;
- Provides a structure for adequate and effective communication and management of compliance in the Entity.



Our Compliance Regulatory Universe

The MTC Compliance Regulatory Universe comprises many pieces of legislation and codes of good practice. However, the Risk Management and Compliance Unit engages with the directorate to prioritise core and generic legislation linked to strategic objectives as documented in the Business Plan. Each directorate is responsible for ensuring compliance management of the other regulatory prescripts, at their respective business levels operationally.

Compliance monitoring and reporting are performed in accordance with the Annual Compliance Plan. The Regulatory Universe is an essential repository document as it informs the scope of the compliance monitoring activities. This universe document consists of two types of legislation:

- **Core Legislation:** Legislation and regulations which have a significant impact on the business operations of MTC and underpin the very nature of the Entity's business activities. Non-compliance may or can severely threaten or limit the continued viability of the Entity's key operations due to a significant impact on financial sustainability because of severe penalties, fines, litigation, business restrictions and major negative publicity.
- **Generic Legislation:** This type of legislation governs the Entity and non-compliance may or can significantly affect the Entity's operations due to an impact on financial sustainability because of penalties and/or negative publicity.

Compliance Plan Monitoring

The Risk and Compliance Unit activities are guided by the compliance plan which outlines the key compliance priorities for the financial year. For the year under review, a performance of 100% was achieved against the compliance plan:

Table 2.12 Monitoring of The Compliance Plan

Details	Number of Planned Activities	Activities Implemented	Activities Not Implemented
Target	76	76	0
Percentage	100%	100%	0%

Compliance With Applicable Laws And Regulations In Line With The Compliance Universe

Summary of compliance with applicable acts and regulation for the year under review ending:

Table 2.13 Performance on Core Legislations

Details	Total	Complaint	Non-Complaint
Number of regulations and acts monitored	46	32	14
Percentage	100%	70%	30%

Below is the result of performance on some of the core legislations on the compliance universe: The following information consists of payments made to service providers or creditors for the year under review:

Table 2.14 Payments made to Service Providers

Details	Number	Value
Payments in 30 days	744	R848 762 256.96
Payments made after 30 days	183	R266 527 466,88
	927	R1115 289 723.84

Reason for late payment: The reason for certain invoices being paid later than 30 days is due to inadequate cash allocation that is lower than the total amount that is required.

Corrective action: The Entity will send updated and dated weekly projections to the treasury in an attempt to receive sufficient funds to settle all outstanding invoices.

Annual Employee Declaration of Interest

All employees have submitted their annual declarations of all their financial interests in line with the code of conduct for Municipal Employees together with provisions of the Municipal System Act, 2000. Furthermore, one employee updated her declaration of interest during the quarter under review.

Status of Legislated Tax Compliance

The Entity Tax Compliance status is good standing the pin expiry date is 16 April 2026 after meeting all statutory tax return obligations in accordance with SARS requirements.

Unauthorised, Irregular, Fruitless, and Wasteful Expenditure

1. Fruitless and Wasteful Expenditure: During the year under review, the Entity incurred fruitless and wasteful expenditure relating to the Shareholder's Loan, interest charged on the bank overdraft facility, and interest resulting from late payments to creditors. Management is in the process of investigating these items and implementing corrective actions to strengthen financial controls and prevent recurrence.

2. Irregular Expenditure: The Entity incurred irregular expenditure of R122 million due to overspending of the budget.

3. Unauthorised Expenditure: During the year under review, the Entity incurred unauthorised expenditure resulting from non-compliance with procurement policies and procedures. The expenditure arose from deviations that were not in line with the applicable legislative and regulatory frameworks governing supply chain management. Management has initiated corrective measures to prevent recurrence, including enhanced internal controls and staff training.

Deviations:

- Finware Enterprise Systems pastel configurations - R 4 830.00
- Sage - annual licence renewal - R 18 467.01



Occupation Health and Safety Act No.85 of 1993

Continuous monitoring of the Occupational Health and Safety Act is conducted through follow-up on the Physical Risk Assessment Report to assess the extent the Entity went in addressing the findings to ensure compliance with the Act and Safety of Employees, Visitors and Assets of the Entity. Below is a summary of the outstanding findings against the requirement of the act:

Occupation Health and Safety Act No.85 of 1993

Table 2.15 OHS Act Compliance Monitoring Summary

No	Requirement of the Act	Finding	Progress
1	Section 19 of the Health and Safety Act: An employer shall in respect of each workplace where two or more Health and Safety representatives have been designated, establish one or more Health and Safety Committees and, at every meeting of such a committee as contemplated in subsection (4), consult with the committee with a view to initiating, developing, promoting, maintaining and reviewing measures to ensure the health and safety of his employees at work. Health and Safety Committee shall hold meetings as often as may be necessary, but at least once every three months, at a time and place determined by the committee.	Functionality of Health and Safety Committee It was noted that the Entity established Health and Safety Committee but it is not functional.	Not Resolved Health and Safety Committee is in place. Meetings are to be arranged for July 2026.
2	General Safety Regulations 3.4 and 5 (2) Where more than five employees are employed at a workplace, the employer of such employees shall provide a First Aid box or boxes at or near the workplace which shall be available and accessible for the treatment of injured persons at that workplace. (3)(a) Taking into account the type of injuries that are likely to occur at a workplace, the nature of the activities performed and the number of employees employed at such workplace, the employer shall make sure that the First Aid box or boxes contemplated in sub-regulation (2) contain suitable First Aid equipment which include at least the equipment listed in the Annexure hereto. (b) Such an employer shall make sure that only articles and equipment contemplated in sub-regulation (a) or other similar equipment or medicine is kept in the First Aid box or boxes	First Aid Equipment is not suitable for use (expired). It was noted that the Entity has three First Aid boxes which contain expired First Aid equipment with expiry dates of 2020 and 2021 where one is made available for use by employees as it is placed for easy access in the main kitchen floor.	Not Resolved Expired equipment was removed, arrangement to replace the expired equipment failed as the funds were not available. This will be arranged in the new financial year.
3	First Aid, emergency equipment and procedures: 6) An employer shall affix a prominent notice or sign in a conspicuous place at a workplace, indicating where the First Aid box or boxes are kept as well as the name of the person in charge of such First Aid box or boxes.	First Aid Notices or Signs not displayed in the Entity's facility. It was observed during the inspection that First Aid Signs are not displayed in the facility where the First Aid boxes are kept.	Not Resolved First aid signs will be obtained in the new financial year. These were ordered together with the First Aid equipment
4	SANS 10400- T: 2011 4.37 Portable fire extinguishers 4.37.1 A building that contains an occupancy given in Table 11 shall, for the relevant occupancy and floor area, be provided with portable fire extinguishers in unobstructed positions approved by the local authority.	Fire extinguishers are not mounted on the wall. During the inspection, it was noted that fire extinguishers are placed on the floor and not mounted on the wall for easy access during fire incidents.	Not Resolved There is only one fire extinguisher that is on the floor. The arrangement to have it mounted was delayed because of the office move that is being arranged. This also will be arranged
5	Regulation A15 of the South African Standard Code of Practice for the applicable national building regulations state that: Maintenance and Operations (a) The owner of any building shall ensure that any mechanical equipment, facility or any service installation provided in or in connection with such building, under these regulations or under any building by-law which was in operation before the coming into operation of the Act, shall be maintained in a safe and functional condition. (b) Such owner or any person appointed by such owner to be in control of such building shall ensure that where such equipment, facility or installation is designed to be kept operating during the times of normal occupancy of the building, it is kept operating in such a manner as to attain any standard of performance prescribed in these regulations or any by-law for such equipment or installation	Inadequate maintenance of the offices. During the physical inspection of the offices, the following were noted: A cracked wall was noted in the main kitchen. A damaged ceiling was observed in several offices including the company secretary's office and storerooms. Signs of possible roof leakages were noted in several offices and the kitchen. Damaged lights were noted in some of the offices which need replacement of lamps.	Not Resolved The cracks will be maintained once the funds are available to do so i.e. the new financial year.
6	Section 95 (c) of the Municipal Finance Management Act of 2003 states that the Accounting Officer of a municipality Entity is responsible for managing the financial administration of the Entity, and must for this purpose take all reasonable steps to ensure that the Entity has and maintains effective, efficient and transparent systems of finance and risk management and internal control	Poor security controls. During the inspection of the security environment within the Entity's main facility/offices, the following security weaknesses were noted: Inadequate Security Surveillance System. Although CCTV Cameras are installed in the facility/offices the system is unable to transmit a signal or record a set of events, the CCTV cameras are not monitored through a monitor (screen). CCTV cameras are not strategically placed. It is noted that the CCTV cameras are not strategically located to cover all open areas in the facility. It was observed during the inspection that the Biometric authentication system at the main door is not functional to prevent unauthorised access to the facility/offices.	Not Resolved The security surveillance system was put on hold because of the unavailability of funds and also the possible office move.

Employment Equity Act No 55 of 1998

The Entity recognises that Employment Equity extends beyond mere legal compliance. The Employment Equity Act offers a valuable opportunity to enhance service delivery by ensuring that the skills profile of business unit employees is optimally developed. Accordingly, the Entity will strategically align its skills development processes with its Employment Equity objectives. Furthermore, the implementation of Employment Equity will be integrated in broader organisational development and workplace transformation efforts, all aligned with the MTC's Strategic and Business Plans. The five-year Employment Equity plan was approved in November 2020

Table 2.16 Employment Equity Implementation Progress

Activity	Progress	Remedial Action
Employment Equity (EE) target not aligned to EAP	Not resolved, the EE target has not been amended to align with the EAP. The achievement of Employment Equity goals and targets remains an important challenge for MTC.	HR have consulted with the Department of Employment and Labour, and they were advised to do 50/50 split not EAP. HR will arrange training from CoJ. The review to be conducted in 2025/26 financial year.

National Archives and Records Service of South Africa Act (Act no 43 of 1996) (NARSSA)

Compliance with the requirements of the National Archives and Records Service of South Africa Act has been highlighted as an emerging risk for the City and its Entities. The Entity has developed a checklist to assess compliance with the requirements of the act;

Table 2.17 Monitoring Compliance of the National Archives and Records Service of South Africa act (Act no 43 of 1996) (NARSSA)

No	Details	Compliance		Corrective Action
		YES	NO	
1	Does the Entity have a Records Management Policy?		No	The Policy is to be developed in the new financial year.
2	Is the policy endorsed by the Gauteng Provincial Archives and Records Service?		No	Once the Policy is developed it will be submitted to Gauteng Provincial Archives and Records Service for endorsement.
3	Is the Records Management Policy reviewed at regular intervals?		No	The Policy is to be developed in the new financial year 2025/26.
4	Does the Entity have an approved File Plan (electronic Record system or paper-based system)		No	The file plan will be developed once the Policy is in place. 2025/2026 Financial year.
5	Does the Entity have an electronic record system or a paper-based system?	Yes		The Entity stores its record electronically on SharePoint.
6	Does the Entity have a dedicated record management storage space?	Yes		
7	Have relationships with other key information management stakeholders (e.g.IT, Risk, Internal Audit, MNE sections) in the organisation been identified and developed?	Yes		
8	Does the Entity have a schedule for paper-based records?		No	To be covered by the Policy.

Table 2.17 Monitoring Compliance of the National Archives and Records Service of South Africa act (Act no 43 of 1996) (NARSSA) (continued)

No	Details	Compliance		Corrective Action
		YES	NO	
9	Does the Entity have terminated records?		No	To be covered by the Policy.
10	If yes, does it have disposal authority?		No	To be covered by the Policy.
11	Does the institution carry out the disposal authority frequently?		No	To be covered by the Policy.
12	Does the Entity have file registers in place/system-based?		No	To be covered and directed by the Policy.
13	Is the register kept up to date?		No	To be covered and directed by the Policy.
14	Are the destruction dates of all non-archival records recorded here?		No	To be covered and directed by the Policy.
15	Is the register kept up to date?		No	To be covered and directed by the Policy.

The Entity faces a compliance risk related to the requirements of the National Archives and Records Service of South Africa Act (NARSSA). Non-compliance with this Act may result in serious legal consequences, including fines or imprisonment.

Protection Of Personal Information

The Entity is fully committed to adhering to the Protection of Personal Information Act (POPI) to safeguard the personal data of employees, clients, and stakeholders. To ensure compliance, the following measures have been implemented:

1. Employee Training:
Training on data privacy and the handling of personal information was not conducted during the period owing to budgetary constraints. However, plans are at an advanced stage to educate staff on their responsibilities in this regard.

2. Waccess:
Management: Restriction of access to personal information based on role and necessity to minimise risk of unauthorised disclosure.

3. Third-party Compliance:
Ensuring that all third-party service providers comply with POPI through contracts and due diligence processes.

4. Policy Framework:
Development and regular updating of a comprehensive data protection policy aligned with POPI requirements.

5. Risk Assessments:
Regular risk assessments and audits to identify and address potential vulnerabilities in data protection practices.

6. Incident Response:
Established procedures for reporting and managing data breaches promptly and effectively in line with POPI regulations.

These efforts support the Entity's commitment to protecting personal information and maintaining the trust of all stakeholders.

03

Service Delivery Performance

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- 57 Section 4 Performance against Service Standards
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- 61 Section 7 Recommendations and Plans for the Next Financial Year

Stakeholders Impacted by disclosures

 Shareholders  Communities

Capitals impacted by disclosures

 Financial Capital  Manufacturing Capital

03

Service Delivery Performance

Introduction

This chapter reflects on our ongoing commitment to optimising service delivery, which remained central to our success in the 2024/25 financial year. Our efforts did not only help us to retain a loyal customer base but also strengthened our ability to attract new clients. We continued to fulfil the obligations set out in the Service Delivery Agreement (SDA) between the MTC Board and the City of Johannesburg, demonstrating our dedication to bridging the digital divide in line with our mandate.

This chapter also provides an objective review of our performance, acknowledging the milestones achieved as well as the challenges encountered during the year. While certain constraints affected the full attainment of our objectives, we have implemented measures to improve service standards and close remaining gaps.

As we move forward, our commitment to enhancing service delivery remains steadfast. Despite the challenges, we remain focused on overcoming obstacles and fulfilling our responsibilities to our customers and the communities we serve.



Figure 3.1, Highlights and Achievements

Section 2

Service Delivery Challenges

During the year under review, MTC operated in a constrained operating environment characterised by power disruptions, infrastructure vandalism, ageing assets and limited capital availability. These headwinds, compounded by liquidity pressures and capacity constraints, adversely affected network availability targets and slowed execution of elements of the strategy. While targeted mitigation measures were initiated, sustained recovery will require continued investment, disciplined cost management and close collaboration with key stakeholders.

The specific challenges and constraints included the following.

Service reliability and network security:

- Power outages and elevated levels of infrastructure vandalism resulted in prolonged downtime and non-achievement of network-availability KPIs.
- Restricted site access at certain locations further delayed restoration times.

Asset condition:

- Ageing and dilapidated equipment increased failure rates and extended maintenance cycles.

Capital investment:

- Insufficient capital allocation limited asset refresh, lifecycle maintenance and the planned expansion of network coverage.

Organisational capacity:

- Under-capacitation reduced delivery velocity and resilience across key technical and operational functions.

Cash flow and liquidity:

- High receivables from delayed payments by internal clients constrained cash availability.
- Limited cash on hand delayed settlement of payables and curtailed planned operations.

Debtors and collections:

- Debtor days remained elevated, reflecting inadequate enforcement and escalation mechanisms for internal customer collections.

Audit and compliance:

- Although most findings were addressed, recurring matters—particularly interest on the shareholder loan—continued to give rise to fruitless and wasteful expenditure.

Budget management:

- Over-expenditure on employee-related costs and repairs and maintenance placed pressure on the approved budget, with limited scope for reprioritisation.

Performance against KPIs:

- While several KPIs were met, a number remained below target due to delays, systemic constraints and funding shortfalls.



Response To Strategic Direction

Section 3

As an Entity, we aligned our mandate and annual plan with the Mayoral Priorities. This alignment informed our strategy, budget formulation, performance targets, and risk oversight throughout the year, and was embedded in planning, governance, and assurance processes across the Entity. We directed our work to support Good Governance, Financial Sustainability, a Safer City, Job Opportunity and Creation, and a Smart City, ensuring that objectives, resources, and accountabilities were coherently linked. Progress was monitored through established performance and risk mechanisms, with continuous improvement actions taken where required.

We will maintain and deepen this alignment in the coming year to ensure consistent, accountable delivery and sustained public value. This section briefly illustrates how MTC responds to the City of Johannesburg’s Mayoral Priorities and the strategic programmes in place to give effect to them.

Table 3.1 Response to Mayoral Priorities

Mayoral Priority	What It Means For MTC & How It Contributes	Strategic Programme
Smart City	MTC to provide fast, reliable, and affordable digital network connectivity, to enable the adoption of smart ICT innovations by the City to provide services and solve City and residents’ problems.	A ‘Smart’ City of Johannesburg, that can deliver quality services to citizens in an efficient and reliable manner
Safer City	A safe and secure City. A City characterised by social inclusivity and enhanced social cohesion.	24/7 Digital network availability to support the functioning of crime-fighting CCTV Devices and other IT systems, related communications technologies, and control rooms. MTC to create value-added smart crime-fighting technologies and apps that will enable stakeholders to collaborate to monitor areas, provide alerts and share capacity.
Financial Sustainable	A high-performing metropolitan government that proactively contributes to and builds a sustainable, socially inclusive, locally integrated, and globally competitive Gauteng City Region	MTC creates EPWP opportunities, jobs through SMME development, and apprenticeship programs for the youth.
Good Governance	MTC to provide fast, reliable, and affordable digital network connectivity, to enable the City to convert manual operations into digitally smart ways, improve the quality of customer service, reduce turnaround times, and make the City’s services available 24/7 online.	Create Applications and systems to digitise the City’s services including interactive websites, smart resolution of billing queries, a live portal to report and track issues and queries, etc. Provide a reliable network to support access to 24-hour City services, such as call centres, websites, and portals.



Section 4

Performance against Service Standards

In terms of Section 121 of the Municipal Finance Management Act, No. 56 of 2003 and Section 46 of the Municipal Systems Act, No. 32 of 2000, a municipal Entity must prepare for each financial year a performance report reflecting the Entity's performance during the financial year.

In line with the SDA, this section of the Annual Report provides an in-depth review of MTC's performance against the service standards set for the reporting period. The analysis focuses on our ability to meet key service delivery objectives and operational targets. By comparing actual performance against predefined benchmarks, we aim to offer a transparent assessment of our service delivery efforts, highlighting both successes and areas for improvement. This report forms a critical part of our commitment to accountability and continuous improvement in the provision of telecommunications services to our customers.

Overview of the Service Delivery Standards For The Year

Table 3.2 Service Delivery Standards

Service Area	Service Standard	Reporting Frequency	Achievement Status	Information
Response in acknowledgment requests, inquiries, and complaints on network and ICT services	Within one day of logging tickets/call	Monthly	100%	MTC has automated the first response on the service desk, and all calls are now automatically acknowledged and a reference number provided within five minutes of receiving the email.
Provision of answers and/or results related to the receipt of the request and inquiries regarding network services	Within three days of logging incidents or tickets	Monthly	70%	1031 tickets were logged 800; tickets were resolved within three days, 348 tickets exceeding three days 74% threshold of request received by NOC and resolved within three days

Table 3.3 Incidents Logged

	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	2024/2025
Number of incidents logged	632	754	546	745	636	597	1464	1316	1435	1145	1555	1301	13 271
Total number of incidents resolved/closed/cancelled	550	663	471	671	564	560	1271	1156	1170	918	1099	1148	10 241
Number of incidents resolved within SLA	359	416	327	479	362	466	1148	835	698	556	815	800	7261
Number of incidents resolved out of SLA	191	244	144	192	202	94	123	321	472	362	284	248	2877
% of incidents resolved within SLA	65%	63%	69%	71%	64%	83%	90%	72%	60%	61%	73%	70%	70%
% of incidents resolved out of SLA	35%	37%	31%	29%	36%	17%	10%	28%	40%	39%	27%	30%	27%

MTC operates within industry standards, and the process of dealing with service outages is aligned with ITIL business practices. ITIL (Information Technology Infrastructure Library) prescribes detailed best practices for IT service management.

The contact centre performance is measured in terms of:

1. The time taken to attend to an incident as defined by the KPIs agreed upon in the terms of the SLA with the customer or SDA.
2. The time taken to assign an incident to a service provider or resolver group
3. The number of incidents logged on the service desk system.
4. The number of incidents resolved.
5. The number of incidents resolved in SLA as defined in the SLA KPI or SDA.

The service provider and internal resolver groups are measured in terms of:

- The time taken to resolve incidents logged.
- The Mean Time to Repair (MTTR) incidents are logged against each of the customers and each of the service providers.
- Trends are analysed, and targets have been set together with action plans to meet the performance targets.



Section 5

Performance against Predetermined Objectives

This section requires reporting on the entire Business Scorecard of the Entity, indicating both targets and actual annual performance.

MTC responds to four key priority programme areas that MTC contributes as part of the GNU priorities, what follows are the analyses

Financial Sustainability

(Revenue Generation and Collections) – ICT services provided to CoJ and wholesale dark- and lit fibre services supplied to the open market to increase competition in the local market to reduce the costs of services provided to end-users. Exclusively provide CoJ and the MEs with communication services to reduce the City’s costs.

Smart City and Safer City

Create a platform from which connectivity and technology solutions can be provided to residents of Johannesburg with a socio-economic objective of bridging the digital divide and enhancing municipal services. Safer City – Create a platform from which connectivity and technology solutions can be provided to residents of Johannesburg with a socio-economic objective of bridging the digital divide and enhancing municipal services.

Socio-Economic Development Initiatives

Stimulating the development of SMMEs in the space of digital infrastructure while bridging the digital divide by improving access.

Day-to-Day Operations

Enforcing good governance, professional public service, and improved service delivery is paramount

Table 3.4 - KPI Summary

MTC KPI Summary	KPI
Total KPI's	11
Total Measurable KPI for the year	11
Achieved KPI's	7
Non-Achieved KPI's	4
% Achievement	64%



Table 3.5 - Corporate Scorecard

Key Performance Indicator	Ref No.	Baseline	Measurement Unit	Annual Target 2024/25	Actuals				Year	Actual Reported Achievement 2023/24	Justification for non-achievement	Means of verification MOV	Mitigation actions and timelines
					Q1	Q2	Q3	Q4					
Financial Sustainability													
Amount of revenue achieved (in Rands)	01 of 11	R335m	R	R335m	105m	278m	529m	1.076b	1.076b	R1.5b		Quarterly Performance Report (QPR) Financial statements	
Customer retention rate	02 of 11	New	%	90%	100%	97%	100%	93%	93%	N/A – new KPI		List of MTC Customers doing business with the entity.	
Percentage of total sales revenue collection achieved	03 of 11	41%	%	80%	431%	237%	135%	78%	78%	41%	The variance is due to nonpayment from internal customers.	Collections Report QPR Financial statements	Demand letters will be sent to the CFOs of the respective departments or Entities before 31 August 2025 to address the outstanding balances. Supporting documentation will be provided accordingly.
Smart and Safer City													
Network Link Availability	04 of 11	72%	%	99%	84%	53%	53%	90%	90%	72%	<ul style="list-style-type: none"> Aged and dilapidated equipment results in network downtimes. The high rate of network vandalism that results in downtime Insufficient Capital budget allocation to MTC, leading to the inability to maintain the network and Equipment, as well as having the ability to grow/expand the network MTC Staff Capacitation 	System Report Ops Manager device Availability reporting	MTC has initiated proactive maintenance on the network to allow us to identify problems before the network goes down. MTC has also established the regionalization of network support in order to look at the Network in parts and allocating an internal supervisor per region.
Number of CCTV Cameras connected to the video-management system of the Integrated Intelligence Operation Centre	05 of 11	New	Number	1034	495	624	725	1034	1034	N/A – new KPI		Report generated by the video management system	
Number of connections utilizing the CoJ Free WIFI services	06 of 11	New	Number	120 000	KPI implemented from Q3	KPI implemented from Q3	1158 973	1574 979	1574 979	N/A – new KPI		Periodically generated reports from the system	
% of CoJ and Entity Capex Projects completed in the financial year	07 of 11	67%	N/A	100%	N/A – Annual Target	N/A – Annual Target	N/A – Annual Target	88.88%	88.88%	67%		Project Charter Confirmation of completion RFQ	The Entity will negotiate with stakeholders to adjust project scope or timelines to ensure realistic delivery, introduce monitoring checkpoints to detect early signs of delays and communicate changes formally to avoid misalignment
Economic Development													

Table 3.5 Corporate Scorecard (Continued)

Key Performance Indicator	Ref No.	Baseline	Measurement Unit	Annual Target 2024/25	Actuals				Year	Actual Reported Achievement 2023/24	Justification for non-achievement	Means of verification MOV	Mitigation actions and timelines
"Number of EPWP employees contracted"	"08 of 11"	143	Number	150	108	6 (114)	3 (117)	35 (152)	152	143		Personal details/documentation of the EPWP employee.	
Good Governance													
Unqualified Audit Opinion	"09 of 11"	Unqualified audit opinion without material findings	Annually	Unqualified audit opinion	Measured Annually	Unqualified audit opinion with Material Findings 2023/24.	Measured Annually	Measured Annually	Unqualified audit opinion with Material Findings 2023/24.	Unqualified external audit opinion	Based on the 2023/24 final management report and auditor's report, the entity obtained an unqualified audit opinion with material findings on AoPO and Compliance with laws and regulations. The auditors were limited in AoPO, resulting in a disclaimer finding and material findings were identified on Annual financial statements, Expenditure management, Procurement and contract management and Consequence management compliance themes due to material non-compliances identified.	Auditor-General management letter Audit report	The Performance Management Unit has been capacitated. To improve on audit outcomes for compliance, the entity provides continuous trainings to employees; especially those within procurement and contract management. The entity also constantly interacts with the City of Johannesburg regarding updates and/or changes to legislation."
% of strategic risk management mitigation action plans implemented	"10 of 11"	New	%	management mitigation action plans implemented 85% of" strategic risk management mitigation action plans implemented	63%	46%	63%	58%	58%	N/A – new KPI	The organization had previously adopted the EBM approach as its strategy. However, due to limited implementation, the strategy was not fully operationalized. Consequently, the associated strategic risk mitigation strategies linked to EBM were also not implemented.	Quarterly risk monitoring reports	The entity has since transitioned to a new strategic direction outside the EBM framework. As part of this shift, new strategic risks have been identified, and corresponding mitigation strategies have been developed to support implementation of the 2025/26 strategy.
% of combined assurance plan activities completed.	11 of 11	New	%	100% of combined assurance plan activities completed	100%	100%	100%	100%	100%	N/A – new KPI		Combined Assurance Report	

Section 6

Public Satisfaction with Municipal Services

We remained vigilant in tracking and responding to all incoming feedback, including complaints and suggestions received through our call centre and interactive website. This approach allows us to promptly address customer inquiries and ensures we stay closely aligned with their needs and concerns, even without formal surveys.

We believe this proactive method of engaging with our clients highlights our commitment to continuous improvement and delivering high-quality service.



Recommendations and Plans for the Next Financial Year

The 2024/25 financial year served as a pivotal period in laying the groundwork for MTC's long-term strategic repositioning. The Entity made significant strides in strengthening its operational foundations, refining its business model, and establishing the conditions necessary for sustainable growth. Building on this momentum, the strategic focus for the upcoming financial year is centred on consolidating these gains and accelerating implementation of the Refresh and Monetise strategic direction.

At the heart of the Entity's forward looking agenda is an intensified effort to leverage and optimise its existing network infrastructure. As a key enabler of digital access within the City of Johannesburg, the state of MTC's infrastructure remains central to its performance. The next financial year will therefore prioritise targeted interventions to stabilise, upgrade, and modernise the network, ensuring that it supports higher availability, improved service quality, and increased operational efficiency. In parallel, the Entity will intensify efforts to expand its digital footprint across all seven regions of the City, enabling greater inclusivity and accelerating progress toward bridging the digital divide. Through a combination of infrastructure optimisation, strategic deployment of connectivity, and smarter utilisation of existing assets, MTC aims to deepen its reach and enhance the value delivered to residents and public institutions.

The strategic outlook also places strong emphasis on high-impact partnerships, recognising that collaborative models are essential for growth and long-term resilience. Over the next year, MTC will pursue partnerships that not only enhance service delivery but also reposition the Entity more competitively within the digital ecosystem. These partnerships are expected to elevate MTC's profile, strengthen market relevance, and unlock new opportunities for revenue generation under the monetisation pillar of the strategy.

As the Entity continues cementing its organisational renewal and strategic posture, the next financial year is set to reinforce MTC's position as a critical driver of Johannesburg's digital transformation. By aligning investment, operational focus, and strategic intent, MTC will be better positioned to achieve its five-year outlook characterised by a resilient infrastructure base, expanded digital access, strengthened financial sustainability, and improved service impact across the City.

