a world class African city

# JOHANNESBURG DEVELOPMENT AGENCY (SOC) LIMITED

Registration no: 2001/005101/07

# 2014/15 Integrated Annual Report

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 |
| | E Harvey |
| | N Maila |
| | Z Mafata (Chief Financial Officer) |
| | P Masilo |
| | P Mashiane |
| | T Mendrew (Chief Executive Officer) |
| | N Selamolela |
| | W Thwala |
| | P Zagaretos |
| **Registered address:** | 3 President Street, Newtown, Johannesburg |
| **Postal address:** | PO Box 61877, Marshalltown, 2107 |
| **Telephone number:** | +27 (0) 11 688 7851 |
| **Website:** | www.jda.org.za |
| **Bankers:** | Standard Bank of SA Limited |
| **Auditors:** | The Auditor-General of South Africa |
| **Company secretary:** | Hasani Rodney Shirinda |

## Vision

The JDA builds a more welcoming and competitive Johannesburg that is a better city to live, work and play in.

## Mission

The JDA's mission is to manage and facilitate area-based developments in efficient and innovative ways to build an equitable, sustainable and resilient city.

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## Structure of the report

### Scope

Since 2012, the Johannesburg Development Agency (JDA) has applied circular 63 of the Municipal Finance Management Act (MFMA) (2003), issued by the National Treasury, in the preparation of its annual reports. The circular prescribes the content municipalities should cover in their annual reports. The JDA adopted the prescribed template in 2012/13, but only completed some of the data tables. The 2014/15 integrated annual report provides all of the required data and tables.

To comply with local and international sustainable reporting best practice guidelines, the 2014/15 integrated annual report also takes into account financial, social and economic factors in reporting on the JDA's operations. The guidelines applied include:

- The MFMA
- The South African Statements of Generally Recognised Accounting Practice (GRAP)
- Section 46(1) of the Municipal Systems Act (2000).

The JDA's outcomes are aligned with those set out in the City of Johannesburg's 2013–2016 integrated development plan and the Joburg 2040 Growth and Development Strategy (GDS), the collective and shared vision for the future of Johannesburg.

### Materiality

The JDA applies the principle of materiality to determine the nature, timing and extent of the disclosures in its annual reports. A matter is material if it is of such relevance and importance that it could substantially influence an assessment of the report and the entity's ability to create value in the short, medium and long term. The following internal and external criteria were used to identify material issues:

<table>
<tr><th>Internal criteria</th><th>External criteria</th></tr>
<tr><td rowspan="2">Joburg 2040 GDS criteria and objectives</td><td>Emerging opportunities and challenges facing the JDA</td></tr>
<tr><td>Changes in the socioeconomic development agenda and priorities of national and provincial government</td></tr>
<tr><td>Enterprise risk management process, including key risks affecting the JDA's strategic and operational objectives and the associated mitigating activities</td><td>Factors that may affect the JDA's reputation and influence its ability to promote sustainable growth</td></tr>
<tr><td>The expectations and feedback of stakeholders such as residents, ratepayers, the business community, civil society, national and provincial government, neighbouring municipalities, and designated targeted groups</td><td rowspan="3">The provisions of various frameworks, including the MFMA, section 46(1) of the Municipal Systems Act, King III, the International Financial Reporting Standards, the Millennium Development Goals, and the broad-based black economic empowerment (BBBEE) code</td></tr>
<tr><td>The JDA's mission, vision and values</td></tr>
<tr><td>The JDA's governance framework and policy environment</td></tr>
</table>

## Assurance statement

The JDA's executive management, internal audit unit, and the Audit and Risk Committee have reviewed and assessed the entity's integrated annual report for 2014/15 to ascertain whether minimum disclosure requirements were adhered to in terms of the following:

| Integrated reporting framework | MFMA: Circular 63 annual reporting requirements |
|---|---|
| Ethical leadership and corporate citizenship | Chairperson's foreword and executive summary |
| Boards and directors<br>• Board independence<br>• Board reporting<br>• Board's performance<br>• Board committees<br>• Directors' remuneration | Governance<br>• Governance structures<br>• Intergovernmental relations<br>• Public accountability participation<br>• Supply chain management, by-laws and oversight committees<br>• Risk management<br>• Anticorruption and fraud<br>• Disclosure of financial interests<br>• Councillors and committee |
| Audit and Risk Committee<br>• Finance competence<br>• Audit and Risk Committee performance | Service delivery |
| The governance of risk | Organisational development performance |
| Compliance with laws, codes, rules and standards | Financial performance |
| Internal audit<br>• Assessment of governance risk, management ethics and internal control processes | Appendices and annual financial statements |
| Governing stakeholder relationships | |
| Integrated reporting disclosure<br>• Financial disclosure<br>• Sustainability disclosure | |
| Integrated reporting philosophy | |

