

JOHANNESBURG DEVELOPMENT AGENCY (SOC) LIMITED

Registration no: 2001/005101/07



FIRST QUARTER PERFORMANCE REPORT 2017/18

JULY TO SEPTEMBER 2017

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

Registration number: 2001/005101/07
Parent municipality: City of Johannesburg Metropolitan Municipality
Directors: C Coovadia (Chairperson)
K Govender
P Masilo
C Botes (Acting Chief Executive Officer)
P Zagaretos
P Mashele
N Ngwenya
L Shole
A Steyn
M Qobo

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Website: www.jda.org.za
Bankers: Standard Bank of SA Limited
Auditors: The Auditor-General of South Africa
Company secretary: Hasani Rodney Shirinda

JDA Vision

Building a more welcoming, competitive and resilient Johannesburg that is a better city to live, work and play in.

JDA Mission

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

JDA Values

Accountability: To its shareholders, Board and key stakeholders

Innovation and creativity: Promoting an environment of fast-tracked decision-making and broader financial leverage, within which developments are planned, led, managed and implemented.

Responsiveness: To market forces, operating where it can make a difference, in locales and sectors where shareholders and their partners have a concentration of assets and expertise.

Results-driven and stakeholder-focused: With a 'user friendly' approach

Seeking to empower: Through progressive procurement and work practices

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CHAPTER 1: JDA LEADERSHIP AND CORPORATE PROFILE

SECTION 1: CORPORATE PROFILE AND OVERVIEW

The JDA was established by the City of Johannesburg (CoJ) in April 2001 to initiate, stimulate and support development projects and rejuvenate economic activity throughout Johannesburg. The agency initially focused on applying economic development strategies to regenerate underperforming neighbourhoods, mostly in the inner city. However, this has evolved to focusing on transforming Johannesburg into a resilient, sustainable and liveable city by developing transit nodes and corridors.

Outcomes and challenges

The JDA’s evolution into an area-based development agency has prepared it to respond to the objectives as outlined in the GDS. Under this model, the JDA takes on a more central role in developing strategic capital works projects and establishing urban management partnerships. Crucially, the model allows the JDA to mobilise development partners and other stakeholders to sustainably achieve the common economic and social objectives defined for each area. However, given the spatial, socioeconomic and political environment in which the JDA operates, there are challenges that affect area-based development and the JDA’s ability to facilitate common economic and social objectives, i.e. the focus on developing resilient, sustainable, inclusive and liveable urban areas in identified nodes and corridors.

Political governance and accountability

The JDA is accountable to the Department of Development Planning and the Member of the Mayoral Committee for Development Planning, who exercises political oversight and to whom the JDA submits compliance reports in respect of its performance scorecard. The JDA relies on the Department of Development Planning for direction on its contractual obligations contained in the service delivery agreement, and on the Member of the Mayoral Committee for its political mandate and oversight. The Group Governance unit provides corporate governance and related support, including financial sustainability and compliance reporting and review.

The Council’s Portfolio Committee on Development Planning provides political oversight of the JDA’s activities and functions. The JDA also falls under the Economic Development Mayoral Cluster Committee, which ensures that the work of the other departments and entities mandated with spatial transformation and economic growth of the city is integrated and coordinated. The JDA’s management is accountable for strategic and operational matters to the Board of Directors, which controls and maintains a fiduciary relationship with the company. The JDA coordinates its area-based development activities and other catalytic interventions with the Department of Development Planning and engages with client departments in the design and construction of infrastructure assets.

SECTION 2: STRATEGIC GOALS AND OBJECTIVES

The JDA has set itself the following strategic goals and strategic objectives which are aligned with the Joburg 2040 GDS and the economic cluster’s plans for sustainable services and economic growth for the medium term:

TABLE 1: STRATEGIC GOALS AND OBJECTIVES

Strategic Goals		Aligned to four Strategic Objectives
Create great places	Creating robust democratic public spaces that give	1. To efficiently, effectively and

Strategic Goals		Aligned to four Strategic Objectives
	dignity and choice to city users. As urban densities continue to rise, the public spaces in cities are becoming increasingly important for meeting citizens' social needs. The quality of space is just as important as the quantity. Given the increasing demand for open space, public spaces need to be creatively designed, moving towards greater adaptability and multiplicity of use to ensure their longer-term sustainability.	economically deliver sustainable social and economic infrastructure projects 2. To efficiently, effectively and economically deliver sustainable social and economic infrastructure projects 3. To promote economic empowerment and transformation through the structuring and procurement of JDA developments 4. To strengthen and improve the JDA's corporate governance and operations to ensure that it remains an effective, efficient, sustainable and well-governed organisation.
Catalyse growth and investment	Catalysing growth in areas with latent investment potential. Catalytic intervention and strategic capital investments in areas that have been previously marginalised or have failed to attract private investment can unlock development potential, stimulate local economies and boost job creation and entrepreneurial development.	
Connect people to opportunities	Connecting people with opportunities to live, work, play, learn and to be healthy in the city. Efficient mass public transport networks and connections, transit-oriented multi-use precincts, together with strategic land-use planning and zoning regimes, are essential in realising these connections.	
Co-produce solutions	Co-producing solutions in partnership with local communities and stakeholders to meet local needs and mitigate challenges. This is an essential component of development intervention in cities. Since 1994, the state has made concerted efforts to engage communities in the development of local solutions. Unfortunately this has not always been successful and often simply takes the form of decision-makers telling communities about their strategies. A more responsible and effective approach is to work with local stakeholders to produce solutions, drawing on their knowledge of the development context. This can cultivate a much more sustainable sense of ownership, civic pride and citizenship.	
Continuous improvement	Underpinning all the strategic goals, there is the need for the JDA to run as efficiently as possible.	

Transforming the Spatial Economy

The JDA's primary medium-term purpose is to promote resilient city strategies by restructuring the urban spatial logic of the city. The JDA coordinates its area-based development activities and other catalytic interventions with the Department of Development Planning and with other client departments. To ensure that the JDA is best positioned to respond to the spatial development priorities, the agency co-ordinates and manages its activities through the following five substantive programmes:

- Programme 1. Inner city transformation Programme
- Programme 2. Strategic economic node programme
- Programme 3. Public infrastructure delivery programme
- Programme 4. Greater Alex and Alexandra Renewal Programme (ARP)
- Programme 5. Economic Empowerment Programme

In addition, we ensure good governance of the organisation through an operational programme, resourced to support the optimal performance of the above five substantive areas:

- Programme 6. Good Governance, Management and Administration

The JDA’s current business plan represents a spatial response to specific Priority Transformation Areas as outlined in the 2015/16 Spatial Development Framework.

FIGURE 1: SDF 2040 PRIORITY AREAS

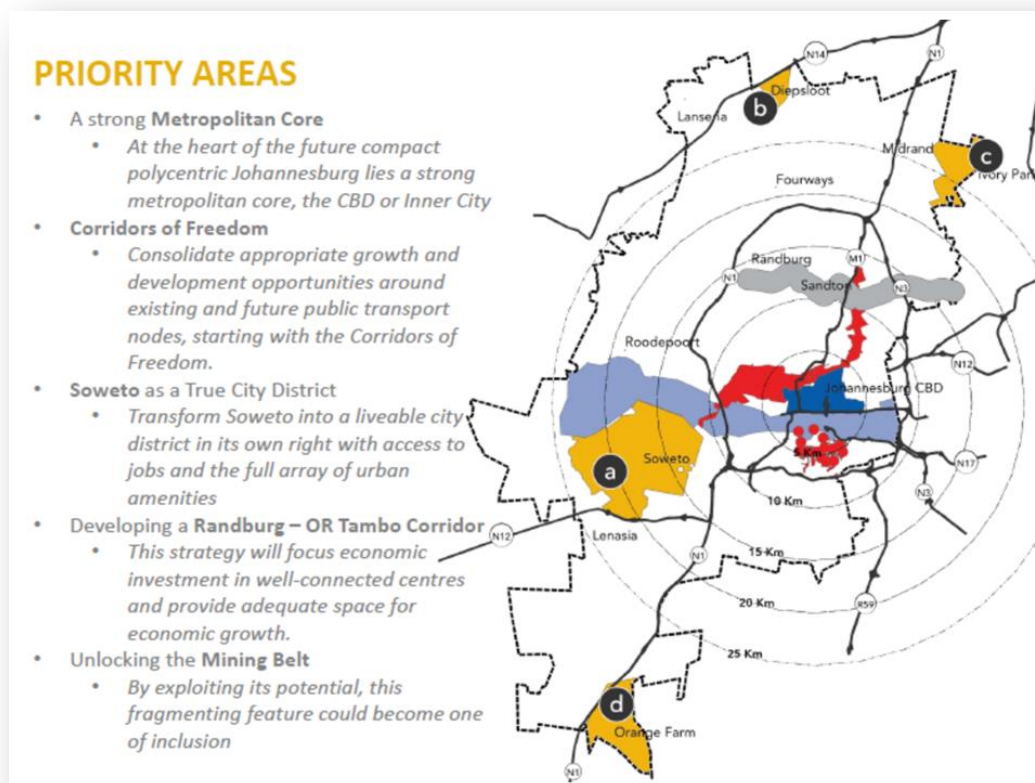


TABLE 2: SDF PRIORITY TRANSFORMATION AREAS AND CORRESPONDING JDA DEVELOPMENT REGIONS AND PROGRAMMES

SDF Priority Transformation areas	Corresponding JDA Regional Programmes	JDA Development Programmes
Strengthening the metro core	Inner City and the Old South (including Turffontein and Mining Belt)	• Programme 1: Inner city transformation Programme
Unlocking Soweto	Greater Soweto (including Lenasia, Eldorado Park, Nancefield)	• Programme 2: Strategic economic node programme
Consolidating public transport backbone	The Corridors of Freedom: Empire-Perth Corridor and Louis Botha Corridor	• Programme 3: Public infrastructure delivery programme
OR Tambo Corridor	Alex and the OR Tambo Corridor (includes Randburg, Sandton, Cosmo City, Modderfontein, Frankenwald)	• Programme 4: Greater Alex and Alexandra Renewal Programme (ARP)
Addressing marginalization	Marginalized Areas – Diepsloot, Ivory Park, Orange Farm	• Programme 5. Economic Empowerment Programme

The JDA’s approach towards area-based development covers the following five practices and services:

1. **Development identification and project packaging** - Identifying strategic opportunities to respond to the Col's focus area by bringing together all relevant stakeholders and parties to the initiative, and developing an implementation plan.
2. **Development and project facilitation and co-ordination** - Working with various stakeholders and parties to ensure that they are undertaking their roles as expected and required.
3. **Overall development implementation involving capital developments** - In ensuring that the development is implemented as planned, JDA may oversee specific project management functions within a development, while retaining overall accountability as a development manager. Through local beneficiation, in terms of small, medium and micro enterprise (SMME) and entrepreneurial support, the JDA aims to increase the number of local emerging contractors used in capital projects carried out in the various communities, as well as the number of local construction jobs created.
4. **Post implementation support and sustainability** - Complement any capital development or investment with urban management initiatives and models.
5. **Impact Assessment / monitoring and evaluation** - Analyse, review and quantify private sector investment in various JDA intervention areas, and assess the socio-economic impact of these interventions. This is achieved through, among others, analyses of property market trends and factors that influence investor interest in JDA development areas. Value for money assessment

The JDA has aligned the main elements of our work and highlights the flow between them:



FIGURE 2: DEVELOPMENT PROCESS / LIFECYCLE

The following diagram unpacks the JDA's value creation process to illustrate how the JDA has aligned its activities and efforts to achieve expected results by structuring the main elements of our work.

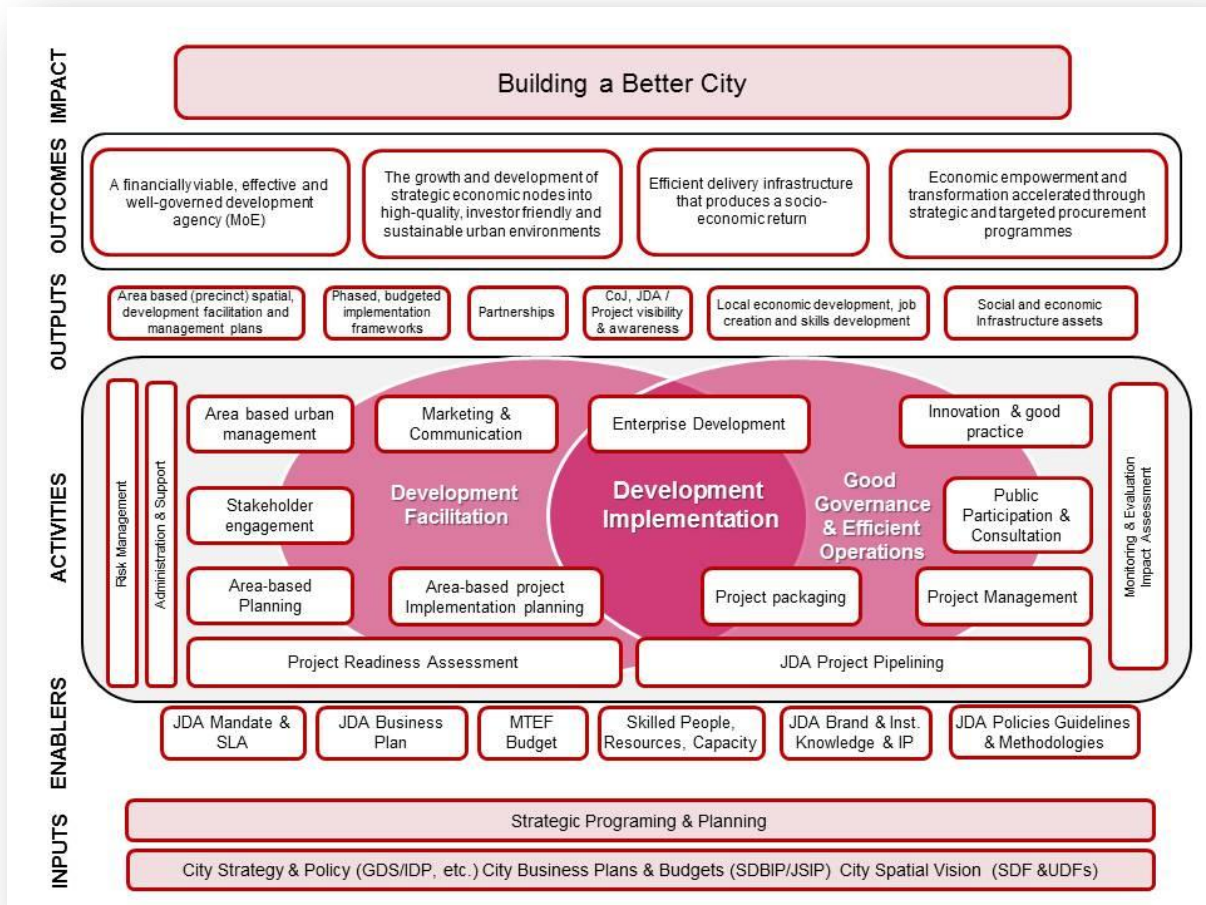


FIGURE 3: JDA'S VALUE CREATION PROCESS

SECTION 3: SALIENT FEATURES

Performance Summary

- The overall year to date capex expenditure at the end of the first quarter was R89.9 million against a budget of R1.759 billion. This translates to 5.11% of the total annual budget and 104% against the first quarter target of R 87 million.
- The organisation achieved 105% (2016/17: 35%) of the budgeted revenue and 106% (2016/17: 82%) of the budgeted operational expenditure. The revenue variance is mainly due to development management fees that was budgeted on an overall capital spend of 5% of which the actual percentage spend is 5.11%. Included in the over-expenditure on operational costs is R9 million is interest being charged on an overdraft balance with the City of Johannesburg. A request for a reduction in these costs has been made to the City. This is based on the gap between when these payments are made and when the City actually reimburses the JDA. The JDA is required to implement projects with cash flow reserves that are currently held by the client departments.
- The first quarter report has been prepared against the JDA’s 2017/18 business plan and scorecard. On the JDA’s 19 Strategic KPI’s, JDA achieved 84% targeted performance achieved, 0% performance target partially achieved and 16% performance target not achieved.
- Within the First Quarter of the 2017/18 financial year, the overall BBBEE share of expenditure was R 78 272 335.01. This translates into an achievement of 100% BBBEE claimed against the quarterly expenditure.
- Within the First Quarter of the 2017/18 financial year the SMME share of JDA’s operating and capital expenditure was R 52 241 748.78 for the period 01 July 2017 to 30 September 2017. This constitutes an achievement of 67% for the period under review (Capex R 51 226 349.70 or 66%; Opex R 1 015 399.08 or 82%

TABLE 3: CAPITAL BUDGET MANAGEMENT OVERALL PROGRAMME PERFORMANCE

Overall Programme Performance	2017/18 Annual Budget	Target YTD	Actual YTD	YTD Target %	% Actual / annual budget Expenditure
	R' 000	R' 000	R'000	%	%
Overall Programme Performance	1 759 380	86 854	89 921	104%	5.11%

The overall year to date capex expenditure at the end of the first quarter was R89.9 million against a budget of R1.759 billion. This translates to 5.11% of the total annual budget and 104% against the first quarter target of R 87 million.

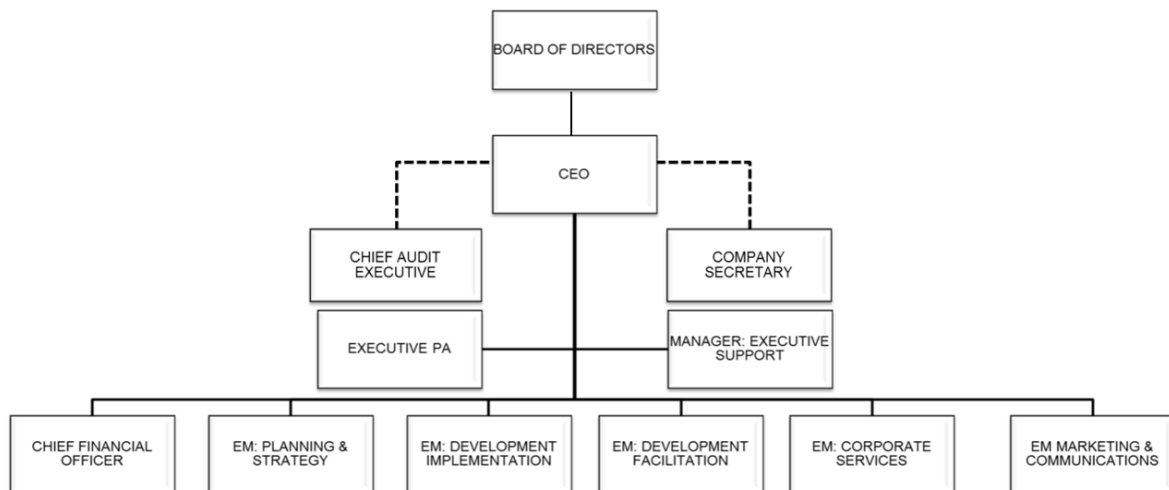
TABLE 4: OPERATING BUDGET MANAGEMENT¹

	2017/18	Year to date		% Achievement against target	% Achievement for Annual
	Original Budget	Target	Actual		
Revenue (R'000)	108 409	11 009	11 600	105%	11%
Costs (R'000)	108 409	27 102	28 744	106%	27%
Net surplus/(deficit)	-	(16 094)	(17 144)		

SECTION 4: HIGH-LEVEL ORGANISATIONAL STRUCTURE

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

TABLE 5: HIGH LEVEL ORGANISATION STRUCTURE



¹ This measures effective budget control of operating costs (indicated by budget variances). In respect of effective budget control of operating costs, a target of 0% over expenditure has been set.