Ensuring strategic coherence and performance excellence remains a key organisational priority. The next financial year will therefore emphasise alignment between KPIs, strategic programmes, and organisational objectives, ensuring that performance targets are realistic, impactful, and directly connected to the Entity's refreshed strategic direction. This alignment will support improved accountability, sharper execution, and more effective measurement of the Entity's contribution to the City's developmental agenda.

Through this integrated approach, MTC enters the new financial year with a strengthened foundation, a clear strategic direction, and a renewed commitment to delivering meaningful, future-fit connectivity solutions for the residents of Johannesburg.

Section 7

04.

Organisational Development Performance

Stakeholders Impacted by disclosures

 Employees

Capitals impacted by disclosures

 Human Capital

- 64 Section 1 Employee Remuneration (Total Costs including Executives)
- 66 Section 2 Key Vacancies
- 67 Section 3 Employment Equity
- 70 Section 4 Skills Development and Training
- 70 Section 5 Performance Management
- 70 Section 6 Disciplinary Matters and Outcomes
- 70 Section 7 Leave and Productivity Management
- 70 Section 8 Employee Wellness
- 72 Section 9 Employee Benefits
- 72 Section 10 Occupational Health and Safety Programmes
- 72 Section 11 Corporate Social Responsibility

04

Meet
our
people

MTC's operations are driven by its dedicated employees, who work diligently to keep the city's broadband network running smoothly and to ensure the reliable delivery of essential telecommunications services.



Under the Refresh and Monetise strategic theme, we are focused on building a capable, agile, and performance-driven workforce that enables delivery on our strategic priorities.

Organisational Development Performance

Introduction

This chapter highlights the pivotal role of Human Resources (HR) at MTC, reflecting our unwavering commitment to creating a workplace that empowers employees to realise their full potential. As we position ourselves

as a leading Municipal Entity, we understand that cultivating talent and optimising performance are essential to achieving this vision.

We explore the diverse dimensions of human resource management that directly influence employee performance and organisational effectiveness. These include ensuring transparency in employee remuneration and wellness, addressing critical staffing gaps, maintaining a fair and representative employment equity profile, and managing disciplinary processes with consistency and integrity. We also detail our approach to leave management and emphasise our investment in skills development and training initiatives designed to enhance the capabilities of our workforce.

At MTC, we place a strong emphasis on fostering a positive, high-performance culture that supports both individual growth and organisational success. This entails upholding equitable people-management practices, strengthening our employer brand, and building strong employer-employee relationships that drive engagement and productivity. Through strategic recruitment efforts, employee wellness initiatives, and continuous morale-building activities, we aim to align our workforce with MTC's long-term objectives, ensuring sustained growth and success.



Section 1: Employee Remuneration

An Overview of Our Remuneration Policy

At MTC, our remuneration policy plays a central role in managing compensation for both South African Local Government Bargaining Council (SALGBC) and non-SALGBC employees. The Board, through the Remuneration and Human Resources Committee, is responsible for recommending annual salary increments for all MTC staff members.

It is important to note that the current remuneration policy is under review and may be revised. The responsibility for maintaining and implementing the policy lies jointly with Management and the Accounting Officer/CEO.

Our Remuneration Policy Focuses on Four Key Objectives

- Recognising performance
- Acknowledging individual contributions towards achieving the Entity's objectives and encouraging high performance.
- Supporting organisational strategy
- Ensuring that remuneration practices align with organisational values, strategic priorities, and performance management systems.
- Attracting and retaining talent
- Enabling MTC to compete effectively retaining talent in the labour market to secure and retain high-calibre employees.
- Ensuring fairness and equity
- Maintaining transparent and equitable remuneration practices.

Fundamental Principles of Our Remuneration Strategy

MTC has adopted a comprehensive approach to remuneration, designed to balance both financial and non-financial elements. Our strategy integrates guaranteed and variable pay components with key organisational objectives to ensure fairness, competitiveness, and performance alignment.

Key principles include:

- **Internal Equity:** Ensuring fairness in MTC by maintaining a consistent remuneration structure across comparable roles.
- **External Equity:** Benchmarking remuneration levels against the broader labour market to remain competitive and aligned with industry standards.
- **Performance Alignment:** Linking pay to clearly defined performance targets, thereby driving accountability and organisational success.
- **Integration with Performance Management:** Aligning remuneration practices with the Performance Development Plan (PDP) and Performance Scorecard to ensure meaningful connections between results and rewards.

Aligning Rewards with Value Creation:

MTC's Management recognises the critical importance of a well-structured reward system in driving value creation across the organisation. Our reward framework is built on three key components: guaranteed compensation, variable compensation, and non-monetary variable incentives. Each component plays a unique role in motivating employees, aligning their efforts with the organisation's strategic objectives. Together, they create a synergistic system that does not only support short-term achievements but also establishes the foundation for long-term success.

1. Ensuring Stability and Attracting Talent: Guaranteed Pay Structure

At MTC, guaranteed pay forms the cornerstone of our reward strategy, offering employees competitive fixed salaries alongside comprehensive benefits. This includes base salary, medical coverage, retirement fund contributions, housing subsidies, and other allowances whether mandated by law or organisational policy.

Our approach ensures that guaranteed pay is benchmarked against median levels in our chosen market, fostering both fairness and competitiveness. The determination of base pay considers multiple factors, such as job evaluation systems, technical requirements, and competency levels, all guided by our comprehensive remuneration policy.

For permanent employees under the SALGBC (South African Local Government Bargaining Council), additional perks include pension fund contributions, medical aid, and housing allowances. Non-SALGBC employees, typically on fixed-term contracts, have greater flexibility to structure tax-efficient compensation packages in a cost-to-company model.

2. Driving Performance Excellence with Variable Pay

Variable pay serves as a powerful tool to inspire outstanding performance and deliver immediate impact. Designed as a short-term incentive programme, it complements guaranteed pay by rewarding exceptional contributions and aligning employee achievements with organisational objectives.

Through this structure, MTC motivates employees to strive for excellence, supports continuous improvement, and cultivates a culture of high performance. Variable pay encompasses both bonuses and incentives, ensuring that employees are recognised for significant contributions while driving organisational agility and innovation.

3. Non-monetary Variable: Nurturing Long-term Dedication

MTC also offers a non-monetary variable pay system exclusively for employees under the SALGBC framework, providing rewards and recognition beyond traditional financial incentives. This initiative aims to appreciate exceptional performance through alternative channels, fostering long-term commitment and motivation among staff.

By valuing employee contributions in innovative ways, MTC strengthens organisational loyalty and builds a performance-driven culture that transcends conventional remuneration methods.

MTC's recognition programme is structured into three distinct tiers:

1. Spontaneous Informal Awards: These quick, low-effort accolades allow for immediate appreciation, such as personally acknowledging an employee's commendable task or contribution without the need for a formal process.
2. Awards for Specific Achievements and Endeavours: Designed to recognise outstanding accomplishments or desired behaviours, these awards highlight significant contributions in the organisation. Examples include long-service awards and monthly recognition initiatives.
3. Formal Recognition Programmes: Reserved for celebrating noteworthy contributions by individuals and teams, these initiatives provide an official platform for commemorating excellence. A prime example is the Annual Executive Mayor's Awards for Excellence.

By implementing a comprehensive range of recognition initiatives, our non-monetary variable pay system reflects MTC's commitment to cultivating a workplace culture that values, rewards, and motivates employee achievement and dedication, particularly among SALGBC employees.

To ensure alignment with prevailing market remuneration standards, comparative benchmarking plays a critical role. This process, primarily carried out through comparative studies led by the South African Local Government Association (SALGA) or other relevant bodies, ensures that MTC's remuneration practices remain competitive and market-aligned.



Table 4.1 Employee-related Costs

Figures in Thousands of Rands	2025	2024
Basic	38 237	35 623
Medical Aid - Company Contributions	1 851	1 692
UIF	120	121
SDL	442	394
Leave Pay Provision Charge	1 539	1 510
Bargaining Council	66	62
Other Short-term Costs	62	17
Defined Contribution Plans	5 912	5 312
Overtime Payments	1 435	504
13th Cheques	2 309	1 683
Acting Allowances	21	142
Housing Benefits And Allowances	103	74
Locomotion Allowances	2 997	1 652

A Closer Look at Remuneration of Management

Table 4.2 Management Remuneration

Name	Fees for services as a member of management	Other longterm benefits	Other benefits received	Total
Chief Executive Officer	2 461	286	157	2 904
Chief Financial Officer	1 476	173	187	1 836
Chief Technology Officer	1 501	354	132	1 987
Company Secretary	1 394	162	102	1 658
*Management Support Executive (Acting)	1 002	400	32	1 434
Chief Audit Executive	980	563	-	1 543
Head of Risk and Compliance	1 222	185	-	1 407
	10 036	2 123	610	12 769



Section 2: Key Vacancies

MTC is committed to the continuous development of its workforce. In line with this commitment, MTC has identified a number of key positions that require capacitation to ensure that the company is well positioned to achieve its current and future strategic goals.

Table 4.3 provides an overview of the key positions that have been identified for capacitation some have been filled, the background of each position, the targeted capacitation date, and the status:

Table 4.3 The Status Quo of the Critical Positions

Key Positions	Background	Targeted Capacitation Date	Status
Corporate Strategy and Reporting Executive.	There is a need to capacitate this position in line with the current business model and the future of the organisation.	On Hold	On Hold
Head Legal	There is a need to capacitate this position in line with the current and future MTC strategy	On Hold	On Hold
General Manager Corporate Services	There is a need to capacitate this position in line with the current and future MTC strategy.	On Hold	On Hold
Executive Manager: Sales and Marketing	There is a need to capacitate this position in line with the current and future MTC strategy.	On Hold	On Hold
Chief Operation Officer	There is a need to capacitate this position in line with the current and future MTC strategy.	On Hold	On Hold
Chief Technology Officer	There is a need to capacitate this position in line with the current and future MTC strategy	01-August-2025	Recruitment in progress
Company Secretary	There is a need to capacitate this position in line with the current and future MTC strategy	01-August-2025	Recruitment in progress
Legal Advisor	There is a need to capacitate this position in line with the current and future MTC strategy	01-August-2025	Recruitment in progress

What follows are the MTC structure occupancy statistics. MTC has 82 positions on its approved structure, of which 52 positions have been filled resulting in a vacancy rate of 34%.

Table 4.4 Structure Occupancy Statistics

The Metropolitan Tech Company (PTY) Ltd								
As at 30 June 2025								
Business Area	No of Positions Structure	Filled	STC	Acting Secondment	Interns	Vacant	Filled Vacancies	Filled vacancies (STC and Acting Staff)
Office of the Executive	12	7	0	0	0	5	58%	58%
Internal Auditor	2	2	0	0	0	0	100%	100%
Risk and Compliance	3	1	0	0	0	2	33%	33%
Office of the COO	2	2	0	0	0	0	100%	100%
Network Operations	38	22	1	0	0	16	58%	58%
Finance	17	13	0	0	0	4	76%	76%
Management Support	6	6	0	0	3	0	100%	100%
Legal Services	2	0	1	0	0	0	0%	50%
TOTAL	82	53	1	0	3	28	64%	65%

Table 4.5 represents the actual capacity analyses of the MTC workforce detailing the structure occupancy levels.

Table 4.5 : Structure Occupancy Levels

2024/25			
Employee numbers	Actual as at 2025/06/31	Forecast Additional	Total
Top Management is level 1 and 2	6	7	13
Senior Management is level 3 and 4	7	7	14
Professionally qualified and experienced specialists and mid-management level 5 and 6	14	1	15
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents level 7 and 8	23	8	31
Semiskilled and discretionary decision-making level 9 and 10	1	4	5
Unskilled and defined decision-making level 11	1	0	1
PWD = People living with Disabilities	0	3	3
Total	52	30	82



Section 3: Employment Equity

To achieve its organisational vision, MTC recognises the importance of developing its human resources capacity to its full potential. In line with MTC’s long-term objective of becoming a world-class provider of affordable and accessible ICT services, the Entity is committed to building a business unit driven by progressive Human Resource (HR) and Organisational Development (OD) strategies, policies, and practices.

MTC is firmly dedicated to the principles of equity, non-discrimination, and diversity as enshrined in the Constitution of the Republic of South Africa, the Employment Equity Act (Act 55 of 1998), and other applicable labour legislation. The organisation views Employment Equity (EE) not merely as a compliance requirement but as a strategic enabler for service delivery. By ensuring that employee skills are fully developed and optimally utilised, Employment Equity becomes a driver of organisational transformation and performance improvement.

The Entity’s Five-Year Employment Equity Plan, approved in November 2020, aligns closely with the guiding principles set out in MTC’s Employment Equity (EE) Policy and integrates EE objectives with broader organisational development and workplace transformation initiatives. Despite this progress, MTC faces challenges in achieving EE goals, particularly in the Network Operations environment, which remains male dominated across the industry. Historically, the Network and IT sectors have experienced a significant oversupply of male employees, especially from previously disadvantaged communities, while struggling to attract female employees across all racial groups. Similarly, recruiting individuals with disabilities remains difficult owing to the technical nature and focus of the business.

|| *We are focused on building our human resources capacity through progressive HR and organisational development practices, while advancing equity, diversity and inclusion as a strategic enabler of transformation and improved service delivery.*



To address these challenges and meet EE targets, MTC will introduce female-focused internship programmes and adopt a set of strategic imperatives aimed at creating a diverse, inclusive, and equitable workplace. These include achieving a representative employee profile across all occupational levels, promoting a culture of equity, diversity, and fairness for the benefit of all employees, investing proportionately in skills development to support organisational growth, and championing a holistic transformation agenda that ensures optimal performance on EE goals and alignment with Broad-Based Black Economic Empowerment (B-BBEE) objectives. The transformation agenda will focus on identifying and eliminating systemic barriers to EE goal achievement, strengthening diversity management practices across the organisation, implementing targeted advancement programmes for women and persons with disabilities, integrating policy and programme synergies to build a workplace that is both quantitatively and qualitatively equitable, and benchmarking best practices by learning from other entities that have successfully met their EE target

Table 4.6 Employee Equity Targets

OCCUPATIONAL LEVELS		MALES				FEMALE				FOREIGN NATIONALS		TOTAL
		A	C	I	W	A	C	I	W	MALE	FEMALE	
TOP MANAGEMENT	ACTUAL	1	1	1	1	1	0	1	0	0	0	6
	TARGET SUBTOTAL	0	0	0	0	0	0	0	0	0	0	1
	ACTUAL %	17%	17%	17%	17%	17%	0%	17%	0%	0%	0%	
	TARGET %	39%	1,5%	1,5%	8%	39%	1,5%	1,5%	8%	0%	0%	
	GAP %	-22%	15%	15%	9%	-22%	-2%	15%	-8%	0%	0%	
	GAP	1	1	1	1	1	0	1	0	0	0	
SENIOR MANAGEMENT (Director and Deputy Director)	ACTUAL	6	1	0	0	1	0	0	0	0	0	8
	TARGET SUBTOTAL	0	0	0	0	0	0	0	0	0	0	18
	ACTUAL %	75%	13%	0%	0%	13%	0%	0%	0%	0%	0%	
	TARGET %	39%	1,5%	1,5%	8%	39%	1,5%	1,5%	8%	0%	0%	
	GAP %	36%	11%	-2%	-8%	-27%	-2%	-2%	-8%	0%	0%	
	GAP	0	1	0	0	0	0	0	0	0	0	
PROFESSIONAL QUALIFIED (Assistant Director and Manager)	ACTUAL	4	3	0	0	7	0	0	0	0	0	14
	TARGET SUBTOTAL	0	0	0	0	0	0	0	0	0	0	16
	ACTUAL %	29%	21%	0%	0%	50%	0%	0%	0%	0%	0%	
	TARGET %	39%	1,5%	1,5%	8%	39%	1,5%	1,5%	8%	0%	0%	
	GAP %	-10%	20%	-2%	-8%	11%	-2%	-2%	-8%	0%	0%	
	GAP	4	3	0	0	7	0	0	0	0	0	
SKILLED TECHNICAL AND ACADEMICALLY QUALIFIED (Operations Manager, Officer,	ACTUAL	12	0	0	0	9	1	1	1	0	0	24
	TARGET SUBTOTAL	16	1	1	3	16	1	1	3	0	0	41
	ACTUAL %	50%	0%	0%	0%	38%	4%	4%	4%	0%	0%	
	TARGET %	39%	1,5%	1,5%	8%	39%	1,5%	1,5%	8%	0%	0%	

Table 4.6 Employee Equity Targets (Continued)

SKILLED TECHNICAL AND ACADEMICALLY QUALIFIED (continued) Executive Secretary, Specialist)	GAP %	11%	-2%	-2%	-8%	-2%	3%	3%	-4%	0%	0%	
	GAP	-4	-1	-1	-3	-7	0	0	-2	0	0	
SEMI-SKILLED (Secretary, Administrative Assistant Cashiers, Ambassador, Driver)	ACTUAL	0	0	0	0	1	0	0	0	0	0	1
	TARGET SUBTOTAL	0	0	0	0	0	0	0	0	0	0	1
	ACTUAL %	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%	
	TARGET %	39%	1,5%	1,5%	8%	39%	1,5%	1,5%	8%	0%	0%	
	GAP %	-39%	-2%	-2%	-8%	61%	-2%	-2%	-8%	0%	0,00%	
	GAP	0	0	0	0	1	0	0	0	0	0	
UNSKILLED (General Worker, Office Assistant, Marshal)	ACTUAL	0	0	0	0	1	0	0	0	0	0	1
	TARGET SUBTOTAL	1	0	0	0	1	0	0	0	0	0	3
	ACTUAL %	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%	
	TARGET %	39%	1,5%	1,5%	8%	39%	1,5%	1,5%	8%	0%	0%	
	GAP %	-39%	-2%	-2%	-8%	61%	-2%	-2%	-8%	0%	0%	
	GAP	-1	0	0	0	0	0	0	0	0	0	
TEMPORARY	ACTUAL	4	0	0	0	2	1	0	0	0	0	7
	TARGET SUBTOTAL	0	0	0	0	0	0	0	0	0	0	0
	ACTUAL %	0	0	0	0	0	0	0	0	0	0	0
	TARGET %	0	0	0	0	0	0	0	0	0	0	0
	GAP %	0	0	0	0	0	0	0	0	0	0	0
	GAP	0	0	0	0	0	0	0	0	0	0	0



Section 4: Skills Development and Training

Skills development and training are crucial interventions for several reasons, as they play a significant role in individual, organisational, and societal growth and success. In support of MTC's strategy in its Business Plan to develop and improve the skills of its workforce, all employees have completed the skills audit questionnaire, the results of which inform the overall skills audit process.

This process provides critical insights into existing competencies, identifies skills gaps, and guides the design of targeted training interventions to address organisational priorities.

Given that over 90% of MTC's workforce already holds undergraduate degrees, the focus of skills development has progressively shifted from purely technical training towards the development of soft skills. Technical expertise alone, while important, is insufficient to build a high-performing and collaborative organisation capable of delivering on its strategic mandate. Skills such as communication, emotional intelligence, teamwork, adaptability, leadership, and conflict resolution are now recognised as essential enablers of employee effectiveness, organisational cohesion, and service excellence.

In response, MTC has developed a comprehensive soft skills training programme that complements existing technical competencies and prepares employees for greater responsibility in the organisation. This initiative is strategically linked to MTC's Employment Equity imperatives and its broader organisational development and workplace transformation agenda.

By equipping employees with both technical and interpersonal capabilities, MTC aims to foster a workforce that is not only competent in its roles but also agile, innovative, and aligned with the company's long-term vision of becoming a world-class provider of affordable and accessible ICT services.



Section 5: Performance Management

MTC maintains a robust performance management system anchored in the periodic assessment of both strategic and operational indicators. During the year under review, the Entity undertook a comprehensive review of its Performance Management Policy and supporting frameworks to ensure full alignment with the City's policies and compliance with all relevant legislative requirements. The findings from this review highlighted the need to revise the existing policy to strengthen its effectiveness, enhance compliance, and promote a culture of accountability and continuous improvement across the organisation.

As part of the performance management process, employees sign Personal Scorecards to ensure clarity on individual targets and alignment with organisational goals. For the reporting period, a total of 45 out of 49 Personal Scorecards were signed, translating into a compliance rate of 91.8%. This demonstrates MTC's ongoing commitment to building a performance-driven culture and improving employee engagement through structured performance planning and assessment mechanisms.

However, it should be noted that over the past few years, the Entity has been unable to pay performance bonuses to all employees owing to delays in the finalisation of performance policies at the City level. The revised policy framework is expected to address these challenges, ensuring that employees are appropriately recognised and rewarded for exceptional performance in future cycles.



Section 6: Disciplinary Matters

MTC focuses on having disciplinary awareness sessions for employees as an essential part of maintaining a productive and harmonious workplace. These sessions aim to educate employees about the company's policies, rules, and Code of Conduct, as well as the consequences of violating them. The goal of disciplinary awareness sessions is not only to inform employees about the rules but also to create a workplace culture where everyone understands and respects company policies, leading to a more harmonious and productive environment.

For the period under review, one employee underwent a disciplinary process for misconduct. Following an extensive investigation, the decision was taken to terminate the employee's contract.



Section 7: Leave and Productivity Management

As part of the CoJ Entities, MTC has implemented the Employee Self-service (ESS) platform to strengthen and modernise its leave management processes. This automated system has significantly improved the connection between employees and management, supporting uninterrupted productivity and ensuring operational efficiency across the organisation. By streamlining leave management, MTC has underscored its commitment to creating a positive work environment and fostering a culture of collaboration and transparency.

With the ESS in place, interactions between employees and employers have become more efficient and productive, enabling a smoother, more collaborative atmosphere that benefits all stakeholders. Through the adoption of advanced HR management software, CoJ Entities such as MTC have experienced notable growth in workforce management effectiveness and overall process efficiency.

Throughout the year, MTC's management has actively aligned with employee leave patterns to maintain operational continuity while ensuring fair and equitable access to leave benefits. The digital leave management system has further enhanced the accessibility and efficiency of leave-related processes, reflecting MTC's dedication to leveraging technology to support employees and improve organisational performance.



Section 8: Employee Wellness

MTC recognises its employees' well-being as a valued Human Capital asset in the organisation. In taking care of the Human Capital, MTC undertakes to establish an accessible Employee Health and Wellness workplace programme to enhance employee well-being through the promotion of healthy attitudes and behaviours to ensure optimal engagement.

Wellness day- Hiking

MTC organised a wellness day on August 2, 2024, featuring a scenic hike at Klipriviersberg. The event was generously sponsored by Medical Aid Schemes and MTC, demonstrating the company's commitment to employee well-being.

The hiking activity provided a fantastic opportunity for employees to connect with nature, exercise, and reduce stress. The scenic beauty of Klipriviersberg offered a refreshing escape from the daily grind.

Participants enjoyed the camaraderie of their colleagues while exploring the natural surroundings and taking in the breathtaking views. The event also encouraged a healthy lifestyle and promoted physical and mental well-being.

Other Wellness Activities During The Year

Sports Day April 2025



Women's Day Hosted by MMC



HIV and AIDS Policy

MTC is committed to promoting a healthy, inclusive, and non-discriminatory workplace. In alignment with our commitment to World AIDS Day and ongoing employee wellness, our HIV & AIDS Policy is built on three core pillars: Confidential Testing, Evidence-Based Understanding, and Zero Stigma.

Know Your Status: Confidential Testing

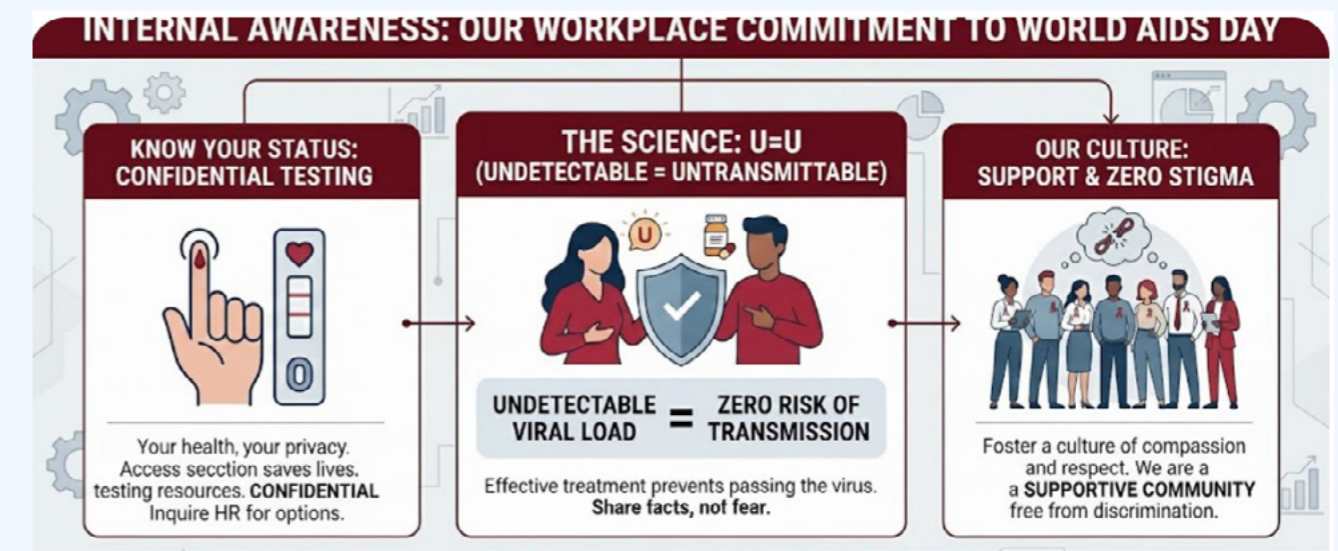
MTC recognises that safeguarding employee health begins with access to confidential and voluntary HIV testing. All employees are encouraged to know their status through secure testing channels. The company ensures absolute privacy and provides guidance through HR for accessing approved testing services. Protecting employee dignity and confidentiality remains paramount.

The Science Matters: U=U (Undetectable = Untransmittable)

Our policy is grounded in scientific evidence. MTC promotes accurate information about HIV treatment, emphasising that individuals who maintain an undetectable viral load through proper treatment cannot transmit the virus. We encourage staff to share verified facts and to rely on evidence-based interventions rather than fear or misconceptions. Effective treatment saves lives and supports a healthier workforce.

Our Culture: Support, Inclusion and Zero Stigma

MTC fosters a workplace culture where compassion, respect, and inclusion guide our actions. We stand firmly against stigma, discrimination, or any behaviour that infringes on the rights of employees living with HIV. The organisation is a supportive community that values diversity and ensures equal opportunity for all, regardless of health status.





Section 9: Employee Benefits

Employee benefits of MTC mirror those of the CoJ. Table 4.7 describes employee benefits.

Table 4.7 : Employee Benefits

Name Of Benefit	Qualification	Related Amount/ Ranges
Housing Subsidy	Permanent	R1 066.41
Ad hoc Loco	The employee using their car to do the Entity's job	Determined by KM
Traveling (locomotion allowance)	Permanent employees - Employees are required to submit their log sheets at six-month intervals	R 8 016.42 R 11 095.00

Medical Aid

Medical aid contributions for permanent employees are 60% employer contribution and 40% employee contribution. Employees are offered membership in the approved schemes.

Pension Fund Benefits E- Joburg Pension

MTC employees are under the E-Joburg Pension Function where the employer contributes 18% and employees contribute 7.5%.



Section 10: Occupational Health and Safety Programmes

MTC remains committed to safeguarding the health and safety of our employees through proactive and comprehensive occupational health and safety (OHS) measures. During this reporting period, MTC has established two new committees: a First Aid Committee and a Health and Safety Committee. These committees are essential components of the company's commitment to providing a safe and healthy working environment for all employees.

The First Aid Committee

The First Aid Committee plays a vital role in promoting First-Aid awareness, ensuring the availability of essential First-Aid equipment, and responding effectively to medical emergencies in the workplace. Committee members include Catherine Marais, Tshepiso Tsebe, Queen Baloyi, Mhlava Baloyi, Lawrence Rametsi, and Jabulile Chamane.

To strengthen their expertise, committee members participated in a three-day First-Aid training programme scheduled for October 14-16, 2025. Delivered by EMS professionals, the training covered key topics such as CPR, wound care, and emergency response procedures, equipping the team to handle medical situations promptly and effectively.

The Health and Safety Committee

The Health and Safety Committee is tasked with identifying and mitigating potential workplace health and safety hazards, promoting a culture of safe work practices, and ensuring compliance with all relevant safety regulations. Members include Richard Lalla, Anlyn Seafield, Tshepiso Tsebe, Queen Baloyi, Abongile Mnzuzu, Lawrence Rametsi, and Jabulile Chamane.

The establishment of these committees demonstrates MTC's dedication to creating a safe and healthy workplace for all employees. By investing in training and empowering these committees, MTC aims to prevent accidents, promote employee well-being, and foster a culture of safety in the organisation.