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

# 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, the Corridors of Freedom, which link defined strategic geographic areas. The city is becoming more efficient, accessible and less reliant on consumption-led economic growth as a result.

The agency's past work includes establishing integrated sport precincts in Nasrec and Ellis Park, and dedicated bus stations and lanes for the new Rea Vaya bus rapid transit (BRT) system, as well as developing historically marginalised areas such as Kliptown, Orlando West, Orlando East, Noordgesig, Jabulani, Nancefield, Alexandra, Orange Farm and Diepsloot. The JDA has also drawn on the history of Johannesburg to create new symbols and monuments such as Constitution Hill, Nelson Mandela Bridge and the Walter Sisulu Square of Dedication. A summary of the evolution of the JDA's strategy and practice over three mayoral terms is highlighted in the table below.

**Summary of the evolution of the JDA's strategy and practice over three mayoral terms**

| | First mayoral term<br>2001/02 to 2005/06 | Second mayoral term<br>2006/07 to 2010/11 | Third mayoral term<br>2011/12 to 2015/16 |
|---|---|---|---|
| **Strategic focus** | Economic development outcomes | Triple bottom-line outcomes (economic, social and environmental objectives) | Resilient, sustainable, and liveable city outcomes |
| **Funding sources** | Opex grants from CoJ<br>Capex grants from CoJ and Blue IQ | Development fees from a range of intergovernmental capital grants (and reduced opex grants from CoJ)<br>capex grants from CoJ, National Treasury and National Department of Transport | Development fees to fund operations (further reductions in opex grants)<br>capex grants from National Treasury, and National Departments of Transport and Human Settlements |
| **Priority development areas** | Mostly inner city | Inner city and marginalised areas | Transit nodes and corridors |
| **JDA area-based development offering** | Development management | Development management and technical assistance (as capital project implementing agent) | Development management and development facilitation |
| **Type of capital projects** | Big iconic infrastructure and property development projects intended to catalyse investment by the private sector | Smaller capital works projects implemented over a longer period of time that respond to the needs of both investors and local communities.<br>Technical assistance projects on behalf of other municipal departments or entities (e.g. Rea Vaya infrastructure and CoJ clinics) | Integrated precinct developments that will transform the space economy. The JDA's role includes area-based coordination, and development facilitation |
| **Selection of key development areas** | **Inner city regeneration areas:**<br>Newtown Cultural Precinct<br>Faraday taxi rank and market<br>Constitution Hill<br>Braamfontein<br><br>**Township regeneration area:**<br>Kliptown development, Soweto | **Inner city development areas:**<br>Fashion district<br>High Court precinct<br><br>**Marginalised development areas:**<br>Stretford Station precinct, Orange Farm<br>Diepsloot development<br><br>**2010 World Cup Legacy developments:**<br>Vilakazi Street precinct, Soweto<br>Nasrec, Soweto<br>Ellis Park Sports precinct<br>Rea Vaya busways and stations on trunk routes 1A and 1B | **Station Precinct (transit-oriented node) developments:**<br>Park Station Precinct<br>Nancefield Station Precinct<br>Jabulani node<br>Randburg CBD<br><br>**Corridors of Freedom:**<br>Soweto Corridor: Orlando East and Westgate Station Precincts<br>Empire-Perth Corridor: Westbury, University precincts<br>Louis Botha Corridor: Rea Vaya busways and stations on trunk Route 1C Section 15; Alexandra non-motorised transport (NMT) and Alex Renewal Projects (ARP) projects; Hillbrow Tower Precinct<br>Turffontein development area |