SECTION 5: CHAIRPERSON'S FOREWORD

As the JDA concludes the first quarter of 2017/18, it is clear that the multi-year planning, budgeting and contracting system continues to yield efficient results in the JDA's expenditure patterns and first quarter results. Capital expenditure is at 5.11% or R89.9 million against a budget of R1.759 billion.

The JDA management team is faced with the need to nurture the growth of the organisation and its increasing budget; ensure that JDA effectively and efficiently manages the expectations and perceptions of all stakeholder groups throughout the development cycle. Every area-based development undertaken by the JDA is to be supported by development facilitation functions in the pre-development and post-development phases to enhance the value added by the capital works interventions and improve the longer-term sustainability of the capital investment. We give much emphasis to precinct-based development, working with stakeholders to enhance areas and address local challenges and needs in a sustainable way through our capital investments. By providing clear and regular communication and mobilisation activities, explaining the purpose, scope and outcomes of each project to reduce misunderstanding and misinformation; and manage a very important development agency that is instrumental in the work needed to achieve the spatial and economic goals set out in the Joburg 2040 GDS, and the New Strategic Agenda guiding the CoJ.

We recognise there will be challenges that this organisation will face in the year ahead and we are closely working with management to focus on improving capacity requirements and supporting structures, processes and systems in 2017/18 that aim to mitigate challenges and help in achieving the performance expected of the JDA.



Mr. Cassim Coovadia
Chairperson
13th October 2017

SECTION 6: ACTING CHIEF EXECUTIVE OFFICER'S REPORT

The JDA, as an area-based development agency, continues to both deepen its efforts as well as catalyse new development that supports the spatial transformation of the City of Johannesburg. While the JDA continues to make strides in place-making i.e. the multi-faceted approach to the planning, design and management of public spaces by unlocking a local community's assets, inspiration, and potential, with the intention of creating public spaces that promote people's health, happiness, and well-being, and the development of key City infrastructure, it is the people at the JDA who make the JDA. It is therefore fitting to recognise the contribution of Mr Thanduxolo Mendrew. The end August 2017 was Mr Mendrew's final day as CEO of the organisation. He had been at the JDA for almost ten years, with five of that as the CEO.

The role of the JDA is significant, to illustrate, in 2016/17 JDA implemented capital projects to the value of R1,39 billion (2015/16: R1.481 billion and 2014/15: R1.482 billion), and this translates into over R115 million being spent each month on average.

This First Quarter report has been prepared against the JDA's 2017/18 business plan and scorecard in order to be submitted to the City. The 2017/18 business plan is closely aligned with the CoJ SDF, the IDP and the City's New Strategic Agenda 2016-2021.

In terms of development progress for the first quarter of 2017/18, the JDA continued its support of the City's strategic priorities through its focus in the Inner City, in transport nodes or TOD precincts, in public transit and mobility infrastructure along the corridor routes and in on-going investments in marginalised areas including Alexandra, Ivory Park, Noordgesig and Westbury. The major driver of capital expenditure per programme were - In Programme 1: Inner city transformation, particular projects in the Hillbrow Tower Precinct and the in the Inner City Core; in Programme 2: Strategic economic nodes the Rotunda Park Precinct; in Programme 3: Public infrastructure delivery the Sandton Loop Project and the Phase 1C Section 15 Roadworks Phase 2. Most of the developments in Programme relate to the Rea Vaya BRT system and commuter rail services. These projects are being implemented by small construction companies, which mean that the large-scale infrastructure spending is also benefiting local businesses and creating local job opportunities.

In terms of Development Facilitation and Planning, the MOU with TUHF has been finalised and agreed upon actions set out for taking the partnership forward and with plans that are ready for future development submitted to the City for the Mayfair/Fordsburg Precinct and for the Inner City Eastern Gateway.

The JDA also contributed to job creation in the built environment sector in Johannesburg, and local SMMEs' development and BBBEE, exceeding both its 30% SMME target and achieving the 100% BBBEE.

The first quarter report has been prepared against the JDA's 2017/18 business plan and scorecard. On the JDA's 19 Strategic KPI's, the JDA achieved 84% targeted performance achieved, 0% performance target partially achieved and 16% performance target not achieved.



Christo Botes

Acting Chief Executive Officer

13th October 2017

SECTION 7: CHIEF FINANCIAL OFFICER’S REPORT

For the quarter ended 30 September 2017 actual deficit was R17.1 million (2016/17: R15 million deficit) against a budgeted deficit of R16.1 million (2016/17: R20 million).

The organisation achieved 105% (2016/17: 35%) of the budgeted revenue and 106% (2016/17: 82%) of the budgeted operational expenditure. The revenue variance is mainly due to development management fees that was budgeted on an overall capital spend of 5% of which the actual percentage spend is 5.11%. Included in the operational costs is R9 million interest charges the overdraft balance with the City of Johannesburg. A request for a reduction in these costs has been made to the City. This is based on the gap between the payments that are made to service providers and when the City actually reimburses the JDA for this expenditure. The JDA is required to implement projects with cash flow reserves that are currently held by the client departments. Actual capital expenditure for the quarter ended 30 September 2017 was R89.9 million (2016/17: R99 million) against a budget of R1.759 billion (2016/17: R1.78 billion). This represents 5.11% (2016/17: 6%) of the overall annual budget. There are various factors that affect the projects overall, such as poor contractor performance, community disruptions and internal procurement deficiencies.

The organization’s total assets exceeded the total liabilities. The total net assets at 30 September 2017 was R55.5 million (2016/17: R50.2 million). The net assets include accumulated reserves of R39.2 million (2016/17: R33.8 million). The table below reflects the financial position and financial performance of the organization for the first quarter under review.

TABLE 6: KEY PERFORMANCE RATIOS

Key Performance Area	Key Performance Target	Actual 30 September 2016	Actual 30 September 2017
Current ratio	Above 1 : 1	1.11:1	1.07 : 1
Solvency ratio	Above 1 : 1	1.07:1	1.05 : 1
Salaries to expenditure ratio	Below 60%	62%	64%
Revenue	R108.4 million	R9.2 million	R11.6million
Expenditure (including taxation)	R108.4 million	R24 million	R28.7 million
Surplus / (Deficit)	R nil	(R15 million)	(R17.1 million)
Total net assets	R47.4 million	R50.2 million	R55.5 million
Capital expenditure	95%	6%	5%

The overall liquidity and solvency position of the JDA although lower than the prior year is still above the current industry norms. The main contributing factor to the overall decrease in comparison to the prior year is the higher treasury loan balance as at end of September 2017.

The remuneration ratio is higher than the norm which is mainly as a result of a lower overall expenditure. The JDA is primarily a service-orientated entity as the majority of the operational costs relate to employee remuneration.

Sherylee Moonsamy CA (SA)
Acting Chief Financial Officer
13th October 2017



CHAPTER 2: CORPORATE GOVERNANCE

SECTION 1: CORPORATE GOVERNANCE STATEMENT

Governance Framework

The JDA recognises that conducting its affairs with integrity will ensure that the public and its parent municipality, the CoJ Metropolitan Municipality, have confidence in its work. To that end the JDA's Board of Directors and executive management team subscribe to the governance principles set out in the Code of Conduct for Directors referred to in section 93L of the Municipal Systems Act, circular 63 of the MFMA and the King IV code.

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

JDA's Governance Arrangements

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

The JDA must perform according to a service delivery agreement and performance objectives set by the City of Joburg.

The JDA's management is accountable for strategic and operational matters to the Board of Directors, which controls and maintains a fiduciary relationship with the company. The JDA coordinates its area-based development activities and other catalytic interventions with the Department of Development Planning and engages with client departments in the design and construction of infrastructure assets.

The Legislative framework

The legislative framework for municipal entities came into effect through amendments to the Municipal Systems Act (MSA) and the passing of the Municipal Finance Management Act (MFMA). The new provisions of the MSA, including Chapter 8A, came into effect on 1 August 2004. The bulk of the provisions of the MFMA took effect on 1 July 2004 with some transitional provisions based on municipal capacity. The MSA defines three types of entities that may be established by a municipality with effect from 1 August 2004, namely private company, service utility or multi-jurisdictional service utility. Before the MSA and MFMA requirements took effect, municipalities used various arrangements to deliver services and manage functions. These included trusts, section 21 companies and private companies. In view of the legislative framework, municipalities are required to review these structures and either convert them to an entity or disestablish them if they are no longer required. A review would cover such things as the appropriateness of governance structures to provide effective municipal oversight, accountability and transparency.

Implementation of King IV

The Board and management team are committed to the principles of openness, integrity and accountability advocated by the King Code. The JDA made progress during the reporting period towards entrenching and strengthening the implementation of the recommended practices in its governance structures, systems, processes and procedures. The internal audit team provided regular feedback to the Audit and Risk Committee, which is responsible for monitoring compliance with the King Code.

The entity applies the governance principles contained in King IV as far as it applies to it and continues to further entrench and strengthen recommended practices in its governance structures, systems, processes and procedures. The Board of Directors and Executives recognise and are committed to the principles of openness, integrity and accountability advocated by the King IV Code on Corporate Governance. Through this process, shareholders and other stakeholders may derive assurance that the entity is being ethically managed according to prudently determined risk parameters in compliance with generally accepted corporate practices. Monitoring the entity's compliance with King IV Code on Corporate Governance forms part of the Shareholder mandate of the Audit and Risk Committee. The entity has complied with the Code in as far as it applies to it during the period under review.

The Board of Directors has incorporated the City of Johannesburg's Corporate Governance Protocol in its Board Charter, which inter alia regulates its relationship with the City of Johannesburg as its sole member and parent municipality in the interest of good corporate governance and good ethics.

The Protocol is premised on the principles enunciated in the King IV Report on Corporate Governance for South Africa 2016 (King IV). The Entity steadfastly consolidated its position in respect of adherence to the King IV report on Corporate Governance. The entity practices are, in most material instances, in line with the principles set out in the King IV. Ongoing steps are however taken to align practices with the King IV's recommendations and the Board of Directors continually reviews progress to ensure that the entity improves its Corporate Governance. During the year under review the Company entrenched its risk management reviews, reporting and compliance assessments were conducted in terms of the Companies Act, the Municipal Systems Act (MSA) and the Municipal Finance Management Act (MFMA). The annual Board assessments and evaluations were conducted and an annual report for the previous year was effectively completed in accordance with section 121 of the Municipal Finance Management Act.

Ethical Leadership

The board provides effective leadership based on a principled foundation and the entity subscribes to high ethical standards. Responsible leadership, characterised by the values of responsibility, accountability, fairness and transparency, has been a defining characteristic of the entity since the company's establishment in 2001.

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

Corporate citizenship

As an entity of a municipality, the JDA has social and moral obligations to the citizens. The Board is responsible for ensuring that the JDA protects, enhances and invests in the economy, society and the natural environment, and pursues its activities within the limits of social, political and environmental responsibilities outlined in international conventions on human rights.

Compliance with laws, rules, codes and standards

The Board is responsible for ensuring that the entity complies with applicable laws and considers adherence to non-binding rules, codes and standards. The company secretary certifies that all statutory returns have been submitted to the Registrar of Companies in terms of section 268(d) of the Companies Act. The internal audit team provides assurance on the JDA's compliance with laws and regulations.

Citizen Involvement in Plan-Making and Project Implementation

The City and the JDA is continually working on ensuring more involvement of communities and individuals in the preparation of plans and project implementation, and a better interface between officials and the public.

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

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

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

The local Ward Councillor, Ward Committees and residents' associations are the key link for citizens to get involved in public participation processes in planning and project development.

The Board of Directors of the JDA subscribes to good corporate governance expressed in the King Code and the Code of Conduct for Directors referred to in section 93L of the Municipal Systems Act, 2000 (MSA). The Board recognises the need to conduct the affairs of the municipal entity with integrity to ensure increased public confidence and the confidence of its parent municipality. It is the policy of the Board to actively review and enhance the entity's systems of control and governance on a continuous basis to ensure that the entity is managed ethically and within prudently determined risk parameters.

SECTION 2: BOARD OF DIRECTORS

The JDA has a unitary board, which comprises both executive and non-executive directors. Cassim Coovadia is chairperson of the Board and a non-executive director. The JDA's sole shareholder, the CoJ, reviews the term of office for non-executive directors every year at the annual general meeting.

The Board is accountable to the CoJ and the citizens of Johannesburg. A service delivery agreement and shareholder compact, concluded in accordance with the provisions of the Municipal Systems Act, govern the entity's relationship with the CoJ. The Board provides monthly, quarterly, biannual and annual reports on its performance and service delivery to the parent municipality as prescribed in the service delivery agreement, the shareholder compact, the MFMA and the Municipal Systems Act.

Non-executive directors maintain an independent stance to matters under consideration and add to the Board's depth of experience. The roles of the chairperson and chief executive officer are separate, with responsibilities divided between them. Members have unlimited access to the company secretary, who acts as

an advisor to the Board and its committees on matters such as corporate governance, compliance with company rules and procedures, statutory requirements, regulations and best corporate practices.

The Board or any of its members may, under appropriate circumstances and at the expense of the company, obtain the advice of independent professionals.

Shortcomings are addressed and areas of strength are consolidated during an annual Board evaluation. The performance of the Board committees is evaluated against their terms of reference.

The Board of Directors consist of the following members as appointed at the Annual General Meeting (AGM) of the shareholder held on 16 March 2017:

TABLE 7: JDA BOARD OF DIRECTORS AT THE END OF THE FIRST QUARTER:

Board member	Capacity: Executive/non-executive	Race	Gender	Board committee membership
C Coovadia	Chairperson (Non-executive)	Indian	Male	Development and Investment
K Govender	Non-executive	Indian	Male	Audit and Risk (Chair) Development and Investment
P Masilo	Non-executive	Black	Male	Human Resources and Remuneration Social and Ethics
T Mendrew Resigned as at 31 August 2017	CEO (Executive)	Black	Male	Development and Investment Social and Ethics
P Zagaretos	Non-executive	White	Male	Development and Investment (Chair) Social and Ethics
P Mashele	Non-executive	Black	Male	Human Resources and Remuneration Social and Ethics (Chair)
N Ngwenya	Non-executive	Black	Female	Development and Investment Social and Ethics
L Shole	Non-executive	Black	Female	Development and Investment Human Resources and Remuneration
A Steyn	Non-executive	Coloured	Male	Audit and Risk Development and Investment
M Qobo	Non-executive	Black	Male	Audit and Risk Human Resources and Remuneration (Chair)

The following members were reappointed as Independent Audit Committee members at the AGM:

- (i) Ms Modi Dolamo;
- (ii) Ms Keabetswe Onouka; and
- (iii) Mr Zukisani Samsam

Together, the JDA directors have a range of different skills and experience that they bring to bear for the benefit of the entity. These include accounting, finance, legal, business management, human resources and labour relations, marketing, construction and development management. The Board meets regularly, retains full and effective control over the company and monitors the implementation of the company's strategic programmes by the executive management through a structured approach of reporting and accountability. It sets the strategic direction of the JDA and monitors overall performance. All JDA's Board Committees are chaired by non-executive directors. JDA monitors overall performance.

SECTION 3: BOARD COMMITTEES

Board Meeting Attendance

The Board meets not less than four times a year to consider matters specifically reserved for its attention.

Indicated in the table below are the Board and committee’s meetings held during the period under review. Attendance at meetings held during the quarter under review was as follows:

TABLE 8: BOARD AND BOARD COMMITTEE MEETINGS & ATTENDANCE (1 JULY 2017 – 30 SEPTEMBER 2017)

Name	Board				Audit & Risk				Development & Investment				HR & Remco				Social & Ethics			
	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent
C Coovadia	3	3	0	0	N/A	N/A	N/A	N/A	2	1	1	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
K Govender	3	2	1	0	3	2	1	0	2	2	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
P Masilo	3	3	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	1	0	0	1	1	0	0
T Mendrew (resigned as at 31 August 2017)	3	3	0	0	2	2	0	0	1	1	0	0	1	1	0	0	1	1	0	0
P Zagaretos	3	3	0	0	N/A	N/A	N/A	N/A	2	1	1	0	N/A	N/A	N/A	N/A	1	1	0	0
L Shole	3	0	3	0	N/A	N/A	N/A	N/A	2	1	0	0	1	1	0	0	N/A	N/A	N/A	N/A
P Mashela	3	3	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	1	0	0	1	1	0	0
N Ngwenya	3	3	0	0	N/A	N/A	N/A	N/A	2	2	0	0	N/A	N/A	N/A	N/A	1	1	0	0
M Qobo	3	2	1	0	3	1	2	0	N/A	N/A	N/A	N/A	1	1	0	0	N/A	N/A	N/A	N/A
A Steyn	3	3	0	0	3	2	1	0	2	2	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Name	Board				Audit & Risk				Development & Investment				HR & Remco				Social & Ethics			
	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent
M Dolamo (Independent Audit & Risk member)	N/A	N/A	N/A	N/A	3	3	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
K Onuoka (Independent Audit & Risk member)	N/A	N/A	N/A	N/A	3	2	1	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Z Samsam (Independent Audit & Risk member)	N/A	N/A	N/A	N/A	3	3	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Board Committees

The following committees have been formed, each of which is chaired by a non-executive director.