Section 11: Corporate Social Responsibility (CSR) Initiatives

MTC is committed to contributing to the social and economic well-being of the City of Johannesburg through various initiatives. This year, we highlight three key projects with significant CSR dimensions:

1. Free Wi-Fi Rollout at BRT Stations

MTC has launched a CSR initiative to provide free Wi-Fi access across all Rea Vaya Bus Rapid Transit (BRT) stations. This project aims to enhance the commuting experience and promote digital inclusivity, aligning with the City's vision of becoming a smarter, more connected urban hub.



Social Inclusion: The initiative addresses the issue of digital inequality by providing internet access to commuters who may not have affordable access to data.

Community Benefit: Free Wi-Fi offers numerous benefits to commuters, including increased productivity (accessing emails, remote work), educational support (online learning, research), and enhanced social connectivity.

Alignment with City Goals: This project directly contributes to the CoJ's strategic objectives for digital and economic development.

MTC views this project as a core CSR contribution, demonstrating our commitment to improving the quality of life for residents and driving digital transformation across the City.

2. E-Procurement System Implementation

MTC plays a pivotal role in supporting the CoJ's initiative to implement a cutting-edge e-Procurement system. This project is designed to modernise the City's procurement processes, making interactions with suppliers and service providers more efficient, transparent, and accountable. The system delivers two key benefits:

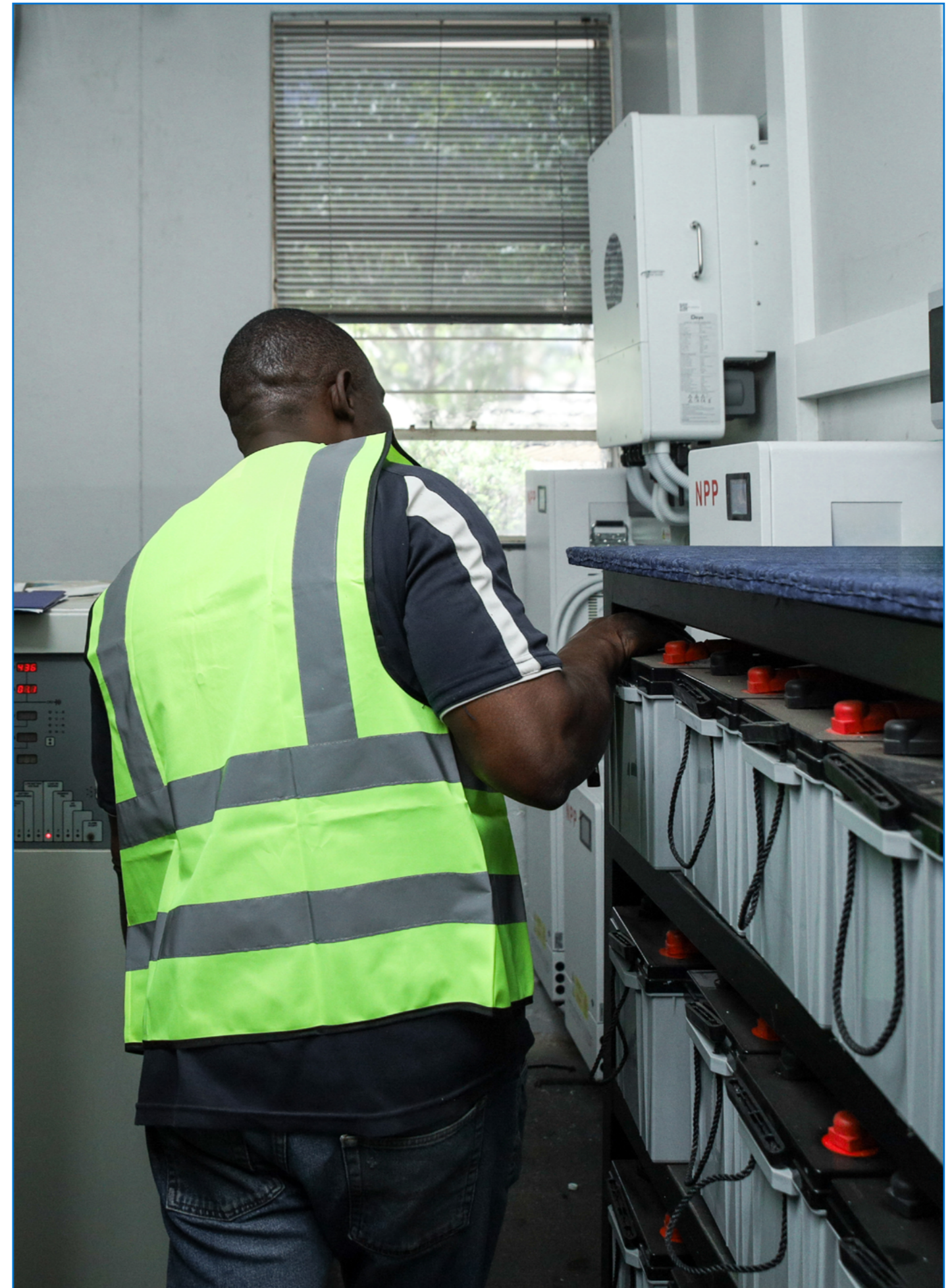
- **Good Governance:** By providing a complete digital audit trail of all procurement transactions, the e-Procurement system enhances transparency, reduces opportunities for fraud and corruption, and strengthens overall accountability.
- **SME Development:** The platform creates a more open and accessible procurement environment, enabling small and medium enterprises (SMEs) to compete fairly and participate more effectively in City tenders. While the e-Procurement system will improve operational efficiency for both MTC and the City, its wider impact lies in strengthening good governance and promoting SME development key priorities aligned with MTC's commitment to social responsibility and sustainable economic growth in Johannesburg.

3. Ethics, Fraud, and Corruption Awareness Workshop

On July 25, 2024, MTC's Risk Department hosted an Ethics, Fraud, and Corruption Awareness Workshop to reinforce the company's commitment to the highest standards of ethical business conduct. The workshop sought to equip employees with the knowledge and tools needed to identify, prevent, and report unethical practices in the workplace.

The session covered several key areas:

- **Definition and Types of Unethical Behaviour:** A comprehensive overview of unethical practices such as bribery, embezzlement, and conflicts of interest.
- **Fraudulent Activities:** Common schemes and techniques were explored, enabling employees to recognise warning signs and mitigate potential risks.
- **Corruption and Its Impact:** The workshop examined the far-reaching consequences of corruption on individuals, organisations, and society at large.
- **Reporting Mechanisms:** Employees were guided on safe and confidential channels for reporting unethical conduct, fraud, and corruption.
- **Ethical Decision-Making:** Participants were introduced to practical frameworks and tools to support sound and principled decision-making in complex situations.



05.

Financial Performance and Exposure

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Stakeholders Impacted by disclosures

 Shareholder

Capitals impacted by disclosures

 Financial Capital

05

Section 1

Statement of Financial Position and high-level notes

Rajen chetty
Chief Financial Officer



	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Current tax receivable		26 733	26 733
Receivables from exchange transactions	9	2 918 524	2 705 822
Receivables from non-exchange transactions	10	1 316	
Prepayments		402	5
		2 946 975	2 732 560
Non-Current Assets			
Property, plant and equipment	3	374 021	404 130
Intangible assets	4	9 671	10 072
Deferred tax	6	78 599	43 159
		462 291	457 361
Total Assets		3 409 266	3 189 921
Liabilities			
Current Liabilities			
Loans from shareholders	5	593 690	397 266
Payables from exchange transactions	7	544 482	712 714
VAT payable	8		10 124
Provisions	13	5 598	4 945
Loans from shareholders		1 538 148	1 174 366
		2 681 918	2 299 415
Non-Current Liabilities			
Loans from shareholders	5	1 144 811	1 224 133
Deferred tax	6	35 498	31 863
		1 180 309	1 255 996
Total Liabilities		3 862 227	3 555 411
Net Assets		(452 961)	(365 490)
Share capital / contributed capital	12	163 897	163 897
Accumulated Deficit		(616 858)	(529 387)
Total Net Assets		(452 961)	(365 490)

Table 5.1 Statement of Financial Position

The full and detailed accompanying notes to the financial statements are contained in **Appendix L** and form an integral part thereof.

Balance Sheet Variance Analysis

The Balance Sheet Variance Analysis for the year ended 30 June 2025 provides a concise yet comprehensive overview of the key movements shaping the organisation's financial position. It reflects both the challenges encountered and the measures undertaken to safeguard financial sustainability. By highlighting significant variances from the prior year, this analysis offers stakeholders clear insights into the factors influencing the Entity's liquidity, asset management, and funding position.

Receivable from Exchange Transactions

The debtor's balance increased by 8% compared to the prior year, primarily due to non-payment by other entities and departments. The City of Johannesburg (CoJ) represents 99% of the total debtor's balance. Management has initiated focused collection efforts and is engaging stakeholders to resolve payment delays, aiming to improve cash inflows and reduce the outstanding balance.

Loan to Shareholder (Overdraft)

As at 30 June 2025, the Entity's overdraft balance with the City's Treasury Department was R593 million, reflecting the amount payable to the Shareholder. This position underscores the need for enhanced liquidity planning and cash flow management to reduce reliance on overdraft facilities.

Property, Plant, and Equipment

The decrease in this category is attributed to monthly depreciation and amortisation charges recorded throughout the financial year, reflecting the utilisation and ageing of the organisation's infrastructure and operational assets.

Payables from Exchange Transactions

A decrease in payables was recorded, driven by more frequent cash allocations from CoJ during the final quarter, enabling the Entity to settle supplier obligations more consistently and on time.

Shareholder Loan

The shareholder loan balance increased further as no repayments were made during the financial year. Management has adopted a targeted resolution strategy aimed at negotiating repayment terms and improving the Entity's overall debt position.



Section 2

Statement of Financial Performance Commentary on the Statement of Financial Position

Table 5.2 Statement of Financial Performance

		2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Rendering of services		237 286	274 958
Agency services	15	49 904	59 980
Other income			10
Interest received - investment	18		435
Total revenue from exchange transactions		287 190	335 383
Revenue from non-exchange transactions			
Transfer revenue			
Government grants and subsidies	19	224 856	259 136
Total revenue	14	512 046	594 519
Expenditure			
Employee related costs	20	(55 094)	(48 786)
Depreciation and amortisation	21	(33 167)	(35 814)
Finance costs	22	(339 642)	(264 249)
Lease rentals on operating lease	16	(3 081)	(2 939)
Loss on disposal of assets and liabilities		(274)	
General Expenses	24	(200 064)	(346 666)
Total expenditure		(631 322)	(698 454)
Deficit before taxation		(119 276)	(103 935)
Taxation	26	(31 804)	(20 628)
Deficit for the year		(87 472)	(83 307)

The full and detailed accompanying notes to the financial statements are contained in **Appendix L** and form an integral part thereof.

Revenue Analysis

- The subsidy received from the CoJ remained in line with the approved budget, ensuring the organisation’s primary source of funding was stable during the financial year. However, actual sales year to date fell below budget, reflecting reduced business activity during the reporting period. This decline in sales revenue highlights the need to diversify income streams to mitigate the impact of lower commercial activity.
- Additionally, no interest income was earned during the year as the Treasury balance remained in an overdrawn position, underscoring the importance of addressing the Entity’s liquidity constraints to enable future interest-earning opportunities.

Expenditure Analysis

- Employee-related costs exceeded the approved budget, driven primarily by the recruitment of critical positions, the appointment of short-term contract staff, and the engagement of interns. Discussions are underway between the Budget Office and MTC to realign the budget with the current workforce requirements and staffing strategy.
- Depreciation expenses were below budget, owing to the downward revision of network asset values at the 2017/18 year-end in accordance with GRAP 105. This revaluation resulted in lower depreciation charges than initially projected.
- Finance costs, however, were above budget owing to interest charges on the overdraft and the shareholder loan. Proactive measures to reduce these financial obligations are essential to enhance the organisation’s long-term financial stability.
- The analysis further shows a reduction in general expenditure due to a decline in repairs and maintenance costs compared to the prior year, attributed to fewer incidents requiring repairs during the reporting period. Similarly, consultants’ costs were reduced as external expertise was engaged on an as-needed basis, rather than through ongoing commitments.
- Lastly, other operating expenditures declined year-on-year owing to lower costs of sales associated with decreased use of service providers, which correlates directly with the drop in business activity and overall sales volumes.



Section 3

Cash Flow Statement and high-level notes

Table 5.3 Cash Flow Statement

Cash Flow Statement	2025	2024 Restated*
Cash flows from operating activities		
Receipts		
Sale of goods and services	775 943	555 440
Grants	258 584	298 006
Interest income	-	435
	1 034 527	853 881
Payments		(1 281 007)
Suppliers	(1 111 239)	
Finance costs	-	(18)
Taxes received/(paid)	25 (64 537)	3 362
	(1 175 776)	(1 277 663)
Net cash flows from operating activities	(142 188)	(423 782)
Cash flows from investing activities	3	
Purchase of property, plant and equipment	-	(6 594)
Cash flows from financing activities		
Loan to shareholder (Overdraft)	141 249	451 560
Repayment of other financial liabilities	-	(21 185)
Net cash flows from financing activities	141 249	430 375
Net increase/(decrease) in cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the year	11 -	-
Cash and cash equivalents at the end of the year	25 -	-
Net cash flows from operating activities	-	-

The full and detailed accompanying notes to the financial statements are contained in **Appendix L** and form an integral part thereof.

- Cash receipts from customers improved materially to R775 million, up from R555 million in the prior year, reflecting stronger collections and/or higher billed activity converted into cash during the year.

- Total cash receipts including the subsidy amounted to R1.034 billion, underscoring the continued importance of subsidy support in funding operations and sustaining liquidity.

- Total cash payments for the year were R1.111 billion, indicating that outflows exceeded inflows over the period, driven by the cost base and operational commitments settled in cash.

- As a result, the Entity recorded a net cash outflow of R141 million for the year (receipts less payments), highlighting pressure on operating cash generation despite the improvement in customer receipts.

- The net cash outflow was matched by movements in the shareholder’s loan and overdraft, implying the shortfall was funded through increased borrowing and/or drawdowns on existing facilities rather than internally generated cash.

- Liquidity and funding observation: While customer receipts strengthened year-on-year, the reliance on the shareholder loan and overdraft to bridge the cash gap suggests ongoing working capital and funding management remains a key focus area going forward.



Table 5.4 Capital Expenditure Projects

		EX SPEND (2024/25)											
		Q1		Q2		Q3		Q4					
Item Description	Budget Allocated	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Total Spent	Percentage spent	Committed	Percentage with comittment
Office upgrade	-	-	-	-	-	-	-	-	-	-	0%	-	0%
WIFI Commercialisation	1 822	-	-	-	-	-	-	2 200	-	-	120.75%	0	100%
Laptops	1 092	-	-	-	-	-	-	1 092	-	-	100%	0	100%
Total	2 914	-	-	-	-	-	-	-	-	-	100%	2 914	100%

The following capital projects were planned for the year under review:

- Procurement of laptops
- Wi-Fi commercialisation

The Entity had been allocated an R2.9 m capital expenditure budget for the year under review. The budget for the office upgrade was allocated towards the procurement of laptops.



Section 4

Ratio Analysis

Table 5.5 Ratio Analysis

Ration	2024/25	2023/24	Norm	Comment
Liquidity	1.1	1.2	1.5 - 2.0	The ratio is below the norm due to challenges with collection of internal debtors
Solvency	0.9	0.9	2	Impact of shareholder loan increasing while assets are depreciating
Acid Test	1.1	1.2	1	Current assets higher than current liabilities due to high debtors balance.
Debtors days	3718	1665	30 days	Challenges with collection of internal debtors.
Cash coverage	-	-	1 - 3 months	Overdraft position at year end.
Debt to Revenue	> 100%	> 100%	45%	Shareholder loan balance much higher than revenue that was generated.
Capital Cost	54%	38%	6% - 8%	Interest on shareholder loan is the largest expense item.



Section 5

Supply Chain Management and B-BBEE

1. Tender Awards

During the reporting period, two tenders/panels were awarded:

- Smart City Panel
- Professional Services Panel

2. Cancelled Tenders

Two tenders were cancelled during the year:

- CCTV Security Solution
- ICT Solution Panel

3. Disputed Awards

No tenders were disputed during the reporting period, reflecting the integrity and transparency of the procurement processes.

. Awards to Black Designated Groups

The total value of awards to Black Designated Groups will be confirmed once final procurement reporting is concluded.

Actual Procurement Expenditure

1. Overall Procurement Spend

The total procurement expenditure for the year under review will be confirmed once all year-end reconciliations are finalised.

2. Total SMME Spend

The Entity continues to support Small, Medium, and Micro Enterprises (SMMEs), with final spend details to be confirmed in the audited report.

3. Procurement Spend on Black Designated Groups

Spend on Black Designated Groups remains a key priority and will be confirmed upon finalisation of the year-end figures.

4. Contractor Performance

Importantly, there were no poor-performing contractors reported during the financial year, indicating improved vendor management and contract oversight.

5. Procurement Deviations

Details regarding procurement deviations will be confirmed following the completion of the

internal procurement compliance review.

6. Enterprise Development

Enterprise development initiatives aimed at empowering emerging suppliers and entrepreneurs will be confirmed in the final annual procurement report.

Unauthorised, Irregular and Fruitless and Wasteful Expenditure

Unauthorised, irregular, and fruitless and wasteful expenditure totalled R10,892 for the current year, representing a substantial reduction from the R149,142 reported in the prior year. This notable decrease highlights significant improvements in financial governance, internal controls, and compliance with regulatory requirements, indicating that measures implemented to strengthen financial management practices have been effective in curbing unnecessary and non-compliant spending across the organisation.

Section 6

Insurance Claims against/to MOE

During the financial year under review, there were no legal claims, disputes, or proceedings initiated either by the Entity against external parties or by external parties against the Entity. This indicates that the organisation operated without any litigation risk or contingent liabilities arising from legal actions, reflecting a period of sound governance, contractual compliance, and effective risk management throughout the year.



Section 7

Statement on Amounts Owed By and To Government Departments and Public Entities

MTC owes CoJ an amount of R2,5 billion in respect of the Shareholder's Loan balance.

Table 5.6 Amounts owed to CoJ and Entities (Intercompany Liabilities)

Departments	30-June 25	31-May-24	Variance
GCSS	587 700 538	521 816 354	65 884 183
Subsidy	64 144 125	24 833 866	39 310 258
Transport	128 092 372	111 045 750	17 046 622
Public safety	288 024 163	260 003 389	28 020 773
GICT	1 431 013 882	909 147 666	521 866 216
Ombudsman		127 765 -	127 765
Group Legal	0	7 222 302	-
GFIS	1 099 056	469 227	629 828
Revenue Shared Service Centre	80 933 482	82 114 560 -	1 181 078
Smart City	3 270 671	17 262 253 -	13 991 582
Office of the Speaker	4 148 023	7 678 976 -	3 530 953
			-
	2 595 648 613	1 941 722 110	653 926 504
Entities			
City Power Johannesburg	11 202 915	27 554 155 -	16 351 240
Joburg Market SOC	5 777 311	5 917 065 -	139 754
Joburg Theatre	131 273	83 870	47 402
Johannesburg Roads Agency Pty Ltd	11 377 624	11 377 624	-
Johannesburg Social Housing Company	9 567 248	11 817 232 -	2 249 984
Pikitup	12 420 622	15 669 165 -	3 248 543
Metropolitan Bus Service SOC	55 408 917	46 415 916	8 993 000
			-
	105 885 911	118 835 029 -	12 949 118
TOTAL	2 701 534 524	2 060 557 138	640 977 386

06.

Internal and External Audit Findings

Section 1 Progress on Internal Audit Plan
Section 2 Progress on Resolution of Internal Audit Findings
Section 3 Progress on Resolution of External Audit Findings
Section 4 Overall State of Internal Controls

Capitals impacted by disclosures

-  *Financial Capital*
-  *Manufacturing Capital*
-  *Human Capital*
-  *Social and Relationship Capital*

Stakeholders Impacted by disclosures

-  *Shareholder*

06

Section 1

Progress on Internal Audit Plan

Miriam Sunda
Chief Internal Auditor



Table 6.1 reflects the progress to date against the approved Internal Audit Plan for the 2024/2025 financial year. A performance of 97% achieved against the coverage plan for the 2024/25 period

Table 6.1 Performance Status

Status	Target	Actual Performance	% Performance Achievement for 2024/25
Project as per plan	39	38%	97%

For the period under review, there were thirty-nine (39) audit reviews. Thirty-two (32) out of (39) audits, translating to 82%, are complete while 18% are in various stages of audit.

Table 6.2 Reflects the total number of projects planned for the current financial year with the status.

Table 6.2 Approved Plan

No	Approved Plan	Status
1	Human Resources Management-Performance Management	Complete
2	Contract management	Complete
3	Performance Information (AOPO) Q1	Complete
4	Performance Information (AOPO) Mid- year	Complete
5	Performance Information (AOPO) Q3	Complete
6	Performance Information (AOPO) Annual Performance Review 2023/24 period	Complete
7	Stakeholder and Communication Management	Complete
8	Project Management	Complete
9	Inventory Management	Complete
10	Supply Chain Management	Complete
11	Asset Management	Complete
12	Compliance Review	Complete
13	Financial Discipline Review	Complete
14	Risk Management Review	Not Started
15	Probity Reviews on High Value Tenders	Complete
16	Follow-up on AG Findings Q1	Complete
16.1	Follow-up on AG Findings Q2	Complete

Table 6.2 Approved Plan

No	Approved Plan	Status
16.2	Follow-up on AG Findings Q3	Complete
16.3	Follow-up on AG Findings Q4	Complete
17	Consulting - AG Readiness Assessment	Planning
18	Application Control review	Complete
19	IT General Control review (ITGC)	Complete
20	Quality Assurance Review on the Business Plan	Complete
21	Quality Assurance on the Scorecards	Complete
22	Quality Assurance on Performance rewards	Planning
23	Quality Assurance on the Mid-year deviation process	Complete
24	Corporate Governance	Complete
25	Cyber Security	Complete
26	Unauthorised, Irregular, Fruitless and Wasteful Expenditure Investigations	Complete
27	Leave Management	Complete
28	Performance Audit on Projects	Complete
29	Network Audit	Complete
30	Communication and Marketing	Complete
31	Service Standards Audit	Complete
32	Performance Management Review	Complete
33	Occupation, Health and Safety Audit	Complete
34	Strategic Planning, Monitoring and Reporting	Complete
Ad-hoc		
1	Interim Financials	Complete
2	Probity Reviews Professional Services - JRA	Complete

➔ Legend In Progress Not Started Completed Deferred On hold



Section 2

Progress on Resolution of Internal Audit Finding

Figure 6.1 depicts the status on progress made in addressing the Internal Audit findings that were raised for the 2024/25 and resolution status: A total of forty-seven (47) findings were followed up to date with AOPO repeated findings raised and thirty-four (34) resolved translating to 72% resolution for the period under review.

Figure 6.1 Internal Audit Findings resolution Status

IA Resolution of Findings as at 30 June 2025

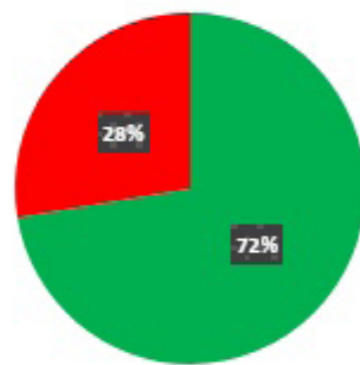


Table 6.3: Internal Audit Resolution Rates

#	Classification of Findings	Total Findings Raised to Date	Total Findings Resolved to Date	Not Resolved
	IA Findings	32	26	6
	Findings added for Q2 and Q3 (AOPO repeat findings)	9	5	4
	Findings added during Q4	6	3	3
	Total Findings	47	34	13
			72%	28%



Section 3

Progress on Resolution of External Audit Findings

Figure 6.2 depicts the status on progress made in addressing AG findings; A total of 35 findings were followed up during the audit of AG letter for 2023/24, and thirty-two (32) out of 35 findings were resolved translating to 91% as of 30 June 2025.

Table 6.4 Audit Resolution Status

#	Classification of Findings	Total Findings Raised to Date	Total Findings resolved, to date	Unresolved
1.	External Audit Findings	35	32	3
Total Findings		35	32	3
			91%	9%

Figure 6.2 External Audit Findings Resolution Status

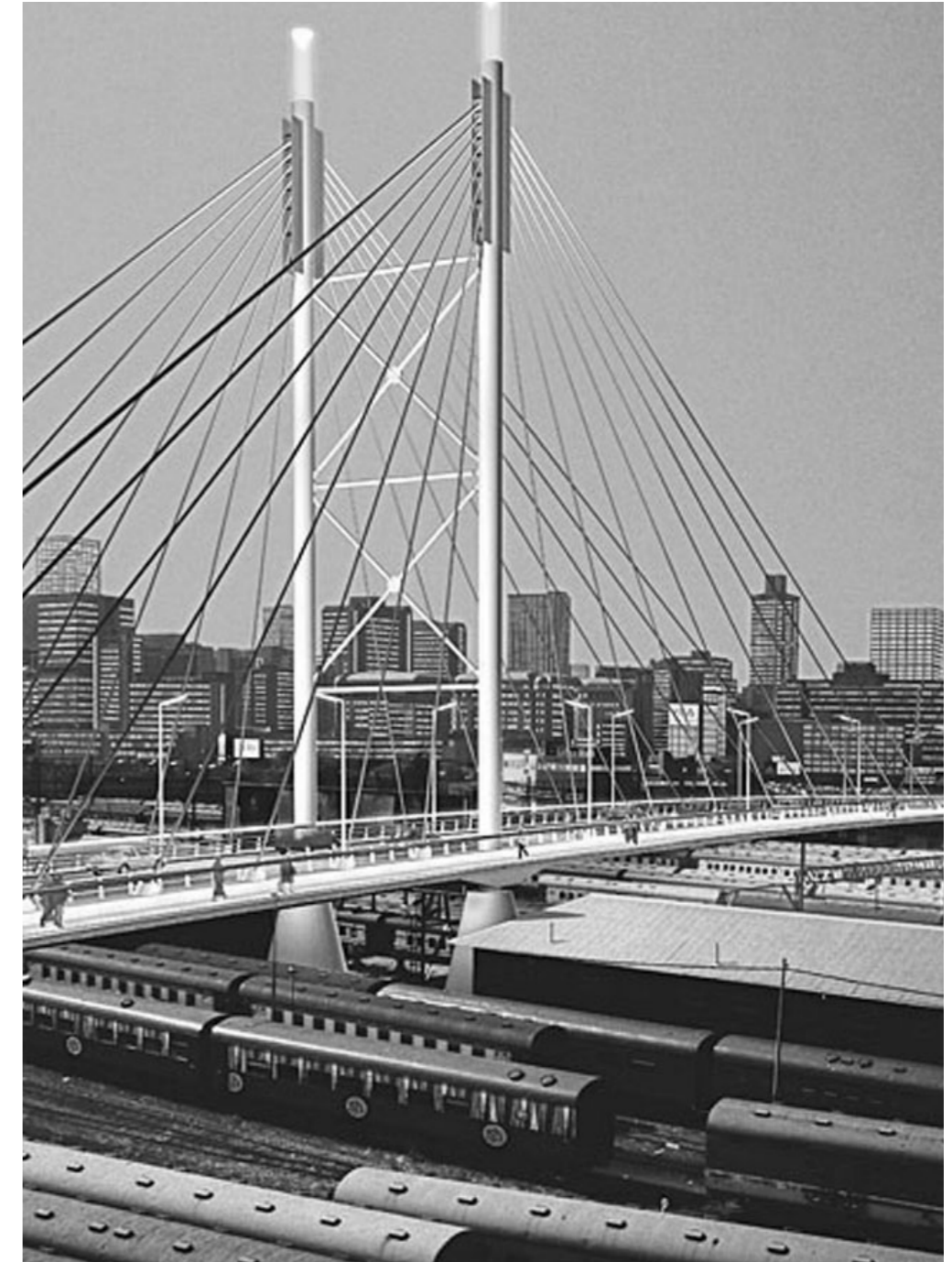
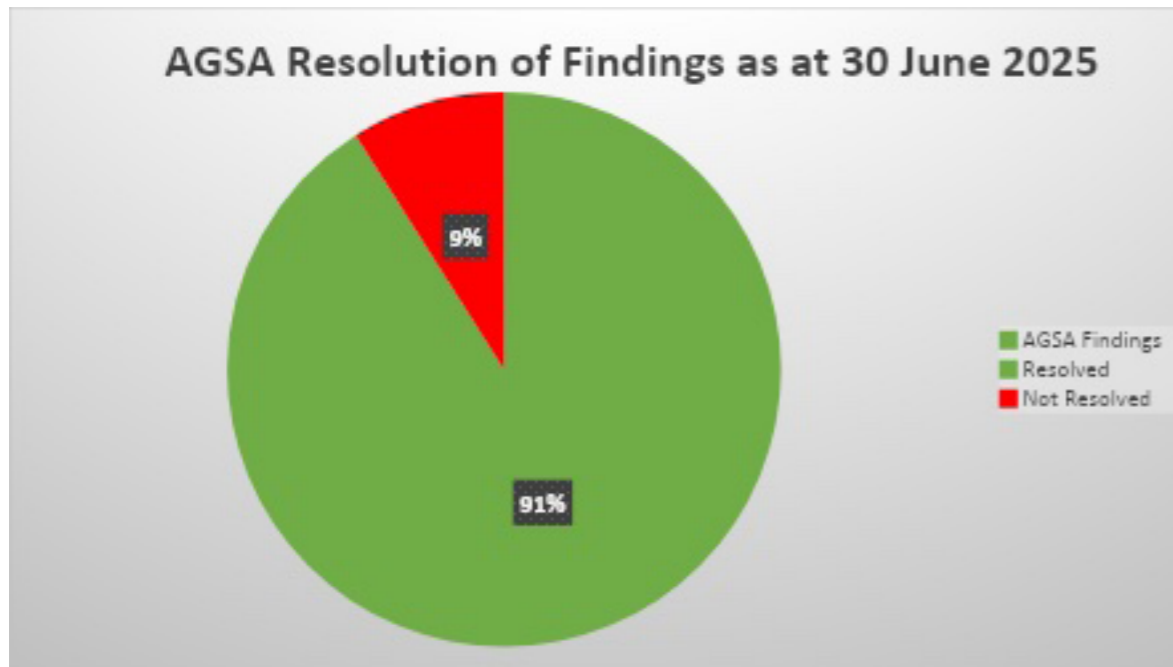