## Strategic focus and future orientation: Transforming the spatial economy

The JDA's primary medium-term objective is to promote resilient city strategies by restructuring the urban spatial logic of the city. This restructuring is contingent on achieving the following three development goals:

- **Shifting people closer to jobs:** To give a greater number of poor people access to markets and jobs, the JDA will develop transit nodes in underdeveloped areas to create a spatial environment conducive to the agglomeration of economic activity, higher residential density and more intensive land use. This strategy will be achieved through the JDA's transit-oriented node development programme and the inner-city transformation programme.
- **Shifting jobs closer to people:** The development of selected nodes in marginalised areas to stimulate local economies, increase competitiveness and broaden access to markets and jobs that are nearby is an important strategy towards making the space economy more efficient. This will be achieved through the Priority Areas Development Programme.
- **Linking jobs and people:** The greenways programme will develop high-density movement corridors anchored by transit nodes to restructure the city form, promote efficient land use and improve transport energy consumption.

The JDA will continue to transform the spatial economy in Johannesburg through the implementation of the Corridors of Freedom initiative. Key precinct developments along the corridors are designed to respond to local conditions, needs and advantages, and to achieve economic, social and sustainable development outcomes. 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.

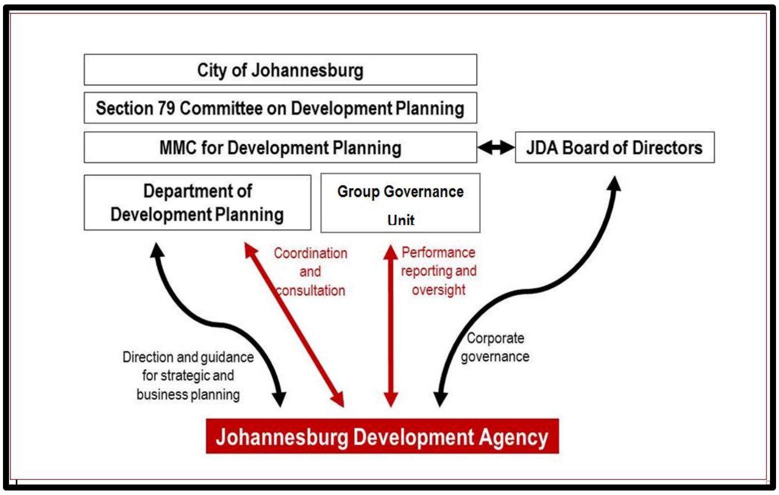
The JDA will also seek opportunities to upgrade infrastructure within station precincts and along the movement corridors. In 2013/14 the Rea Vaya communication network on trunk route 1B was activated to provide free Wi-Fi at bus stations. In 2014/15, free Wi-Fi was included in the design and implementation of the infrastructure for trunk route 1C linking the Johannesburg central business district (CBD) to Alexandra and Sandton.

## Outcomes and challenges

The JDA's evolution into an area-based development agency has prepared it to respond to the objectives of the current mayoral term. 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, including:

- Unsuitability of sites for intended developments resulting in delays until alternative sites are identified.
- Negotiations with property owners for alternative sites proving problematic and delays caused by objections to the rezoning of specific sites.
- Delays in approvals of identifying land, finalising designs and issuing of permits from various CoJ departments and entities.
- Community unrest and protests resulting in contractor appointments being delayed or stopped.

### 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 on 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 objectives

The Joburg 2040 GDS envisions a sustainable and inclusive Johannesburg in which communities and the individuals within them hold the potential and the means to imagine and grow their neighbourhoods, communities and themselves. The JDA's approach to development is rooted in this long-term vision and the specific aim of the CoJ's economic cluster to develop a resilient, liveable, sustainable urban environment that supports a low-carbon economy that is job intensive, equitable and competitive.

The strategic objectives of the JDA, which are aligned with the Joburg 2040 GDS and the economic cluster's plans for sustainable services and economic growth, are to:

- Restructure the city by developing defined, strategic geographic areas around the city and the movement corridors that link them.
- Promote economic growth by creating efficient and competitive business environments that cluster industries and functions in these areas.
- Turn around declining investment trends in these areas by upgrading public space, generating shared visions for future development, and encouraging urban management partnerships.
- Develop local economic potential in marginalised areas to promote access to jobs and markets.
- Encourage sustainable energy consumption and land use in the city by developing strategic transit nodes and corridors.
- Promote economic empowerment through the structuring and procurement of JDA developments.
- Support productive development partnerships and cooperation between all stakeholders in these areas.