- Audit and Risk Committee
- Social and Ethics Committee
- Human Resources and Remuneration Committee
- Development and Investment Committee

Each committee composition is as follows:

TABLE 9: BOARD COMMITTEES FOR THE PERIOD (1 JULY 2017 – 30 SEPTEMBER 2017)

Composition	Mandate and Quarterly Activities
Audit and Risk Committee	
<p>The Audit and Risk Committee, which consists of three non-executive directors and three independent members, meets not less than four times a year. Most members of this committee are financially literate. The following members served on the committee during the period under review:</p> <ul style="list-style-type: none"> • K Govender (Chairperson) • M Qobo • A Steyn • Z Samsam (Independent Member) • M Dolamo (Independent Member) • K Onuoka (Independent Member) 	<p>The committee has specific responsibility for ensuring that all activities of the JDA are subject to independent and objective review and financial performance oversight. The Audit and Risk Committee has a Charter with clear terms of reference as guided by the provisions of Section 166 of the MFMA. The Committee has the following responsibilities:</p> <ul style="list-style-type: none"> Reviewing JDA’s internal controls, publishing financial reports for statutory compliance and against standards of best practice, and recommending appropriate disclosures to the Board. Reviewing reports from management, internal and external auditors, to provide reasonable assurance that control procedures are in place and are being followed. Reviewing the half-yearly and annual financial statements before submission to the Board, focusing particularly on any changes in accounting policies and practices.
Development and Investment Committee	
<p>The following members served on the committee during the period under review:</p> <ul style="list-style-type: none"> • P Zagaretos (Chairperson) • C Coovadia • A Steyn • N Ngwenya • K Govender • L Shole • T Mendrew (resigned as at 31 August 2017) 	<p>Meetings are held on a bi-monthly basis or as required by the Chairperson. The Committee is responsible for evaluating development proposals with a view to making recommendations for approval to the Board. This entails examining risks associated with the proposed projects such as the financing, returns and projects risk profiles.</p>
Human Resources and Remuneration Committee	

Composition	Mandate and Quarterly Activities
<p>In line with the best practice of corporate governance, the Board maintains a Human Resources & Remuneration Committee (HR & REMCO), comprising of 4 (four) non-executive directors and chaired by a non-executive director. It is responsible for directing human resources policies and strategies for the organisation and approving the remuneration for the Chief Executive Officer, senior executives and staff. The following members served on the committee during the period under review:</p> <ul style="list-style-type: none"> • M Qobo (Chairperson) • P Masilo • L Shole • P Mashele • T Mendrew T Mendrew (resigned as at 31 August 2017) 	<p>The committee meets not less than 4 (four) times a year. The executive directors are excluded from the HR & Remuneration Committee when matters relating to their remuneration are discussed. The committee ensures that the remuneration of the Chief Executive Officer and senior management are within the upper limits as determined by the City of Johannesburg in accordance with the provisions of Section 89(a) of the MFMA.</p> <p>The remuneration of the Chairperson, the non-executive directors and independent audit committee members is determined by the parent municipality.</p>
Social and Ethics Committee	
<p>The following members served on the committee during the period under review:</p> <ul style="list-style-type: none"> • P Mashele (Chairperson) • P Zagaretos • P Masilo • N Ngwenya • T Mendrew T Mendrew (resigned as at 31 August 2017) 	<p>The Social and Ethics Committee is responsible for acting as the social conscience of the business and ensuring that the company conducts itself as a responsible corporate citizen. This means ensuring that the JDA conducts its business in a sustainable manner, having regard for the environment, fostering healthy relationships with all its stakeholders and considering the impact of its work within the community. This committee also considers the treatment of and investment in employees, health and safety practices, black economic empowerment and the ethical corporate culture.</p>

Duties of the Board

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

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

Board charter

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

SECTION 3: DIRECTORS AND PRESCRIBED OFFICERS REMUNERATION

The JDA remunerates the non-executive directors and independent audit committee members in accordance with the policy and in the amounts determined from time to time by the City of Johannesburg Metropolitan Municipality, acting in its capacity as the sole shareholder of the JDA. The foregoing position was reaffirmed by special resolution at the 2016 annual general meeting. The non-executive directors and independent audit committee members are paid per meeting. Executive directors and prescribed officers are employees of the JDA and do not receive any additional remuneration by reason of their office. The table below reflects the gross or cost to company amounts paid by the JDA in relation to non-executive directors' and independent audit committee members' fees.

SECTION 3: DIRECTORS & PRESCRIBED OFFICERS REMUNERATION

TABLE 10: EXECUTIVE DIRECTOR'S, SENIOR MANAGEMENT AND NON-EXECUTIVE DIRECTOR'S & INDEPENDENT AUDIT COMMITTEE MEMBERS REMUNERATION AND ALLOWANCES FOR THE FIRST QUARTER 2017/18 (1 JULY – 30 SEPTEMBER 2017)

Name	Designation	Salary/Board Fees	Pension	Bonus/Board Retention Fees	Travel allowance	Total
Executive Directors & Senior Management						
T Mendrew (Resigned 31 August 2017)	CEO	451 457				451 457
Z Tshabalala	CAE	278 656	13 584			292 241
D Cohen	EM: Strategy & Planning	314 780	15 346			330 125
R Shirinda	Company Secretary	353 437	14 358			367 795
C Letter	EM: Alexandra Renewal Programme	335 595				335 595
C Botes	EM: Development Facilitation	301 075			7 500	308 575
N Mudlovhedzi	Senior Development Manager	278 890	19 034			297 924
P Mkhize	Senior Development Manager	284 075	13 849			297 924
S. Genu	EM: Development Implementation	410 758	20 024			430 782
Sub-Total		3 008 722	96 196	-	7 500	3 112 418
Non-Executive Directors & Independent Audit Committee Members						

Name	Designation	Salary/Board Fees	Pension	Bonus/Board Retention Fees	Travel allowance	Total
C Coovadia	Chairperson	80 000				80 000
P Masilo	Board Member	60 168				60 168
M Qobo	Board Member	57 125				57 125
N Ngwenya	Board Member	75 209				75 209
A Steyn	Board Member	54 084				54 084
K Govender	Board Member	82 084				82 084
P Mashele	Board Member	75 209				75 209
P Zagaretos	Board Member	54 084				54 084
L Shole	Board Member	36 168				36 168
M Dolamo	Independent Audit and Risk Committee Member	7 605				7 605
K Onuoka	Independent Audit and Risk Committee Member	-				-
Z Samsam	Independent Audit and Risk Committee Member	7 605				7 605
Sub-Total		589 341	-	-	-	589 341
TOTAL		3 598 063	96 196	-	7 500	3 701 759

The directors' emoluments were taxed according to South African Revenue Services' guidelines.

Loans and advances

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

SECTION 4: COMPANY SECRETARIAL FUNCTION

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

The company secretary is responsible for the flow of information to the Board and its committees and ensures compliance with Board procedures. In addition to various statutory functions, the company secretary provides individual directors and the Board as a whole with guidance on their duties, responsibilities and powers, as

well as the impact of legislative and regulatory developments, while maintaining an arm's-length relationship with the Board.

The Board has empowered the company secretary with the responsibility of advising the Board, through the chairperson, on all governance matters, including the duties set out in section 88 of the Companies Act.

The company secretary's work covers a wide variety of functions, including but not limited to:

- Organising, preparing agendas, and taking minutes of meetings;
- Dealing with correspondence, collating information, writing reports, ensuring decisions made are communicated to the relevant people;
- Advising the Board and management on corporate governance matters;
- Contributing to meeting discussions, as and when required; and
- Arranging the annual general meetings.

SECTION 5: RISK MANAGEMENT

The JDA's Board monitors risk through the Audit and Risk Committee, which ensures that there is an effective risk management process and system in place. The committee recommends risk strategies and policies that need to be set, implemented and monitored. The JDA Board is responsible for identifying, assessing and monitoring the risks presented by the Audit and Risk Committee.

The JDA has a risk management strategy, which follows an enterprise-wide risk management system in which all identified risk areas are managed systematically and continuously on an on-going basis at departmental level. The risk register is treated as a working risk management document because risks are constantly recorded and managed. Management monitors and evaluates the implementation and efficiency of controls and actions to improve current controls in the risk register.

The JDA submits its risk management reports to the CoJ's Group Risk and Governance Committee. The committee assesses all risk affecting the CoJ and its municipal entities in a holistic manner and makes recommendations to the City Manager and Council on the general effectiveness of risk management processes in the City of Johannesburg.

Risk Management Process

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

The following risk management programmes and/or activities continue to be implemented during the first quarter of 2017/2018 financial year are as follows:

- Strategic Risks Management and Monitoring
- Operational Risks Management and Monitoring

- Universal Regulatory Register (URR) and Compliance Monitoring
- Audit Tracking Reports and Monitoring
- Reviewed Fraud Risk Register
- Ethics Management Risk

The Executive Committee and the Audit and Risk Committee will continue to monitor the implementation of the documents listed above to ensure that the organisation is proactive in addressing risks and strengthening its internal control environment.

Progress as at First Quarter 2017/18:

- Strategic risk identification for 2017/18 was done and presented to EXCO Audit and Risk and the Board Committee in conjunction with Annual Plan for 2017/18.
- Strategic Risks are continuously monitored by management and governance structures provide oversight on a quarterly basis.
- Approval of the Risk Management Policy, Risk Management Framework, and Risk Strategy
- Currently reviewing Fraud Risk Management Policy and Fraud Prevention Plan will be submitted to next EXCO and Audit and Risk Committee for approval
- Risk Tolerance and Appetite Framework approved by EXCO and submitted to the Audit Risk Committee (ARC) on the 07th of September 2017 for approval, however ARC has requested that the Framework be revised and submitted to the next meeting.

Of significant importance is the amendment of Tracking and Monitoring of Audit findings in terms of implementation of committed plans, from quarterly to monthly monitoring. This is a critical change that will , apart from ensuring efficiency in resolution of internal audit findings, significantly further enhance the JDA process environment .This is a clear demonstration of management's commitment to not only improving process efficiencies but also ensuring that there are effective controls around these processes.

SECTION 6: INTERNAL AUDIT FUNCTION

The Internal Audit Function (IAF) subscribes to and accepts the mandatory nature of the definition of internal audit as defined by the International Standards for the Professional Practice of Internal Audit ("ISPPIA") which defines internal audit as "an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization achieve its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."

The key objectives of the Internal Audit Function is to assist the Audit & Risk Committee in the effective discharge of their responsibilities, provide strategic support to the Chief Executive Officer ("CEO") and management that contributes towards the establishment of adequate and effective systems of governance, risk management and internal control processes through providing value adding recommendations to improve the effectiveness and efficiency of the operations of the JDA.

It is within this context that the IAF strives to continuously strengthen and understand its stakeholders, their specific requirements and business drivers so that there is continuous strategic alignment and value add to long term and short term goals.

The chart below serves to indicate an overview of the progress made for the period 01 July 2017 to 30 September 2017 against the 2017/18 Internal Audit Plan.

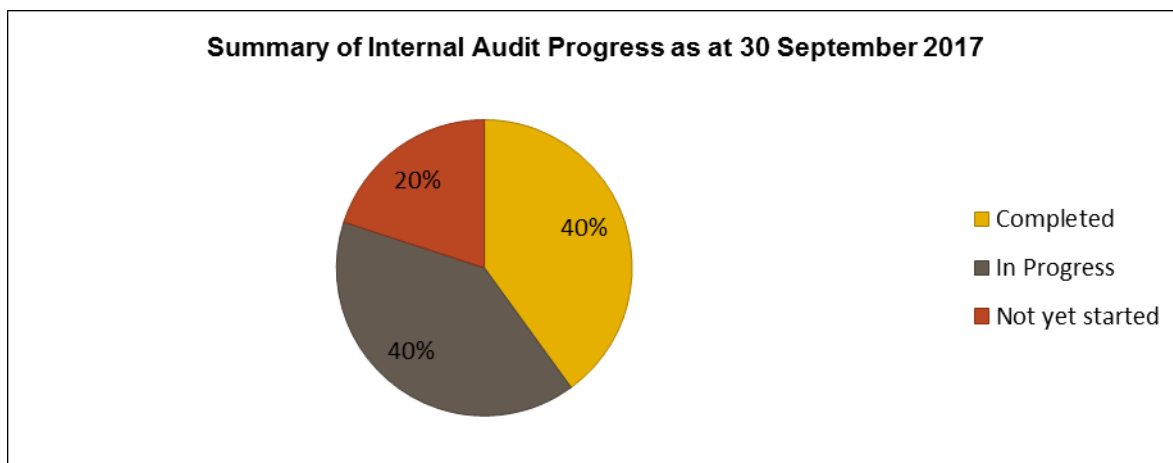


FIGURE 4: INTERNAL AUDIT PROGRESS AS 30 SEPTEMBER 2017

The scope of the internal audit progress to which this report relates to is for the 01 July 2017 to 30 September 2017; the report includes progress on the planned audit projects executed as well as special audit requests (if any) that were undertaken during the reporting period. In this reporting period, there were five (5) audits that were undertaken. Of these 5 audits; 2 (40%) were completed, 1(20%) has not yet started and 2 (40%) are in progress.

TABLE 11: PROGRESS MADE AGAINST THE APPROVED 2017/18 ANNUAL INTERNAL AUDIT PLAN

No.	Audit Description	Progress as at 30 September 2017	Progress Comments
1.	Review of the Draft 2016/17 Annual Financial Statement	Completed	Audit Completed. Final Report issued to the Audit and Risk Committee.
2.	Review of the 2016/17 Annual Integrated Report	Completed	Audit Completed. Final Report issued to the Audit and Risk Committee.
3.	Review of tender above R5 million • Jabulani TOD Phase 6A	In progress	Audit is at reporting stage.
4.	Follow up on Internal Audit Findings	In progress	Audit at reporting stage.
5.	SAP HCM pre-implementation review - data migration review.	Not yet started	Audit at planning stage.

All the areas for improvement identified through the audit efforts were communicated to management through the internal audit reports. Management continues to ensure that internal audit findings are resolved, through the implementation of recommendations and the agreed upon action plans. On a quarterly basis Internal Audit, also conducts a follow-up on the implementation of Internal and External audit recommendations. These reports are presented to the Audit and Risk Committee, who monitors the progress made by management on the implementation of recommendations and action plans.

SECTION 7: CORPORATE ETHICS AND ORGANISATIONAL INTEGRITY

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

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

Code of Conduct

The JDA's code of conduct, which is fully endorsed by the Board, applies to all directors and employees. The code is consistent with schedule 1 of the Municipal Systems Act and the provisions of the CoJ corporate governance protocol for municipal entities.

The code is regularly reviewed and updated as necessary to ensure that it reflects the highest standards of behaviour and professionalism. Through its code of conduct, the JDA is committed to:

- The highest standards of integrity and behaviour in all its dealings with its stakeholders and society at large.
- Fair commercial and competitive business practices.
- Eliminating discrimination and enabling employees to realise their potential through continuous training and skills development.
- Taking environmental and social issues into consideration.
- Ensuring that all directors declare any direct or indirect personal or business interest that might adversely affect them in the proper performance of their stewardship of the entity.

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

Declaration of interest

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

The JDA's employee code of ethics and terms and conditions of employment require all employees to complete declarations of interest covering shareholding in private companies, membership of close corporations, directorships held, partnerships and joint ventures, remunerative employment outside of the JDA, gifts and hospitality, and the status of their municipal accounts.

The JDA has a whistle-blowing hotline number, which it advertises in the offices and on its website. In addition, all JDA tender documents urge people to report fraudulent activities or maladministration by JDA employees on the hotline.

SECTION 8: CORPORATE SOCIAL RESPONSIBILITY (CSR) REPORT

The JDA has planned three CSR projects for this financial year with an annual budget of R405 259. In the First Quarter two food gardens have been established at Westbury Primary and Bernard Isaacs Schools in Westbury and Coronationville.



Westbury's food garden is almost ready for harvesting!

JDA as part of CSI project, has been working with the Westbury teachers, students and the community to establish a food garden. Now kids at this primary school will be served fresh vegetables as part of their lunch on a daily basis

JDA giving Bernard Isaacson Primary all the support it needs to start up a food garden. Having teachers with green fingers certainly helped to get the project off the ground!!

FIGURE 5: JDA SPONSORED FOOD GARDEN PROJECTS

The total budget for these food gardens is R137 766.67.

SECTION 9: SUSTAINABILITY REPORT

The Joburg 2040 GDS is driven by the goal of capable and capacitated communities and individuals. With this realised, the CoJ will be able to become a more sustainable, inclusive city in which people hold the potential and means to grow their neighbourhoods, their communities and themselves. A balanced focus on environmental management and services, good governance, economic growth, and human and social development will help in achieving a resilient and sustainable city – and a city in which all aspire to live.

The JDA's area-based development approach has evolved over the last 12 years. It begins by identifying the local competitive advantages, development needs and opportunities within the development area. Capital works projects are then used to catalyse private investment, enterprise and neighbourhood development. This area-based development approach ensures the long-term sustainability of the capital assets created by ensuring a greater focus on developing strategic capital works projects, facilitating development to increase the impact of public investments, and establishing urban management partnerships to ensure the sustainability of the public investments.

During the first quarter of 2017/18, the JDA continued working closely with the Department of Development Planning to communicate the strategic vision for the TOD corridors and the CoJ's spatial transformation objectives. The JDA also participated in stakeholder engagement regarding spatial transformation and urban planning and development of good practices.

Environmental Impact

Environmental sustainability plays an integral part in all of the JDA's development projects, which all comply with environmental impact regulations. To minimise their environmental impact, all professional teams involved in preparing designs for the JDA are briefed to include the following environmental considerations:

- The design of more permeable ground surfaces and soakaways or swales to reduce the storm-water run-off in areas upgraded by the JDA to achieve sustainable urban drainage standards.
- Indigenous and water-wise planting in all landscaping interventions in compliance with City Parks requirements. These interventions are currently being implemented on most of JDA's public environment update, complete streets and BRT related projects across the City.
- The environmental design for crime prevention guidelines as promoted by the City Safety Programme.
- Environmental construction and infrastructure options such as energy-efficient lighting and rainwater harvesting. This design intervention is currently being explored on JDA's BRT Depots and some Public Health Clinics that are at design stage.
- Environmental health regulations for informal trading where the JDA upgrades trading and taxi facilities. Currently the JDA has four projects relating to the upgrading of Informal Trading and six projects relating to upgrading of Taxi Facilities.
- Including urban environmental management as an integral part of the urban regeneration projects that the JDA implements, such as the upgrading of parks, the construction of storm-water facilities and public transport infrastructure and facilities. Currently the JDA has more than six projects that focus on urban regeneration and public environment upgrades with more emphasis on Randburg, Orange Grove and Inner City

Four major outcomes define the Joburg 2040 GDS. Outcome 2 highlights the need to "provide a resilient, liveable, sustainable urban environment – underpinned by infrastructure supportive of a low carbon economy". The CoJ plans to lead in the establishment of sustainable and eco-efficient infrastructure solutions (for example, housing, eco-mobility, energy, water, waste, sanitation, and ICT) to create a landscape that is liveable, environmentally resilient, sustainable, and supportive of low-carbon economy initiatives. Two of the JDA programmes, transit-oriented node development and greenways, are a direct response to Outcome 2.