Table 6.5 : AG Finding

#	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Comments	Date	Repeat Finding	Management Finding Status	Finding Verified	IA Resolution Status	Internal Audit Comment	Revised MAP
1.	Expired Licence agreement for OpManager application	IT Governance	CTO	Other Matters	Management disagrees with the finding as the system was functional and operational during the financial period in review of the audit (2023/2024)	31-Mar-25	2	Complete	Verified	Resolved	Resolved: CTO provided Internal Audit with the End User Licence agreement which is valid until the 17 of October 2025.	N/A
2.	Limitation of scope – A list of users and user modifications on OpManager system not provided	IT Governance	CTO	Other Matters	Management accepts the finding. It must be noted that for all user creations and modifications a call must be logged on service desk and no changes were requested during the period in review.	30-Jun-25	2	Complete	Verified	Resolved	Resolved: Logs are pulled and archived daily by INTO IT Contact Centre.	Compensating controls in place
3.	Lack of password reset log on the OpManager application	IT Governance	CTO	Other Matters	Management accepts the finding with the root cause being system limitation on the required functionality	30-Dec-25	2	Not Completed	Not Verified	Resolved	Resolved: Logs are pulled and archived daily by the centre	Compensating controls in place
4.	Inadequate ICT Standards and Procedures	IT Governance	CTO	Other Matters	Management accepts the finding. It must be noted that review of user access rights is done through monthly attestations and the attestation process in terms of physical sign-offs need to be improved on. Recommendation needs remedial action to be implemented.	2025/12/30 and 2025/03/31	2	Complete	Verified	Resolved	Resolved: IT Support provided Internal Audit with the updated Draft ICT SOP.	N/A
5.	Lack of review of system administrator activities on the OpManager	IT Governance	CTO	Other Matters	Management accepts the finding with the root cause being system limitation on the required functionality.	30-Dec-25	2	Not Completed	Not Verified	Resolved	Resolved: Activities done by the IT specialist are delegated for review to the CTO / GM. Manual evidence to continue to be filed to support this control	Compensating control
6.	Lack of user access reviews on the OpManager	IT Governance	CTO	Other Matters	Management accepts the finding and notes that the deficiency in terms of business owners sign-off on monthly attestations needs to be improved.	30-Dec-25	2	Not Completed	Not Verified	Resolved	The Ops Manager System Accounts review for January 2025 was reviewed by the NOC Supervisor. Manual evidence to continue to be filed to support this control	Compensating control
7.	Inadequate IT Disaster Recovery Plan	IT Governance	CTO	Other Matters	Management accepts the finding	30-Apr-25	2	Completed	Verified	Resolved	Resolved: The IT Disaster Recovery plan is currently in draft and will be presented at EXCO and Board for approval.	N/A
8.	Inadequate backup processes on the OpManager system	IT Governance	CTO	Other Matters	Management disagrees with the finding as manual backups are being done. A log of these backups is being kept; physical copies are also available for verification.	2025/06/30 and 2025/03/31	2	Not Completed	Not Verified	Resolved	Resolved: To the Ops Manager system is now able to automatically backup the Database.	
9.	Disaster Recovery test not performed	IT Governance	CTO	Other Matters	Management disagrees with the findings as DR testing was performed but not adequately documented prior to 30 June 2024. Evidence is also available that the DR testing was performed recently (Evidence is attached)	28-Feb-25	2	Not Completed	Not Verified	Resolved	Resolved: The IT Specialist showed that the Disaster recovery can be performed on the Ops Manager system.	Compensating controls
10.	Backup restorations were not performed	IT Governance	CTO	Other Matters	Management disagrees with the findings as DR testing was performed but not adequately documented prior to 30 June 2024. Evidence is also available that the DR testing was performed recently (Evidence is attached)	28-Feb-25	2	Complete	Verified	Resolved	Resolved: IT Support provided snap shots to Internal Audit with manual backups performed from December to February 2025.	N/A
11.	Inadequate ICT Security Policy	IT Governance	CTO	Other Matters	Management accepts the finding; evidence of awareness and training has been provided for the current financial year.	28-Feb-25	2	Complete	Verified	Resolved	Resolved: CTO provided Internal Audit with the physically signed off ICT Security Policy.	N/A

Table 6.5 : AG Finding (Continued)

#	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Comments	Date	Repeat Finding	Management Finding Status	Finding Verified	IA Resolution Status	Internal Audit Comment	Revised MAP
12.	Inadequate password parameter settings on OpManager	IT Governance	CTO	Other Matters	Management disagrees with the findings related to password complexity. Evidence has been provided that confirms complexity is correctly configured and in place. Management accepts that password expiration is not possible owing to a system limitation and accepts this finding. To be addressed through implementation of AD authentication	31-Mar-25	2	Not Completed	Not Verified	Resolved	Resolved: The password complexity is set to 8 characters which matches the IT SOP.	N/A
13.	Program changes not logged on OpManager system	IT Governance	CTO	Other Matters	Management accepts the finding with the root cause being system limitation on the required functionality	30-Dec-25	2	Not Completed	Not Verified	Resolved	Resolved: Logs are pulled and archived daily by INTO IT Contact Centre.	Compensating controls
14.	Network link availability - We were unable to obtain valid, accurate and complete records to confirm the reliability of the reported achievement in the annual performance report	AOPO	Acting Corporate Strategy and Reporting Celani Mathenjwa	Other Matters	Management acknowledges the audit finding and its significance.	31-Mar-25	1	Not Completed	Verified	Resolved	Resolved: Evidence is pulled from the system; however, the system does not allow the pulling of evidence after some time upon the end of each quarter. However, evidence should be timeously pulled at the end of each quarter.	Management to continue to monitor the performance.
15.	CCTV device availability - We were unable to obtain valid, accurate and complete records to confirm the reliability of the reported achievement in the annual performance report	AOPO	Acting Corporate Strategy and Reporting Celani Mathenjwa	Other Matters	Management acknowledges the audit finding and its significance.	31-Mar-25	1	Not Completed	Verified	Not resolved	The AOPO Q1 and Q2 review revealed instances of insufficient evidence to support the performance reported	Data to be available from Q2 of the current financial year
16.	% of CoJ and Entity Capex Projects Completed - The reported actual achievement in the annual performance report for the KPI is not accurate and is misstated (i.e. overstated). The auditor's recalculation of the reported achievement is 67% The auditor's recalculation of the % of CoJ and Entity Capex project completed is different to Management's calculation.	AOPO	Acting Corporate Strategy and Reporting Celani Mathenjwa	Other Matters	Management acknowledges the audit finding regarding the overstatement of project completion. We recognise the seriousness of this issue and its potential impact on the accuracy of our performance reporting. The performance was corrected in the Annual performance reported in the Integrated annual performance report	Immediate	1	Complete	Verified	Resolved	Resolved: during the AGSA reporting	N/A
17.	Network Equipment Assets not tagged	Asset Management	Asset Manager	Other Matters	Management accepts the finding	30-Jun-25	New	Not Completed	Verified	Resolved	Resolved: Internal Audit sampled and verified that the Network Equipment assets are now tagged, and the Asset Register has been updated.	N/A

Table 6.5 : AG Finding (Continued)

#	Finding Heading	Audit Re-view Area	Person Responsible	Finding Rating	Management Comments	Date	Repeat Finding	Management Finding Status	Finding Verified	IA Resolution Status	Internal Audit Comment	Revised MAP
18.	Network Infrastructure Impairment and Assets not tagged	Asset Management	Asset Manager	Other Matters	Management accepts the finding	30-Jun-25	New	Not Completed	Verified	Resolved	Resolved: Internal Audit sampled and went to verify that the Network Infrastructure assets are now tagged, and the asset register has been updated.	N/A
19.	Assets could not be verified	Asset Management	Asset Manager	Other Matters	Management accepts the finding	30-Jun-25	New	Not Completed	Verified	Resolved	Resolved: Internal Audit sampled and verified that the HP laptops in the office are now tagged with new tags and the asset register has been updated.	N/A
20.	SCM: Quotations – Evaluation Criteria not stipulated	SCM	SCM Manager	Other Matters	Management agrees with the finding. 1. This was an advertisement for the recruitment of a higher echelon position (Head Risk) and we needed it to be in the Sunday Times because candidates in those positions would most likely read the Sunday Times and not The Star or Sowetan and the reach would be greater. 2. The RFQs did not have evaluation criteria because legislation dictates that when we advertise for a tender, that tender must be in newspapers commonly circulating locally; therefore, the newspapers that we requested a quotation from are the ones that we used to advertise the tender, therefore we did not see a need to have evaluation criteria.	Immediate	New	Completed	Verified	Resolved	SCM provided Internal Audit with 3 quotations received from local newspaper advertisement and they went with the lowest quotation.	N/A
21.	SCM: PPR – Price Preference Point System Calculation	SCM	SCM Manager	Other Matters	Management agrees with the finding: Issue 1: The place of business and where the SP resides are the same place, therefore we did not see the need for them to do an affidavit for his/her place of business. The CSD's and Director's municipal account reflect the same address. Issue 2: The RFQs did not have evaluation criteria because legislation dictates that when we advertise for a tender, that tender has to be in newspapers commonly circulating locally , therefore, the newspapers that we requested a quotation from are the ones that we used to advertise the tender; therefore, we did not see a need to have evaluation criteria.	01-Mar-25	New	Completed	Verified	Resolved	Internal Audit received a sample of one quotation and the service provider attached an affidavit to confirm that the address of place of business is the same residing address and the winning bidder did signed the quotations, SCM provided Internal Audit with three quotations received from local newspaper advertisement and they went with the lowest quotation.	N/A
22.	SCM: BID- Bidders evaluated with the criteria not stipulated in the bid documents	SCM	MTC	SCM Manager	Other Matters	N/A	New	Complete	Verified	Resolved	Resolved	N/A
23.	SCM: BID- Bid not advertised and evaluated	SCM	SCM Manager	Other Matters	Management disagrees with the finding. The RFQ stated "Website hosting, security, maintenance, and Support (Subject to renewal if needed every after 12 Months)" This therefore means that as long as the panel was still active, SCM did not need to advertise another RFQ. Vhuna would, owing to their being successful, be awarded a PO for a further 12 months.	N/A	New	Complete	Verified	Resolved	Resolved	N/A

Table 6.5 : AG Finding (Continued)

#	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Comments	Date	Repeat Finding	Management Finding Status	Finding Verified	IA Resolution Status	Internal Audit Comment	Revised MAP
24.	SCM: Quotations Winning bidders did not submit all compulsory required documents	SCM	SCM Manager	Other Matters	Management agrees with the finding: The places of business and where the SPs reside are the same place; therefore, we did not see the need for them to do affidavits for their places of business. The CSD's and Director's municipal accounts reflect the same addresses. Furthermore, the winning bidders did not sign their quotations as per the SCM given checklist. We will review the checklist and make sure all the requirements are addressed	Immediate	new	Complete	Verified	Resolved	Internal Audit reviewed a sample of one quotation and the service provider attached an affidavit to confirm that the address of place of business is the same residing address and the winning bidder did sign the quotation.	N/A
25.	SCM: Bids Contract not in accordance with General Conditions Contract	Contract Management	Contract Manager	Other Matters	<p>Additional information was provided for further verification and the finding was cleared</p> <p>MTC has got one Master Services Agreement (MSA) with Broadband Infracore, the Master Services Agreement has three schedules attached thereto, namely :</p> <ol style="list-style-type: none"> 1. Schedule 1 - Service Order Form 2. Schedule 2 - Service Level Agreement 3. Schedule 3 - Operations and Maintenance Procedures <p>All of which are to be regarded as a singular contract. The MSA is the overarching contract and covers , inter alia, general terms of the contract such as termination, dispute resolution processes. While Schedule 2 and 3 covers, inter alia, monitoring of services, when a PO is issued the service provider and MTC conclude a service, when order form for the specific PO.</p> <p>As such, when reading the MSA and its three Schedules, all the standard general conditions of a contract are covered therein. The MSA and its schedules are attached to this response for ease of reference.</p>	Immediate	new	Complete	Verified	Resolved	The finding was cleared during the AG audit	N/A
26.	ICASA Payables misstatement	Finance	CCFO	Other Matters	Additional information of investigations was provided for further review and the findings were resolved	Immediate	2	Complete	Verified	Resolved	The finding was cleared during the AG audit	N/A
27.	Payments not made within 30 days as required by legislation	Finance	CFO	Other Matters	Recommendation to be implemented	Immediate	1	Not Completed		Not Resolved	There are still payment that were not made within 30 days in Q1 and Q2 of the 2024/25 period	Budget limitation
28.	Understatement of Cash Flows from investing and overstatement of Cash flows from financing.	Finance	CFO	Other Matters	Recommendations implemented	Immediate	1	Complete	Verified	Resolved	The finding was cleared during the AG audit	N/A

Table 6.5 : AG Finding (Continued)

#	Finding Heading	Audit Review Area	Person Responsible	Finding Rating	Management Comments	Date	Repeat Finding	Management Finding Status	Finding Verified	IA Resolution Status	Internal Audit Comment	Revised MAP
29.	Understatement of Overtime	Finance	CFO	Other Matters	Additional information of investigations were provided for further review and the findings were resolved	Mar-25	1	Complete	Verified	Resolved	The HR Manager provided Overtime Evidence. IA to continue with the audit of overtime to monitor the status of the control environment.	N/A
30.	Comparison of budget and actual amount spent: Overspending of the approved budget allocation	Finance	CFO	Other Matters	Management agrees with the finding on overspending but not the amount regarded as an overspending. The Entity is allowed to trade and generate additional income; therefore, with additional income there are additional costs. It is therefore, on this basis that the overspending on expenditure should be considered together with the overachievement of revenue. This would then imply that the overspending is the net of the revenue less expenditure	30-Jun-25	2	Not Completed	Verified	Not Resolved	There is still instance of overspending on budget for the 2024/25. Irregular expenditure investigation underway	Budget limitation
31.	Depreciation has been overstated as the Entity has fully depreciated leasehold improvements in its first year of use rather than applying the MTC policy of depreciating it over a period of three years	Finance	CFO	Other Matters	Recommendations implemented	Immediate	1	Completed	Verified	Resolved	The finding was cleared during the AG audit	N/A
32.	Differences noted between the VAT amount per the financial statements and auditor's recalculated VAT amount				Additional information of investigations was provided for further review and the findings were resolved	Immediate	2	Complete	Verified	Resolved	The finding was cleared during the AG audit	N/A
33.	SCM: Deviations – Not reported to Board of directors and on the AFS	SCM	SCM Manager	Other Matters	Management agrees with the finding. The Oline items should have been classified as deviations. Licence renewal will be raised as a deviation and will be reported to the Board	Immediate	1	Not Completed	Verified	Resolved	Deviation report prepared to be presented to EXCO for approval by the Board. Management to continuously ensure that all the deviations identified during the 2024/25 period are approved by the Board	Management to continuously monitor deviations and report
34.	Reasonable steps were not taken to prevent irregular, fruitless and wasteful and unauthorised expenditure	Finance	CFO	Other Matters	Additional information for investigations were provided for further review and the findings were resolved	Immediate	2	Complete	Verified	Resolved	The finding was cleared during the AG audit	N/A
35.	Nature and particulars of irregular, fruitless and wasteful expenditure not disclosed	Finance	CFO	Other Matters	Additional information for investigations were provided for further review and the findings were resolved	Immediate	1	Complete	Verified	Resolved	The finding was cleared during the AG audit	N/A

Section 4

Overall State Of Internal Control

(ADEQUACY AND EFFECTIVENESS)

Sufficient and appropriate audit procedures were conducted, and evidence gathered to support the accuracy of the conclusions reached. The conclusions were based on a comparison of the situations, as they existed at the time against the audit criteria. The conclusions are only applicable for the scope of audit work undertaken. The evidence gathered meets the standards for the professional practice of Internal Auditing and is sufficient to provide senior management with proof of the conclusions derived from the Internal Audit.

In our opinion, the control environment, in ensuring that corrective action is implemented over previously reported audit findings, is considered to be **Partially Adequate and partially effective** in providing reasonable assurance that the inherent risks are appropriately managed and that the business objectives will be attained. The current internal controls are, in our opinion, partially adequate and need continuous improvement to effectively address the internal control weaknesses raised, particularly in the audit of predetermined objectives, human resource management and performance management. Limitation controls also exist in the security management (cyber security and disaster recovery management areas, which seek management to proactively intervene to improve the status of governance. Recommendations have been made to achieve a better audit outcome for the organisation and will be continuously monitored for implementation.

Overall Status of Control

Adequate, Partially effective	<ul style="list-style-type: none"> Control design found to be partially adequate; however, specific weaknesses were noted, which require improvement in order to be planned and organised in a manner that provides reasonable assurance that the MTC's risks will be managed and that the related goals and objectives will be achieved efficiently. Partial compliance with policies and procedures Follow-up actions plans not addressed timeously and a slight improvement noted during Q4 of the 2024/25 financial year Audit of predetermine objectives controls need improvement.
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07.

Appendices



Appendix A

Directors

The executive and non-executive directors of the Entity during the year and to the date of this report are as follows:

Name Nationality Changes

1. *Mr J Nqakalastane - Current Chairperson South Africa Appointed on 31 July 2024
2. *Mr NS Motale - Previous Chairperson South African Resigned on 31 July 2024
3. *Mrs P Jacobs South African
4. *Mr BT Watson South African
5. *Mr L Saile South African Resigned on 30 August 2024
6. *Mrs MC Williams South African
7. *Mr M Tabane South African
8. *Mr V Blennies South African Resigned on 25 May 2025
9. *Mr I Singh South African
10. *Ms JX Scott South African Resigned on 12 December 2024
11. *Ms MV Mamagobo South African
12. *Mr T Goldsmith South African
13. Mr. T Moropa South African
14. Mr. R Chetty South African

	Name and surname	Board : 15 meetings	Audit & Risk Committee 8 meetings	HR, Social, Ethics Committee 5 meetings	Service Delivery Committee 5 meetings	Total
1.	Mr J Nqakalastane -	14	-	4	2	20
2.	Mr NS Motale - Previous Chairperson	1	-	-	-	1
3.	Mrs P Jacobs (Chairperson)	15	8	1	-	24
4.	Mr JB Watson	14	1	5	1	21
5.	Mr LG Saile	4	2	2	-	8
6.	Ms MC Williams	15	-	-	5	20
7.	Mr M Tabane	12	-	2	4	18
8.	Mr C Blennies	12	6	-	-	18
9.	Mr I Singh	14	7	-	-	21
10.	Ms JX Scott	8	-	2	-	10
11.	Ms MV Mamogobo	14	-	2	4	20
12.	Mr T Goldsmith	14	-	-	4	18
13.	Mrs T Roman (IAC)	-	8	-	-	8
14.	Mrs A Cluff (IAC)	-	8	-	-	8
15.	Ms D Rayners (IAC)	-	8	-	-	8

Appendix B

Composition of Sub-Committees

The Audit and Risk Committee (ARC) is constituted as a statutory Committee of The Metropolitan Tech Company LTD in respect of its statutory duties in terms of section 94(7) of the Companies Act, 2008 and section 166 of the Municipal Financial Management Act, 2004 (MFMA) as a Committee of the Board in respect of all other duties assigned to it by the Board and legislative requirements.

Audit And Risk Committee (ARC)

The Audit and Risk Committee (ARC) is constituted as a statutory Committee of The Metropolitan Tech Company SOC LTD in respect of its statutory duties in terms of section 94(7) of the Companies Act, 2008 and section 166 of the Municipal Financial Management Act, 2004 (MFMA) as a Committee of the Board in respect of all other duties assigned to it by the Board and legislative requirements.

1. Composition of Members
2. Patricia Jacobs (Chairperson)
3. Jacques Burt Watson –
4. Ingle Singh
5. Taryn-Lee Roman
6. Deveney Rayners
7. Althea Cluff

Key Focus Areas for the ARC

- Annual Reporting and Financial Oversight
- Ensured the accuracy, integrity, and completeness of financial disclosures and internal financial controls.
- Reviewed annual financial statements, interim reports, and recommended approval to the Board.
- Evaluated accounting policies, key judgments, and reporting consistency to ensure compliance and transparency

Provided input on sustainability disclosures, recommending external assurance where appropriate.

- Risk Management
- Oversaw financial, fraud, and IT-related risks impacting financial reporting and internal controls.

- Adopted a risk-based approach to the identification and monitoring of financial risks.
- Reviewed and approved risk management policies, procedures, and frameworks.

Monitored management's execution of the risk management plan to ensure timely mitigation of risks.

- Internal Control Systems
- Ensured internal control systems complied with statutory and regulatory requirements.
- Assessed the adequacy and effectiveness of internal controls to promote ethical conduct and financial discipline.
- Approved and monitored internal control disclosures in MTC's reports for transparency and accountability.

Reviewed management's progress on internal control improvements and related policy updates.

- Internal Audit Oversight
- Monitored and evaluated the internal audit function's independence, effectiveness, and adequacy of resources.
- Approved the Internal Audit Charter and annual strategic audit plans.
- Reviewed internal audit reports to ensure timely remedial actions on identified deficiencies.

Engaged directly with the Chief Audit Executive to discuss audit findings and the effectiveness of the internal audit function.

- External Audit Engagement
- Oversaw the relationship with the Auditor-General to ensure audit independence, objectivity, and transparency.
- Approved the audit engagement terms, scope, and remuneration.
- Reviewed audit findings and monitored management's implementation of recommendations.
- Ensured the Auditor-General received adequate support from both management and the Board.

- Reviewed whistle-blower arrangements for employees and external stakeholders to report concerns safely and confidentially.

Oversaw independent investigations and follow-up actions on reported financial or compliance irregularities.

- IT Risk Governance
- Provided oversight on IT governance with a focus on data security, access controls, and disaster recovery measures.

Evaluated IT controls within audit processes to strengthen efficiency, resilience, and audit coverage.

- Combined Assurance
- Guided the implementation of a combined assurance model integrating risk, audit, and compliance activities for comprehensive oversight.

Reviewed the effectiveness of assurance providers across all lines of defence to improve governance and accountability.

HUMAN RESOURCES AND SOCIAL ETHICS COMMITTEE (HSEC)

The Committee is established as a statutory committee of the Board of Directors of MTC, constituted in accordance with Section 72 of the Companies Act, the Municipal Finance Management Act (MFMA), the MTC Memorandum of Incorporation, the King IV™ Report on Corporate Governance, the MTC Board Charter, and all other applicable legal and regulatory requirements.

1. Composition of Committee
2. Jacques Burt Watson (Chairperson)
3. Makhate Jonas Nqakalatsane
4. Manene Tabane
5. Maphale Victoria Mamogobo

Key Focus Areas of the (HSEC)

The Committee was mandated to monitor and, where appropriate, recommend the implementation of programmes, policies, and initiatives to the Board in the following areas:

- The Human Capital Strategy
- Developed a human capital strategy aligned with the Company's core business objectives and current and future human resource requirements.
- Recommended the formulation, review, and evaluation of policies supporting the implementation of the human capital strategy.

Assessed and addressed staff-related risks to ensure the sustainability and effectiveness of the human capital strategy.

- Workforce Development and Conditions
- Monitored the Company's compliance with the International Labour Organisation Protocol on decent work and working conditions.
- Enhanced and developed the skills and talents of current and future employees, including making recommendations on the Company's role in supporting educational and professional development.

Reviewed succession planning and retention strategies to ensure workforce stability and leadership continuity.

- Compensation and Performance Management
- Recommended annual salary adjustments and established salary scales for consistent application across the Company.

Reviewed the CEO's performance, conducted formal performance evaluations, and made recommendations on performance-based bonuses or remedial actions where necessary.

Reporting and Shareholder Engagement

Through its Chairperson, the Committee reported to shareholders at the Company's Annual General Meeting on all matters within its mandate, ensuring transparency and accountability.

Labour and Employment Practices

- The Committee monitored MTC's labour and employment practices, including:
- Reviewing Human Capital Reports covering employment equity, working conditions, employee relations, and skills development and training.

Evaluating policies on employment equity, anti-discrimination, fair remuneration, and employee development to ensure alignment with ethical and regulatory standards.

These efforts ensured that MTC's human resources and social policies supported both its strategic objectives and ethical commitments.

Assessment of the HSEC Committee

The HSEC Committee confirmed that it possessed the requisite skills and had reviewed its Terms of Reference, including its authority and responsibilities as set out in the Board Charter. The Committee affirms that it effectively discharged its duties in accordance with the Companies Act, the MFMA, the MTC Board Charter, the MTC Delegation of Authority Framework, and the King IV™ Code on Corporate Governance. The Committee remains committed to diligently fulfilling its responsibilities in the periods ahead.

SERVICE DELIVERY COMMITTEE (SDC)

The Service Delivery Committee is appointed by the MTC Board to review and provide oversight of

service delivery projects, service delivery based issues, and procurement related decisions across MTC within the authority delegated by the MTC Board.

1. Members
2. Myrtle Williams (Chairperson)
3. Maphale Victoria Mamogobo
4. Manene Tabane
5. Trevor Goldsmith

Makhate Jonas Nqakalatsane – appointed on 10 January 2025 of the Board in respect of all other duties assigned

Key Focus Areas for the SDC

During the reporting period, the Service Delivery Committee (SDC) fulfilled its mandate by ensuring strategic alignment, operational sustainability, and compliance across MTC’s initiatives. This reinforced the Entity’s commitment to effective service delivery. Key focus areas and achievements included:

Implementation of Strategic Decisions

Ensured that MTC’s operations were aligned with strategic decisions, strengthening business continuity and supporting short- to medium-term operational priorities.

Promotion of Transformation and Job Creation Facilitated the transparent and equitable utilisation of MTC’s Panels of Service Providers, including the SMME Panel, to drive transformation, support local enterprises, and contribute to job creation in line with the Expanded Public Works Programme (EPWP) targets set by the Shareholder.

Financial Oversight and Compliance:

Implemented strategies to prevent irregular, wasteful, and unauthorised expenditure, reinforcing MTC’s commitment to prudent financial management.

Alignment with Government Priorities

Guided the execution of MTC’s Business Plan to ensure alignment with multi-stakeholder government priorities and objectives.

Project and Service Delivery Monitoring

Conducted regular reviews of project status, transformation goals, and service delivery targets to maintain accountability and delivery on strategic commitments.

Strategic Guidance and Recommendations:

Evaluated and provided strategic recommendations to the Board in support of City-wide priorities.

IT Strategy and Risk Management:

Assessed IT strategy-related risks and reviewed mitigation measures to ensure robust oversight and financial governance of IT programmes.

Oversight of Economic and Industry Development:

Monitored MTC’s contributions to the City’s economic development and ICT industry, reinforcing competitiveness, sustainability, and compliance with applicable safety and quality standards.

Management of Operational and Marketing Strategy

Oversaw the effectiveness of MTC’s marketing and communication strategies, ensuring alignment with brand image, market positioning, and operational objectives.

Monitoring ICT Business Support:

Reviewed implementation of MTC’s ICT strategy to ensure systems supported operational requirements effectively.

Ensuring Shareholder Compliance:

Ensured MTC’s activities complied with shareholder mandates, monitored performance indicators, and advised the Board on policy and project development.

Operational Reporting and Accountability

Oversaw operational reporting processes, reviewed service delivery performance, and held senior management accountable through comprehensive reporting to the Board.