### Focus for the remainder of the mayoral term

Overall, the JDA has performed well against performance targets over the last decade. However, at the project level, factors pertaining to the design, implementation and handover of the JDA's activities have affected the success and impact of individual projects. The JDA will focus for the remainder of the mayoral term on responding to these factors to improve the performance of individual projects.

The JDA's rigorous project design approach involves engaging with affected communities and relevant municipal agencies, and appointing professional planners. Challenges may be identified during these engagements, delaying the implementation of the projects until there is agreement on the best development intervention. The JDA plans to increase its development facilitation role, to pre-empt and avoid delays, by including the following functions in all of its development areas:

- More substantial research and analysis to inform evidence-based precinct-level planning
- More extensive community consultation to secure buy-in for the development vision and plans

- Precinct marketing, promotion and programming
- Assemble and procure developments as public-private partnerships.

The long-term sustainability of the JDA's projects is dependent on effective development facilitation, for which two important considerations exist. First, appropriate governance structures must be set up during the implementation phase. Second, the initiatives of municipal agencies implemented within a particular area need to be coordinated.

Without appropriate governance structures, the long-term sustainability of the JDA's projects is placed at risk as no specific municipal agency has been tasked with maintaining infrastructure developed and handed over. In addition, poor coordination contributes to poor planning and affects how projects are perceived.

The JDA will focus on improving consultation and coordination, including introducing consultations in the planning phase, ensuring governance structures exist by the time a project is implemented, and improving the coordination of the municipal agencies responsible for service delivery within the CoJ.

# Section 3: Salient features

## Performance highlights

- In 2014/15, the JDA implemented 98 capital projects to the value of R1.46 billion, which represents 87 per cent of the budget for the current financial year.
- This is more than double the value of the capital projects implemented by the JDA in 2013/14 (R665.7 million) and more than four times the value of projects implemented in 2012/13 (R326.1 million), bringing capital expenditure over the last 13 years to R8.44 billion.
- In 2014/15, the major drivers of capital expenditure were the large construction works that are being undertaken on the Rea Vaya trunk route 1C along Louis Botha Avenue, and the projects to install pedestrian and cycle paths (non-motorised transport [NMT] infrastructure) along the Corridors of Freedom that connect commuters with the Rea Vaya BRT system and commuter rail services. Most of the NMT projects are being implemented by small construction companies, which means that the large-scale infrastructure spending is also benefiting local businesses and creating local job opportunities.

## Financial highlights

**Financial position and financial performance, 2014/15**

| Key performance area (KPA) | Key performance target | Actual at 30 June 2014 | Actual at 30 June 2015 |
|---|---|---|---|
| **Current ratio** | Above 1:1 | 1.14:1 | 1.09:1 |

| Key performance area (KPA) | Key performance target | Actual at 30 June 2014 | Actual at 30 June 2015 |
|---|---|---|---|
| **Solvency ratio** | Above 2:1 | 1.12:1 | 1.08:1 |
| **Revenue** | R99.1 million | R62.8 million | R99.3 million |
| **Expenditure (including taxation)** | R91.4 million | R59.3 million | R82.9 million |
| **Surplus** | R7.7 million | R3.6 million | R16.4 million |
| **Total net assets** | R45.8 million | R51.4 million | R67.7 million |
| **Capital expenditure** | 100% | 90% | 87% |
| **BBBEE expenditure** | 100% | 116% | 91% |
| **SMME expenditure** | 40% | 33% | 29% |

### Non-financial highlights

- The JDA's staff complement increased from 55 permanent staff in 2012/13 to 86 permanent staff (including staff for the Alexandra renewal project) in 2014/15. This is a 60 per cent increase in staff to deliver a capital expenditure budget that increased in the same period by close to 440 per cent.
- The board committees were restructured to deepen risk management oversight.
- The JDA Board, at its meeting in June 2015, agreed that nine additional staff can be appointed to improve the agency's operational capacity.
- In 2014/15, the overall BBBEE share of expenditure was R1.28 billion, or 91 per cent of the year's target. This is largely due to the success achieved in awarding capital expenditure and operating expenditure contracts to BBBEE firms.
- In 2014/15, the SMME share of the JDA's operating and capital expenditure was R390.3 million, or 29 per cent of the budget.