- Transit-oriented node development - The transit-oriented node (TOD) development programme encourages optimal development of transit hubs and corridors across the city, which provides access to affordable accommodation and transport, high-quality public spaces and amenities, and good community services. Currently the JDA is working on the Nancefield and Jabulani TODs, with clearly defined long term (five years) development plans.
- Greenways - The greenways programme focuses on providing resilient, liveable and sustainable environments within the CoJ by using roads and transport modes to promote walking, cycling and sustainable public transport. This programme includes the continued roll-out of the Rea Vaya BRT infrastructure and service. Within the greenways programme, for example, the Rea Vaya BRT service has the potential to reduce the city's transport energy use and the associated carbon emissions in the medium term. The service is currently being used by up to 31 000 people per day, and there is potential to increase the numbers. Currently the JDA is implementing the Phase 1C Rea Vaya infrastructure on behalf of the COJ Transport Department. Phase 1C is the extension of the current BRT phases to the North along Louis Botha Ave, Katherine Ave, William Nicol Drive, Republic Road and Old Pretoria Main Road. This phase seeks to connect Randburg to Sandton, Sandton to Alexandra, Ivory Park to Sandton and all these key area to the Johannesburg CBD.

SECTION 10: ANTICORRUPTION AND FRAUD

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

Employees are regularly briefed and trained on fraud prevention, and the induction process for new employees is being revised to include information regarding fraud prevention. Strict payment management processes are in place and the Bid Evaluation Committee independently verifies whether preferred service providers can complete the work.

The fraud risk register was approved by the Audit and Risk Committee on 28 May 2015 and the tracking and monitoring of the register started in 2015/16. The strategic risk register identifies "fraudulent and corrupt activities" as a strategic risk with a high inherent risk rating and medium residual risk rating of nine. Two other strategic risks on the strategic risk register also identify fraud and/or corruption as a root because that can potentially give rise to strategic risks. The strategic risk register sets out specific future actions to mitigate these risks, including conducting regular fraud risk assessments and creating fraud risk awareness.

There were no fraud and corruption incidents reported within the first quarter of the 2017/2018 financial year. The JDA plans to improve internal controls and standardise the disclosure and reporting protocols.

The table below provides progress of previously reported and outstanding cases:

TABLE 12 PREVIOUSLY REPORTED CASES

Date of Case Reported	Where or to whom it was reported	No. of Employees involved if applicable	Allegation	Nature of the Cases e.g. Corruption, fraud and maladministration	Status (If resolved, State the outcome)
2015/03/24	JDA, Internal Audit Department, directly to the Chief Audit Executive	One	JDA official indirectly doing business with the JDA.	Conflict of Interest	The preliminary investigation report has been referred to legal for advice and drafting of disciplinary charges against official.
2016/03/11	City of Johannesburg Fraud Hotline	One	Payment of Contractor in Advance. Poor workmanship by Contractor for appointed project. Contractor has a record of poor quality service. Contractor awarded tender due to former employee of the JDA.	Corruption	The matter is being investigated and is at the reporting stage.

SECTION 11: ICT GOVERNANCE

ICT management continue to ensure that JDA has a sound and solid ICT Governance Framework that is relevant and responsive to changes in the ICT Governance space. There were no changes in ICT Governance in this quarter.

ICT Controls

Internally, this quarter sees the finalisation of ICT management’s input in three internal audit reports .The tail end of this quarter also heralds the commencement of audits by the Auditor General.

Smart Cities: SAP Implementation

The smart cities initiative continues to drive smart catalytic interventions in the JDA space. In this quarter , ICT and HR management are working together to ensure that all nuts and bolts are in place for the HCM implementation .The “Smart HR ” initiative , is meant to promote smart HR processes, promote a paperless HR space and importantly drive smarter and more efficient decision making within the HR space. Phase III of the SAP implementation is underway (full finance and Supply chain modules is underway). The performance for this quarter was 11% , against a target of 10%.

Network Performance

This quarter performance has been grossly affected by power outages. Network performance was therefore unstable.

JDA ICT management is now re-assessing the situation with a view of investing in a long term off-grid solution. Assessments are still at an early stage with more input expected in the subsequent quarters of the financial year.

SECTION 12: COMPLIANCE WITH LAWS & REGULATIONS

The JDA monitors compliance with applicable legislation and regulations throughout the entity on a regular basis. Regulatory compliance describes the goals that JDA aspires to achieve in their efforts to ensure that they are aware of and take steps to comply with relevant laws and regulations, whereas general compliance means conforming to a rule, such as a specification, policy, standard or law.

Due to the increasing number of regulations and need for operational transparency, JDA has adopted the use of consolidated and harmonized sets of compliance controls which will be achieved through the successful implementation of the compliance management programme. This approach ensures that all necessary governance requirements can be met without the unnecessary duplication of effort and activity from resources.

The JDA has committed to undertake an annual risk analysis review of legislation, particularly of new and changed legislation, to keep the Regulatory Universe for JDA relevant and up to date. These processes:-

- Develop and maintain a system for identifying the legislation that applies to JDA's activities.
- Assign responsibilities for ensuring that legislation and regulatory obligations are fully implemented in JDA.
- Provide training for officials, and other relevant stakeholders in the legislative requirements that affect them.
- Provide officials with the resources to identify and remain up-to-date with new legislation.
- Conduct audits to ensure there is full compliance.
- Establish a mechanism for reporting non-compliance
- Identify accidents, incidents and other situations where there may have been non-compliance.

In relation to compliance performance, no matters were raised in the first quarter.

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

SECTION 1: HIGHLIGHTS AND ACHIEVEMENTS

The first quarter report has been prepared against the JDA’s 2017/18 business plan and scorecard. On the JDA’s 19 Strategic KPI’s, the JDA achieved 84% targeted performance achieved, 0% performance target partially achieved and 16% performance target not achieved.

The focus on reporting on highlights and achievement is reflected for each of JDA’s substantive programmes, as per the table below.

The JDA’s programme performance information policy and reporting framework covers the procedures and content in the JDA’s programme performance information management system. This includes for example, the definition of key performance areas and indicators and targets in the business planning process and the articulation of the link between programme objectives and results and the performance indicators and targets. The policy is supported by a programme performance reporting framework based on a comprehensive scorecard. This scorecard lists all of the output and outcome performance measures that the JDA should collect data on for a range of timeframes (quarterly, annually or periodically). From this reporting framework, the annual scorecard is developed and the performance targets are set. The JDA policy and reporting framework only defines a target as achieved with a 95–100% rating, a target as partially achieved with an 80–94% rating and a target not achieved with anything less than a 79% rating. Hence any less than 80% is regarded as not achieved.

TABLE 13 SUMMARY OF KPI PERFORMANCE

IDP Priority	IDP programme	Count of KPI's	KPI Number (Ref)	Target Achieved (95% - 100% rating)		Target Partially Achieved (80% - 94% rating)		Target not Achieved (<79% rating)	
				Count	%	Count	%	Count	%
Priority 1: Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment, inequality and poverty	Inner city regeneration, including key economic nodes including the implementation of the Transit Oriented Development Corridors	10	(1-2-3-4-5-6-7-8-9-10)	7	70%	0	0%	3	30%
Priority 2: Ensure pro-poor development that addresses spatial and all forms of income inequality and provides meaningful redress.	Increased infrastructure investment (from both public and private sectors) Residents live, work and play close to work, leisure and cultural opportunities Efficient and effective transport (Public								

IDP Priority	IDP programme	Count of KPI's	KPI Number (Ref)	Target Achieved (95% - 100% rating)		Target Partially Achieved (80% - 94% rating)		Target not Achieved (<79% rating)	
				Count	%	Count	%	Count	%
	and Freight) connecting home, work, culture and leisure								
IDP Priority 5: Create an honest and transparent City that fights corruption.	Increasing forensic investigative capability and controls	2	(11-12)	2	100%	0	0%	0	0%
IDP Priority 8: Enhance our financial sustainability.	Focusing on driving up capital expenditure investment in infrastructure	1	(13)	1	100%	0	0%	0	0%
Priority 8: Encourage innovation and efficiency through the Smart City programme.	Focused improvement of ICT equipment and software	1	(14)	1	0%	0	0%	0	100%
Day-to-day Programme	Other IDP or Day-to Day programmes	5	(15-16-17-18-19)	5	100%	0	0%	0	0%
	Total	19		16	84%	0	0%	3	16%

SECTION 2: SERVICE DELIVERY CHALLENGES

Given the spatial, socio-economic and political environment in which the JDA operates, there are often challenges that affect area-based development and the JDA's ability to facilitate common economic and social objectives.

By the end of the 1st Quarter delivery was affected in several projects. Some of these issues are highlighted below:

- The Department of Labour and hearing into the collapse of scaffolding of the Great Walk pedestrian bridge while under construction in Sandton continued. It was anticipated that the investigation and hearing will resume in September 2017.. While investigation is underway, the Department of Labour has approved that Murray and Roberts can continue on the broader bridge construction project. The construction was initially only allowed on parts of the dedicated pedestrian and cycling bridge at the Grayston off-ramp of the M1 Motorway. The City has subsequently been allowed to resume full construction of the bridge as the JDA and the contractor have demonstrated that they have put in place all possible risk mitigation measures to avoid a reoccurrence of this tragic accident.
- In the period under review, a number of JDA projects in Greater Region E have been delayed as a result of community issues, In particular with the Alexandra projects, the Paterson Park projects and the BRT project along Louis Botha Ave. Such actions stem primarily from the appointment of surrounding local SMMEs, appointment of Community Liaison Officers (CLOs) and provisions of jobs to locals on projects within this Region. Where necessary the JDA has sought assistance in such

matters from the Regional Director, the Department of Development Planning and the Office of the Speaker. However, no solution has been forthcoming as yet.

- The implementations of a number of projects were not concluded within the 2016/17 financial year as planned. As the commitment is to complete these projects the implication funding will have to be reallocated during the mid-year budget adjustment toward these projects. A process is underway to confirm the budget amount and the impact on other projects within the JDA portfolio as well as other clients departments. The projects include the 4th Avenue Renewal Clinic; the Balfour Park Transit Precinct Development; Langlaagte Pharmacy Depot and the Orchards Clinic.

SECTION 3: JDA PROGRAMMES, PROJECTS AND DAY-TO-DAY OPERATIONS

To ensure that the JDA is well positioned to respond to the development priorities as outlined above, the agency co-ordinates and manages its activities through six substantive programmes. In addition, the JDA ensures good governance of the organisation through an operational programme, resourced to support the optimal performance of the six substantive programmes.

TABLE 14: SUMMARY OF JDA PROGRAMMES

JDA Programme Type	Programme	Description / Purpose
Substantive programmes	1: Inner city transformation Programme	Guided by the Mayoral Priority on the Inner City and the Inner City Roadmap the JDA will focus on strengthening the position of the inner city as a critical business and residential node and the primary gateway to transit networks for the city; financial services networks for the City Region; and cross-border trade networks for the African continent. The JDA will continue to implement a phased plan to strengthen inner city precincts, address movement challenges, and improve the quality of the built environment across the inner city. The activities include managing the development of the Johannesburg inner city through capital investments in selected precincts, by overseeing integrated investments by other departments and entities, and by facilitating partnership initiatives.
	2: Strategic economic node programme	The objective is to develop nodes that are compact, walkable, liveable, mixed use and mixed income areas and centres around which to density. They should be areas where people can live, work and play and have good access to public transit. Guided by the CoJ policy ² on the categorising the current city nodes with prospects for growth, the work of the programme is to promote densification, diversification and development in these nodes. The main categories of nodes are: mixed-use/key urban nodes (under various categories), industrial nodes, Transit Oriented Development (TOD) nodes and neighbourhood nodes.
	3: Public infrastructure delivery programme	The objective is to effectively and efficiently deliver social and economic infrastructure projects by focusing on two basic questions: how can the City prioritise the key infrastructure projects that provide the optimal social and economic benefit for City and communities; and once these projects are identified, how can stakeholders work together to accelerate the implementation of these projects most effectively and efficiently. This work includes overseeing capital investments by other departments and entities, and facilitating partnership initiatives. This programme includes the continued roll-out of the Rea Vaya BRT infrastructure and service.

² A thorough nodal review is underway to review the boundaries of existing nodes in the city, and define new nodes where appropriate.

	4: Greater Alex and Alexandra Renewal Programme (ARP)	The Alexandra Renewal Project (ARP) which is established to coordinate intergovernmental activities to develop Alex. Manage the development of Alexandra through capital investments, overseeing integrated investments by other departments and entities, and facilitating community based initiatives and local economic development strategies. Most of the work involves human settlement development projects such as hostel upgrading, housing development and the construction of community facilities
	5. Economic Empowerment Programme	A cluster of the JDA's economic development programmes that aims to (i) Develop skills and capacity within the construction industry in Johannesburg (ii) Optimise the JDA's contribution to inclusive economic growth and empowerment, and the transformation of the construction industry; and (iii) establish a monitoring and reporting system to measure the impact of the JDA's managing contractor development programme.
Operational programme	6: Good Governance, Management and Administration	This programme manages the governance, admin and operational functions and improves efficiency through Finance, Governance, Risk and Compliance, Supply Chain Management and IT.

SECTION 4: PERFORMANCE AGAINST SERVICE STANDARDS

Section Not Applicable to JDA

SECTION 5: CAPITAL PROJECTS & EXPENDITURE

Capital expenditure is the primary measure of the JDA's performance, and the budget for the capital projects to be implemented forms part of the agency's annual business plan and scorecard.

The overall year to date capex expenditure at the end of the first quarter was R89.9 million against a budget of R1.759 billion. This translates to 5.11% of the total annual budget and 104% against the first quarter target of R 87 million.

TABLE 15: CAPITAL BUDGET MANAGEMENT OVERALL PROGRAMME PERFORMANCE

Overall Programme Performance	2017/18 Annual Budget	Target YTD	Actual YTD	YTD Target %	% Actual / annual budget Expenditure
	R' 000	R' 000	R'000	%	%
Overall Programme Performance	1 759 380	86 854	89 921	104%	5.11%

SECTION 6: ORGANISATIONAL PERFORMANCE


The JDA’s progress towards achieving its KPIs is assessed using the performance scorecard, which measures performance in terms of both the JDA’s service delivery mandate and financial and other resource management processes. The scorecard targets, which are set and agreed on by JDA management, the Board and the Shareholder, aim to improve the JDA’s performance and efficiency, and achieve longer-term goals for specific developments, such as area-based revitalisation.

The JDA policy and reporting framework only defines a target as achieved with a 95–100% rating, a target as partially achieved with an 80–94% rating and a target not achieved with anything less than a 79% rating. Hence any less than 80% is regarded as not achieved.

Performance per programme and per KPA are summarised in the table below:




TABLE 17: SCORECARD



Priority 1: Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment, inequality and poverty & Priority 2: Ensure pro-poor development that addresses spatial and all forms of income inequality and provides meaningful redress.


National outcome: Outcome 6: An efficient, competitive and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.							
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life.							
IDP programme/s	Key Performance Indicator	Target 2017/18	2017/18 Q1 Target	Actual	Variance	Quarterly Achievement Rating	Explanation of progress, variations and steps to be taken to improve performance (as at end of 31 September 2017)
Inner city regeneration, including key economic nodes	1) Number of pre-feasibility plans or studies ³ produced, reviewed or updated	8 Number of pre-feasibility plans or studies produced, reviewed or updated	0 pre-feasibility plans or studies produced, reviewed or updated	0	-		There were no pre-feasibility plans or studies produced, reviewed or updated in Q1 of 2017/18 financial year.

³ Detailed local area plans, detailed local area implementation plans or area-based studies

TABLE 16: KPI ACHIEVEMENT RATINGS


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

National outcome: Outcome 6: An efficient, competitive and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.							
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life.							
IDP programme/s	Key Performance Indicator	Target 2017/18	2017/18 Q1 Target	Actual	Variance	Quarterly Achievement Rating	Explanation of progress, variations and steps to be taken to improve performance (as at end of 31 September 2017)
Increased infrastructure investment (from both public and private sectors)	2) Number of area-based or sector based partnerships formalised or partnership programmes implemented	7 area-based or sector based partnerships formalised or partnership programmes implemented (non-cumulative)	0 area-based or sector based partnerships formalised	0	-		There were no area-based or sector based partnerships formalised or programmes or plans implemented in Q1 of 2017/18 financial year.
Residents live, work and play close to work, leisure and cultural opportunities	3) Number of projects at concept design phase	16 projects at concept design phase (non-cumulative)	6 projects at concept design phase	0	6		Target was not achieved.
Efficient and effective transport (Public and Freight) connecting home, work, culture and leisure			1. Diepsloot Development Renewal Precinct Redevelopment DIEPSLOOT WES A Regional			Concept Design Phase Target not achieved	There were delays in finalising the procurement of appointing the professional team however; the concept design has been finalised, still to be presented to EXCO on the 2 nd October 2017. The anticipated start date is 09 February 2018 and completion target date is 30 October 2018.
			2. Inner City Core: Phase 4 - Inner City Traders and Managed Lanes			Concept Design Phase	There were delays in finalising the




National outcome: Outcome 6: An efficient, competitive and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.							
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life.							
IDP programme/s	Key Performance Indicator	Target 2017/18	2017/18 Q1 Target	Actual	Variance	Quarterly Achievement Rating	Explanation of progress, variations and steps to be taken to improve performance (as at end of 31 September 2017)
						Target not achieved	procurement of appointing the professional team however; the concept design has been finalised, still to be presented to EXCO on the 2nd October 2017. Tender process for contractor appointment is currently underway.
			3. Inner City Partnership Fund			Concept Design Phase Target not achieved	Due to large number of possible stakeholders the consultation process took longer than originally intended. The project expression of interest / submissions will be issued in Oct 2017.
			4. Old Pretoria Road			Concept Design Phase Target not achieved	The project is currently behind by 30 days due to delays in obtaining operation data input from the client.
			5. Randburg CBD: Phase 2			Concept Design Phase Target not achieved	The project was delayed by finalising the procurements. The tender process for appointing the professional team is only at evaluation stage. Draft concepts to be presented to the end-user client before the end of the second quarter and will be presented to JDA EXCO in January 2018.
			6. Randburg CBD: Phase 4 & 5			Concept Design Phase Target not achieved	Post business plan approval, the project was de-scoped and funding was to be reallocated, hence the project will be removed during the mid-term score card adjustment process.
	4) Number of projects at detailed design phase	29 projects at detailed design	10 projects at detailed design phase	5	5		Target was not achieved.