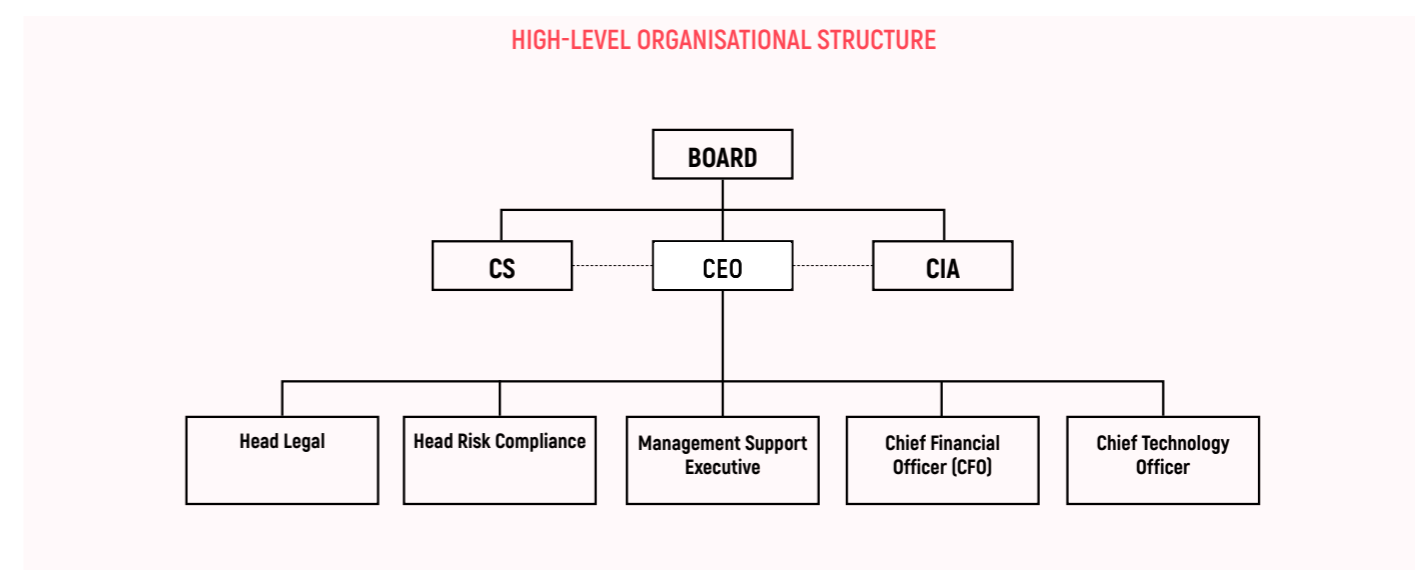
Assessment of the SDC

As part of its self-assessment, the SDC reports that it had the required skills and effectively reviewed its Terms of Reference including its authority and responsibilities. The Committee has effectively discharged all its responsibilities and has performed its statutory duties as mandated by the Board and set out in the Company Act. The Chairperson of the Committee was appointed by the Board and had to be a Non-Executive Member of the Board. The interaction and sharing of information between the Board, the Committee and other Board committees was critical to avoid duplication of activities

APPENDIX C

Third-Tier Administrative structure

MTC is a municipal Entity wholly owned by the CoJ and is mandated to provide affordable, efficient and inclusive connectivity whilst maintaining broadband distribution across the City



APPENDIX D Functions Of The Entity

MTC is a municipal Entity wholly owned by the CoJ and is mandated to provide affordable, efficient and inclusive connectivity whilst maintaining broadband distribution across the City

APPENDIX E

Recommendations of the Audit Committee

1. OPENING REMARKS

Internal Audit is contented to present the Annual Audit and Risk Committee Report for Metropolitan Tech Company (MTC) for the financial year ending 30 June 2025. The Audit and Risk Committee is an independent statutory committee appointed by the Board. The duties discharged of the committee are in line with the approved ARC Terms of Reference as outlined in section 166 of the Municipal Finance Management Act, King IV, Companies Act and the Global Internal Auditing Standards.

Integrated Independent Oversight

MTC established an Audit and Risk Committee tasked to discharge the Audit and Risk responsibilities and to monitor and play an oversight role on behalf of the MTC boards on matters of risk management, compliance, and governance amongst others and to hold management accountable for the overall control environment of the Company. To ensure continuity and feedback, the dual membership system was adopted. Some Members appointed on the ARC committee are also board members of MTC to ensure cross-member feedback and seamless communication.

2. AUDIT COMMITTEE RESPONSIBILITY

The MTC reports are compiled in line 166 of the Municipal Finance Management Act; Treasury Regulation 3.1, King IV, King V and Companies Act and in line with the new and updated Global Internal Auditing Standards. MTC ARC has adopted terms of reference that governs the committee and has regulated its affairs during the past financial year in accordance with these terms of reference and has discharged all its responsibilities as contained therein.

The management team, representatives from the internal auditors and external auditors attended the ARC meetings by invitation. The internal and external auditors have unrestricted access to the ARC.

3. MANAGEMENT AND OTHER ASSURANCE PROVIDER RESPONSIBILITIES

In terms of the combined assurance model, Management as level 1 assurer is responsible for designing and implementing effective control measures to provide sound governance and risk management processes and oversight strategic objectives of MTC. Oversight committees set the tone at the top by assuming responsibility for company performance by steering and setting the direction for the attainment of the company's vision. The ARC not only monitors but also propels MTC toward achieving sustainable excellence.

4. AUDIT AND RISK COMMITTEE

The role of the audit and risk committee is to assist the Board by performing an objective and independent review of the functioning of the organization's finance and accounting control functions. The audit and risk committee exercises its functions through close liaison and communication with corporate management and the internal and external auditors.

The audit and risk committee operates by the "Terms of Reference" approved by the Board and assist the Board regarding the following matters:

- Ensuring compliance with applicable legislation and the requirements of regulatory authorities.
- Matters relating to financial accounting, accounting policies, reporting, and disclosures.
- Internal and external audit policy.
- Activities, scope, adequacy, and effectiveness of the internal audit function and audit plans.
- Review/ approval of external audit plans, findings, problems, reports, and fees.
- Compliance with the Code of Corporate Practices and Conduct; and
- Compliance with the code of ethics.
- Risk Management
- ICT governance matters and operations.

The audit and risk committee has satisfied itself that the finance team has the required skills and experience to execute its functions. Despite the levels of vacancies within the finance function, interventions were implemented by management to ensure the efficient operation of the unit.

6. MEMBERSHIP AND ATTENDANCE

All members appointed were present and formed a quorum.

ARC Meeting Date	Quorum Status Yes/No
19 July 2024 (InCommittee Meeting)	Y
19 July 2024	Y
12 August 2024	Y
27 August 2024	Y
16 October 2024 (InCommittee Meeting)	Y
16 October 2024	Y
27 November 2024	Y
20 January 2025 (InCommittee Meeting)	Y
20 January 2025	Y
22 April 2025	Y
27 June 2025	Y

7. ARC COMPOSITION

The ARC committee is comprised of six members (Three Non-Executive Directors which are members of the Board and as well as three Independent Audit Committee members in line with King IV. This is to ensure that there is seamless communication between the ARC and the Board and to enhance accountability and responsibility on matters of MTC. The table below list the details of the appointed members during the 2024/25 period.

Membership	Details	Qualifications	Gender
NED	Patricia Jacobs (Chairperson)	<ul style="list-style-type: none"> Bachelor of Education Financial Services Diploma Advanced Credit Diploma (Incomplete) Edu care N6 Intro to Tourism Management and Development certificate 	Female
NED	Vencent Blennies (Previous Chairperson) Resigned: 23/05/2025	<ul style="list-style-type: none"> PhD in Management in Technology and Innovation Master of Science in Technology & Innovation. National Diploma in Business Administration and Management Matric 	Male
NED	Lloyd Garth Saile Resigned: 30/08 2024	<ul style="list-style-type: none"> Matric 	Male
NED	Joel Sihle Ngubane (resigned NED, 25 June 2024)	<ul style="list-style-type: none"> National Diploma in Information Technology, National Diploma in Ministry, B.Sc. (Computer Science – Computing), Management Advanced Program (MAP-129) 	Male
NED	Ingle Singh	<ul style="list-style-type: none"> Certificate in bookkeeping Introduction to municipal councilor 	Male
IAC	Deveney Rayners 25 August 2023	<ul style="list-style-type: none"> Matric Public Management and Governance Course (in progress) 	Female

- The audit and risk committee observed that the overall control environment of the MTC slightly improved when compared to the previous financial years. This is reflected by the number of findings raised in comparison to previous financial years.
- Overall improvement the tone at the top and ethical culture have strengthened, supported by clearer policy frameworks, enhanced governance structures, and increased management accountability.
- Audit and Risk Committees demonstrated clearer risk ownership and escalation paths on Governance and oversight. Roles and responsibilities are more consistently documented.
- The period under review demonstrates meaningful improvements in the control environment, particularly in supply chain management, contract management, and consequence management. However, identified regressions in predetermined objectives and ICT controls require urgent remediation to prevent erosion of overall governance, risk management, and compliance.
- The ARC Committee noted that most of the audit findings emanate from non-compliance with the Audit of Predetermined Objectives (credibility of information); ICT governance infrastructure and system; Project Management and to an extent findings relating to financial management which contributed to the non-achievement of the clean audit.
- The committee noted a slight regression from the previous year on the controls implemented by management around financial management principles, and this has contributed to MTC maintaining a clean audit of Annual Financial statements.
- ARC further noted with great concern the security risks around ICT general and application controls and the resources availability of automated systems. The unavailability of the budget to update the MTC systems poses cyber security risk and contributes to the inefficiencies in the organisation business processes as it relates to:
 - Access controls: Weaknesses identified in user provisioning and privileged access reviews; some access rights not timely revoked after changes.
 - Change management: Inadequate testing and documentation for certain system changes; some emergency changes bypass standard approvals.
 - Data integrity and backup: Gaps in data integrity controls and restoration testing; limited coverage of critical systems in disaster recovery testing.
 - IT operations: Monitoring and alerting gaps; limited use of automated reconciliations.
 - Implications: Increased risk of unauthorized access, data integrity issues, and potential downtime affecting critical operations and reporting
- Lastly the committee emphasized the importance of continuously monitoring the design and implementation of Internal controls to manage the risk within the organization.

9. INTERNAL AUDIT

- The audit committee was satisfied that the Internal Audit plan represents a clear alignment with the key risks, has adequate coverage, and a balance across the different categories of audits and most importantly the Risk Based plan.
- The audit committee strongly encourages active communication between Executive Management, the AG and the Internal Audit function, to strengthen Corporate Governance within MTC.
- Internal audit work conducted during the year included focused financial control process reviews, SCM compliance reviews, an assessment of IT processes and security, investigations and a review of performance information and financial audits amongst others.

IAC	Althea Cluff 25 August 2023	<ul style="list-style-type: none"> • National Senior Certificate Courses • Union negotiation and strike management • Employment Equity Act • NOSA Health and Safety • Practical Labour Law 	Female
IAC	Taryn-Lee Roman 25 August 2023	<ul style="list-style-type: none"> • Bachelor of Science in Information Technology (Software Engineering in progress) 	Female

- Findings raised by both Internal and external audit has been discussed with management. Prior year findings raised have been followed up with Management as part of the 2024/25 approved Internal audit plan. Follow up progress has been conducted monthly by Internal Audit and reported quarterly to the ARC committee.

The audit committee is concerned about the following matters:

- Control deficiencies leading to the recurring of audit findings in the critical areas such as predetermined objectives which affect service delivery.
- The lack of sales strategy to drive revenue generation has been raised as a matter of critical importance by the committee as it largely impacts on the financial sustainability of MTC.
- Capacitation of critical position in the organization.
 - The ARC noted a stable audit outcome for the 2024/25 period- unqualified audit opinion with findings. The ARC required management to device a corrective plan to address the weaknesses and included as a reporting and monitoring tool standing agenda item of follow up progress reporting to track the implementation of the action plan.
 - The reliability and usefulness of performance information and the quality of financial statements remain a concern to the committee. The committee further expressed concerns over the credibility of reported performance information as similar findings raised every year were not being adequately addressed by management.

10. RISK MANAGEMENT

The committee fulfils a dual function- as an audit committee and as a risk committee. Internal audit conducts regular and full assessment of the risk management function and reports to the committee.

- During 2024/25 FY, the committee continued to monitor the enterprise risk management policy, risk management framework, business continuity policy and framework to ensure continued focus on the entity's material risks.
- The committee also noted progress on the Entity's enterprise risk identification, assessment, analysis as well as results of risk monitoring and mitigation actions and/or risk treatment plans on the top strategic and operational risks. Progress on risk management has been reported to the ARC as per the terms of reference on a quarterly basis.
- The committee noted concern that most of the top strategic risks remained very high at year end due to slow progress in implementing risk mitigation plans which include strategies to address the aging and dilapidated infrastructure, network availability, liquidity and going concerns of the entity.

11. INFORMATION AND TECHNOLOGY GOVERNANCE

- The ARC committee is discharged with ICT and governance oversight and monitoring and ensures that there are adequate IT policies, procedures, system, and governance mechanism over the MTC.IT infrastructures enhance the revenue generation for MTC therefore the committee emphasized the importance of employing IT security measures to ensure that information of the entity is well managed and monitored.
- The ARC adopted the MTC ICT strategy that will be implemented in the 2024/25 to address ICT challenges and further advised management to ensure that ICT policies
 - Institutionalizing MTC strategy to improve revenue collection and to achieve its mandate.
 - Addressing systemic challenges in infrastructure projects implementation and capex
 - Management must develop turnaround strategies for the financial discipline matters as it pertains to the debtor's collection, shareholders loan and budget management.
 - Strengthening business continuity planning and management

16. CHAIRPERSON'S REMARKS

As Chairperson of the Audit and Risk Committee, I am satisfied that the committee has executed its responsibilities diligently and effectively during the reporting period. The committee has applied its collective skills, experience, and judgement to provide robust oversight of the company's financial reporting, internal controls, risk management, compliance, and audit processes. The committee is composed of competent members who bring diverse expertise and independent perspectives to its work. The committee has engaged constructively with management and both internal and external auditors to ensure accountability, transparency and sound governance.

Overall, there is a level of confidence in the committee to fulfil its mandate in accordance with its terms of reference and has added value to the Board and the organisation. Furthermore, the committee would like to express gratitude and appreciation towards the Chief Internal Auditor and the dedicated team that has consistently supported the Audit and Risk committee during this period.

Mrs. Patricia Jacobs

Chairperson of the Audit and Risk Committee Date:

APPENDIX F

Long term Contracts and Public Private Partnership

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (this "MOU") is made and entered into on this 19th day of June, 2024("Effective Date") by and between:

Metropolitan Trading Company, residing, residing/located at residing/located at 33 Hoofd street, Braamfontein, Braampark offices (the "First Party")

and

Creative Visual Technology Solutions,residing/located at Kyalami Business Park, Midrand, (the "Second Party"),

both of whom are collectively known as the "Parties,"

WHEREAS the First Party and the Second Party desire to enter into an agreement in which they will work together to achieve the various aims and objectives relating to the Information technology and Corporate social responsibility Projects.

AND WHEREAS the First Party and the Second Party are desirous to enter into a MOU between them, setting out the working arrangements that each of the two agree are necessary to complete the Projects.

1. Purpose & Scope. The purpose of this MOU is to provide the framework, the scope of work, terms and conditions, and responsibilities of the Parties associated with their work on the Project, as attached in more detailed information for the Project that Parties have agreed upon, if applicable. The obligations of the Parties will end on June, 2025. (May be extend if there is a need or unfinished projects or where possible) .

As further outlined below, both parties will collaborate on the following:

The main objective(s) of the Project:

- Providing ICT training and skills development: This can help people to develop the skills they need to use ICT to improve their lives, such as finding jobs, accessing education, and starting businesses.
- Promoting ICT literacy and awareness: This can help people to understand the benefits of ICT and how to use it safely and effectively.
- Supporting ICT-related social enterprises: This can help to create jobs and economic opportunities in disadvantaged communities.
- Career development

2. The Parties Obligations. The Parties desire and wish that this document will not create any form or manner of a formal agreement, but rather an agreement between the Parties to work together in such a manner that would promote a genuine atmosphere of collaboration in support of an effective and efficient partnership and leadership meant to maintain, safeguard, and sustain sound and optimal financial, managerial, and administrative commitment with regards to all matters related to the Project.

3. Cooperation and Responsibilities . The Parties represent that they have unique, specialized expertise that they will draw upon to meet the objectives of the Project.

Framework for cooperation between MTC and CVTS

- **Digital Marketing:** CVTS will assist MTC in enhancing its online presence and visibility through effective digital marketing strategies. This includes social media management, content creation, and online advertising.
- **Event Management and Coordination Services:** CVTS will support MTC in planning and executing various events, ensuring smooth coordination and successful outcomes. This includes event conceptualisation, venue selection, logistics management, participant registration, and on-site event coordination.
- **Corporate Social Investment Initiatives:** CVTS will collaborate with MTC to identify and implement meaningful corporate social investment initiatives. This involves identifying areas of community need, designing impactful programmes, and facilitating their execution to contribute to the betterment of society.
- **ICT Skills Development and Training:** CVTS will assist MTC in fostering the development of information and communication technology (ICT) skills among the local workforces. This includes designing and delivering training programmes, workshops, and capacity-building initiatives to enhance the ICT competencies targeted employees and community members.
- **Stakeholder Roadshow and Community Outreach:** CVTS will support MTC in organising stakeholder roadshows and community outreach programmes. This includes facilitating engagement with various stakeholders, conducting information sessions, and promoting effective communication between MTC and the community.
- **Enterprise Supplier Development:** CVTS will collaborate with MTC to promote enterprise supplier development, particularly among small and medium-sized enterprises (SMEs). This includes identifying potential suppliers and providing business support and mentorship.

5. Resources. The Parties will endeavor to have final approval and secure any financing necessary to fulfill their individual financial contributions at the start of the Project.

6. Communication Strategy. Marketing of the Project should always be consistent with the aims of the Project and only undertaken with the express written agreement of both Parties. Where it does not breach any confidentiality protocols, a spirit of open and transparent communication should be adhered to. Coordinated communications should be made with external organizations to elicit their support and further the aims of the Project.

7. Dispute Resolution. The Parties to this MOU agree that if any dispute arises through any aspect of this agreement, including, but not limited to, any matters, disputes, or claims, the Parties shall confer in good faith to promptly resolve any dispute. In the event that the Parties are unable to resolve the issue or dispute between them, then the matter shall be

(Check one)

- mediated in an attempt to resolve any and all issues between the Parties
- arbitrated in an attempt to resolve any and all issues between the Parties
- mediated and arbitrated in an attempt to resolve any and all issues between the Parties.

8. Governing Law. This MOU shall be construed in accordance with the laws of Soth Africa.

9. Assignment. Neither Party may assign or transfer the responsibilities or agreement made herein without the prior written consent of the non-assigning party.

10. Amendment. This MOU may be amended from time to time by mutual agreement of the parties in a written modification signed by both parties.

11. Termination. This MOU may be terminated by mutual agreement of the Parties upon 30 days notice.

This MOU shall automatically terminate upon completion of all responsibilities as stated in the "Purpose & Scope" section.

12. Prior Memorandum Superseded. This MOU constitutes the entire Memorandum between the Parties relating to this subject matter and supersedes all prior or simultaneous representations, discussions, negotiations, and Memorandums, whether oral or written.

13. Understanding. By signing this MOU, both Parties of this MOU mutually agree and understand that:

1. Each Party will take finance and legal responsibility for the actions of its affiliates, officers, employees, independent contractors, agents, volunteers, and representatives.
2. Each Party agrees to indemnify, defend and hold harmless the other to the fullest extent permitted by law from and against all actions, demands, claims, losses, liabilities, costs (including attorney's costs and fees), and damages. Each Party shall also be responsible for the proportionate cost of any damages arising from the fault of such Party, its officers, agents, employees, and independent contractors.
3. Each Party shall carry insurance at its sole expense to cover its activities in connection with this MOU. Each Party shall also obtain and maintain insurance for general liability, workers' compensation, and business automobile liability adequate to cover any potential liabilities.

14. Notice. All notices, demands, requests, and other communications given hereunder for purposes other than termination shall be made in writing and shall be deemed given if:

1. Delivered by hand or
2. Mailed by domestic registered or certified mail with prepaid postage

All written notices so given will be deemed effective upon receipt.

Any notices, demands, requests, and other communications returned to the sending Party as non-delivered should be re-delivered or re-mailed to the forwarding address affixed thereto. Such communications will be deemed delivered in the same way as those that had not been returned to the sending Party.

15. Severability. Any part or provision of this MOU that is found to be unenforceable, illegal, void, or prohibited in any jurisdiction will be ineffective without invalidating the remaining provisions and parts of the MOU. In such a scenario, the Parties will use reasonable efforts to employ and find an alternative way to achieve the same or substantially the same result as contemplated by such part or provision.

16. Authorization and Execution. The signing of this MOU does not constitute a formal understanding and as such it simply intends that the Parties shall strive to reach, to the best of their abilities the objectives stated herein.

The MOU shall be signed by

the First Party's Representative Celani Mathenjwa, (Title) Corporate strategy and reporting executive, and

the Second Party's Representative CREATIVE VISUAL TECHNOLOGY SOLUTIONS DIRECTOR [Title] and shall be effective as of the date first written above.



20 June 2024

Signature

Date

Celani Mathenjwa

First Party Printed Name



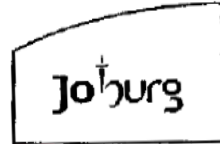
20 June 2024

Signature

Date

Vanessa Jin

Second Party Printed Name



City of Johannesburg
Metropolitan
Trading Company Pty Ltd

33 Hoofdstad Street
Braamfontein
Forum 4, 1st Floor
Braamfontein.
Registration: 1995/011422/07
VAT Number: 4260189824

P.O. Box 1049
Johannesburg
South Africa 2000

Tel +27(0) 11 032 0260
E-mail: info@mtc.joburg.org.za
Website: mtc.joburg.org.za

Memorandum of Understanding (MOU)

Between

Metropolitan Trading Company (MTC)

and

Sedibeng TVet College

Date: 24 June 2024

Recitals

1. MTC is a broadband network company designed to offer both wholesale data services to public and private entities as well as retail and incidental services on behalf of the city.
2. Sedibeng College is a public college under Department of Higher Education and Training (DHET).
3. In March 2023, Sedibeng College approached MTC seeking a work-integrated learning (WIL) opportunity for its student, Langelihle Ngubane, for a period of 18 months through a WIL letter.
4. MTC and Sedibeng College entered into an agreement to accommodate Langelihle Ngubane for the specified duration.
5. In June 2024, MTC took a decision to absorb Langelihle Ngubane into its internship program after she concluded her WIL.

Agreement

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties agree as follows:

1. **Internship Placement:** MTC agrees to provide Langelihle Ngubane with an internship opportunity within its organization.
2. **Internship Duration:** The Internship will commence on 1st September 2024 for 18 months.
3. **Internship Terms:** The Internship will be governed by the terms and conditions outlined in MTC's internship program guidelines.
4. **Academic Credits** MTC will provide Sedibeng College with the necessary documentation to confirm Langelihle Ngubane's participation in the internship and the successful completion of the required tasks.
5. **Intellectual Property:** Any intellectual property created by Langelihle Ngubane during the internship will be owned by MTC, subject to any applicable laws.
6. **Confidentiality:** Both parties agree to maintain the confidentiality of any proprietary information disclosed to each other during the course of the internship.
7. **Dispute Resolution:** Any disputes arising from this MOU shall be resolved through amicable negotiations or, if necessary, by arbitration institution.

MTC: EXECUTIVE COMMITTEE
MTC: CHIEF EXECUTIVE OFFICER
MTC: CORPORATE SOCIAL INITIATIVE FOR 2022/23

METROPOLITAN TRADING COMPANY

MTC: STUDENT FROM SEDIBENG TVET COLLEGE TO COMPLETE WORK INTERGRATED LEARNING PROGRAMME WITH MTC.

STRATEGIC THRUST

- Safer City and Smart City
- Sustainable economic growth
- Sustainable service delivery
- Financial Sustainability

1. OBJECTIVE

Corporate Social Responsibility (CSR) is the idea that a company should play a positive role in the community and consider the environmental and social impact of business decisions. MTC is continuously participating in CSR programmes and is support of assisting students gain work experience.

BACKGROUND

The Metropolitan Trading Company (MTC) established a new Municipal Entity (ME) that is responsible to manage and maintain the Johannesburg Broadband Network. This ME, Metropolitan Trading Company (MTC), is responsible for many of the Smart City Programmes of the City as well as renders the full spectrum of Information and Communications Technology Services to the City and many of its Municipal Entities. MTC began operating as such on the 4th of September 2015.

2. SUMMARY

Corporate social responsibility (CSR) refers to strategies that companies put into action as part of corporate governance that are designed to ensure the company's operations are ethical and beneficial for society,

The Metropolitan Trading Company would like to take an opportunity to give back to the community as part of the entity's Corporate Social Responsibility (CSR) By giving an opportunity to gain work experience to a student from the Sedibeng college to do Work Integrated Learning (WIL) with MTC.

Work Integrated Learning (WIL) is the term given to educational activities that integrate the academic learning of a discipline with its practical application in the workplace. The aim is to ensure that students develop the ability to integrate their learning through a combination of academic and work-related activities moreover this WIL programme will assist the student in

MTC: EXECUTIVE COMMITTEE
MTC: CHIEF EXECUTIVE OFFICER
MTC: CORPORATE SOCIAL INITIATIVE 2022/23

completing her qualification. The WIL programme will last for 18 months with students working closely with the Management as she is studying towards management assistance.

The following student have been identified by Gauteng City Region Academy to come to complete their Work Integrated Learning with MTC.

Student Number/ID no:	Name	Surname	Field of study
9605181001089	Langelihle	Ngubane	Management assistance

POLICY IMPLICATIONS

Adheres to MTC HR Policy

3. LEGAL AND CONSTITUTIONAL IMPLICATIONS

MFMA

4. FINANCIAL IMPLICATIONS

The student will receive a stipend from Gauteng city region academy.

5. COMMUNICATION IMPLICATIONS

All relevant parties are to be informed.

MTC: EXECUTIVE COMMITTEE
MTC: CHIEF EXECUTIVE OFFICER
MTC: CORPORATE SOCIAL INITIATIVE 2022/23

6. COMMUNICATION IMPLICATIONS

All relevant parties are to be informed.

RECOMMENDATIONS

That MTC Management acknowledges the corporate social initiative for 2022/23 Quarter two.

REQUESTED BY



QUEEN BALOYI
 KNOWLEDGE MANAGEMENT OFFICER
 METROPOLITAN TRADING COMPANY

DATE:

29 March 2023

SUPPORTED YES /NO

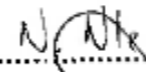


ELDRED MTANER
 CHIEF TECHNOLOGY OFFICER
 METROPOLITAN TRADING COMPANY

DATE:

29/03/2023

SUPPORTED YES /NO

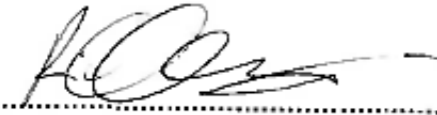


NOMSA NTEZO
 HUMAN RESOURCES MANAGER
 METROPOLITAN TRADING COMPANY

DATE:

29/03/2023

MTC: EXECUTIVE COMMITTEE
MTC: CHIEF EXECUTIVE OFFICER
MTC: CORPORATE SOCIAL INITIATIVE 2022/23
RECOMMENDED YES / NO



RAJEN CHETTY
CHIEF EXECUTIVE OFFICER
METROPOLITAN TRADING COMPANY

DATE:

29/03/2023

APPROVED YES / NO



THEDI MOROPA
CHIEF EXECUTIVE OFFICER
METROPOLITAN TRADING COMPANY

DATE:

29/03/2023

MEMORANDUM OF UNDERSTANDING

made and entered into by and between

THE METROPOLITAN TRADING COMPANY (PTY) LTD

(Registration Number: 1999/011422/07)

(hereinafter referred to as "MTC")

duly represented herein by

TSHEPO MAKOLA

In his capacity as Acting Chief Executive Officer of the MTC.

and

VELILE CONSULTANTS (PTY) LTD

(Registration Number: 2013/125023/07)

(hereinafter referred to as Velile Consultants)

duly represented herein by

Mball Buthelezi

In his capacity as Director of the company

1. PREAMBLE

AS per Attribute standard section 1312 of the Institute of Internal Auditors, "External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization". An independent assessor or assessment team means not having either an actual or a perceived conflict of interest and not being a part of, or under the control of, the organization to which the internal audit activity belongs.

Velile Consultants (Pty) Ltd is accredited and qualified to provide assessment.

Whereas the Parties commit to the co-operative governance principles enshrined in the

Constitution of the Republic of South Africa;

Whereas the Parties further commit to the service delivery principles of Internal Audit as encapsulated in the Institute of Internal Audit.

Whereas the Parties in their dealings with each other undertake to only perform these duties and functions that are within their deemed authority and the bounds of applicable legislation.

Whereas the Parties recognize the importance and urgency of ensuring the

Now, therefore the Parties agree as follows:

2. INTERPRETATION AND PRELIMINARIES

The headings to the clauses are for the purpose of convenience and reference only and shall not be used in the interpretation, modification or amplification of the terms of this Memorandum of Understanding nor any clause thereof.