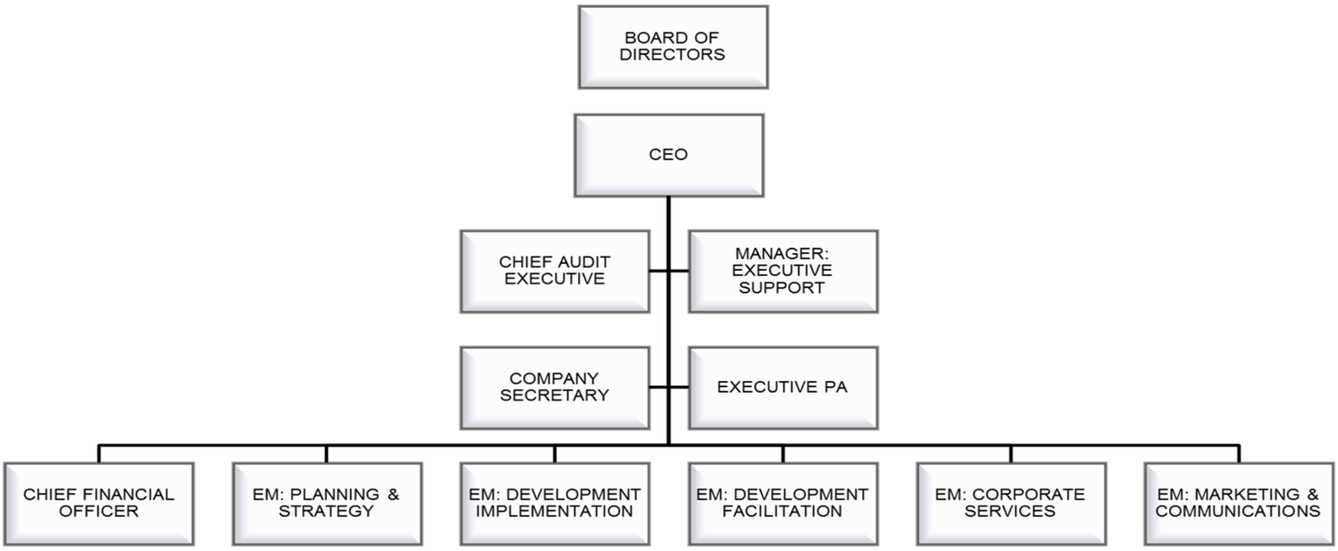
## Section 4: High-level organisational structure

The JDA's operations are structured into five substantive programmes and two operational programmes. The operational programmes perform the cross-cutting functions that support the substantive programmes.

### Financial position and financial performance, 2014/15

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.

**Organisational structure**




Note: CEO – chief executive officer; EM – executive manager; PA – personal assistant.

## Section 5: Foreword by Member of the Mayoral Committee on Development Planning

The JDA fulfils an important role in the work needed to achieve the spatial and economic goals set out in the Joburg 2040 GDS, the vision guiding the CoJ. The Joburg 2040 GDS is based on transit-corridor-oriented spatial development where well-planned transport arteries, the Corridors of Freedom, link up mixed-use development nodes with high-density accommodation, supported by office buildings, retail developments and opportunities for education, leisure and recreation.