National outcome: Outcome 6: An efficient, competitive and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.							
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life.							
IDP programme/s	Key Performance Indicator	Target 2017/18	2017/18 Q1 Target	Actual	Variance	Quarterly Achievement Rating	Explanation of progress, variations and steps to be taken to improve performance (as at end of 31 September 2017)
		phase (non-cumulative)					The following 5 projects did not achieve the Detail Design Phase Target: Fordsburg PEU, Ghandi Square, Lehae Training Academy, Mayfair PEU: Phase 1, Small: Public Transport Facility in Zakariya Park Region G
			1. Complete Streets: NMT Facilities Linking Railway station Dube, Marafi, Mzimhlophe New Pedestrian Walks DUBE D Regional			Detailed Design Phase Target achieved	Detailed design and tender process for main contractor appointment is currently underway.
			2. CORR - Perth Empire Transit Oriented Development (ToD) corridor - Traffic Impact Assessment (TIA), Storm water Masterplan and New Constriction: Phase 2			Detailed Design Phase Target achieved	Detailed design and tender process for main contractor appointment is currently underway.
			3. CORR - Turffontein Transit Oriented Development (ToD) corridor - Traffic Impact Assessment (TIA), Storm water Masterplan and New Construction: Phase 2			Detailed Design Phase Target achieved	Detailed design and tender process for main contractor appointment is currently underway. Budget to be reduced by R 17 million to fund the completion of Orchards Clinic
			4. Fordsburg PEU			Detailed Design Phase Target not achieved	The concept design stage has been delayed until the scoping process with the affected and interested stakeholders has been completed. The envisaged scope was not approved by the affected and interested stakeholders so a new scoping process had to be initiated. Construction is planned to commence in March 2018.
			5. Ghandi Square			Detailed Design Phase	Detailed designs have been delayed due to the lack of clear operational plans from

National outcome: Outcome 6: An efficient, competitive and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.							
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life.							
IDP programme/s	Key Performance Indicator	Target 2017/18	2017/18 Q1 Target	Actual	Variance	Quarterly Achievement Rating	Explanation of progress, variations and steps to be taken to improve performance (as at end of 31 September 2017)
						Target not achieved	Transport. The current delays will impact the achievement of the planned scope of works for this financial year and the expenditure of the current budget. Concept design is 50% complete, and options for the station have been investigated.
			6. Inner City Eastern Gateway			Detailed Design Phase Target achieved	Detailed design has been finalised and approved. Contractor has been appointed.
			7. Lehae Training Academy			Detailed Design Phase Target not achieved	Detailed designs were delayed due to land allocation issues between EMS and City Parks. The revised completion date is 9 October 2017. The current budget of R 5.2 million is not adequate to commence with construction this financial year. EMS has been requested to increase the budget.
			8. Mayfair PEU: Phase 1			Detailed Design Phase Target not achieved	The professional team has been appointed and concept design has been approved by City Parks and JDA EXCO. Detailed design and procurement process for main contractor are currently underway. Construction is anticipated to commence in January 2018.
			9. Small: Public Transport Facility in Zakariya Park Region G			Detailed Design Phase Target not achieved	Professional team have been appointed. Geotech investigations and traffic studies have been completed. Concept design have been completed and approved by JDA EXCO and Client department. The detailed design

National outcome: Outcome 6: An efficient, competitive and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.							
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life.							
IDP programme/s	Key Performance Indicator	Target 2017/18	2017/18 Q1 Target	Actual	Variance	Quarterly Achievement Rating	Explanation of progress, variations and steps to be taken to improve performance (as at end of 31 September 2017)
							process has been delayed due to land availability issues. The identified land for this project has not been rezoned correctly and sub-divided.
			10. Watt Street Precinct, Wynberg			Detailed Design Phase Target achieved	Target was not achieved as planned in the first quarter of 2017/18 financial year. Delays were due to community unrest regarding issues around Region E SMME Forum. Detailed design and the tender process to appoint a contractor are underway, and planned to be finalised before the end of second quarter.
	5) Number of contracts awarded	30 contracts awarded (non-cumulative)	6 contracts awarded	2	4		Target was not achieved. The following projects did not achieve the Contract Award Phase Target; Emthonjeni Terminal, Lehae Fire Station, Milpark Precinct Implementation: Milpark Precinct Development: Pedestrian Bridge, and PTF: Small Public Transport Facilities: DRIEZIEK EXT.3
			1. Campus Square Pedestrian Facility			Contract Awarded Target achieved	Construction tender awarded on the 8 th September 2017. Contractor is busy with site establishment. The project name to be changed to Milpark NMT during mid-year adjustment.
			2. Emthonjeni Terminal			Contract Awarded Target not achieved	Delays were due to concept design being revised to incorporate the City's comments and has been approved by the City. Concept



National outcome: Outcome 6: An efficient, competitive and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.							
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life.							
IDP programme/s	Key Performance Indicator	Target 2017/18	2017/18 Q1 Target	Actual	Variance	Quarterly Achievement Rating	Explanation of progress, variations and steps to be taken to improve performance (as at end of 31 September 2017)
							design is 100% complete. The traffic study was revised to align with the revised concept and has been approved by JRA. Detailed Design Phase is underway. The anticipated start date is February 2018.
			3. Lehae Fire Station			Contract Awarded Target not achieved	Concept design has been approved. Commencement of detailed design has been delayed due to budget uncertainties. Current budget is not adequate to commence with construction. Land allocation has not been concluded.
			4. Milpark Precinct Implementation: Milpark Precinct Development: Pedestrian Bridge			Contract Awarded Target not achieved	Target was not achieved as planned in the first quarter of 2017/18 financial year. Delays are due to the current budget being only adequate to cover construction cash of approximately four months. A pre-qualification tender has been concluded and evaluated. Appointment of the main contractor is underway and planned for completion in October 2017. The construction commencement will be delayed until January 2018 due to budget constraint.
			5. PTF: Small Public Transport Facilities: DRIEZIEK EXT.3			Contract Awarded Target not achieved	Appointment of the contractor is underway and contract award is planned for completion in October 2017. The land allocation process has a potential to delay the project. The Client Department has

National outcome: Outcome 6: An efficient, competitive and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.							
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life.							
IDP programme/s	Key Performance Indicator	Target 2017/18	2017/18 Q1 Target	Actual	Variance	Quarterly Achievement Rating	Explanation of progress, variations and steps to be taken to improve performance (as at end of 31 September 2017)
							been informed that if this issue has not been resolved by November 2017, the budget and scope for this financial year will be revised.
			6. RABIE RIDGE Sport Centre New Construction			Contract Awarded Target achieved	The tender for the main contractor has been awarded. Construction is currently underway. This multi-year construction project was stopped twice by a local Business Forum demanding work opportunities on the project.
	6) Number of projects at practical completion	35 projects at practical completion (non-cumulative)	0 projects at practical completion	0	-		There were no projects planned to be at practical completion in Q1 of 2017/18 financial year.
	7) Number of public environment upgrades to support strategic public transport hubs in the Inner City	3 public environment upgrades to support strategic public transport hubs in the Inner City	0 public environment upgrades to support strategic public transport hubs in the Inner City	0	-		There were no public environment upgrades to support strategic public transport hubs in the Inner City in Q1 of 2017/18 financial year.
	8) Number of Area-Based Precinct Management business plans / frameworks developed or Precinct Management business plans / frameworks programmes	5 Area-Based Precinct Management business plans / frameworks developed or	0 Area-Based Precinct Management business plans / frameworks developed or Precinct Management business plans / frameworks	0	-		There were no Area-Based Precinct Management business plans / frameworks developed or Precinct Management business plans / frameworks programmes implemented in Q1 of 2017/18 financial year.

National outcome: Outcome 6: An efficient, competitive and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.							
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life.							
IDP programme/s	Key Performance Indicator	Target 2017/18	2017/18 Q1 Target	Actual	Variance	Quarterly Achievement Rating	Explanation of progress, variations and steps to be taken to improve performance (as at end of 31 September 2017)
	implemented	Precinct Management business plans / frameworks programmes implemented	programmes implemented				
	9) Number of Media Releases Marketing JDA Developments Initiatives	48 Media Releases Marketing JDA Developments Initiatives (non-cumulative)	12 Media Releases Marketing JDA Developments Initiatives	55	+43		Target was achieved. During first quarter a total of 55 social media posts
	10) Number of area or project baseline, impact or case study performance assessments completed	6 area or project baseline, impact or case study performance assessments completed (non-cumulative)	0 area or project baseline, impact or case study performance assessments completed	0	-		There were no area or project baseline, impact or case study performance assessments completed in Q1 of 2017/18 financial year.

Priority 5: Create an honest and transparent City that fights corruption.

National outcome: Outcome 11: Creating a better South Africa and contributing to a better and safer Africa in a better world
Joburg Outcomes: Outcome 5: An honest, transparent and responsive local government that prides itself on service excellence


IDP programme	Key Performance Indicator	Target 2017/18	2017/18 Q1 Target	Actual	Variance	Quarterly Achievement Rating	Explanation of progress, variations and steps to be taken to improve performance (as at end of 31 September 2017)
Increasing forensic investigative capability and controls	Clean audit opinion with a percentage of internal and AG audit findings of the previous financial year resolved ⁴	Clean Audit opinion with 100% of internal and AG audit findings of the previous financial year resolved (cumulative)	10% of internal audit findings resolved 50 % of AG audit findings of the previous financial year resolved	61% 84%	+51% +34%		Target was achieved
	% delivery on reported cases of corruption	100% delivery ⁵ on reported cases of corruption	100% delivery on reported cases of corruption	None	-		Target achieved

Priority 7: Enhance our financial sustainability.


National outcome: Outcome 9: Responsive, accountable, effective and efficient developmental local government system							
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life							
IDP programme	Key Performance Indicator	Target 2017/18	2017/18 Q1 Target	Actual	Variance	Quarterly Achievement Rating	Explanation of progress, variations and steps to be taken to improve performance (as at end of 31 September 2017)

⁴ The findings as contained in the management letter of the previous year

⁵ In terms of the JDA policy and procedures on investigations of Fraud and Corruption

National outcome: Outcome 9: Responsive, accountable, effective and efficient developmental local government system							
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life							
IDP programme	Key Performance Indicator	Target 2017/18	2017/18 Q1 Target	Actual	Variance	Quarterly Achievement Rating	Explanation of progress, variations and steps to be taken to improve performance (as at end of 31 September 2017)
Focusing on driving up capital expenditure investment in infrastructure	% budget spent on city-wide infrastructure ⁶	95% budget spent on city-wide infrastructure (cumulative)	5% budget spent on city-wide infrastructure	5.11%	+0.11		Target achieved.





Priority 8: Encourage innovation and efficiency through the Smart City programme.

National outcome: Outcome 9: Responsive, accountable, effective and efficient developmental local government system							
Joburg Outcomes: Outcome 5: An honest, transparent and responsive local government that prides itself on service excellence							
IDP programme	Key Performance Indicator	Target 2017/18	2017/18 Q1 Target	Actual	Variance	Quarterly Achievement Rating	Explanation of progress, variations and steps to be taken to improve performance (as at end of 31 September 2017)
Focused improvement of ICT equipment and software	Percentage implementation new ERP System (SAP)	95% implementation new ERP System (SAP) ⁷ (cumulative)	10% implementation new ERP System (SAP)	11%	+1%		Target achieved.

⁶ Cumulative and as determined at mid-term adjustment budget

⁷ As defined by implementation plan and change management plan


Day-to-day Programme

National outcome: Outcome 9: Responsive, accountable, effective and efficient developmental local government system							
Joburg Outcomes: Outcome 5: An honest, transparent and responsive local government that prides itself on service excellence							
IDP programme	Key Performance Indicator	Target 2017/18	2017/18 Q1 Target	Actual	Variance	Quarterly Achievement Rating	Explanation of progress, variations and steps to be taken to improve performance (as at end of 31 September 2017)
Other IDP or Day-to Day programmes	% spent on Broad-Based Economic Empowerment through local procurement as a share of total expenditure ⁸	100% spent on Broad-Based Economic Empowerment through local procurement as a share of total expenditure (non-cumulative)	100% spent on Broad-Based Economic Empowerment through local procurement as a share of total expenditure	100%	-		Target achieved
	Number of EPWP opportunities as created ⁹	3500 EPWP opportunities created (cumulative)	500 EPWP opportunities created ¹⁰	740	+240		Target achieved
	Percentage of SMME expenditure as a share of total expenditure	30% SMME expenditure as a share of total expenditure (non-cumulative)	30% SMME expenditure as a share of total expenditure	67%	+37%		Target achieved
	Percentage spend on JDA operating	95% spend on JDA operating	25% spend on JDA	27%	+2%		Target achieved

⁸ Each service provider’s individual BBBEE rating affects the amount of expenditure the JDA can claim as being from a BBBEE-compliant service provider when calculating its preferential procurement points. The higher the service provider’s rating, the more expenditure can be claimed. If the agency buys from a level 1 service provider, it can claim 135 per cent of the actual expenditure

⁹ Paid work for an individual for any period of time, the same individual can be employed on different projects and each period will be counted as a work opportunity.

¹⁰ Represents a minimum threshold target

	budget against approved operating budget	budget against approved operating budget (cumulative)	operating budget against approved operating budget				
	Percentage implementation of the strategic risk management plan findings resolved	95% implementation of the strategic risk management plan findings resolved ¹¹ (cumulative)	10% implementation of the strategic risk management plan findings resolved	47%	+37%		Target achieved

¹¹ From Red and Amber to Green Status

1.1.1 PROGRAMME EXPENDITURE

For period ended 30 September 2017

TABLE 18: EXPENDITURE BY PROGRAMME

Projects Programme	per	CAPEX FOR QUARTER			CAPEX YEAR TO DATE				Annual	Budget
		Actual	Budget	Variance	Actual	Budget	Variance	Variance	Budget	Used
		R	R	R	R	R	R	%	R	%
Programme 1: Inner City transformation										
Hillbrow Tower Precinct		R 8 831 243	R 500 000	R 8 331 243	R 8 831 243	R 500 000	R 8 331 243	1 666.25%	R 10 000 000	88.31%
Inner City Partnership			R 500 000	(R 500 000)		R 500 000	(R 500 000)	(100.00%)	R 10 000 000	0.00%
Kazerne Parkade		289 473	R 5 000 000	(R 4 710 527)	289 473	R 5 000 000	(R 4 710 527)	(94.21%)	100 000 000	0.29%
Inner City Core		5 686 648	R 2 500 000	R 3 186 648	5 686 648	R 2 500 000	R 3 186 648	127.47%	50 000 000	11.37%
Mayfair PEU		490 902	R 500 000	(R 9 098)	490 902	R 500 000	(R 9 098)	(1.82%)	10 000 000	4.91%
Ghandi Square			R 500 000	(R 500 000)		R 500 000	(R 500 000)	(100.00%)	10 000 000	0.00%
Fordsburg PEU		286 306	R 500 000	(R 213 694)	286 306	R 500 000	(R 213 694)	(42.74%)	10 000 000	2.86%
Inner City Managed Lanes			R 500 000	(R 500 000)		R 500 000	(R 500 000)	(100.00%)	10 000 000	0.00%
Park Station Precinct			R 250 000	(R 250 000)		R 250 000	(R 250 000)	(100.00%)	5 000 000	0.00%
Inner City Eastern Gateway Precinct		239 855	R 500 000	(R 260 145)	239 855	R 500 000	(R 260 145)	(52.03%)	10 000 000	2.40%
Sub-total		15 824 427	11 250 000	4 574 427	15 824 427	11 250 000	4 574 427	40.66%	225 000 000	7.03%
Programme 2: Strategic economic node										
Nancefield Station Precinct		2 591 319	R 1 000 000	R 1 591 319	2 591 319	R 1 000 000	R 1 591 319	159.13%	20 000 000	12.96%
Rotunda Park Precinct		9 226 193	R 2 250 000	R 6 976 193	9 226 193	R 2 250 000	R 6 976 193	310.05%	45 000 000	20.50%
Randburg			R 1 500 000	(R 1 500 000)		R 1 500 000	(R 1 500 000)	(100.00%)	30 000 000	0.00%
Paterson Park		683 817	R 2 500 000	(R 1 816 183)	683 817	R 2 500 000	(R 1 816 183)	(72.65%)	50 000 000	1.37%
Jabulani TOD (Phase 5)			R 1 500 000	(R 1 500 000)		R 1 500 000	(R 1 500 000)	(100.00%)	30 000 000	0.00%

Projects Programme	per	CAPEX FOR QUARTER			CAPEX YEAR TO DATE				Annual	Budget
		Actual	Budget	Variance	Actual	Budget	Variance	Variance	Budget	Used
		R	R	R	R	R	R	%	R	%
Jabulani TOD (Phase 5)		261 081	R 3 976 000	(R 3 714 919)	261 081	R 3 976 000	(R 3 714 919)	(93.43%)	79 520 000	0.33%
Westbury TDC		5 026 727	R 1 500 000	R 3 526 727	5 026 727	R 1 500 000	R 3 526 727	235.12%	30 000 000	16.76%
Turffontein CoF, TIA, Storm water Masterplan & New Construction		8 903 946	R 3 000 000	R 5 903 946	8 903 946	R 3 000 000	R 5 903 946	196.80%	60 000 000	14.84%
Perth Empire CoF, TIA, Storm water Masterplan & New Construction		7 772 535	R 3 750 000	R 4 022 535	7 772 535	R 3 750 000	R 4 022 535	107.27%	75 000 000	10.36%
Loius Botha CoF, TIA, Storm water Masterplan & New Construction			R 750 000	(R 750 000)		R 750 000	(R 750 000)	(100.00%)	15 000 000	0.00%
Westbury Renewal Precinct NMT		6 794 970	R 2 000 000	R 4 794 970	6 794 970	R 2 000 000	R 4 794 970	239.75%	40 000 000	16.99%
Westbury Phase 3: Westdene Dam NMT		3 210 005	R 500 000	R 2 710 005	3 210 005	R 500 000	R 2 710 005	542.00%	10 000 000	32.10%
Noordgesig Social Cluster		650 278	R 1 500 000	(R 849 722)	650 278	R 1 500 000	(R 849 722)	(56.65%)	30 000 000	2.17%
Brixton Social Cluster			R 1 750 000	(R 1 750 000)		R 1 750 000	(R 1 750 000)	(100.00%)	35 000 000	0.00%
Milpark Development Precinct Pedestrian Bridge			R 875 000	(R 875 000)		R 875 000	(R 875 000)	(100.00%)	17 500 000	0.00%
Brixton Social Cluster			R 300 000	(R 300 000)		R 300 000	(R 300 000)	(100.00%)	6 000 000	0.00%
Kliptown Renewal Precinct Redevelopment			R 700 000	(R 700 000)		R 700 000	(R 700 000)	(100.00%)	14 000 000	0.00%
Milpark Precinct NMT: Phase 1			R 500 000	(R 500 000)		R 500 000	(R 500 000)	(100.00%)	10 000 000	0.00%
Fleurhof Urban dev			R 100 000	(R 100 000)		R 100 000	(R 100 000)	(100.00%)	2 000 000	0.00%