In this Memorandum of Understanding, unless a contrary intention clearly appears:

A word importing any one gender includes the other gender, the single includes the plural and vice versa, and natural persons includes created entities (corporate or unincorporated) and vice versa.

The following words and expressions shall bear the following meanings:

- 2.1. "IIA" means Institute of Internal Auditors;
- 2.2. "CoJ" means the City of Johannesburg Metropolitan Municipality;
- 2.3. "MOE" means the Municipal Owned Entity, an Entity of City of Johannesburg Metropolitan Municipality Department of Public Safety;
- 2.4. "VELILE" means Velile Consultants (Pty) Ltd a private company registered in terms of the Laws of the Republic of South Africa situated at Midrand;
- 2.5. "MTC" means The Metropolitan Trading Company an Entity of the City of Johannesburg Metropolitan Municipality;
- 2.6. "MOU" means this Memorandum of Understanding.

3. PURPOSE OF THE MEMORANDUM OF UNDERSTANDING

The purpose of the Memorandum of Understanding is to:

- 3.1. Conduct an External Assessment
- 3.2. Formalize the relationship between the Parties and to record the terms and conditions in terms whereof any work undertaken by either Party in terms hereof must be executed;
- 3.3. Regulate the relationship between MTC in its capacity as an MOE that has an Internal Audit Department and VELILE as an organisation that qualifies to do External Assessment as required by IIA.

4. NATURE OF THE MEMORANDUM OF UNDERSTANDING

4.1 The purpose of this Memorandum of Understanding is to authorise VELILE to conduct External Assessment at MTC as stated in Clause 6.

5. PERIOD OF THE MEMORANDUM OF UNDERSTANDING

- 5.1. This Memorandum of Understanding shall commence on the 14th of August 2023 irrespective of the date of signature of this MOU and shall remain in force and effect for a minimum period of one (1) month.
- 5.2. The parties shall have the option to renew this agreement for a period agreed to by the parties on the same terms and conditions as in this MOU, or as agreed by the parties, which shall be recorded in writing and signed by both parties.
- 5.3. Upon expiry and agreement of non-renewal per clause 5.2 above of this MOU MTC will forthwith receive from Velile all documents that relates to this relationship and the Opinion on the work done by Velile and Velile will provide their full co-operation to MTC to receive all documents that were used.

6. ROLES AND DUTIES TO BE PERFORMED BY VELILE

Velile shall perform an Independent External Assessment Audit role including but not limited to those mentioned in IIA:

6.1 Promote Provide an opinion on the internal audit activity's conformance with the Standards and the Code of Ethics.

6.2 Assess the efficiency and effectiveness of the internal audit activity considering its charter; its processes and infrastructure, including the quality assurance and improvement program (QAIP); the mix of knowledge, experience, and expertise; and the expectations of the board (usually represented by a committee of the board oversight body, such as an audit committee), executive management, other stakeholders and assurance providers, and the CAE.

6.3 Consider the internal audit activity's current needs and objectives, as well as the future direction and goals of the organization. Appraise the risk to the organization if the results indicate that the internal audit activity is performing at a less than effective level or is not in conformance with one or more of the Standards.

6.4 If applicable, identify opportunities and offer ideas to the CAE and staff for improving the effectiveness of the internal audit activity, thereby raising the value added to management and the audit committee.

6.5 Provide, make available and grant the right to use to the Opinion after assessment.

6.6 Assist MTC representative to analyse the Opinion.

6.7 Submit the close out External assessment reports to MTC representative:

6.7.1 To ensure that the lines of communication remain open at all times.

7 ROLES AND DUTIES TO BE PERFORMED BY THE MTC

MTC undertakes to execute the following duties and responsibilities in terms of this MOU:

7.1 To honestly provide all documents, reports, and any information required by VELILE in performing the Assessment

8. BENEFITS OF THE REVIEW

- Comply with the IIASA standard of conformance of Internal Audit Activity
- Resolve audit findings from Auditor General.
- To adhere to standards.
- To provide independent assurance.
- To raise the profile of internal audit activity within the organisation
- To benchmark audit activities against best practice.
- To improve the performance of your internal audit function.

8 CONTRACTING ARRANGEMENTS

Parties agree that the services will be offered on a pro bono basis.

9 CONTACT PERSONS

The parties shall each nominate a representative through whom all communications between the parties shall be directed. On the effective date, the liaison person shall be:

MTC

Name: Miriam Sunda

Designation: Chief Internal Auditor

Cellphone: 081 341 8070

Email: miriam.sunda@mtc.joburg.org.za

VELILE

Name: Mbali Buthelezi

Designation: Chief Executive Officer

Cellphone: 082 835 4363

Email: mballb@velileconsultants.co.za

A party may change its nominated representative at any time by notifying the other party thereof in writing.

10 MANAGEMENT

10.1 For the duration of this MOU, this MOU will be managed by the appointed representative of Velile and MTC nominated by the Parties.

11 THE REPRESENTATIVES WILL CONVENE MEETINGS ON A FREQUENCY AS DETERMINED BY THEM FROM TIME TO TIME IN GOOD FAITH

All parties undertake to act in the utmost good faith towards each other at all times during their dealings with each other in terms of this MOU

12 VARIATIONS

The parties hereby agree that this MOU accurately reflects the agreement entered into between them and that no variations, modifications or waiver of any provision thereof, or consent to any departure there from, shall be of any force or effect unless confirmed in writing and signed by both parties.

13 RESOLUTION OF MISUNDERSTANDING

13.1 Should any misunderstanding, difference or question at any time arise between any of the Parties hereto, as to the construction, meaning or effect of this MOU, or as to the rights or obligations of the Parties hereunder or should the Parties fail to agree upon any matter (hereinafter referred to as "the misunderstanding"), the Parties shall refer the dispute to which shall endeavour to resolve the misunderstanding.

13.2 In the event of the misunderstanding remaining unresolved, the misunderstanding shall be referred to which shall endeavour to resolve any misunderstanding in terms of the provisions of this MOU.

14 RELAXATION

No latitude, extension of time or other indulgence which may be given or allowed by either Party to another in respect of the performance of any obligation hereunder or the enforcement of any right arising from the MOU and no single or partial exercise of any right by any Party shall under any circumstances be construed to be an implied consent by such Party, or operate as a waiver or a negation of its rights under this MOU, or otherwise prevent such Party from enforcing, at any time and without notice, strict and punctual compliance with each and every provision or term hereof.

15 TERMINATION

15.1 On termination of this MOU, and unless otherwise agreed to by the Parties to this MOU -

15.1.1 All property that belongs to MTC, shall be retained by MTC; and

15.1.2 All property that belongs to Velile shall be retained by VELILE.

15.2 Survival of Obligations

The termination of this agreement with respect to either party does not affect any obligation of that party which accrued prior to that termination, and which remain unsatisfied.

16 GENERAL

16.1 Notices

16.1.1 A notice, approval, consent or other communication in connection with this agreement must be:

16.1.1.1 In writing, signed by the sender and marked for the attention of the person identified in clause 8 or, if the recipient has notified otherwise, then marked for attention in the way last notified; and

16.1.1.2 Left at the address set out or referred to in clause 18, sent by prepaid ordinary post to the address referred; or hand delivered; or sent by email to the email address referred to in the clause 18

A notice, approval, consent or other communication takes effect from the time it is received unless a later time is specified in it.

16.2 Announcements or Releases

A Party may not make announcements or releases relating to this MOU and the dealings subject of this MOU without the approval of the other party to the form and manner of the announcement or release.

17 DOMICILIUM CITANDI ET EXECUTANDI

The Parties hereby choose *domicilium citandi et executandi* for all purposes under this agreement, whether in respect of court processes, notice or documents or communications of whatsoever nature, the following addresses:

MTC

MTC CHIEF EXECUTIVE OFFICER

1ST FLOOR, BRAAMPARK OFFICE PARK

BRAAMPARK

33 HOOFTD STREET

BRAAMFONTEIN

VELILE

5 WILHELMINA PLACE

HALFWAY GARDENS

1686

Either Party shall give written notice to the other Party in the event of change in its domicilium address.

18 ENTIRE AGREEMENT

This agreement constitutes the entire agreement of the Parties about its subject matter and supersedes all previous agreements, understandings and negotiations on that subject matter.

19 LIMITED RIGHTS

19.1 The entering into of this MOU shall not confer or be deemed to confer any rights whatsoever on either of the parties other than those herein contained. Save for the undertakings given, and obligations contained, herein, neither of the parties shall be under any obligation to conclude any subsequent agreement with the other.

20 CONFIDENTIALITY

20.1 The parties acknowledge that, by virtue of their association with each other, they will gain knowledge of or have access to confidential information of the other. The parties acknowledge that in order to protect such confidential information, it is essential that they give to the other the undertaking in this clause 21.

20.2 The parties undertake to treat as confidential and not, whether directly or indirectly and whether for its own benefit or that of others, to disclose, divulge, exploit, or make use or avail itself of, or derive profit from all and any of the confidential information of the other.

22.3 Copyright of information obtained through the course of the project is the property of the MTC and may not be sold or reproduced by the service provider without prior permission of Metro Trading Company

21 GENERAL WARRANTIES

21.1 Each of the parties hereby warrants to and in favour of the others that –

21.1.1 it has the legal capacity and has taken all necessary corporate action required to empower and authorise it to enter into this MOU;

21.1.2 this MOU constitutes an agreement valid and binding on it and enforceable against it in accordance with its terms;

21.1.3 the execution of this MOU and the performance of its obligations hereunder does not and shall not –

21.1.3.1 contravene any law or regulation to which that party is subject;

21.1.3.2 contravene any provision of that party's constitutional documents; or

- 21.1.3.3 conflict with or constitute a breach of any of the provisions of any other agreement, obligation, restriction or undertaking which is binding on it;
- 21.1.4 to the best of its knowledge and belief, it is not aware of the existence of any fact or circumstance that may impair its ability to comply with all of its obligations in terms of this MOU;
- 21.1.5 it is entering into this MOU as principal (and not as agent or in any other capacity);
- 21.1.6 the natural person who signs and executes this MOU on its behalf is validly and duly authorised to do so;
- 21.1.7 no other party is acting as a fiduciary for it; and
- 21.1.8 it is not relying upon any statement or representation by or on behalf of any other party, except those expressly set forth in this MOU.
- 21.2 Each of the representations and warranties given by the parties in terms of clause 21.1 shall –
 - 21.2.1 be a separate warranty and will in no way be limited or restricted by inference from the terms of any other warranty or by any other words in this MOU;
 - 21.2.2 continue and remain in force notwithstanding the completion of the relationships contemplated in this MOU; and
 - 21.2.3 prima facie be deemed to be material and to be a material representation inducing the other parties to enter into this MOU.

22 SUPPORT

- 22.1 The parties undertake at all times to do all such things, perform all such actions and take all such steps and to procure the doing of all such things, the performance of all such actions and the taking of all such steps as may be open to them and necessary for or incidental to the putting into effect the terms, conditions and/or import of this MOU.

23 BREACH

- 24 In the event of any of the parties ("defaulting party") committing a breach of any of the terms of this MOU and failing to remedy such breach within a period of 10 (ten) days

after receipt of a written notice from another party ("aggrieved party") calling upon the defaulting party so to remedy, then the aggrieved party shall be entitled, at its sole discretion and without prejudice to any of its other rights in law, either to claim specific performance of the terms of this MOU or to cancel this MOU forthwith and without further notice, and in either case to claim and recover damages from the defaulting party dispute resolution

- 24.1 Subject to the provisions of clause 14 and in the event of there being any dispute or difference between the parties arising out of this MOU, the said dispute or difference shall in the first instance be referred to a special committee ("**Special Committee**") consisting of the chief executive officers of each party to the dispute and in the case of those parties which are individuals, a nominee appointed by them. The Special Committee shall meet as soon as possible after the referral of any such dispute or difference to it and shall use its *bona fide* best efforts to resolve such dispute or difference. If the Special Committee fails, for whatever reason, to resolve the dispute or difference by not later than 5 (five) business days after the dispute or difference is referred to it (and even if such failure is due to a failure to meet), the dispute or difference shall then be finally resolved in accordance with the rules of the Arbitration Foundation of Southern Africa (AFSA) by an arbitrator agreed to in writing by the Parties or, failing such agreement within 7 (seven) days after it is requested by any Party, appointed by AFSA.
- 24.2 Each Party to the Arbitration proceedings will be liable to make a provisional contribution in equal shares to the costs in respect of the arbitrator and the venue of the Arbitration ("the Provisional Contribution"). The arbitrator shall in his award deal with the costs of the arbitration, and decide which parties shall ultimately bear the costs of the arbitration or in what proportions the parties shall bear such costs and any Party who made a Provisional Contribution shall be entitled to recover such payment or a portion thereof in accordance with the final award of the arbitrator.
- 24.3 The arbitrator appointed in terms of clause 24.1 shall, if the dispute is -
 - 24.3.1 primarily an accounting matter, be an independent practising accountant of not less than 10 (ten) years' standing as such;
 - 24.3.2 primarily a legal matter, be an attorney of not less than 10 (ten) years' standing as such or a practising senior counsel; and
 - 24.3.3 any other matter, be suitably qualified independent person.

APPENDIX G

Municipal Entity/Service Provider Performance Schedule

Key Performance Indicator	Ref No.	Baseline	Measurement Unit	Annual Target 2024/25	Actuals				Year		Actual Reported Achievement 2023/24	Justification for non-achievement	Means of verification MOV	Mitigation actions and timelines
					Q1	Q2	Q3	Q4	To date					
Financial Sustainability														
Amount of revenue achieved (in Rands)	01 of 11	R335m	R	R335m	105m	278m	529m	1.076b	1.076b	R1.5b		Quarterly Performance Report (QPR) Financial statements		
Customer retention rate	02 of 11	New	%	90%	100%	97%	100%	93%	93%	N/A - new KPI		List of MTC Customers doing business with the entity.		
Percentage of total sales revenue collection achieved	03 of 11	41%	%	80%	431%	237%	135%	78%	78%	41%	The variance is due to nonpayment from internal customers.	Collections Report QPR Financial statements	Demand letters will be sent to the CFOs of the respective departments or Entities before 31 August 2025 to address the outstanding balances. Supporting documentation will be provided accordingly.	
Smart and Safer City														
Network Link Availability	04 of 11	72%	%	99%	84%	53%	53%	90%	90%	72%	<ul style="list-style-type: none"> Aged and dilapidated equipment results in network downtimes. The high rate of network vandalism that results in downtime Insufficient Capital budget allocation to MTC, leading to the inability to maintain the network and Equipment, as well as having the ability to grow/expand the network MTC Staff Capacitation 	System Report Ops Manager device Availability reporting	MTC has initiated proactive maintenance on the network to allow us to identify problems before the network goes down. MTC has also established the regionalization of network support in order to look at the Network in parts and allocating an internal supervisor per region.	
Number of CCTV Cameras connected to the video-management system of the Integrated Intelligence Operation Centre	05 of 11	New	Number	1034	495	624	725	1034	1034	N/A - new KPI		Report generated by the video management system		
Number of connections utilizing the CoJ Free WIFI services	06 of 11	New	Number	120 000	KPI implemented from Q3	KPI implemented from Q3	1158 973	1574 979	1574 979	N/A - new KPI		Periodically generated reports from the system		
% of CoJ and Entity Capex Projects completed in the financial year	07 of 11	67%	N/A	100%	N/A - Annual Target	N/A - Annual Target	N/A - Annual Target	88.88%	88.88%	67%		Project Charter Confirmation of completion RFQ	The Entity will negotiate with stakeholders to adjust project scope or timelines to ensure realistic delivery, introduce monitoring checkpoints to detect early signs of delays and communicate changes formally to avoid misalignment	
Economic Development														

APPENDIX G

Municipal Entity Performance Schedule

Key Performance Indicator	Ref No.	Baseline	Measurement Unit	Annual Target 2024/25	Actuals				Year	Actual Reported Achievement 2023/24	Justification for non-achievement	Means of verification MOV	Mitigation actions and timelines
"Number of EPWP employees contracted"	"08 of 11"	143	Number	150	108	6 (114)	3 (117)	35 (152)	152	143		Personal details/documentation of the EPWP employee.	
Good Governance													
Unqualified Audit Opinion	"09 of 11"	Unqualified audit opinion without material findings	Annually	Unqualified audit opinion	Measured Annually	Unqualified audit opinion with Material Findings 2023/24.	Measured Annually	Measured Annually	Unqualified audit opinion with Material Findings 2023/24.	Unqualified external audit opinion	Based on the 2023/24 final management report and auditor's report, the entity obtained an unqualified audit opinion with material findings on AoPO and Compliance with laws and regulations. The auditors were limited in AoPO, resulting in a disclaimer finding and material findings were identified on Annual financial statements, Expenditure management, Procurement and contract management and Consequence management compliance themes due to material non-compliances identified.	Auditor-General management letter Audit report	The Performance Management Unit has been capacitated. To improve on audit outcomes for compliance, the entity provides continuous trainings to employees; especially those within procurement and contract management. The entity also constantly interacts with the City of Johannesburg regarding updates and/or changes to legislation,"
% of strategic risk management mitigation action plans implemented	"10 of 11"	New	%	management mitigation action plans implemented 85% of strategic risk management mitigation action plans implemented	63%	46%	63%	58%	58%	N/A – new KPI	The organization had previously adopted the EBM approach as its strategy. However, due to limited implementation, the strategy was not fully operationalized. Consequently, the associated strategic risk mitigation strategies linked to EBM were also not implemented.	Quarterly risk monitoring reports	The entity has since transitioned to a new strategic direction outside the EBM framework. As part of this shift, new strategic risks have been identified, and corresponding mitigation strategies have been developed to support implementation of the 2025/26 strategy.
% of combined assurance plan activities completed.	11 of 11	New	%	100% of combined assurance plan activities completed	100%	100%	100%	100%	100%	N/A – new KPI		Combined Assurance Report	

APPENDIX H

Disclosure Of Financial Interest

The Municipal Systems, Act No. 32 of 2000, Section 4(3) of Schedule 2, provides that no staff member may be a party to or beneficiary under a contract for the provision of goods or services to any municipality or municipal Entity established by a municipality. This entails that municipal employees should not be involved in private business or work with any organ of state, including a municipality. All members of the Executive Management of MTC submitted their declaration of interest forms for 2024/25, and no conflict of interest could be detected.

APPENDIX I

Conditional Grants Received Excluding Municipal Infrastructure Grant (Mig)

The Entity Did Not Receive Any Conditional Grants During The Reporting Period

APPENDIX J

Table 5.4 Capital Expenditure Projects

EX SPEND (2024/25)													
Item Description	Budget Allocated	Q1		Q2		Q3		Q4		Total Spent	Percentage spent	Committed	Percentage with comittment
		Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget				
Office upgrade	-	-	-	-	-	-	-	-	-	-	0%	-	0%
WIFI Commercialisation	1 822	-	-	-	-	-	-	2 200	-	-	120.75%	0	100%
Laptops	1 092	-	-	-	-	-	-	1 092	-	-	100%	0	100%
Total	2 914	-	-	-	-	-	-	-	-	-	100%	2 914	100%

The following capital projects were planned for the year under review:

- Procurement of laptops
- Wi-Fi commercialisation

The Entity had been allocated an R2.9 m capital expenditure budget for the year under review. The budget for the office upgrade was allocated towards the procurement of laptops.

APPENDIX K

Auditor General Report



COVERING LETTER FOR SUBMISSION OF AUDIT REPORT TO THOSE CHARGED WITH GOVERNANCE

The Accounting Officer
Metropolitan Trading Company
33 Illoofd Street
Braampark
2001

30 November 2025

Reference: 60448REG2024-25

Dear Sir

Report of the Auditor-General on the financial statements, annual performance report, compliance with legislation and other legal and regulatory requirements of Metropolitan Trading Company for the year ended 30 June 2025

1. The above-mentioned report of the Auditor-General is submitted herewith in terms of section 21(1) of the Public Audit Act No. 25 of 2004 (PAA) read in conjunction with section 188 of the Constitution of the Republic of South Africa [section 126(3) of the Municipal Finance Management Act 56 of 2003 (MFMA)].
2. We have not yet received the other information that will be included in the annual report with the audited financial statements and the annual performance report and have thus not been able to establish whether there are any inconsistencies between this information and the audited financial statements, the annual performance report or our report on compliance with legislation. You are requested to supply this information as soon as possible. Once this information is received it will be read and should any inconsistencies be identified these will be communicated to you and you will be requested to make the necessary corrections. Should the corrections not be made we will amend and reissue the audit report.
3. In terms of section 121(4) of the MFMA, you are required to include the auditor's report in the municipal entity's annual report to be tabled.
4. Prior to printing or copying the annual report which will include the auditor's report you are required to do the following:
 - Submit the final printer's proof of the annual report to the relevant senior manager of the Auditor-General of South Africa for verification of the audit-related references in the auditor's report and for confirmation that the financial statements, annual performance report and other information are those documents that have been read and audited. Special care should be taken with the page references in your report, since an incorrect reference could have audit implications.
 - The signature Auditor-General in the handwriting of the auditor authorised to sign the audit report at the end of the hard copy of the audit report should be scanned in when preparing to print the report. This signature, as well as the place and date of signing and the Auditor-General of South Africa's logo, should appear at the end of the report, as in

the hard copy that is provided to you. The official logo will be made available to you in electronic format.

5. Please notify the undersigned Senior Manager well in advance of the date on which the annual report containing this audit report will be tabled.
6. The confidentiality of information obtained in an engagement must be observed at all times. In terms of section 50 of the PAA and the International Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (*including International Independence Standards*), members of the staff of the Auditor General (AG), or an audit firm appointed in terms of section 25 of the PAA, may not disclose or make available any information obtained during an audit, other than the final auditor's report, to any third party without the permission of the AG or his/her delegate, unless this is to a legislature or internal committee of a legislature or a court in a criminal matter..
7. Until the steps described in paragraphs 2 and 4 of this document are completed and the annual report is tabled as required by section 127(2) of the MFMA, the audit report is not a final and public document and you are therefore requested to treat it as confidential.
8. Your cooperation to ensure that all these requirements are met would be much appreciated.

Kindly acknowledge receipt of this letter.

Yours sincerely

Signed

.....
Senior Manager: Gauteng

Enquiries: Tshwarelo Moloi
Telephone: (011) 703 7646
Fax: (011) 703 7690

Report of the auditor-general to the Gauteng Provincial Legislature and the council of the City of Johannesburg Metropolitan Municipality on the Metropolitan Trading Company (Pty) Ltd

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Metropolitan Trading Company (Pty) Ltd set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2025, statement of financial performance, statement of changes in net assets and the 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 Metropolitan Trading Company (Pty)Ltd as at 30 June 2025 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Companies Act 71 of 2008.

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the municipal entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other matter

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.
7. In terms of section 125(2)(e) of the MFMA, the particulars of non-compliance with the MFMA should be disclosed in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

8. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the MFMA; and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, the accounting officer is responsible for assessing the municipal entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipal entity or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

10. 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.
11. 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 annual performance report

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
13. I selected the following material performance indicators related to Smart and Safer City priority presented in the annual performance report for the year ended 30 June 2025. I selected those indicators that measure the municipal entity's performance on its primary mandated functions and that are of significant national, community or public interest.
 - Network link availability
 - Number of CCTV Cameras connected to the video-management system of the Integrated Intelligence Operation Centre
 - % of CoJ and Entity Capex Projects completed in the financial year
 - Number of connections utilizing the CoJ Free WIFI services
14. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting

framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipal entity's planning and delivery on its mandate and objectives.

15. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipal entity's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the municipal entity's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner

16. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

17. The material findings on the reported performance information for the selected material indicators are as follows:

Various Indicators

18. I could not determine if the reported achievements were correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievements might be more or less than reported and were not reliable for determining if the targets had been achieved.

Indicator	Target	Reported achievement
Network link availability	99%	90%
Number of CCTV Cameras connected to the video-management system of the Integrated Intelligence Operation Centre	1034	1034
Number of connections utilizing the CoJ Free WIFI services	100%	100%

Other matters

19. I draw attention to the matters below.

Achievement of planned targets

20. The annual performance report includes information on reported achievements against planned targets. This information should be considered in the context of the material findings on the reported performance information.

21. The table that follows provides information on the achievement of planned targets and list the key service delivery indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets and measures taken to improve performance are included in the annual performance report on pages [xx to xx].

Smart and safer city

<i>Targets achieved: 50%</i>		
<i>Budget spent: 100%</i>		
Key service delivery indicator not achieved	Planned target	Reported achievement
Network Link Availability	99%	90%
% of CoJ and Entity Capex Projects completed in the financial year	100%	88.88%

Material misstatements

22. I identified preventable material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for Smart and Safer City. Management did not correct all of the misstatements, and I reported material findings in this regard.

Report on compliance with legislation

23. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipal entity's compliance with legislation.

24. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

25. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the

municipal entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

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

Annual financial statements

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

Expenditure management

28. Reasonable steps were not taken to prevent irregular expenditure amounting to R122 068 000, as disclosed in note 36 to the annual financial statements, as required by section 95(d) of the MFMA. The majority of the irregular expenditure was caused by overspending of approved budget.

29. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R175 167 000, as disclosed in note 35 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 interest incurred due to non-payment of shareholder loans.

30. Money owed by the municipal entity was not always paid within 30 days, as required by section 99(2)(b) of the MFMA.

31. Expenditure was incurred in excess of the approved adjustments budget, in contravention of section 87(8) of the MFMA.

Other information in the annual report

32. The accounting officer is responsible for the other information included in the annual report which includes the directors' report, the audit committee's report and the company secretary's certificate, as required by the Companies Act of South Africa. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in development priority presented in the annual performance report that have been specifically reported on in this auditor's report.

33. My opinion on the financial statements and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

34. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in development priority presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

35. I did not receive the other information before the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

36. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

37. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the selected material indicators included in the annual performance report and the material findings on compliance with legislation included in this report.

38. The accounting officer did not adequately exercise oversight responsibility, by holding senior management accountable for implementing controls related to financial management, performance management as well as expenditure management. This resulted in material non-compliance with key laws and regulations.

39. Senior management did not ensure that action plans are implemented to prevent the reoccurrence of material findings on the annual performance report and compliance with laws and regulations. Furthermore, adequate controls were not implemented to ensure that the financial statements submitted for audit are free from material misstatements

Auditor-General

Johannesburg

30 November 2025



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected material performance indicators and on the municipal entity's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipal entity's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipal entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipal entity to cease operating as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Section 1 - Paragraph (a), (b) & (d) of the definition: irregular expenditure, Sections 87(5)(b), 87(5)(d), 87(5)(d)(i), 87(5)(d)(iii), 87(6)(c), Sections 87(8), 88(1)(a), 90(1), 90(2)(a), 90(2)(b), 95(d), Sections 96(2)(a), 96(2)(b), 97(e), 97(f), 97(h), 97(i), 99(2)(a), Sections 99(2)(b), 99(2)(c), 99(2)(g), 102(1), 102(2)(a), 112(1)(j), Sections 116(2)(b), 116(2)(c)(ii), 122(1), 126(2)(b), 133(1)(a), Sections 133(1)(c)(i), 133(1)(c)(ii), 170, 172(3)(a), 172(3)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations 73(1), 73(2), 75(1), 75(2)
MFMA: Municipal Investment Regulations, 2005	Regulations 3(2), 3(3), 5(4), 6, 6(8)(b), 7, 10(1), 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2005	Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a), Regulations 17(1)(a), 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), Regulations 22(2), 27(2)(a), 27(2)(e), 28(1)(a)(i), 28(1)(a)(ii), Regulations 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(ii), 32, Regulations 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), Regulations 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, Regulations 46(2)(e), 46(2)(f)
Municipal Systems Act 32 of 2000	Sections 93B(a), 93C(a)(iv), 93J(1)
Construction Industry Development Board Act 38 of 2000	Section 18(1)

Legislation	Sections or regulations
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), Regulations 6(8), 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), Regulations 10(1), 10(2), 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
Companies Act 71 of 2008	Sections 45(2), 45(3)(a)(ii), 45(3)(b)(i), 45(3)(b)(ii), 45(4) Sections 46(1)(a), 46(1)(b), 46(1)(c), 112(2)(a)

APPENDIX L

Financial Statements



Metropolitan Trading Company (Pty) Ltd
(Registration number 1999/011422/30)
Annual financial statements
for the year ended 30 June 2025

Metropolitan Trading Company (Pty) Ltd

(Registration number 1999/011422/30)
Annual Financial Statements for the year ended 30 June 2025

General Information

Country of incorporation and domicile	South Africa
Directors	Mr J Nqakalatsane - Current Chairperson Mr S Motale (resigned 31 July 2024) Mrs P Jacobs Mr JB Watson Mr LG Saile (Resigned 30 August 2024) Ms MC Williams Mr M Tabane Mr V Blennies (resigned 25 May 2025) Mr I Singh Mr JX Scott (resigned 12 December 2024) Mr MV Mamagobo Mr T Goldsmith
Business address	33 Hoofd Street Braampark Forum 4 2001
Postal address	P O Box 1049 Johannesburg 2000
Controlling entity	City of Johannesburg Metropolitan Municipality
Bankers	Standard Bank South Africa
Auditors	The Auditor-General of South Africa Registered Auditors
Secretary	Ms. M. Rangaka
Company registration number	1999/011422/30
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Preparer	The annual financial statements were internally compiled by: Rajen Chetty CA (SA) Chief Financial Officer

Metropolitan Trading Company (Pty) Ltd

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Abbreviations used:

ASB	Accounting Standards Board
CAE	Chief Audit Executive
CFO	Chief Financial Officer
CEO	Chief Executive Officer
COJ/City	The City of Johannesburg Metropolitan Municipality
GRAP	Generally Recognised Accounting Practice
MFMA	Municipal Finance Management Act
MTC	The Metropolitan Trading Company
PAYE	Pay As You Earn
SARS	South African Revenue Services
SDL	Skills Development Levy

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Directors' Responsibilities and Approval

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

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

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

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

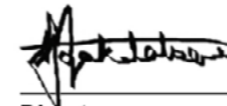
The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial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

The directors have reviewed the entity's cash flow forecast for the year to 30 June 2026 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The external auditors are responsible for independently auditing 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 7.

The annual financial statements set out on page 7, which have been prepared on the going concern basis, were approved by the directors on 29 August 2025 and were signed on its behalf by:



Director
Mr MJ Nqakalatsane : Chairperson of the Board



Director
Mr T Moropa : Chief Executive Officer

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Audit Committee Report

We are pleased to present our report for the financial year ended 30 June 2025. This Audit and Risk Committee report is presented as recommended by the King Code on Corporate Governance and Regulation 3.1 of the Treasury Regulations. The Audit and Risk Committee performs its functions in accordance with section 94(7) of the Companies Act and section 166 of the Municipal Finance Management Act (MFMA). The Audit and Risk Committee Charter, has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein. The Board has assigned oversight of the risk management function to the committee, which has an oversight role with respect to financial risks arising from internal financial controls, fraud and IT risks.

Audit committee members and attendance

The Audit committee consists of 8 members (5 non-executive directors and 3 independent members). The committee met at least 4 times during the financial year. Two member resigned on the 30 August 2024 and 25 May 2025 respectively, leaving the audit committee to consist of 6 members (3 non-executive directors and 3 independent members). The committee members possess a diverse set of skills which contributes to the effective functioning of the committee.

The CEO, CFO and CAE are required to attend meetings of the committee by invitation. The external auditors together with other COJ shareholder representatives attend the meetings by invitation.

Committee Meetings.

The Committee is required to meet a minimum of four times per annum as per the provisions of the Municipal Finance Management Act (MFMA). The previous audit committee held eight meetings whilst the current audit committee held three meetings during the financial year under review.

Name of member	Number of meetings attended
Mrs P Jacobs (Chairperson)	8
Mr L Saile	2
Mrs T Roman	8
Mrs A Cluff	8
Ms D Rayners	8
Mr JB Watson	1
Mr V Blennies	6
Mr I Singh	7

Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 166 of the MFMA and Treasury Regulation 3.1, which require audit committees to comment on the effectiveness of internal controls and quality of management reports.

The audit 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 quarterly reports are submitted in terms of the MFMA and the Division of Revenue Act. The audit committee has reviewed the work of internal audit to satisfy itself that management continuously ensures a strong control environment.

Evaluation of annual financial statements

The audit committee has:

- reviewed the unaudited annual financial statements to be included in the annual report;
- reviewed prior period errors;
- reviewed the entities compliance with legal and regulatory provisions.

The audit 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.

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Audit Committee Report

Internal audit

-Considered the effectiveness of Internal Audit, which included approving the one year operational and three-year strategic internal audit plans and monitored Internal Audit's adherence to its annual programme;

-Received and reviewed reports from internal auditors concerning the effectiveness of the company's internal control environment, systems and processes;

-Reviewed the adequacy and appropriateness of management's corrective action plans as a consequence of audit findings; and

-Made appropriate recommendations regarding the corrective actions to be taken as a consequence of the audit findings

Risk Management

The board has assigned oversight of the company's risk management function to this Committee. The Committee fulfills an oversight role regarding enterprise wide risk management, which includes financial reporting risk, internal financial controls, fraud risk as it relates to financial reporting and information technology risks as it relates to financial reporting.

-Oversee the adoption of the risk management policy, risk management framework and risk management process, along with the development of a risk management plan.

- Monitor the implementation of the risk management policy, framework and processes.

-Oversee that risk assessments are performed on a continuous basis.

-Oversee that continuous risk monitoring by management takes place.

-Make recommendations to the Board concerning the risk appetite and risk tolerance matrix in line with City of Joburg Framework.

-Express the committees formal opinion to the Board on the effectiveness of risk management.

Reviewed the report concerning the risk management that is to be included in the annual report, ensuring that it is timely, comprehensive and relevant.

General

-Reviewed the accounting practices adopted by the company and found those to be appropriate

-Monitored the company's compliance with the applicable legislation and regulations including, without limitation, the MFMA, the Treasury Regulations and the Companies Act; and

-Reported on items of fruitless and wasteful and irregular expenditure in terms of the MFMA.

-Finalized high risk matters in the year under review.

Assessment of Internal Audit

The Audit and Risk Committee is satisfied that the internal audit function is operating effectively.

Internal Control Environment

The internal control environment has been a focus area for management in ensuring operating effectiveness of financial controls. The system of internal control was effective for the year under review.

The Audit and Risk Committee is satisfied with the content and quality of quarterly and yearly management reports prepared and issued by the Accounting Officer of the company during the year under review in terms of the MFMA.

Going Concern

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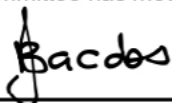
Annual Financial Statements for the year ended 30 June 2025

Audit Committee Report

The committee considered the going concern premise of the company before recommending to the board that the company will be a going concern in the foreseeable future.

Auditor-General of South Africa

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



Mrs P Jacobs : Chairperson of the Audit Committee

Date: _____

Metropolitan Trading Company (Pty) Ltd

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Annual Financial Statements for the year ended 30 June 2025

Directors' Report

The directors submit their report for the year ended 30 June 2025. All figures are presented in Rand Thousands

1. Incorporation

The entity was incorporated on 01 March 1999 and remained dormant until 04 September 2015. Thereafter the entity was mandated to manage and operate the broadband business of the City.

2. Review of activities

Main business and operations

MTC is a municipal entity that offers Broadband Network and ICT services that includes wholesale data services to public, private entities as well as retail. The entity also provides incidental services and implements capital projects on behalf of the City and Municipal entities.

During the year there were no major changes in the activities of the business.

The entity generated revenue of R287m from exchange and R225m from non-exchange revenue transactions for the year.

Net deficit of the entity was R87 472 (2024: deficit R 83 307), after taxation of R (31 804) (2024: R 20 628).

3. Going concern

We draw attention to the fact that at 30 June 2025, the entity had an accumulated surplus (deficit) of (R) (616 858) and that the entity's total liabilities exceed its assets by R (529 387).

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

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the shareholder - CJMM continues to provide funding for the ongoing operations of the entity and management commenced the process to re-negotiate the terms and conditions of the conduit loan that was used to fund the acquisition of the broadband network business. This will address the solvency of MTC.

A significant amount of trade receivables from exchange transactions relates to amounts owed by COJ and other Municipal entities. MTC management is in the process of engagement with COJ for the amounts to be settled in the 2025/26 financial year. MTC has the implemented controls to reduce amounts owed by COJ and its entities by ensuring that the budget is committed before services are rendered.

Directors have satisfied themselves that the entity will be solvent after taking into account that the City will provide the letter of comfort and the directors believe that the entity will have access to sufficient cash resources to meet its obligations. MTC is also engaging the City to resolve the shareholder loan.

4. Subsequent events

The directors are not aware of any matter or circumstance arising since the end of the financial year to the date of this report, not otherwise dealt with in the annual financial statements and the directors report, which significantly affect the financial position of the entity or the results of its operations that would require adjustments to or disclosure in the financial statements. However, the entity changed its trading name from Metropolitan Trading Company to Metropolitan Tech Company (SOC) effective from 1 August 2025 as per the boards formal approval.

5. Directors' interest in contracts

All directors have declared that they do not have any personal financial interests in any contracts entered into by the entity.

6. Accounting policies

The annual financial statements are prepared in accordance with South African Standards of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board and Municipal Finance Management Act.

There were no changes in accounting policies during the year.

Metropolitan Trading Company (Pty) Ltd

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Annual Financial Statements for the year ended 30 June 2025

Directors' Report

7. Share capital / contributed capital

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

The Shareholding of the entity is 100% held by the City of Johannesburg Metropolitan Municipality.

Unused ordinary shares are under the control of The City of Johannesburg Metropolitan Municipality.

8. Borrowing limitations

The Metropolitan Trading Company (Pty) Ltd does not have the authority to borrow on its own behalf. All external funding is managed under the auspices of the City of Johannesburg Asset and Liability Committee and Treasury Department.

9. Non-current assets

There were no major changes in the physical nature of non-current assets of the entity during the year. MTC was allocated a capital budget of R2.9m for the 2024/25 financial year.

10. Directors

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

Name	Nationality	Changes
1. *Mr J Nqakalastane - Current Chairperson	South Africa	Appointed on 31 July 2024
2. *Mr NS Motale - Previous Chairperson	South African	Resigned on 31 July 2024
3. *Mrs P Jacobs	South African	
4. *Mr BT Watson	South African	
5. *Mr L Saile	South African	Resigned on 30 August 2024
6. *Mrs MC Williams	South African	
7. *Mr M Tabane	South African	
8. *Mr V Blennies	South African	Resigned on 25 May 2025
9. *Mr I Singh	South African	
10. *Ms JX Scott	South African	Resigned on 12 December 2024
11. *Ms MV Mamagobo	South African	
12. *Mr T Goldsmith	South African	
13. Mr. T Moropa	South African	
14. Mr. R Chetty	South African	

11. Secretary

The secretary of the entity is Ms. M. Rangaka of:

Business address
33 Hoofd Street
Braampark
Forum 4
2000
Postal address
PO Box 1049
Johannesburg
2000

Metropolitan Trading Company (Pty) Ltd

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Directors' Report

12. Corporate governance

General

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

The board of directors have endeavoured to comply with the requirements of the King Code including Integrated and Sustainability reporting, which has been adopted using the City of Johannesburg Municipality's recommended template.

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

Board of directors

The Board:

- retains full control over the entity, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the entity;
- is of a unitary structure comprising:
 - non-executive directors, all of whom are independent directors as defined in the Code; and
 - executive directors which include the CEO and CFO.
- has established a Board directorship continuity programme.

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. The powers and duties of the Chief Executive Officer are properly delegated and are contained in a written delegation of duties document. Although functionally reporting to the Chief Executive Officer, the Chief Financial Officer is a full member of the Board and owes fiduciary duties to the entity and the entire Board in relation to fair financial management of the entity.

Remuneration

The remuneration of the Chief Executive Officer and employees is determined by the Board of Directors within the parameters set by the City of Johannesburg Municipality as provided for in Section 89 of the MFMA.

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Directors' Report

Corporate governance (continued)

Board of Director Meetings

The directors have met on 14 separate occasions during the financial year. The directors schedule to meet at least 4 times per annum.

Non-executive directors have access to all members of management of the entity. The board is also expected to meet with the shareholder on a quarterly basis.

Name	Board	Audit committee member	HR & Remuneration	Service delivery
Mr J Nqakalastane - Current Chairperson	14	-	4	2
Mr NS Motale - Previous Chairperson	1	-	-	-
Ms P Jacobs	14	8	1	-
Mr JB Watson	14	1	5	1
Mr LG Saile	4	2	2	-
Ms MC Williams	14	-	-	5
Mr M Tabane	14	-	2	4
Mr C Blennies	12	6	-	-
Ms I Singh	14	7	-	-
Ms JX Scott	8	-	2	-
Ms MV Mamagobo	14	-	2	4
Mr T Goldsmith	14	-	-	4
	137	24	18	20

Audit and risk committee

As at 30 June 2025, the Audit committee consisted of 3 non-executive directors and 3 independent members. The committee met 8 times during the 2024/25 financial year to review matters necessary to fulfil its role.

In terms of Section 166 of the Municipal Finance Management Act no 56 of 2003 (MFMA), City of Johannesburg Municipality, as a parent municipality, must appoint members of the audit committee. Notwithstanding that non-executive directors appointed by the parent municipality constituted the entity's audit committee, National Treasury policy requires that parent municipalities should appoint further members of the entity's audit committees who are not directors of the entity onto the audit committee. All independent audit committee members were appointed on 01 March 2023 and the current Chairperson was appointed on 25 August 2023.

Internal audit

The current Chief Audit Executive was appointed on 01 November 2022.

13. Controlling entity

The entity is controlled by City of Johannesburg Metropolitan Municipality.

14. Special resolutions

14.1 The conversion of the authorized share capital of MTC which have a par value of R1-00 to no par value.

14.2 The decrease of the authorized ordinary shares capital of 10 000 (Ten Thousand) ordinary shares by 9 000 (Nine Thousand) ordinary shares of no-par value shares to 1000 (One Thousand) ordinary shares with no-par value.

14.3 The amendment of the Company's name constitutive documents of the Company, registration documents, letterheads, and all other company documents, including the MOI to include the expression "SOC Ltd" after and/or at the end of MTC's name.

Metropolitan Trading Company (Pty) Ltd

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Directors' Report

Special resolutions (continued)

14.4 The change of the Company's name to Metropolitan Technology Company alternatively to one of the following names in order of preference in the event that the said name has not been accepted for registration by the Companies and Intellectual Property Commission (CIPC), and to retain the acronym "MTC" as an indication of business continuity, be adopted by way of an ordinary resolution by COJ:

I. Metropolitan Tech Company

II. Metropolitan Technologies Company

III. Metro Tech Company

IV. Metro Technologies Company

15. Bankers

Standard Bank Limited of South Africa.

The management of the treasury function is under the auspices of The City of Johannesburg Metropolitan Municipality's Assets and Liabilities Committee and Treasury Directorate.

16. Auditors

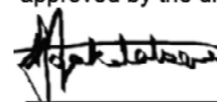
The Auditor-General of South Africa.

17. Current Investigations

Investigations on irregular, fruitless and wasteful expenditure were performed during the financial year by the internal audit department in relation to prior years. A total of 35 cases were investigated which included the following types of transactions which not compliant with SCM policies and treasury regulations:

- Procurement of services that did not follow the process in line with the SCM process, BAC did not sit to recommend the preferred bidder.
- Deviations
- Inclusion of on RFQ processes
- Overspending of the budget
- Transversal contract
- Fruitless and wasteful expenditure

The annual financial statements set out on page 13 to 64, which have been prepared on the going concern basis, were approved by the directors on 29 August 2025 and were signed on its behalf by:



Director
Mr MJ Nqakalatsane : Chairperson of the Board



Director
Mr T Moropa : Chief Executive Officer

Metropolitan Trading Company (Pty) Ltd

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Company Secretary's Certification

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

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



Ms. M. Rangaka
Company Secretary

Statement of Financial Position as at 30 June 2025

	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Current tax receivable		26 733	26 733
Receivables from exchange transactions	9	2 918 524	2 705 822
Receivables from non-exchange transactions	10	1 316	-
Prepayments		402	5
		2 946 975	2 732 560
Non-Current Assets			
Property, plant and equipment	3	374 021	404 130
Intangible assets	4	9 671	10 072
Deferred tax	6	78 599	43 159
		462 291	457 361
Total Assets		3 409 266	3 189 921
Liabilities			
Current Liabilities			
Loans from shareholders	5	593 690	397 266
Payables from exchange transactions	7	544 482	712 714
VAT payable	8	-	10 124
Provisions	13	5 598	4 945
Loans from shareholders		1 538 148	1 174 366
		2 681 918	2 299 415
Non-Current Liabilities			
Loans from shareholders	5	1 144 811	1 224 133
Deferred tax	6	35 498	31 863
		1 180 309	1 255 996
Total Liabilities		3 862 227	3 555 411
Net Assets		(452 961)	(365 490)
Share capital / contributed capital	12	163 897	163 897
Accumulated deficit		(616 858)	(529 387)
Total Net Assets		(452 961)	(365 490)

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Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Performance

	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Rendering of services		237 286	274 958
Agency services	15	49 904	59 980
Other income		-	10
Interest received - investment	18	-	435
Total revenue from exchange transactions		287 190	335 383
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	19	224 856	259 136
Total revenue	14	512 046	594 519
Expenditure			
Employee related costs	20	(55 094)	(48 786)
Depreciation and amortisation	21	(33 167)	(35 814)
Finance costs	22	(339 642)	(264 249)
Lease rentals on operating lease	16	(3 081)	(2 939)
Loss on disposal of assets and liabilities		(274)	-
General Expenses	24	(200 064)	(346 666)
Total expenditure		(631 322)	(698 454)
Deficit before taxation		(119 276)	(103 935)
Taxation	26	(31 804)	(20 628)
Deficit for the year		(87 472)	(83 307)

* See Note 32

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Statement of Changes in Net Assets

	Share premium	Accumulated surplus / deficit	Total net assets
Balance at 01 July 2023	163 897	(446 080)	(282 183)
Changes in net assets			
Surplus for the year	-	(83 307)	(83 307)
Total changes	-	(83 307)	(83 307)
Restated* Balance at 01 July 2024	163 897	(529 386)	(365 489)
Changes in net assets			
Surplus for the year	-	(87 472)	(87 472)
Total changes	-	(87 472)	(87 472)
Balance at 30 June 2025	163 897	(616 858)	(452 961)
Note(s)	12		

Cash Flow Statement

	2025	2024 Restated*
	Note(s)	
Cash flows from operating activities		
Receipts		
Sale of goods and services	775 943	555 440
Grants	258 584	298 006
Interest income	-	435
	<u>1 034 527</u>	<u>853 881</u>
Payments		
Suppliers	(1 111 239)	(1 281 007)
Finance costs	-	(18)
Taxes (paid)/received	(64 537)	3 362
	<u>(1 175 776)</u>	<u>(1 277 663)</u>
Net cash flows from operating activities	<u>25</u>	<u>(141 249)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	3	(6 594)
Cash flows from financing activities		
Loan to shareholder (Overdraft)	141 249	451 560
Repayment of other financial liabilities	-	(21 185)
Net cash flows from financing activities	<u>141 249</u>	<u>430 375</u>
Net increase/(decrease) in cash and cash equivalents		
Cash and cash equivalents at the beginning of the year		-
Cash and cash equivalents at the end of the year	<u>11</u>	<u>-</u>
Net cash flows from operating activities	<u>25</u>	<u>-</u>

Metropolitan Trading Company (Pty) Ltd

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
	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						
Rendering of services	268 168	(690)	267 478	237 286	(30 192)	
Agency services	-	-	-	49 904	49 904	
Other income	35 322	-	35 322	-	(35 322)	
Total revenue from exchange transactions	303 490	(690)	302 800	287 190	(15 610)	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	224 616	240	224 856	224 856	-	
Total revenue	528 106	(450)	527 656	512 046	(15 610)	
Expenditure						
Employee Related Costs	(40 254)	(240)	(40 494)	(55 094)	(14 600)	
Inventory consumed	(84 394)	-	(84 394)	(77 841)	6 553	
Depreciation and amortisation	(151 725)	690	(151 035)	(33 167)	117 868	
Finance costs	(177 899)	-	(177 899)	(339 642)	(161 743)	
Lease rentals on operating lease	(3 555)	-	(3 555)	(3 081)	474	
Contracted Services	(49 440)	-	(49 440)	(75 486)	(26 046)	
General Expenses	(20 839)	-	(20 839)	(46 737)	(25 898)	
Total expenditure	(528 106)	450	(527 656)	(631 048)	(103 392)	
Operating deficit	-	-	-	(119 002)	(119 002)	
Loss on disposal of assets and liabilities	-	-	-	(274)	(274)	
Deficit before taxation	-	-	-	(119 276)	(119 276)	
Taxation	-	-	-	(31 804)	(31 804)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	(87 472)	(87 472)	

Metropolitan Trading Company (Pty) Ltd

(Registration number 1999/011422/30)

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Significant Accounting Policies

Note(s)

1. Significant accounting policies

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

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity. All figures are to the nearest Rand thousand

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months. The entity has the ability to finance its operations, service the conduit loan and short term creditors within the next 12 months. This is demonstrated by the continued letter of support from the parent municipality and the significant annual revenue generation in the current financial year.

1.3 Materiality

Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

The entity does not retrospectively adjust the accounting of past items (or group of items) that were previously assessed as immaterial, unless an error occurred.

1.4 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.

Trade receivables / Held to maturity investments and/or loans and receivables

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

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

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Significant Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

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

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including economic factors such as exchange rates inflation interest].

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 13 - Provisions.

Management's judgement is required when recognising and measuring, contingent liabilities and contingent assets. Provisions are raised based on current information available to management.

A provision is recognised when the municipal entity has a present legal or constructive obligation as a result of a past event, and it

is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and the amount of the obligation can be reliably estimated.

Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

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. The entity recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. 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.

The entity's management determines the estimated useful lives and related depreciation charges for assets. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Allowance for doubtful debts

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

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Significant Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Accounting by principals and agent

Management used significant judgment when assessing whether the entity was a principal or an agent in various transactions that took place in the year under review.

Additional information is disclosed in Note 42.

1.5 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 period.

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

Assets below the threshold of R2000 (Rand amount) are expensed in the year they are purchased.

Property, plant and equipment is depreciated on the straight line basis over its expected useful life to its estimated residual value.

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

Item	Depreciation method	Average useful life
Network Infrastructure	Straight-line	25 years
Network equipment	Straight-line	3 - 15 years
Furniture and Fittings	Straight-line	3 - 7 years
Office equipment	Straight-line	5 years
IT equipment	Straight-line	3 - 10 years
Leasehold improvements	Straight-line	3 years
Tools of trade	Straight-line	3 - 5 years

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

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Significant Accounting Policies

1.5 Property, plant and equipment (continued)

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

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

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

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

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

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

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 3).

1.6 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.

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

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

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

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Significant Accounting Policies

1.6 Intangible assets (continued)

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

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

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
Customer List	Straight-line	5 years
Computer Software	Straight-line	3 years
Operating Systems	Straight-line	10 - 20 years

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.7 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 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.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

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.

Financial assets consist of cash and cash equivalents and receivables.

The classification of financial assets depends on their nature and purpose, and is determined at the time of initial recognition (trade date).

1.7.1 Cash and cash equivalent

Cash and cash equivalents comprise of cash on hand which is classified as loan to shareholder in the Statement of Financial Position due to the sweeping arrangement between the entity and City. This is initially and subsequently recorded at fair value.

1.7.2 Receivables from exchange transactions

Receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of financial position when there is objective evidence that the asset is impaired.

All receivables are on an accrual basis except for VAT which on an invoice basis.

1.7.3 Impairment of Financial Assets measured at amortised cost:

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Significant Accounting Policies

1.7 Financial instruments (continued)

If there is objective evidence that an impairment loss on financial assets measured at amortised costs has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the future cash flows discounted at the financial's assets original effective interest rate. The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit.

1.7.4 Financial Liabilities

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.

Financial liabilities consist of interest-bearing borrowings, trade and other payables, and bank overdrafts.

Financial liabilities are initially recognised at fair value and subsequently measure at amortised cost, using the effective interest rate method, except for financial liabilities at fair value through profit and loss, which are measure at fair value.

Finance costs on financial liabilities at amortised costs are expensed in the statement of financial performance in the period in which they are incurred using the effective interest rate method.

Gains and losses on financial liabilities at fair value through profit or loss arises from fair value movements and related transaction costs on these liabilities. These gains and losses are recognised in the statement of financial performance in the period in which they are incurred.

1.7.5 Loan from Shareholder

Loan from shareholder is classified as a financial liability which is initially recognised at fair value and subsequently measured at amortised cost.

1.7.6 Payables from exchange transactions

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

1.7.7 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when and only when, the municipality has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.7.8. Initial recognition

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

The entity recognises financial assets using trade date accounting.

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.

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

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at 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.

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Significant Accounting Policies

1.8 Tax

Current tax assets and liabilities

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

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

Deferred tax assets and liabilities

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

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

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

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

Tax expenses

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

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

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.

1.9 Leases

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

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

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Income for leases is disclosed under revenue in statement of financial performance.

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.

1.10 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

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Significant Accounting Policies

1.10 Financial instruments (continued)

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.11 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

Some equity investments are included in cash equivalents when they are, in substance, cash equivalents.

Bank overdrafts which are repayable on demand forms an integral part of the entity's cash management activities, and as such are included as a component of cash and cash equivalents.

1.12 Impairment of cash-generating assets

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

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

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

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

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Significant Accounting Policies

1.12 Impairment of cash-generating assets (continued)

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

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

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

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

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

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

Identification

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

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

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

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the entity applies the appropriate discount rate to those future cash flows.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

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

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

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1.12 Impairment of cash-generating assets (continued)

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the entity determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the entity use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

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1.12 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable 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 cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

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

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.13 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 entity are classified according to the substance of the contractual arrangements entered into.

Equity instruments issued by the entity are recorded at the proceeds received, net of direct issue costs.

1.14 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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1.14 Provisions and contingencies (continued)

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.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

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

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

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

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.
- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.15 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.

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1.16 Revenue from exchange transactions

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

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

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

Measurement

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

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

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

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

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

Interest, royalties and dividends

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.

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Significant Accounting Policies

1.16 Revenue from exchange transactions (continued)

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

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.

1.17 Revenue from non-exchange transactions

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

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

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

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

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

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

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

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

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

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

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

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

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

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Significant Accounting Policies

1.18 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all surplus (deficit) of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

Contract costs comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract on a systematic and rational basis; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

1.19 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.20 Borrowing costs

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

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.21 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).

Identifying whether an entity is a principal or an agent

When the entity is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an entity is a principal or an agent requires the entity to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The entity assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

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Significant Accounting Policies

1.21 Accounting by principals and agents (continued)

Assessing which entity benefits from the transactions with third parties

When the entity in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the entity concludes that it is not the agent, then it is the principal in the transactions.

The entity is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the entity has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The entity applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the entity is an agent.

Recognition

The entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

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.

The entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.22 Expenses - Administration expenses, repairs and maintenance and general expenses

Expenses are measured reliably at amortised cost of the consideration payable, exclusive of value added tax.

1.23 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

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

1.24 Fruitless and wasteful expenditure

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

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

1.25 Irregular expenditure

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

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

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Significant Accounting Policies

1.26 Budget information

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

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

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

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

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.

1.27 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.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the entity.

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.

1.28 Events after reporting date

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

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

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

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Significant Accounting Policies

1.28 Events after reporting date (continued)

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

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2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2025 or later periods:

2.2 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2025 or later periods but are not relevant to its operations:

- **GRAP 104:** Financial Instruments: The updates on GRAP 104 will affect the classification, measurement, disclosures, impairment, and risk management reporting on financial instruments.

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Standard/ Interpretation:	Effective date: Years beginning on or after
GRAP 104	Not yet effective

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Figures in Rand

3. Property, Plant and Equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	3 778	(3 359)	419	3 778	(3 238)	540
Office equipment	171	(148)	23	171	(137)	34
IT equipment	7 016	(5 584)	1 432	6 077	(5 225)	852
Infrastructure	613 897	(260 002)	353 895	613 897	(232 829)	381 068
Network equipment	95 364	(77 131)	18 233	100 279	(78 680)	21 599
Tools and loose gear	940	(921)	19	940	(903)	37
Total	721 166	(347 145)	374 021	725 142	(321 012)	404 130

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Figures in Rand

3. Property, Plant and Equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	540	-	-	(121)	419
Office equipment	34	-	-	(11)	23
IT equipment	852	939	-	(359)	1 432
Infrastructure	381 068	-	-	(27 173)	353 895
Network equipment	21 599	1 991	(232)	(5 125)	18 233
Tools and loose gear	37	-	-	(18)	19
	404 130	2 930	(232)	(32 807)	374 021

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Figures in Rand

3. Property, Plant and Equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	732	1 118	(1 310)	540
Office equipment	45	-	(11)	34
IT equipment	1 761	-	(909)	852
Infrastructure	408 241	-	(27 173)	381 068
Other equipment	21 357	5 476	(5 234)	21 599
Tools and loose gear	55	-	(18)	37
	432 191	6 594	(34 655)	404 130

Pledged as security

No property, plant and equipment was pledged as security.

Expenditure incurred to repair and maintain property, plant and equipment

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

Repairs and maintenance	42 208	51 021
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A register containing information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the entity.