Projects Programme	per	CAPEX FOR QUARTER			CAPEX YEAR TO DATE				Annual	Budget
		Actual	Budget	Variance	Actual	Budget	Variance	Variance	Budget	Used
		R	R	R	R	R	R	%	R	%
framework										
Corridor branding - Public Art		R 250 000	(R 250 000)		R 250 000	(R 250 000)	(100.00%)	5 000 000	0.00%	
Sub-total	45 120 871	30 201 000	57 743 014	45 120 871	30 201 000	14 919 871	49.40%	604 020 000	7.47%	
Programme 3: Public infrastructure delivery										
Claremont Renewal Clinic	629 076	R 1 111 500	(R 482 424)	629 076	R 1 111 500	(R 482 424)	(43.40%)	22 230 000	2.83%	
Florida Clinic	334 972	R 1 111 500	(R 776 528)	334 972	R 1 111 500	(R 776 528)	(69.86%)	22 230 000	1.51%	
Ebony Park	589 485	R 1 111 500	(R 522 015)	589 485	R 1 111 500	(R 522 015)	(46.96%)	22 230 000	2.65%	
Protea South Clinic		R 50 000	(R 50 000)		R 50 000	(R 50 000)	(100.00%)	1 000 000	0.00%	
Naledi Clinic	252 369	R 50 000	R 202 369	252 369	R 50 000	R 202 369	404.74%	1 000 000	25.24%	
Bezuidenhout Valley Clinic	362 785	R 340 000	R 22 785	362 785	R 340 000	R 22 785	6.70%	6 800 000	5.34%	
Braamfisherville - Internal Roads and Storm water (housing)	5 522 180	R 1 500 000	R 4 022 180	5 522 180	R 1 500 000	R 4 022 180	268.15%	30 000 000	18.41%	
Lehae Fire Station		R 262 000	(R 262 000)		R 262 000	(R 262 000)	(100.00%)	5 240 000	0.00%	
Lehae Training Academy		R 300 000	(R 300 000)		R 300 000	(R 300 000)	(100.00%)	6 000 000	0.00%	
Diepsloot Precinct Redevelopment	367 500	R 1 000 000	(R 632 500)	367 500	R 1 000 000	(R 632 500)	(63.25%)	20 000 000	1.84%	
Ivory Park UDF		R 425 000	(R 425 000)		R 425 000	(R 425 000)	(100.00%)	8 500 000	0.00%	
Rabie Ridge Multi- purpose Centre	4 563 776	R 500 000	R 4 063 776	4 563 776	R 500 000	R 4 063 776	812.76%	10 000 000	45.64%	
Phase 1C Stations	1 456 914	R 6 352 500	(R 4 895 586)	1 456 914	R 6 352 500	(R 4 895 586)	(77.07%)	127 050 000	1.15%	
Orange Farm Public Transport Facilities		R 1 250 000	(R 1 250 000)		R 1 250 000	(R 1 250 000)	(100.00%)	25 000 000	0.00%	
Tshepisoong Public		R 75 000	(R 75 000)		R 75 000	(R 75 000)	(100.00%)	1 500 000	0.00%	

Projects Programme	per	CAPEX FOR QUARTER			CAPEX YEAR TO DATE				Annual	Budget
		Actual	Budget	Variance	Actual	Budget	Variance	Variance	Budget	Used
		R	R	R	R	R	R	%	R	%
Transport Facility										
Zakariya Public Transport Facility		R 1 100 000	(R 1 100 000)		R 1 100 000	(R 1 100 000)	(100.00%)	22 000 000	0.00%	
Drieziek Public Transport Facilities		R 1 250 000	(R 1 250 000)		R 1 250 000	(R 1 250 000)	(100.00%)	25 000 000	0.00%	
NMT Facilities Linking		R 650 000	(R 650 000)		R 650 000	(R 650 000)	(100.00%)	13 000 000	0.00%	
Greenside Park and Ride Facility		R 75 000	(R 75 000)		R 75 000	(R 75 000)	(100.00%)	1 500 000	0.00%	
Roodepoort Public Transport Holding Facility		R 125 000	(R 125 000)		R 125 000	(R 125 000)	(100.00%)	2 500 000	0.00%	
Zola Public Transport Facility		R 1 250 000	(R 1 250 000)		R 1 250 000	(R 1 250 000)	(100.00%)	25 000 000	0.00%	
Watt Street Wynberg		R 3 109 000	(R 3 109 000)		R 3 109 000	(R 3 109 000)	(100.00%)	62 180 000	0.00%	
Land Acquisition	993 456	R 525 000	R 468 456	993 456	R 525 000	R 468 456	89.23%	10 500 000	9.46%	
Sandton Loop Project	7 103 650	R 787 500	R 6 316 150	7 103 650	R 787 500	R 6 316 150	802.05%	15 750 000	45.10%	
Section 15I Great Walk Bridge		R 1 575 000	(R 1 575 000)		R 1 575 000	(R 1 575 000)	(100.00%)	31 500 000	0.00%	
Section 15K- Watt Street Interchange		R 1 050 000	(R 1 050 000)		R 1 050 000	(R 1 050 000)	(100.00%)	21 000 000	0.00%	
Section 15J – Heritage walkway and roadworks		R 1 260 000	(R 1 260 000)		R 1 260 000	(R 1 260 000)	(100.00%)	25 200 000	0.00%	
Phase 1C Stations NMT		R 262 500	(R 262 500)		R 262 500	(R 262 500)	(100.00%)	5 250 000	0.00%	
Alex Loop	439 971	R 2 100 000	(R 1 660 029)	439 971	R 2 100 000	(R 1 660 029)	(79.05%)	42 000 000	1.05%	
Phase 1C Section 15 Roadworks Phase 2	6 359 904	R 4 725 000	R 1 634 904	6 359 904	R 4 725 000	R 1 634 904	34.60%	94 500 000	6.73%	
Greenstone Terminal		R 262 500	(R 262 500)		R 262 500	(R 262 500)	(100.00%)	5 250 000	0.00%	
Selby Depot: Phase 2		R 4 725 000	(R 4 725 000)		R 4 725 000	(R 4 725 000)	(100.00%)	94 500 000	0.00%	
Alexandra Depot		R 1 050 000	(R 1 050 000)		R 1 050 000	(R 1 050 000)	(100.00%)	21 000 000	0.00%	
ITS (Fibre optic cable)		R 1 575 000	(R 1 575 000)		R 1 575 000	(R 1 575 000)	(100.00%)	31 500 000	0.00%	

Projects Programme	per	CAPEX FOR QUARTER			CAPEX YEAR TO DATE				Annual	Budget
		Actual	Budget	Variance	Actual	Budget	Variance	Variance	Budget	Used
		R	R	R	R	R	R	%	R	%
and CCTV (including the redundancy loop))										
Park Station Terminal		R 262 500	(R 262 500)		R 262 500	(R 262 500)	(100.00%)	5 250 000	0.00%	
Sandton Gautrain Terminal		R 262 500	(R 262 500)		R 262 500	(R 262 500)	(100.00%)	5 250 000	0.00%	
Gandhi Square Terminal		R 1 050 000	(R 1 050 000)		R 1 050 000	(R 1 050 000)	(100.00%)	21 000 000	0.00%	
Old Pretoria (Alex to Ivory Park)		R 157 500	(R 157 500)		R 157 500	(R 157 500)	(100.00%)	3 150 000	0.00%	
Sub-total		28 976 038	44 628 000	(15 651 962)	28 976 038	44 628 000	(35.07%)	892 560 000	3.25%	
Programme 4: Greater Alex and Alexandra Renewal										
Fire Station Alexandra		0			0			2 000 000	0.00%	
Refuse bins		0			0			300 000	0.00%	
Pedestrian Bridge Vincent Tshabalala		0			0			10 000 000	0.00%	
Alexandra Sports and Youth Development: SAFA Safe Hub Facility		R 425 000	(R 425 000)		R 425 000	(R 425 000)	(100.00%)	8 500 000	0.00%	
Jukskei River Environmental Upgrading and Rehabilitation		R 350 000	(R 350 000)		R 350 000	(R 350 000)	(100.00%)	7 000 000	0.00%	
Sub-total		0	775 000	(775 000)	0	775 000	(100.00%)	27 800 000	0.00%	
Programme 6: Good Governance, Management and Administration										
Operational Capex		0	0	0	0	0	0.00%	10 000 000	0.00%	

Projects Programme	per	CAPEX FOR QUARTER			CAPEX YEAR TO DATE				Annual	Budget
		Actual	Budget	Variance	Actual	Budget	Variance	Variance	Budget	Used
		R	R	R	R	R	R	%	R	%
Sub-total		0	0	0	0	0	0	0.00%	10 000 000	0.00%
TOTAL		89 921 336	86 854 000	45 890 479	89 921 336	86 854 000	3 067 336	3.53%	1759 380 000	5.11%

1.1.2 ECONOMIC DEVELOPMENT

A cluster of the JDA’s economic development programmes that aims to (i) Develop skills and capacity within the construction industry in Johannesburg (ii) Optimise the JDA’s contribution to inclusive economic growth and empowerment, and the transformation of the construction industry; and (iii) establish a monitoring and reporting system to measure the impact of the JDA’s managing contractor development programme.

TABLE 19: EPWP PERFORMANCE

JDA Programme	Q1 Number of EPWP Work Opportunities
1	116
2	211
3	363
4	50
Total	740

1.1.3 GOOD GOVERNANCE, MANAGEMENT AND ADMINISTRATION

This programme manages the governance, admin and operational functions and improves efficiency through Finance, Governance, Risk and Compliance, Supply Chain Management and IT.

SECTION 8: SUPPLY CHAIN MANAGEMENT

The JDA’s supply chain management policy uses committee systems for the procurement of services and goods above specified limits. Existing committees include the:

- Bid Specification Committee
- Bid Evaluation Committee
- Bid Adjudication Committee.

There are two bid adjudication committees, one for capital expenditure and the other for operating expenditure. The Capital Expenditure Bid Adjudication Committee members include the Chief Financial Officer (chairperson), two Senior Development Managers (whose bid is not being adjudicated on), the Risk and Compliance Manager, the Executive Manager: Development Facilitation and the Supply Chain Manager. The Operating Expenditure Bid Adjudication Committee includes the Chief Financial Officer (chairperson), the Supply Chain Manager, and the Executive Manager: Marketing, the IT Manager, and the Risk and Compliance Manager. Neither committee is authorised to make procurement decisions above R10 million.

Supply chain deviations and approval

According to regulation 36(1)(a) of the Municipal Supply Chain Management Regulations, the accounting officer may dispense with normal procurement processes and procure the required goods or services through any convenient process, which may include direct negotiations, but only:

- In an emergency
- If goods or services are available from a single supplier

- If acquiring special works of art
- If acquiring animals for zoos
- In any other exceptional case where it is impossible or impractical to follow official procurement processes.

To give effect to regulation 36, the CoJ’s supply chain management policy allows the accounting officer to deviate from normal procurement processes under the circumstances outlined above. In terms of regulation 36(1) (b), the accounting officer may ratify any minor breaches of the procurement processes by an official or a committee acting in terms of delegated powers that are of a purely technical nature.

There were no deviations from 01 July 2017 to 30 September 2017 with all procurement going through the Supply Chain processes.

According to Regulation 44 of the Municipal Supply Chain Management Regulations the regulation prohibits municipal entities from awarding contracts to a person who is in the service of the state. To date the JDA has not awarded any contract to a person who is in the employment of the state.

SECTION 9: BLACK ECONOMIC EMPOWERMENT

The JDA reports on the BBBEE share of both actual expenditure and contractual commitments for all active contracts. The table below shows the BBBEE share of capital and operating expenditure. For the period 01 July 2017 to 30 September 2017, the overall BBBEE share of expenditure was R 78 272 335.01. This translates into an achievement of 100% BBBEE claimed against quarterly expenditure.

TABLE 20: SUMMARY OF BBBEE EXPENDITURE

Description	First Quarter		
	Total Expenditure ¹²	BBBEE Claimed	BBBEE %
Capex	R 77 108 402.90	R 77 108 402.90	100%
Opex	R 1 235 558.17	R 1 163 932.11	94%
Consolidated Opex and Capex	R 78 343 961.07	R 78 272 335.01	100%

The JDA uses various criteria for calculating the BBBEE claimed. Each service provider’s individual BBBEE rating affects the amount of expenditure the JDA can claim as being from a BBBEE-compliant service provider when calculating its preferential procurement points. The higher the service provider’s rating, the more expenditure can be claimed. If the agency buys from a level 1 service provider, it can claim 135% of the actual expenditure. For example, if the JDA spends R10 000 with a level 1 service provider, it can claim R13 500 as BBBEE spend. If it spends R10 000 with a level 6 service provider, it can only claim R6 000. The JDA only claims 100% for service providers with BBBEE level 1 to 4 and 80 percent, 60 percent, 50 percent and 10 percent for service providers with BBBEE level 5 to 8 respectively.

¹² The reason why there is a difference in total expenditure and expenditure claimed for BBBEE is that the JDA’s 5% Development Fee has been excluded

The JDA confirms the validity of BBEE certificates by verification agencies by tracing the name of the agency to the South African National Accreditation System’s list of accredited agencies.

Each BBEE level is translated into a BBEE score reflected as a percentage. For example, BBEE level 6 equals 60%, while BBEE level 1 equals 135%.

TABLE 21: BBEE POINTS

B-BBEE Status Level Of Contributor	B-BBEE Recognition	Number of Points	
		Tenders up to R30,000 R50 million	Tenders above R50+ million
1	135%	20	10
2	125%	18	9
3	110%	14	6
4	100%	12	5
5	80%	8	4
6	60%	6	3
7	50%	4	2
8	10%	2	1
Non-Compliant contributor	0%	0	0

SECTION 10: ENTERPRISE / SMME DEVELOPMENT

In line with national development and shared growth imperatives, the CoJ recognises that creating jobs and ensuring that SMMEs have access to procurement opportunities are essential elements of an economically viable city.

Over the years, the JDA has established processes and practices to support job creation and enterprise and skills development for previously disadvantaged groups, including black people, women, youth and people with disabilities. But the impact of these processes and practices have not been adequately measured and reported on in the past. The agency has also recognised the need to consolidate and extend these practices by designing and implementing a programme that will drive the achievement of empowerment objectives, and align projects and approaches to address the challenges facing previously disadvantaged enterprises.

The enterprise development programme is made up of the following components:

- **Emerging contractor development** for SMMEs working on JDA projects (both subcontractors and those contracted directly by the JDA). This includes general training.
- Training on **winning business** for SMMEs (with a focus on unsuccessful bidders identified through the JDA tender process).

The JDA reports on the SMME share of both actual expenditure and contractual commitments for all active contracts. The table below shows the SMME share of capital and operating expenditure. The SMME share of JDA’s operating and capital expenditure was R 52 241 748.78 for the period 01 July 2017 to 30 September 2017. This constitutes an achievement of 67% for the period under review.

TABLE 22: SUMMARY OF SMME EXPENDITURE¹³

Description	First Quarter	
	SMME Expenditure	SMME %
Capex	R 51 226 349.70	66%
Opex	R 1 015 399.08	82%
Consolidated Opex and Capex	R52 241 748.78	67%

¹³ Note: Any discrepancies between this table and the financial statements are due to timing differences between when the expenditure is captured in the Development Information Management System and the report on actual invoices paid. These variances are not significant and the ratios remain valid.

SECTION 11: STATEMENT ON AMOUNTS OWED BY AND TO GOVERNMENT DEPARTMENTS AND PUBLIC ENTITIES

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

TABLE 23: AMOUNTS OWED BY AND TO GOVERNMENT DEPARTMENTS AND PUBLIC ENTITIES

Name of department	Balance	Comments
	R' 000	
City of Johannesburg - CAM & USDG	147 243	Balance mainly relates to amounts outstanding for June 2017 claims that were submitted and accrued for in July 2017.
City of Johannesburg - Department of Transportation and Planning	770 308	Balance mainly relates to amounts outstanding for longer than 30 days. Majority of the balance relates to claims for June 2017 submitted and accrued for in July 2017.
City of Johannesburg - EMS	41 132	Balance mainly relates to amounts outstanding for longer than 30 days. Majority of the balance relates to claims for June 2017 submitted and accrued for in July 2017.
City of Johannesburg - Department of Health	58 032	Balance mainly relates to amounts outstanding for longer than 30 days. Majority of the balance relates to claims for June 2017 submitted and accrued for in July 2017.
City of Johannesburg - GSPCR	3 184	Balance mainly relates to amounts outstanding for longer than 30 days. Majority of the balance relates to claims for June 2017 submitted and accrued for in July 2017.
City of Johannesburg - Other departments (Department of Economic Development, Department of Housing, Department of Social Development, Department of Community Development, Johannesburg Roads Agency (SOC) Ltd)	92 868	Balance mainly relates to amounts outstanding for longer than 30 days. Majority of the balance relates to claims for June 2017 submitted and accrued for in July 2017.
Total	1 112 767	

CHAPTER 4: HUMAN RESOURCES & ORGANISATIONAL MANAGEMENT

SECTION 1: HUMAN RESOURCE MANAGEMENT

The JDA aims to be the employer of choice in its field. This is supported by the JDA's overall objective, as set out in its Employment Policy, to ensure that its employment practices and remuneration policies motivate and retain talented employees and create an attractive work environment. The JDA periodically reviews all its employment policies and practices in line with applicable prescripts to ensure that it remains relevant and practical for the changing world of work and is attractive to potential employees.

Until recently the JDA was a non-unionised work environment. Since November 2016, the JDA has started with IMATU (Independent Municipal and Allied Trade Union) membership subscriptions. JDA respects and promotes the exercise of employment laws.

The revised JDA staff establishment and organogram was approved by the Board on the 28th of August 2017. It has a total of 122 positions. Of the 122 positions, 26 are vacant, 7 of which are unfunded, and will be kept in abeyance until funds become available. Therefore 96 filled positions. In terms of physical location, 86 employees are based at the JDA Head Offices in Newtown, with 10 employees based at the JDA Sandton Offices.

In the approved organogram, there are thirteen (13) new positions, which have been identified as critical in terms of addressing capacity constraints in critical areas.

The structure includes:

- A Top Management consists of level 1 and 2 which accounts for the CEO and Executive Management Committee team i.e. the Chief Executive Officer, the Chief Financial Officer, the Executive Manager: Development Implementation, the Executive Manager: Planning and Strategy, the Executive Manager: Development Facilitation, the Executive Manager: Marketing and Communications and the Executive Manager: Corporate Services, the Chief Audit Executive and the Company Secretary, who both report to the Board.
- Senior Management consists of level 3 and 4 comprising Senior Development Managers, Executive Support Manager, Monitoring and Evaluation Manager, Internal Audit Manager, Finance Manager, Budget Manager, Supply Chain Manager, Communications and Marketing Manager, the Human Resources Manager, the IT Manager, the Risk and Compliance Manager, the Legal Manager, Manager: Stakeholder Relations, Enterprise Development Manager and Planning Manager, Development Facilitation Manager, Development Managers.
- Professional and Middle Management consists of level 5 and 6, comprising Coordinators, Accountants, SCM Officer, M&E Data Officer, Marketing Business Partners, HR Generalists, Assistants Development Managers, Internal Auditors, Risk Officer and Legal Officer.
- Skilled technical, academically qualified and junior management are level 7 and 8, comprising Learners, Coordinators, a Receptionist, Personal Assistants, Accounts Payable Officers, IT Support Officers, IT and Information Systems Administration Officer, Fixed Asset Register Officer, Messenger/Caretaker and the Procurement Coordinators.
- Semi-skilled workers, comprising a Driver and a Receptionist.

- Unskilled workers, comprising Housekeepers and Cleaners.

Learnership Programme

The learnership programme provides an excellent opportunity for learners to acquire practical work experience in their field of expertise, as well as all other operational areas of the JDA. It also provides a fantastic opportunity for learners to get a practical feel of the work environment. It is for this reason that the JDA fully supports and subscribes to a learnership program.

There are two (2) spaces allotted for learners for the financial year. Both positions are in the Internal Audit department.

Injuries, sickness and suspensions

The Basic Conditions of Employment Act 75 of 1997, is a statutory instrument that provides guidelines for basic conditions of employment, critical among them being an employee’s right to take leave .To ensure proper management of leave, the JDA has implemented an employee self-service web platform which allows employees to electronically apply for leave, as well as obtain electronic approvals on their leave application. The table below provides statistics of sick leave taken in this financial year.

These statistics exclude ten (10) employees who are located at the Sandton offices, due to the fact that they are not on the JDA payroll, as they are paid through the City of Johannesburg payroll. The ten (10), employees were seconded to the JDA, with an intercompany transfer to the JDA.

TABLE 24: COST OF SICK LEAVE – EMPLOYEES ON JDA PAYROLL ONLY

Salary band	Total sick leave	Proportion of sick leave without medical certificate	Employees using sick leave	Total employees in post	Average sick leave per employee	Estimated cost
	Days	%	No.	No.	Days	R
Top management	0	0	0	1	0	0
Executive management (including chief audit executive)	0	0	0	5	0	0
Senior management	6	0	3	18	0.33	27 498
Middle management	9	0	4	27	0.33	28 404
Skilled technical/junior management	47	0	19	27	1.74	55 789
Semi-skilled	1	0	1	3	0.33	470
Unskilled	8	0	3	5	1.6	3 52
TOTAL	71	0	30	86¹⁴	4	115 673

SECTION 2: EMPLOYEE REMUNERATION (TOTAL COSTS INCLUDING EXECUTIVES)

The total remuneration costs for the first quarter were R 14 094 993.392. This figure includes pension fund.

¹⁴ 86 JDA employees are based at the JDA Head Offices in Newtown, with 10 CoJ employees based at the JDA Sandton Offices.

SECTION 3: KEY VACANCIES

With regards to Executive Management, the recruitment process for the Chief Executive Officer, the Chief Financial Officer, Executive Manager: Corporate Services and Executive Manager: Marketing and Communications is currently underway. The recruitment process is at various stages, with finalisation of appointments expected by the end of the second quarter of the 2017/2018 financial year. HR's strategic intent is to ensure that key critical vacancies are filled as soon as possible and in general to ensure that there is sufficient capacity to deliver on the JDA's expanded mandate at all times.

TABLE 25: STAFF ESTABLISHMENT

Description	2017/18				
	Approved no. of posts per approved organogram	Additions to the structure	No. of employees	No. of vacancies	% of vacancies
Top management level	1	0	0	1	100%
Executive management	8	0	5	3	37%
Senior management	19	0	18	1	5%
Middle management	52	0	33	19	36%
Skilled technical/junior management	30	0	30	0	0%
Semi-skilled	4	0	3	1	25%
Unskilled housekeepers/cleaners	6	0	5	1	16%
Intern / Learners	2	0	1	1	50%
Total	122	0		27	22%

Turnover rates from 2016/17 to 2017/18

The basis for turnover rates is annual. To give an accurate indicator of the turnover rates, year on year, this indicator will therefore not look at 2016/2017 financial year in isolation and then interrogate the cumulative effect of turnover year to date. This is one of the indicators that has to use the year to date figures.

In this quarter, staff turnover is 1.1% due to one (1) resignation.

Historic percentage trends of staff turnover over the financial years 2010/2011 to 2016/2017 range between 5% and 17%, with the lowest being in the 2012/2013 financial year and the highest being 2016/2017 financial year.

TABLE 26: ANNUAL TURNOVER RATE

Details	Total appointments at beginning of financial year	Terminations during financial year (YTD)	Turnover rate
	No.	No.	%
2016/17	96	17	17.7
2017/18	95	1	1

Retention Initiatives

JDA remains committed to mitigate against high staff turnover through various initiatives which seek to make the JDA an employer of choice. These include but are not limited to:

- Structured interventions for employee development.
- Accelerated interventions targeted at continuous improvement on employee relations

SECTION 4: EMPLOYMENT EQUITY

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

The JDA’s Employment Equity Policy and Plan aims to advance and protect previously disadvantaged individuals by providing opportunities for career advancement, growth, training and development. The Executive Committee and Human Resources and Remuneration Committee provide regular input into the organisation’s employment equity, practices strategies direction and initiatives.

The Employment Equity Plan was developed to promote an environment and culture that supports open communication, where everyone is encouraged to express their views without fear of being victimised, and to ensure fair and consistent application and implementation of all employment practices and procedures. Structures and resources have been put in place to coordinate and monitor employment equity implementation across the organisation. The JDA undertakes an annual review of its employment equity processes and general employment practices to inform the implementation of the Employment Equity Plan. The JDA plans its annual employment equity targets in terms of its Employment Equity Policy and reports to the Department of Labour in accordance with the provisions of the Employment Equity Act and within legislated timeframes.

TABLE 27: EMPLOYMENT EQUITY DEMOGRAPHICS STATUS FOR PERIOD UNDER REVIEW

Occupational Levels									Foreign Nationals		Total
	Male				Female				Male	Female	
	A	C	I	W	A	C	I	W			
Top management	1	0	0	0	0	0	0	0	0	0	1
Executive Management	2	0	0	2	1	0	0	0	0	0	5
Senior Management	5	1	1	2	7	0	2	0	0	0	18
Professionally qualified and experienced specialists and mid-management	12	0	0	1	13	2	1	2	0	0	31
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	8	0	0	0	19	1	2	1	0	0	31

Occupational Levels											Total
	Male				Female				Foreign Nationals		
	A	C	I	W	A	C	I	W	Male	Female	
Semi-skilled and discretionary decision making	1	0	0	0	2	0	0	0	0	0	3
Unskilled and defined decision making	2	0	0	0	4	0	0	0	0	0	6
Total Permanent	31	1	1	5	46	3	5	3	0	0	95
Temporary employees(learner)	0	0	0	0	1	0	0	0	0	0	1
Grand Total	31	1	1	5	47	3	5	3	0	0	96

The JDA targets and achievements for period under review:

- 91% of employees are black (target: 80%).
- 60 % of employees are female (target: 45%).
- 27% of employees who are black women are in management positions
- 2% of the JDA has employees have physical disabilities. This percentage is equal to the COJ’s strategic target of 2%. The JDA is committed to improve the percentage representation of people from designated groups across all occupational categories.

TABLE 28: STAFF MOVEMENTS

Staff movements	African		Coloured		Indian		White		Total
	Male	Female	Male	Female	Male	Female	Male	Female	
Appointments	1	3	0	0	0	0	0	0	4
Dismissals	0	0	0	0	0	0	0	0	0
Retirements	0	0	0	0	0	0	0	0	0
Absenteeism	0	0	0	0	0	0	0	0	0
Termination/other	1	0	0	0	0	0	0	0	1
TOTAL	2	3	0	0	0	0	0	0	5

SECTION 5: SKILLS DEVELOPMENT AND TRAINING

The JDA is committed to employee training and development, ensuring variety of skills set, thus building a pool of competent employees. It aims to provide an integrated learning experience to its employees that will strengthen their commitment to the organisation’s values, enhance leadership capability and improve the JDA’s capacity to meet current and future business requirements.

The JDA’s Learning Strategy is based on four pillars:

- Understanding the educational requirements of the organisation, based on competency assessments and pivotal training

- Best practice learning design
- Timely and appropriate learning delivery
- Assessment of the impact of learning interventions on overall company performance.

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

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

A budget of R 627 882.00 has been allocated for training and development for the 2017/18 financial year.

SECTION 6: PERFORMANCE MANAGEMENT

The JDA views performance management as an integral part of the JDA's business strategy which ensure that employees deliver on the agreed scorecard and excellent performers are rewarded accordingly.

The JDA uses a scorecard to evaluate employee performance. Individual performance indicators are linked to the JDA's objectives and the CoJ's integrated development plan scorecard. Objectives that reinforce the culture of governance and risk management among managers are also included.

As part of continuous employee development, coaching, mentorship and training interventions are implemented to assist employee to perform to the required performance standard.

Despite the JDA's increasing budget allocation and portfolio, which has put strain on employees' performance, the JDA will continue to implement measures to improve its operational effectiveness in 2017/18 financial year.

SECTION 7: DISCIPLINARY MATTERS AND OUTCOMES

In this quarter, there was no disciplinary matter that resulted in a dismissal. One staff member was put on suspension pending the outcome of an enquiry which is underway.

SECTION 8: LEAVE AND PRODUCTIVITY MANAGEMENT

JDA is committed to the effective management of leave for its employees, and all Line Managers have an obligation to ensure effective planned leave management within their respective Departments.

The following table gives an analysis of the various leave types and how they were utilised by JDA employees in this quarter.

The most highly utilised leave type in this quarter is Annual leave with a total of 99 days, with sick leave being the second most utilised leave type, with a total of 71 days, Responsibility leave being the third most utilised leave type, with a total of 32 days and Study leave being the least utilised eave type, with a total of 21 days.

TABLE 29: LEAVE ANALYSIS – FIRST QUARTER 2017/18

Type of Leave	July 2017	August 2017	September 2017	Total
---------------	-----------	-------------	----------------	-------

Type of Leave	July 2017	August 2017	September 2017	Total
Annual Leave	77	22	0	99
Sick Leave	32	39	0	71
Family Responsibility	14	18	0	32
Study Leave	17	4	0	21
Total	140	83	0	223

SECTION 9: EMPLOYEE WELLNESS

The JDA is committed to maintaining a healthy workforce and providing a safe and hygienic working environment. The JDA's Employee Wellness Programme, which is outsourced to ICAS, offers behavioural risk management, free trauma counselling and free legal and financial advice for all employees. ICAS provides a confidential, 24-hour personal support and information service, which employees, as well as their partners and immediate family, may access through a toll-free number for assistance with health, financial, legal and other issues.

The JDA receives statistical information on the issues discussed to enable it to identify and implement solutions to the particular issues raised. The identities of the employees who use this service remain strictly confidential.

The JDA holds Wellness Day events every quarter. Employees can have their basic health assessed and receive feedback and guidance on corrective measures and counselling. There is one wellness day scheduled in this quarter.

SECTION 10: EMPLOYEE BENEFITS

The JDA participates in two retirement benefit schemes: eJoburg Retirement Fund (81 permanent employees) and City of Johannesburg Pension Fund (1 permanent employee). The total remuneration costs in this quarter is R 14, 094, 993.39. This amount includes pension fund.

The total contribution for Group Life Cover for the JDA employees and directors, in this quarter is, R 199 596.28

SECTION 11: OCCUPATIONAL HEALTH & SAFETY PROGRAMMES

HIV/AIDS in the Workplace

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

The HIV/AIDS Programme runs awareness and educational campaigns, provides free condoms, shares videos and offers free helplines. The programme ensures that employees with HIV/AIDS are treated in a fair, consistent manner and are informed about their rights and employee benefits.

In the period under review, the JDA and ICAS held a wellness day, where HIV/AIDS awareness is prioritized through testing and counselling to all JDA staff.

Occupational Health and Safety

Independent consultant Ubomi Safety Consulting conducted monthly occupational health and safety compliance audits during period under review in 2017/18 financial year. These audits identify risks and cases of non-compliance with the Occupational Health and Safety Act (1993), enabling the JDA to implement risk mitigation plans to reduce the risks and address cases of non-compliance. A report prepared in August 2017 estimated that the JDA's compliance rate for period under review was 87.41%. The areas of non-compliance include:

- Inadequate working space for employees
- Unsafe Stacking Storage Boxes in Offices
- Cleaning of office carpets
- Pipe in office emitting dampness and smells
- An excessive amount of dust is accumulating on window sills and internal roof structures

CHAPTER 5: FINANCIAL PERFORMANCE

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

STATEMENT OF FINANCIAL POSITION FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	Quarter ended 30 September 2017			Year to date			Notes
	Actual	Budget	Variance	Actual	Budget	Variance	
	R'000	R'000	R'000	R'000	R'000	R'000	
ASSETS							
Non-current assets	24 081	22 295	1 786	24 081	22 295	469	1
Property plant and equipment	7 030	6 460	570	7 030	6 460	570	
Deferred tax	2 152	835	1 317	2 152	835		
Intangible assets	14 898	15 000	(102)	14 898	15 000	(102)	
Current assets	1 175 461	364 097	811 364	1 175 461	364 097	749 934	2
Trade and other receivables	1 114 029	364 095	749 934	1 114 029	364 095	749 934	
Vat Receivable	61 430	-	61 430	61 430	-	-	
Cash and cash equivalents	2	2	0	2	2	0	
Total assets	1 199 542	386 392	813 150	1 199 542	386 392	750 403	
EQUITY AND LIABILITIES							
Capital and reserves	55 445	47 374	8 071	55 445	47 374	8 071	

	Quarter ended 30 September 2017			Year to date			Notes
	Actual	Budget	Variance	Actual	Budget	Variance	
	R'000	R'000	R'000	R'000	R'000	R'000	
Contribution from owner	16 278	16 278	- 0	16 278	16 278	- 0	
Accumulated surplus/(deficit)	39 168	31 096	8 072	39 168	31 096	8 072	
Non-current liabilities	47 749	15 678	32 071	47 749	15 678	32 071	
Finance lease obligation	-	-	0	-	-	0	
Deferred taxation	15 867	5 581	10 286	15 867	5 581	10 286	
Project funds payable	31 882	10 097	21 785	31 882	10 097	21 785	3
Current liabilities	1 096 348	323 340	773 008	1 096 348	323 340	773 008	4
Loans from shareholders	946 902	102 719	844 183	946 902	102 719	844 183	
Trade and other payables	144 545	207 456	(62 911)	144 545	207 456	(62 911)	
VAT payable	0	10 003	(10 003)	0	10 003	(10 003)	
Finance lease obligation	445	141	304	445	141	304	
Bank Overdraft	1		1	1	0	1	
Provisions – bonus	4 455	3 021	1 434	4 455	3 021	1 434	
Total equity and liabilities	1 199 542	386 392	813 150	1 199 542	386 392	813 150	

Notes	
1	Variance is mainly due to the deferred tax variance as this balance was under-budgeted for in comparison to the opening balance from the 2016/17 financial year. The deferred tax calculations are normally prepared on an annual basis as part of the year end preparation and will be adjusted during the mid-year adjustment process.
2	Variance is due to the higher than expected trade receivables balances which includes amounts owing from City of Johannesburg departments for development projects implemented in the 2016/17 and 2017/18 financial years. The JDA contracts with suppliers with regard to the development projects implemented by the JDA on behalf of the City of Johannesburg and pays these suppliers within the legislated period of 30 days. These expenditure items are then claimed from the City with the inclusion of the JDA management fee. Majority of the long outstanding claims related to the City of Johannesburg: Department of Transportation (NDOT). Although the recovery time for claims has reduced, the high volume at 2016/17 year end resulted in a longer recovery period.
3	Included in the project funds payable is the BRT land funds that are currently being held for purchase of BRT land which relates to majority of these funds and Social Housing Regularity Housing funds received in the 2016/17 financial year.
4	The variance is mainly due to a higher than expected overdrawn balance for the end of the quarter. This is mainly due to long outstanding claims that was received late or still outstanding from the various departments. The JDA contracts with suppliers with regards to the development projects implemented by the JDA on behalf of the City of Johannesburg and pays these suppliers within the legislated period of 30 days. These expenditure items are then claimed from the City with the inclusion of the JDA management fee. Majority of the long outstanding claims related to the City of Johannesburg: Department of Transportation (NDOT). Although the recovery time for claims has reduced, the JDA still incurs capital expenditure during the claims recovery period which results in final overdraft balance on the treasury sweeping account. The outstanding balance as at the end of the first quarter relates to balances that owed from the 2016/17 financial year.

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

STATEMENT OF FINANCIAL PERFORMANCE FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	Prior year 30 September 2017	Original approved	Quarter ending 30 September 2017			Year to date			Notes
	Actual	budget	Actual	Budget	Variance	Actual	Budget	Variance	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Gross revenue	9 230	108 409	11 600	11 009	592	11 600	11 009	592	5
Operating costs	(18 775)	(101 450)	(19 550)	(25 363)	5 813	(19 550)	(25 363)	5 813	6
Gross surplus/(deficit)	(9 545)	6 959	(7 950)	(14 354)	6 404	(7 950)	(14 354)	6 404	
Other operating income and expenditure	(5 464)	(6 959)	(9 194)	(1 740)	(7 454)	(9 194)	(1 740)	(7 454)	
Interest expense	(5 464)	(6 959)	(9 194)	(1 740)	(7 454)	(9 194)	(1 740)	(7 454)	7
Interest income	0	0	0	0	0	0	0	0	
Deficit before tax	(15 010)	0	(17 144)	(16 094)	(1 050)	(17 144)	(16 094)	(1 050)	
Taxation	0	0	0	0	0	0	0	0	
	(15 010)	0	(17 144)	(16 094)	(1 050)	(17 144)	(16 094)	(1 050)	
Surplus/(Deficit) after tax									

Notes	
5	The variance is mainly due to development management fees that was earned. Capital project expenditure had achieved 5.11% of the total annual budget against a target of 5%, which resulted in marginally higher fees earned than expected.
6	The variance relating to operating costs relates mainly due to delays in certain expenditure line items for the first quarter. These items in Development Facilitation costs, marketing and communications, planning and strategy costs and repairs and maintenance. Operational plans for the current year have been finalised and most of the expenditure is planned to be incurred in the following quarters.
7	The interest expenditure incurred relates to interest charged on an overdrawn treasury account balance. The overdrawn balance is mainly due to long outstanding claims that were received late or are still outstanding from the various departments. The JDA contracts with suppliers with regards to the development projects implemented by the JDA on behalf of the City of Johannesburg and pays these suppliers within the legislated period of 30 days. These expenditure items are then claimed from the City with the inclusion of the JDA management fee. Majority of the long outstanding claims related to the City of Johannesburg: Department of Transportation (NDOT). Although the recovery time for claims has reduced, the JDA still incurs capital expenditure during the claims recovery period which results in final overdraft balance on the treasury sweeping account. The outstanding balance as at the end of the first quarter relates to balances that were owing from the 2016/17 financial year.