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Figures in Rand

4. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	16 710	(7 724)	8 986	17 891	(8 504)	9 387
MTC Website	685	-	685	685	-	685
Total	17 395	(7 724)	9 671	18 576	(8 504)	10 072

Reconciliation of intangible assets - 2025

	Opening balance	Disposals	Amortisation	Impairment loss	Total
Computer software	9 387	(40)	(360)	(1)	8 986
MTC Website	685	-	-	-	685
	10 072	(40)	(360)	(1)	9 671

Reconciliation of intangible assets - 2024

	Opening balance	Amortisation	Total
Computer software, other	10 546	(1 159)	9 387
MTC Website	685	-	685
	11 231	(1 159)	10 072

Pledged as security

No assets were pledged as security

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	2025	2024
5. Loans to (from) shareholders		
Sweeping account	(593 690)	(397 266)
Subordinated loans	(1 144 811)	(1 224 133)
	(1 738 501)	(1 621 399)
Sweeping Account - COJ has an arrangement with all its municipal owned entities, that the bank accounts will be swept over night to the primary bank account of the COJ, and the required amounts by the MOE's will be swept back to their bank accounts when requested. The account bears interest at a rate determined by COJ Treasury which is compounded daily.		
Subordinated Loan - The loan from COJ is subordinated in favour of creditors until such time that the assets of the entity exceeds the liabilities. The loan bears an effective interest rate of 8.81% per annum and quarterly repayment terms. The term of the shareholder loan is 20 years. The entity had a three year grace period for re-payments of the loan from inception of the loan. The first capital repayment was due to COJ by December 2018. Due to the non-payment of the loan, the entity incurred a penalty interest of 13.89% on the quarterly repayments. The entity is renegotiating the terms and conditions of the loan.		
The shareholder loan disclosed above is the non-current portion of Shareholder loan.		
Non-current liabilities	(1 144 811)	(1 224 133)
Current liabilities	(2 131 838)	(1 571 632)
	(3 276 649)	(2 795 765)
6. Deferred tax		
Deferred tax liability		
Deferred Tax Asset	78 599	43 159
Deferred Tax Liability	(35 498)	(31 863)
Total deferred tax asset/(liability)	43 101	11 296
Reconciliation of deferred tax asset \ (liability)		
At beginning of year	11 296	(9 250)
Increases (decrease) in tax loss available for set off against future taxable income - gross of valuation allowance	36 159	24 452
Taxable / (deductible) temporary difference movement on tangible fixed assets	(4 354)	(3 591)
Taxable/(deductible) temporary difference on provisions	-	(315)
	43 101	11 296
7. Payables from exchange transactions		
Trade payables	417 237	583 369
Board fees and remuneration	2	2
ICASA license renewal	11 879	10 587
Accrued expenses	61 039	83 442
Related Party Payables	54 325	35 314
	544 482	712 714
The terms and conditions of trade and other payables were not renegotiated.		
8. VAT payable		
Tax refunds/(payables)	-	10 124

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Notes to the Annual Financial Statements

	2025	2024
9. Receivables from exchange transactions		
Trade debtors	8 703	20 665
Account Receivable : Related Parties	2 911 260	2 686 596
	2 919 963	2 707 261
As at 30 June 2025		
Trade debtors	8 703	7 264
Related parties	2 911 260	2 911 260
Total	2 919 963	2 918 524
As at 30 June 2024		
Trade debtors	20 665	19 226
Related parties	2 686 596	2 686 596
Total	2 707 261	2 705 822
The entity did not pledge any of its receivables as security for borrowing purposes. Ageing of receivables from exchange transactions are as follows		
As at 30 June 2025		
Trade debtors		
Gross balance	0-30 days 393 372	30+ days 86 192
Less: provision for impairment	-	-
Net balance	393 372	86 192
	60 days 73 587	90 days 66 968
	+120 days 2 299 844	Total 2 919 963
		(1 439)
		2 298 405
		2 918 524
Trade debtors past due for over 90 days were not impaired due to settlement received after period end. As at period end management was of the opinion that the debtor will settle the outstanding debt based on historic trends.		
Accounts receivables: Related parties		
Gross balance	0-30 days 392 971	30+ days 82 782
	60 days 73 443	90 days 65 262
	+120 days 2 296 802	Total 2 911 260
Related party receivables relates to amounts owed by COJ and MOE's for services rendered.		
Receivables which are less than 3 months are not considered for impairment. As at 30 June 2025 the receivables of R2 304m relating to related party debtors were past due for more than 120 days but not impaired in accordance with the debt impairment policy.		
As at 30 June 2024		
Trade debtors		
Gross balance	0-30 days 8 060	30+ days 177
Less: provision for impairment	-	-
Net balance	8 060	177
	60 days 155	90 days 1 822
	+120 days 10 451	Total 20 665
		(1 439)
		9 012
		19 226
Trade debtors past due for over 90 days were not impaired due to settlement received after period end. As at period end management was of the opinion that the debtor will settle the outstanding debt based on historic trends.		

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2025 2024

9. Receivables from exchange transactions (continued)

Accounts receivables: Related parties

	0-30 days	30+ days	60 days	90 days	+120 days	Total
Gross balance	831 373	201 173	10 009	14 137	1 629 904	2 686 596

Related party receivables relates to amounts owed by COJ and MOE's for services rendered.

Receivables which are less than 3 months are not considered for impairment assessment. As at 30 June 2024 the receivables of R 1 637m relating to related party debtors were past due but not impaired.

All receivables	0-30 days	30+ days	60 days	90 days	+120 days	Total
Gross balance	839 433	201 350	10 164	15 959	1 640 355	2 707 261
Less: provision for impairment	-	-	-	-	(1 439)	(1 439)
Net balance	839 433	201 350	10 164	15 959	1 638 916	2 705 822

Reconciliation of the provision for impairment

Balance at the Beginning of the period	1 439	1 439
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Ageing of impaired receivables from exchange transactions

+ 120 days	1 439	1 439
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10. Receivables from non-exchange transactions

South African Revenue Services	1 316	-
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Receivables from non-exchange transactions

As at 30 June 2025

	Gross balance	Provision for impairment	Net balance
SARS (VAT)	1 316	-	1 316

Ageing of Receivables from Non-exchange transactions

30 June 2025	Current	Past due	Total			
Trade debtors	0-30 days	30+ days	60 days	90 days	+120 days	Total
Gross balance	1 316	-	-	-	-	1 316

Receivable which are less than 3 months are not considered for impairment assessment.

11. Cash and cash equivalents

The entity currently has only one bank account. The details are as follows:

Name of bank: Standard Bank

Cash and cash equivalents consist of:

Branch name and number: Johannesburg-000205

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2025 2024

11. Cash and cash equivalents (continued)

COJ has an arrangement with all its municipal owned entities, that the bank accounts will be swept over night to the primary bank account of the City of Johannesburg, and the required amounts by the municipal owned entities will be swept back to their bank accounts when requested. The accounts bears interest at the rate prescribed by COJ Treasury, compounded daily.

12. Share capital / contributed capital

Issued

Share premium	163 897	163 897
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13. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Additions	Utilised during the year	Total
Bonus Provision	973	1 315	(1 389)	899
Leave Pay Provision	3 972	1 539	(812)	4 699
	4 945	2 854	(2 201)	5 598

Reconciliation of provisions - 2024

	Opening Balance	Additions	Utilised during the year	Total
Bonus Provision	834	1 039	(900)	973
Leave Pay Provision	3 939	1 510	(1 477)	3 972
	4 773	2 549	(2 377)	4 945

14. Revenue

Rendering of services	237 286	274 958
Agency services	49 904	59 980
Other income	-	10
Interest received - Sweeping Account	-	435
Government grants & subsidies	224 856	259 136
	512 046	594 519

The amount included in revenue arising from exchanges of goods or services are as follows:

Rendering of services	237 286	274 958
Agency services	49 904	59 980
Other income	-	10
Interest received - Sweeping account	-	435
	287 190	335 383

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

Transfer revenue		
Government grants & subsidies	224 856	259 136

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	2025	2024
15. Agency services		
Agency Income in relation to projects	49 904	59 980
The entity has the following principal agent relationships with COJ and other entities:		
1. City of Johannesburg -MTC plays an agency role by fulfilling projects relating to telecommunications, licenses and information systems on behalf of COJ. These are ad hoc projects.		
2. Metrobus - MTC plays an agency role by implementing CCTV cameras.		
3. Jourg Market - The entity plays an agency role by implementing CCTV cameras.		
4. Transport - Revenue enhancement project and other smart city projects affecting the transport department.		
16. Lease rentals on operating lease		
Premises		
Contractual amounts	3 081	2 939
17. Other revenue		
Tender Fees	-	10
18. Investment revenue		
Interest revenue		
Interest earned : Sweeping account	-	435
Total interest earned is interest on the sweeping account, calculated using interest rates prescribed by the COJ Treasury.		
19. Government grants & subsidies		
Operating grants		
Subsidy - City of Johannesburg	224 856	259 136
20. Employee related costs		
Basic	38 237	35 623
Medical aid - company contributions	1 851	1 692
UIF	120	121
SDL	442	394
Leave pay provision charge	1 539	1 510
Bargaining Council	66	62
Other short term costs	62	17
Defined contribution plans	5 912	5 312
Overtime payments	1 435	504
13th Cheques	2 309	1 683
Acting allowances	21	142
Housing benefits and allowances	103	74
Locomotion allowances	2 997	1 652
	55 094	48 786

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	2025	2024
21. Depreciation and amortisation		
Property, plant and equipment	32 807	34 655
Intangible assets	360	1 159
	33 167	35 814
22. Finance costs		
Interest on shareholder loan	339 635	264 231
Interest on Late Payment	7	18
	339 642	264 249
23. Auditors' remuneration		
Fees	1 266	1 320
24. General expenses		
Advertising	67	111
Auditors remuneration	1 266	1 320
Bank charges	14	14
Cleaning	629	453
Contracted services	75 486	104 852
Entertainment	-	3
Insurance	453	485
Conferences and seminars	692	283
Information Technology expenses	36 740	9 115
Fleet	819	621
Printing and stationery	235	148
License fees	1 292	1 508
Staff welfare	311	291
Professional fees	55	51
Telephone and fax	973	428
Training	1 700	910
Electricity	820	875
Municipal costs	298	264
Office supplies and parking	373	503
Cost incurred in relation to rendering of services	77 841	224 431
	200 064	346 666

The contracted services disclosed in the note above is inclusive of repairs and maintenance of R 42 million (2024: R51 million) and Board fees of R2.5 million (2024: R2.3 million)

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	2025	2024
25. Cash used in operations		
Deficit	(103 449)	(107 804)
Adjustments for:		
Depreciation and amortisation	33 167	35 814
Loss on sale of assets and liabilities	274	-
Finance costs	339 642	264 231
Debt written off	(6 335)	-
Movements in operating lease assets and accruals	-	(132)
Movements in provisions	1 946	1 024
Interest received	-	(435)
Changes in working capital:		
Inventories	-	1 862
Receivables from exchange transactions	(205 479)	(881 131)
Statutory receivables	(15 831)	5 337
Payables from exchange transactions	(150 496)	198 590
VAT	(12 327)	34 469
Taxes and transfers payable (non-exchange)	-	3 952
Other movements	41	-
Movement in accruals	(22 402)	20 441
	(141 249)	(423 782)

26. Taxation

Major components of the tax income

	2025	2024
Deferred		
Originating and reversing temporary differences	4 354	3 824
Current tax on assessed loss	(36 158)	(24 452)
	(31 804)	(20 628)

Reconciliation of the tax expense

Reconciliation between accounting surplus and tax expense.

	2025	2024
Accounting deficit	(119 276)	(103 935)
Tax at the applicable tax rate of 27% (2024: 27%)	(32 205)	(28 063)
Tax effect of adjustments on taxable income		
Tax losses carried forward	(36 158)	(24 452)
Tax effects of timing differences	36 559	31 887
	(31 804)	(20 628)

27. Financial instruments disclosure

Categories of financial instruments

2025

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	2 919 963	2 919 963

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	2025	2024
27. Financial instruments disclosure (continued)		
Financial liabilities		
	At amortised cost	Total
Loans from shareholders	2 682 959	2 682 959
Trade and other payables from exchange transactions	544 481	544 481
Loan from shareholders (Bank overdrawn)	593 690	593 690
	3 821 130	3 821 130
2024		
Financial assets		
	At amortised cost	Total
Trade and other receivables from exchange transactions	2 707 261	2 707 261
Financial liabilities		
	At amortised cost	Total
Loans from shareholders	2 398 499	2 398 499
Trade and other payables from exchange transactions	712 714	712 714
Loan from shareholders (Bank overdrawn)	397 266	397 266
	3 508 479	3 508 479
28. Commitments		
Authorised capital expenditure		
This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, existing cash resources, funds internally generated.		
Operating leases - as lessee (expense)		
Operating lease payments represent rentals payable to the entity for certain of its office properties. No contingent rent is payable.		
Operating leases - as lessor (Income)		
Minimum lease payments due		
- within one year	26 109	26 019
- in second to fifth year inclusive	41 308	61 505
- later than five years	2 368	8 191
	69 785	95 715

This represents the total of future minimum lease payments under non-cancellable operating leases.

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29. Related parties

Relationships

Other Members of the Group (100% owned by City of Johannesburg Metropolitan Municipality)	City of Johannesburg Metropolitan Municipality		
	Johannesburg Development Agency		
	City Power Johannesburg (SOC)		
	Johannesburg Property Company (SOC) Ltd		
	Johannesburg City Parks (NPC)		
	Johannesburg Metropolitan Bus Services (SOC) Ltd		
	Pikitup Johannesburg (SOC) Ltd		
	Joburg Theatre		
	Johannesburg Social Housing Company (SOC) Ltd		
	Johannesburg Fresh Produce Market (SOC) Ltd		
	Johannesburg Tourism Company		
	Johannesburg Road Agency (SOC) Ltd		
	Johannesburg Water (SOC) Ltd		

Related party balances

Related Party Assets Balances

City of Johannesburg Metropolitan Municipality	2 715 838	2 515 604
Johannesburg Metropolitan Bus Services (SOC) Ltd	71 754	51 727
Johannesburg Road Agency (SOC) Ltd	25 264	39 532
Johannesburg Fresh Produce Market (SOC) Ltd	5 754	6 267
Johannesburg Tourism Company	49	229
Pikitup Johannesburg (SOC) Ltd	52 876	15 669
Joburg Theatre	177	42
City Power Johannesburg (SOC)	29 982	45 707
Johannesburg Social Housing Company (SOC) Ltd	9 567	11 817

Related Party Liability Balances

City of Johannesburg Metropolitan Municipality	3 330 707	2 830 924
Johannesburg Property Company (SOC) Ltd	182	154
Joburg Theatre	85	-

Related party transactions

Related parties total billing transactions. The below reflects all transactions billed in relation to both agency transactions from normal course of business

City of Johannesburg Metropolitan Municipality	933 224	1 358 113
Johannesburg Metropolitan Bus Services (SOC) Ltd	17 414	37 901
Johannesburg Roads Agency (SOC) Ltd	19 250	34 702
Johannesburg Tourism Company	1 348	992
Johannesburg Fresh Produce Market (SOC) Ltd	3 265	1 377
Joburg Theatre	461	431
Pikitup Johannesburg (SOC) Ltd	35 178	1 193
Johannesburg Development Agency (SOC) Ltd	-	300
City Power Johannesburg (SOC) Ltd	47 705	55 430

Related parties operating expenditure

City of Johannesburg Metropolitan Municipality	339 635	264 231
Johannesburg Property Company (SOC) Ltd	629	453
Joburg Theatre	134	122

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29. Related parties (continued)

Related party agency - Management fees

City of Johannesburg Metropolitan Municipality	46 404	53 128
Pikitup Johannesburg (SOC) Ltd	250	-
City Power Johannesburg (SOC) Ltd	1 548	4 750
Johannesburg Roads Agency (SOC) Ltd	342	1 212
Johannesburg Fresh Produce Market (SOC) Ltd	122	-
Johannesburg Metropolitan Bus Services (SOC) Ltd	1 147	852
Johannesburg Tourism Company	91	38

Related parties revenue arising from normal course of business

City of Johannesburg Metropolitan Municipality	362 498	497 384
Johannesburg Metropolitan Bus Services (SOC) Ltd	11 072	242
Johannesburg Fresh Produce Market (SOC) Ltd	695	1 377
Johannesburg Roads Agency (SOC) Ltd	12 075	130
Joburg Theatre	461	431
City Power Johannesburg (SOC) Ltd	27 229	14 946
Pikitup Johannesburg (SOC) Ltd	29 928	1 193
Johannesburg Development Agency	-	300

All transactions with group companies are conducted at arms length. All transactions entered into are not secured and shall be settled in cash. No guarantees were received or given for the outstanding balances.

- During the year under review a total of R26.4 million was awarded to PTP Integrated, however, the director's wife is in the employment of state at Wholesale and Retail SETA (W&R SETA).

Remuneration of management

Management class: Executive management

2025

Name	Fees for services as a member of management	Other long-term benefits	Other benefits received	Total
Chief Executive Officer	2 461	286	157	2 904
Chief Financial Officer	1 476	173	187	1 836
Chief Technology Officer	1 501	354	132	1 987
Company Secretary	1 394	162	102	1 658
*Management Support Executive (Acting)	1 002	400	32	1 434
Chief Audit Executive	980	563	-	1 543
Head of Risk and Compliance	1 222	185	-	1 407
	10 036	2 123	610	12 769

2024

Name	Fees for services as a member of management	Other long-term benefits	Other benefits received	Total
Chief Executive Officer	1 928	303	547	2 778
Chief Financial Officer	1 556	16	538	2 110
Chief Technology Officer	1 557	72	298	1 927
Company Secretary	1 328	-	154	1 482
*Management Support Executive (Acting)	948	119	347	1 414

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29. Related parties (continued)

Chief Audit Executive	918	372	179	1 469
Head of Risk and Compliance	380	-	55	435
	8 615	882	2 118	11 615

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

Non - Executive Directors and Independent Members

2025

	Directors' fees	Total
1. *Mr J Nqakalastane	312	312
2. *Mrs NS Motale	16	16
3. *Mrs P Jacobs	296	296
4. *Mr JB Watson	234	234
5. *Mr L Saile	72	72
6. *Mrs MC Williams	238	238
7. *Mr M Tabane	216	216
8. *Mr V Blennies	272	272
9. *Ms I Singh	224	224
10. *Ms JX Scott	112	112
11. *Ms MV Mamagobo	216	216
12. Mr T Goldsmith	200	200
13. Mr A Cluff	64	64
14. *Mr DD Raynors	56	56
15. Mr T Roman	64	64
	2 592	2 592

2024

	Directors' fees	Total
1. *Mr NS Motale - Current Chairperson	264	264
2. Mrs P Jacobs	354	354
3. Mrs MC Francis	184	184
4. *Mr JB Watson	270	270
5. Mr JS Ngubane	252	252
6. *Mr BG Khanyile	42	42
7. *Mr L Saile	256	256
8. *Mrs MC Williams	244	244
9. *Ms A Cluff	64	64
10. *Mr DD Raynors	72	72
11. *Mr T Roman	64	64
12. *Mr HR Molobye	5	5
13. *Mr AW Stenge	5	5
14. *Mr N Mashinini	5	5
	2 081	2 081

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31. Change in estimate

Property, plant and equipment

During the year, the entity conducted an operational efficiency review of the property, plant and equipment, which resulted in changes in the expected useful lives of various asset categories. This further resulted in the reduction of the annual depreciation for each of the affected assets. The change in estimate resulted in the following changes (in R'000) on the annual financial statements:

Decrease in current year depreciation : R1 270

Decrease in deferred tax : R343

Intangible Assets

During the year, the entity conducted an operational efficiency review of the intangible assets which resulted in changes in the expected useful lives of various intangible assets. This further resulted in the reduction of the annual amortisation for each of the affected assets.

Decrease in amortisation : R800

Decrease in deferred tax : R216

32. Prior period errors

During the year ended 30 June 2025, the Entity identified that the outstanding balance of one of its customers had been incorrectly stated in previous financial periods. On investigation, it was determined that the amount was not owed to MTC, resulting in an overstatement of receivables and retained earnings. The error correction has been made retrospectively and below is the impact:

Decrease in retained earnings : R6 335

Increase in Input VAT : R887

Decrease in receivables: R7 222

During the year ended 30 June 2025 it was identified that the taxation amount for the financial year ended 30 June 2024 was misstated. The error correction has been made retrospectively and below is the impact:

Increase in deferred tax asset: R8 603

Decrease in taxation expense: R8 603

33. Risk management

Financial risk management

The treasury function of the municipal entities is centrally managed by the parent municipality City of Johannesburg Municipality.

This includes the management of all financial risks and liquidity risk which the entity might be exposed to, such as maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, central treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

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33. Risk management (continued)

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

30 June 2025	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	Over 5 years
Loan from shareholder	1 538 148	82 792	296 406	747 408
Trade and other payables from exchange transactions	544 482	-	-	-
Closing balance	2 082 630	82 792	296 406	747 408

30 June 2024	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	Over 5 years
Loan from shareholder	1 174 366	75 884	271 673	854 932
Trade and other payables from exchange transactions	712 714	-	-	-
Closing balance	1 887 080	75 884	271 673	854 932

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 a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The maximum exposure to credit risk is limited to the values disclosed in note 9 and 10.

34. Unauthorised, Irregular and Fruitless and Wasteful Expenditure

Irregular expenditure	212 290	213 411
Fruitless and wasteful expenditure	-	25 175
Closing balance	212 290	238 586

35. Fruitless and wasteful expenditure

Opening balance as previously reported	25 175	103 005
Add: Fruitless and wasteful expenditure identified (Interest on amounts in arrears) - current	175 167	130 206
Less: Amount written off - current	(200 342)	(208 036)
Closing balance	-	25 175

Fruitless and wasteful expenditure is presented inclusive of VAT

a. The fruitless and wasteful expenditure is due to interest on shareholder loan amounts that are in arrears amounting to R175m.

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36. Irregular expenditure

Opening balance as previously reported	213 411	192 134
Add: Irregular expenditure - (Non-compliance with laws and regulations) - current	18 676	31 151
Add: Irregular expenditure - (Overspending of approved budget) - current	103 392	181 452
Less: Amount written off - current	(123 189)	(191 326)
Closing balance	212 290	213 411

37. In-kind donations and assistance

No In-kind donations have been received in the year ended 30 June 2025.

38. Additional disclosure in terms of Municipal Finance Management Act

Audit fees

Current year subscription / fee	1 266	1 320
Amount paid - current year	(1 266)	(1 320)
	-	-

PAYE and UIF

Current year subscription / fee	11 767	10 363
Amount paid - current year	(11 767)	(10 363)
	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	7 763	7 004
Amount paid - current year	(7 763)	(7 004)
	-	-

VAT

VAT payable	-	10 124
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All VAT returns have been submitted by the due date throughout the year.

SDL

Current year subscription/fee	433	394
Amount paid - current year	(433)	(394)
	-	-

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39. Deviation from supply chain management regulations

Regulation 36 of SCM regulation states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of directors and include a note to the financial statements. During the year ended 30 June 2025, the entity had the following deviations from normal supply chain management requirements:

Pastel License renewal

Reasons for deviation: MTC uses Pastel to record financial transactions and there is only one official provider of the Pastel software, being SAGE SA. For each entity SAGE appoints a business partner to assist with any Pastel related queries and renewals. The appointed business partner for MTC is Finware Enterprise Systems. Furthermore, for continuity purposes the entity cannot change accounting systems and business partners every year, this results in the entity having to deviate from SCM processes annually for the procurements of accounting system license renewals. The total deviation amount is R20 258.

40. Segment information

General information

Identification of segments

The entity is organised and reports to management on the basis of three major functional areas: primary, secondary and tertiary educational services. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Aggregated segments

The entity operates the Broadband Network within COJ. This segment was aggregated on the basis of services delivered as management considered that the economic characteristics of the segment throughout City of Joburg were sufficiently similar to warrant aggregation.

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	Goods and/or services
Metropolitan Trading Company	Broadband Network Services

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40. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2025

	MTC	Total
Revenue		
Revenue from exchange transactions	287 190	287 190
Revenue from non - exchange transactions	224 856	224 856
Total segment revenue	512 046	512 046
Entity's revenue		512 046
Expenditure		
Salaries and wages	(55 094)	(55 094)
Other expenses	(576 228)	(576 228)
Tax expense	31 804	31 804
Total segment expenditure	(599 518)	(599 518)
Total segmental surplus/(deficit)	(87 472)	(87 472)
Assets		
Property, plant and equipment	374 021	374 021
Intangible assets	9 671	9 671
Other assets	3 025 574	3 025 574
Total segment assets	3 409 266	3 409 266
Total assets as per Statement of financial Position		3 409 266

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	MTC	Total
40. Segment information (continued)		
Liabilities		
Loan from shareholder	1 144 811	1 144 811
Other deferred tax	35 498	35 498
Current liabilities	2 681 917	2 681 917
Total segment liabilities	3 862 226	3 862 226
Total liabilities as per Statement of financial Position		3 862 226

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

2024

	MTC	Total
Revenue		
Revenue from non-exchange transactions	335 383	335 383
Revenue from exchange transactions	259 136	259 136
Total segment revenue	594 519	594 519
Entity's revenue		594 519
Expenditure		
Salaries and wages	48 786	48 786
Other expenses	649 668	649 668
Tax expense	(20 628)	(20 628)
Total segment expenditure	677 826	677 826
Total segmental surplus/(deficit)	(83 307)	(83 307)

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40. Segment information (continued)

Assets		
Property, Plant and Equipment	404 130	404 130
Intangible Assets	10 072	10 072
Other assets	2 775 719	2 775 719
Total segment assets	3 189 921	3 189 921
Total assets as per Statement of financial Position		3 189 921
Liabilities		
Loan from Shareholder	1 224 133	1 224 133
Other Deferred tax	31 863	31 863
Current Liabilities	2 299 415	2 299 415
Total segment liabilities	3 555 411	3 555 411
Total liabilities as per Statement of financial Position		3 555 411

41. Budget differences

Material differences between budget and actual amounts

1. Rendering of services : The revenue from services rendered is below the budget due to a reduction in the number of projects consequent to panels due for renewal in the 2024/25 financial year.

2. Agency Income : This is due to the application of the effective standard for principal and agency and refers to the management fees that MTC earned.

3. Interest received : This is due to the balance of the sweeping account being in an overdraft position in the current financial year.

4. Employee cost : The entity's staff complement increased over the years from its establishment to ensure critical positions are filled, however, the budget allocation for employee costs was not increased in the same proportion as the employee cost requirement.

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41. Budget differences (continued)

5. Depreciation: The variance is mainly due to the reassessment of useful lives that was conducted in the prior years and resulted in lower depreciation for the current year.

6. Finance cost: This is above budget due to the interest charged on non-payment of the Shareholder Loan

7. Contracted services: The contracted services are above the budget due to the appointment of legal practitioners to assist in the investigation of UIFW and also provide various legal opinions on legal issues affecting the entity.

8. General expenses and lease rentals: General expenses and lease rentals are higher than the budget due to increases in hosting costs.

9. Inventory consumed: The inventory consumed is below the budget due to a decrease in the number of projects received in the current year.

42. Accounting by principals and agents

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

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

MTC entered into contracts with COJ and other municipal entities whereby MTC implements capital projects on behalf of its principals. These are ICT related projects. The capital budget is allocated to the City and the respective entities, therefore in substance MTC becomes an implementing agent.

The City and respective entities enter into contracts with MTC whereby MTC is appointed as an independent contractor to implement the capital projects. MTC appoints service providers in order to fulfil this. MTC is unable to determine the significant terms and conditions of this transaction as it is based on the needs of the client. MTC does not receive significant benefits from the transactions, as the principal primarily utilises the capital asset and receives the economic benefits. MTC is not exposed to inventory risk as goods/services are delivered directly to the principal

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42. Accounting by principals and agents (continued)

Entity as agent

Revenue recognised

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is R50m (2024: R60m).

Additional information

Revenue and expenses that relate to transactions with third parties undertaken in terms of the principal-agent arrangement

Category(ies) of revenue received or to be received on behalf of the principal, are:

Amount of revenue received on behalf of the principal during the reporting period

Sales - IT Support & Services	491 348	909 194
Sales - Biometrics	-	6 608
Sales - Lan	2 302	-
Sales - Maintenance of CCTV	120 237	56 341
Sales - Other	-	2 293
	613 887	974 436

Amount of expenses paid on behalf of the principal during the reporting period

Cost of sales - Other	186 307	68 931
Cost of sales - IT Support & Services	133 912	469 767
Cost of sales: Installation	109 966	306 904
Cost of sales: Maintenance CCTV	77 765	51 420
Cost of sales: Lan	39 166	-
Cost of sales: Hosting	8 203	-
Cost of sales: Fibre Maintenance	4 863	14 525
Cost of sales: Fibre access	3 800	1 200
Cost of sales: VOIP	-	1 710
	563 982	914 457



METROPOLITAN
TECH COMPANY

City of Johannesburg **The Metropolitan Tech Company**

Country of Incorporation and Domicile	South Africa
Business Address	33 Hoofd Street, Braampark, Forum 4, 2001
Postal Address	P O Box 1049, Johannesburg 2000
Controlling Entity	City of Johannesburg Metropolitan Municipality