SECTION 3: CASH FLOW STATEMENT

CASHFLOW STATEMENT FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	Quarter ended 30 September 2017		Year to date				Quarter ended 30 September 2017
	Actual	Budget	Actual	Budget	Actual	Budget	Notes
	R'000	R'000	R'000	R'000	R'000	R'000	
Cash flows from operating activities	(453 054)	(149 646)	(453 054)	(149 646)	(453 054)	(149 646)	
Receipts							
Grants	0	4 235	0	4 235	0	4 235	
Interest received	0	0	0	0	0	0	
Cash receipts from CAPEX funding	145 118	365 075	145 118	365 075	145 118	365 075	8
Other receipts	300	310	300	310	300	310	
Payments	0	0	0	0	0	0	
Employee cost	(18 324)	(13 216)	(18 324)	(13 216)	(18 324)	(13 216)	
Suppliers	(570 954)	(506 000)	(570 954)	(506 000)	(570 954)	(506 000)	9
Interest paid	(9 194)	(50)	(9 194)	(50)	(9 194)	(50)	10
Cash flows from investing activities	0	(4 500)	0	(4 500)	0	(4 500)	
Expenditure to maintain operating capacity							
Property, plant and equipment acquired	0	(4 500)	0	(4 500)	0	(4 500)	11
Proceeds from sale of property, plant and equipment	0		0		0		

	Quarter ended 30 September 2017			Year to date			Quarter ended 30 September 2017
	Actual	Budget	Actual	Budget	Actual	Budget	Notes
	R'000	R'000	R'000	R'000	R'000	R'000	
Purchase of intangible assets	0		0		0		11
Cash flows from financing activities	452 416	153 508	452 416	153 508	452 416	153 508	
Movement in project funds payable	0	0	0	0	0	0	
Proceeds from Shareholders' loan	452 494	153 574	452 494	153 574	452 494	153 574	10
Repayments of Shareholders' loan	0	0	0	0	0	0	
Finance lease repayments	(78)	(66)	(78)	(66)	(78)	(66)	
Net increase/(decrease) in cash and cash equivalents	(638)	(638)	(638)	(638)	(638)	(638)	
Cash and cash equivalents at beginning of the year	639	639	639	639	639	639	
Cash and cash equivalents at the end of the year	1	1	1	1	1	1	

Notes	
8	Variance relates to development claims that are still outstanding from client departments from the 2016/17 financial year.
9	Variance due to part of the payments expected for the end of September will only be done during October 2017.
10	The interest expenditure incurred relates to interest charged on an overdrawn treasury account balance. The overdrawn balance is mainly due to long outstanding claims that were received late or are still outstanding from the various departments. The JDA contracts with suppliers with regards to the development projects implemented by the JDA on behalf of the City of Johannesburg and pays these suppliers within the legislated period of 30 days. These expenditure items are then claimed from the City with the inclusion of the JDA management fee. Majority of the long outstanding claims related to the City of Johannesburg: Department of Transportation (NDOT). Although the recovery time for claims has reduced, the JDA still incurs capital expenditure during the claims recovery period which results in final overdraft balance on the treasury sweeping account. The outstanding balance as at the end of the first quarter relates to balances that owed from the 2016/17 financial year.
11	Budgeted expenditure related mainly to SAP implementation invoices that have not yet been received for the end of quarter 1.

STATEMENT OF CHANGES IN NET ASSETS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

		Share capital	Share premium	Total capital share	Accumulated surplus	Total net assets
			R'000	R'000	R'000	R'000
Opening balance as previously reported		60	16 278	16 278	54 115	65 161
Adjustments		0	0	0	0	0
Prior year adjustments					0	0
Balance at 01 July 2016		60	16 278	16 278	54 115	65 161
Changes in net assets						
Surplus for the year		0	0	0	2 197	2 197
Total changes		0	0	0	2 197	2 197
Balance at 01 July 2016		60	16 278	16 278	56 312	67 358
Changes in net assets						
Deficit for the year		0	0	0	(17 144)	(17 144)
Total changes		60	16 278	16 278	39 168	50 214
Balance at 30 September 2017		60	16 278	16 278	39 168	50 214

SECTION 4: RATIO ANALYSIS

Key Performance Area	Target	Actual 30 September 2016	Actual 30 September 2017	Notes
Current ratio	Above 1 : 1	1.11:1	1.07 : 1	1
Solvency ratio	Above 1 : 1	1.07:1	1.05 : 1	2
Salaries to expenditure ratio	Below 60%	62%	64%	3
Revenue	R108.4 million	R9.2 million	R11.6million	
Expenditure (including taxation)	R108.4 million	R24 million	R28.7 million	
Surplus / (Deficit)	R nil	(R15 million)	(R17.1 million)	
Total net assets	R47.4 million	R50.2 million	R55.5 million	
Capital expenditure	95%	6%	5%	4

Notes	
1	Current ratio exceeds target and is lower than the first quarter of the previous year due to a higher overdraft balance and higher trade receivables in the current financial year. This includes a higher trade payables balance in the current financial year in comparison to the prior year.
2	Solvency ratio is higher than target and lower than the first quarter of the previous year mainly due to a payables balance which is higher than in the previous fourth quarter.
3	Remuneration to expenditure ratio is higher than the first quarter of the previous financial year due to a lower overall expenditure balance which contributes to the overall calculation as the denominator.
4	Although the % capital budget spent is lower than the capital spent in the first quarter of the previous financial year, the number of contracts that have been procured is higher than the similar quarter in the prior year. This should result in higher expenditure in the outer quarters.

SECTION 5: REPORT ON IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND DUE PROCESSES

No irregular, fruitless and wasteful expenditure was incurred for the current quarter.

SECTION 6: PENDING LITIGATIONS AND POSSIBLE LIABILITIES

CASE / MATTER	AMOUNT CLAIMED	DATE INSTITUTED	DISCRIPTION	CURRENT STATUS	ANTICIPATED COMPLETION DATE	CHANCES OF SUCCESS
Ubuntu Kraal (Pty) Ltd vs JDA	± 23 555 160, 06 million	13/12/2013	Damages suffered by Ubuntu Kraal as a result of “alleged” negligence by the JDA and other parties.	<p>On Friday, 13 December 2013 the JDA was served with summons. The summons relate to the “alleged” negligence on the part of the JDA during the widening of the Klipspruit Valley Road during the construction of the BRT routes around 2010. It is alleged that as a consequence of such construction, which resulted in flooding in 2010 and 2011, damages to buildings and properties to the tune of approximately R23 555 160, 06 was incurred by the plaintiff. The JDA has been cited as the first defendant and the City of Johannesburg as the second defendant in the matter, together with 5 other defendants.</p> <p>The JDA has appointed Routledge Modise Attorneys (T/A Hogan Lovells) to assist in defending the matter.</p> <p>Routledge Modise have handed over the matter to the insurers attorneys at the request of the JDA’s insurers (Webber Wentzel Bowens).</p> <p>The matter is being defended by the JDA</p>	The matter is still at pleadings stage. It has not yet been set down for trial.	Not yet determined at this stage.

CASE / MATTER	AMOUNT CLAIMED	DATE INSTITUTED	DISCRIPTION	CURRENT STATUS	ANTICIPATED COMPLETION DATE	CHANCES OF SUCCESS
				and COJ's insurer's lawyers.		
Tembu Convenience Centre CC vs City of Johannesburg 1 st Defendant and Others (JDA- 2 nd Defendant)	± R10 488 324 million		Damages suffered by Tembu Convenience Centre CC as a result of "alleged" extensive permanent road diversions and/or closures having been effected in order to cater for the BRT system in the area known as "Soweto to Parktown Bus Rapid Network, Section 1, Moroka Police Station to Modderspruit Culvert". It is alleged that COJ or the JDA failed to comply with the relevant legislation and ordinances.	The matter was set down for trial on 1 June 2017. The JDA successfully defended the matter as the case was dismissed with costs of two counsel on 15 September 2017	Case finalised	Successfully defended the matter.
Achusim Chijoike vs (JDA 1 st Defendant) and Sykmark Security Services (Pty) Ltd (2 nd Defendant)	± R353000.00	10/2013	Injury suffered by Plaintiff as a result of a shooting incident that occurred in December 2010. The Plaintiff alleges that the person implicated in the shooting is linked to the JDA as its employee. Hence the claim of vicarious liability.	The JDA was incorrectly cited as a party to the proceedings. Particulars of defence were submitted to the plaintiff accordingly. The Plaintiff has to date not responded to our pleadings. A letter has been addressed by the JDA's attorneys (Routledge Modise T/A Hogan Lovells) to the Plaintiff to the effect that should we not receive any feedback from them, we shall proceed to seek court approval to withdraw the matter. We still await feedback from the Plaintiff's attorneys.	The matter stopped at pleadings stage and is likely not going to proceed.	Not yet determined.
Bertrams Priority Block vs JDA	Not applicable	February 2008	Relocation of illegal occupants in various buildings around Bertrams Priority Block.	The JDA has through its Attorneys (Edward Nathan Sonneburg ENS) entered into legal proceedings regarding the relocation of illegal occupants in various buildings	On-going	Good

CASE / MATTER	AMOUNT CLAIMED	DATE INSTITUTED	DISCRIPTION	CURRENT STATUS	ANTICIPATED COMPLETION DATE	CHANCES OF SUCCESS
				<p>around Bertrams Priority Block. Eviction proceedings have been instituted in the South Gauteng High Court. Negotiations are underway with the occupants to settle the matter out of court. Progress made since 2012, some occupants have agreed to be reallocated to properties operated by the Johannesburg Social Housing Company. The few that would be left would, due to inability to meet monthly rentals will be accommodated by the Department of Housing.</p> <p>The parties are working together to reach agreement without a protracted litigation processes.</p>		
Dark Fibre Africa vs JDA and Easyway Tarmac Pave and Projects CC	R42,037.85	14/03/2014	<p>The matter relates to the fibre optic cable that was damaged by opening a trench in the road reserve with a TLB Machine along the road carriage way of Orlando East, near Sefa Sonke Street around 22 June 2013.</p> <p>The plaintiff, Dark Fibre Africa (Pty) Ltd is suing the JDA (2nd Defendant) on the basis that JDA used the services of Easyway Tarmac Pave and Projects CC to manage and control the execution of the water pipeline project and to do the drilling and excavation along the road carriage way of Orlando East near the</p>	The matter is being defended by the lawyers appointed by the JDA's insurers (AON).	The matter is still at pleading stage and has not been set down for trial	Not yet determined.

CASE / MATTER	AMOUNT CLAIMED	DATE INSTITUTED	DISCRIPTION	CURRENT STATUS	ANTICIPATED COMPLETION DATE	CHANCES OF SUCCESS
			intersection with Sefa Sonke Street.			

SECTION 7: INSURANCE CLAIMS AGAINST/TO MOE/DEPARTMENT.

No claims within the first quarter.

CHAPTER 6: INTERNAL & EXTERNAL AUDIT FINDINGS

SECTION 1: RESULTS OF INTERNAL AUDITS

The chart below serves to indicate an overview of the progress made for the period 01 July 2017 to 30 September 2017 against the 2017/18 Internal Audit Plan.

First Quarter Progress

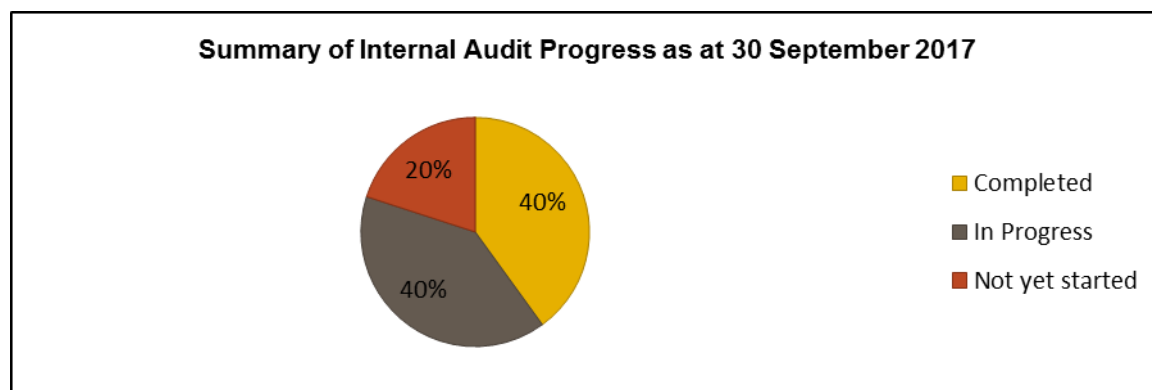


FIGURE 6: INTERNAL AUDIT PROGRESS AS 30 SEPTEMBER 2017

The scope of the internal audit progress to which this report relates to is for 01 July 2017 to 30 September 2017; the report includes progress on the planned audit projects executed as well as special audit requests (if any) that were undertaken during the reporting period. In this reporting period, there were five (5) audits that were undertaken. Of these 5 audits; 2 (40%) were completed, 1(20%) has not yet started and 2 (40%) are in progress.

TABLE 30: PROGRESS MADE AGAINST THE APPROVED 2017/18 ANNUAL INTERNAL AUDIT PLAN

No.	Audit Description	Progress as at 30 September 2017	Progress Comments
1.	Review of the Draft 2016/17 Annual Financial Statement	Completed	Audit Completed. Final Report issued to the Audit and Risk Committee.
2.	Review of the 2016/17 Annual Integrated Report	Completed	Audit Completed. Final Report issued to the Audit and Risk Committee.
3.	Review of tender above R5 million Jabulani ToD Phase 6A	In progress	Audit is at reporting stage.
4.	Follow up on Internal Audit Findings	In progress	Audit at reporting stage.
5.	SAP HCM pre-implementation review - data migration review.	Not yet started	Audit at planning stage.

All the areas for improvement identified through the audit efforts were communicated to management through the internal audit reports. Management continues to ensure that internal audit findings are resolved, through the implementation of recommendations and the agreed upon action plans. On a quarterly basis Internal Audit, also conducts a follow-up on the implementation of Internal and External audit

recommendations. These reports are presented to the Audit and Risk Committee, who monitors the progress made by management on the implementation of recommendations and action plans.

SECTION 2: PROGRESS ON RESOLUTION OF INTERNAL AUDIT FINDINGS

TABLE 31: INTERNAL AUDIT FINDINGS

Financial Period	Total Unresolved Findings %	Total Resolved Findings %	Total Findings
2013/14	1	1	2
2014/15	9	8	17
2015/16	17	28	45
2016/17	21	37	58
Total	48	74	122
Percentage	39%	61%	100%

Most of the findings that are unresolved relate to the reviewing of Finance Policies, the absence of a Human Resource Performance Management System and the lack of an adequate Records Management Department & management programme. Management is:

- Working to ensure that these findings are resolved and that the internal control environment is adequate and operating effectively.
- Verifying compliance on 2015/2016 HR submissions.
- Reviewing remaining policies and highlighted policies in report already completed.
- Ensuring that a policy review and training sessions are undertaken.

SECTION 3: PROGRESS ON RESOLUTION OF EXTERNAL AUDIT FINDINGS

The table below provides a summary of AG Findings raised in the 2014/2015 and 2015/2016 financial period:

TABLE 32: AUDITOR GENERAL FINDINGS

Financial Period	Total Unresolved Findings	Total Resolved Findings	Total Findings
2014/15	3	8	11
2015/16	4	30	34
Total	7	38	45
Percentage	16%	84%	100%

The unresolved findings relate to the finance office (Policies, Ethics & Debt Recovery).

On a quarterly basis, management reports to the Audit and Risk Committee on the progress made towards resolving audit findings raised by Internal Audit and the Auditor General. Internal Audit also provides an independent assurance to the Audit and Risk Committee on the progress made by management in resolving audit findings.

The Audit and Risk Committee has in recent meetings requested management to provide a report outlining action plans to ensure that all unresolved findings outstanding from the previous three financial years are resolved by the end of the 2017/18 financial year. The following corrective actions and implementation dates are strictly monitored by the Audit and Risk Committee:

- The status report on the resolutions, in particular the action plan and prescribed timelines as agreed with the individual executive managers.
- The continued one- on- one engagement with Executive Managers and the CEO continue to be prioritised and not only for monitoring executive performance but reinforcing accountability of their functional areas and offering support.
- Emphasis on building a healthy organisational culture which fosters engagement and living up to the JDA values is critical and a priority. There have been considerable changes and announcements made to staff during this transition stage and cohesive leadership become very important at this stage. The HR strategy and implementation plan is being prioritised by the Human Resources Manager who started as of the 1st of November 2016.
- Consequence management will be applied to all Executive Managers who do not adhere to their final revised plan of action as tabled.

SECTION 4: STATE OF INTERNAL CONTROLS

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

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

The JDA has a system of internal control to provide cost-effective assurance that the entities goals will be economically, effectively and efficiently achieved. In line with the MFMA, the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors and the King Code Report on Corporate Governance, Internal Audit provided the Audit and Risk Committee and Management with quarterly internal audit reports in terms of its approved annual and three-year rolling Internal Audit Plan. In addition the Risk and Compliance unit on a quarterly basis follows up the implementation of corrective measures and preventative controls in respect of all financial risks and audit findings, as per reports of the Auditor-General and Internal Audit unit, and reports to the Audit and Risk Committee

From the Internal Audit reports, it was noted that there were no material deficiencies in the system of internal control for the reporting period.

The entity also has functional and effective management structures, such as the Executive Management Committee to review, monitor and evaluate programme performance and make corrective measures where necessary.

Management is committed to addressing control weaknesses identified by internal and external audit and this is supported by the increasing the number of audit findings resolved by management through implementation of the internal and external audit recommendations. However there is still room for improvement. Based on the internal audits completed in the first quarter, internal audit's overall conclusion on the state of internal controls; is that controls currently in place are adequate; however partially effective to provide reasonable assurance that JDA objectives will be achieved. The control environment requires improvement.

ANNEXURES

ANNEXURE 1: ACRONYMS AND ABBREVIATIONS

ACRONYM	Definition
BBBEE	Broad-Based Black Economic Empowerment
BRT	Bus Rapid Transit
CBD	Central Business District
CPC	Community Participation Consultant
CoJ	City of Johannesburg
CSA	Capability support agents
EPWP	Expanded Public Works Programme
GDS	Growth and Development Strategy Joburg 2040
GMS	Growth Management Strategy
GRAP	Generally Recognised Accounting Practice
ICT	Information and communication technology
IT	Information technology
King Code	King Report on Governance for South Africa and the King Code of Governance Principles
KPI	Key performance indicator
MFMA	Municipal Finance Management Act (2003)
NMT	Non-motorised transit
SMME	Small, medium and micro enterprise