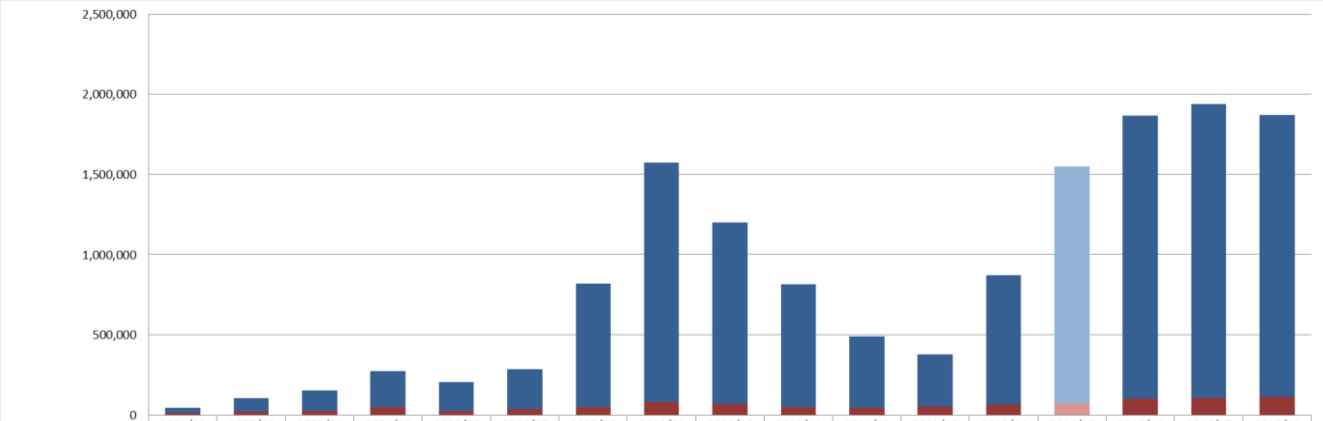
*Cllr. Ros Greeff*
*MMC Development Planning*

In 2014/15, the JDA continued working towards this vision by developing transport station precincts and investing in public transit and mobility infrastructure along the corridor routes. Through its supply chain and construction work, the JDA also contributed to job creation in the construction sector in Johannesburg, and local SMMEs' development in line with the Jozi@Work principles and BBBEE.

### Key service delivery improvements

In 2014/15, the JDA implemented capital projects to the value of R1.46 billion, which is more than double the amount spent in 2013/14 (R665.7 million) and more than four times the amount spent in 2012/13 (R326.1 million). This took the JDA's capital expenditure over the past 13 years to R8.44 billion.

**Capital and operating expenditure from 2001/02 to 2014/15 and medium-term projections to 2017/18**




| | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Capital expenses | 32,729 | 86,277 | 130,683 | 221,629 | 180,441 | 249,793 | 773,330 | 1,492,552 | 1,132,631 | 765,035 | 447,919 | 326,051 | 807,884 | 1,477,377 | 1,767,332 | 1,833,107 | 1,758,116 |
| Operating expenses | 11,420 | 18,800 | 23,200 | 50,017 | 26,068 | 37,418 | 47,266 | 81,517 | 68,280 | 50,491 | 43,491 | 50,746 | 64,000 | 71,089 | 100,089 | 105,676 | 111,649 |

The three-year budget estimates indicate that the JDA will have to refine its plan to ensure it achieves its project implementation targets, which increase along with the budget allocation in 2016/17 and 2017/18.

## Future outlook

To continue the important work of catalysing development in 2015/16, the JDA will have to invest time, energy and resources on performing the development facilitation tasks necessary in the Corridors of Freedom, as well as other priority development areas across programmes, ensuring that development partners and other stakeholders are working towards the same development goals.

Along with this, the three strategic issues that are expected to frame the JDA's operations in 2015/16 are its ability to implement and handover capital works projects, spend the rapidly rising capital budget allocations and finalise the incorporation of the Alexandra renewal project.

The JDA continues to make strides in the development of key infrastructure, which will see us meet the targets set for the CoJ. I would like to commend the executive team and Board for their constant and valuable inputs and their stewardship of the JDA.

**Councillor Ros Greeff**
**Member of the Mayoral Committee on Development Planning**
**30 June 2015**

## Section 6: Chairperson's foreword

As we consider the results for 2014/15, I commend the JDA team for spending R1.46 billion (87 per cent) of the overall capital budget in 2014/15 of R1.7 billion, which includes additional projects received not reflected in the scorecard. This is impressive given that the capital budget was double that of the previous financial year. However, the figure indicates that the JDA will have to do more to ensure it meets and exceeds its targets on capital expenditure and project completion.

*Mr Cassim Coovadia*
*JDA Chairperson*

The strategic risk register for 2014/15 highlights two important considerations: the difficulty in recruiting and retaining skilled staff, and the importance of improving the stakeholder consultation process.

In response to the first risk, the JDA implemented human resources procedures that saw its permanent staff complement increase to 86 permanent staff, including staff for the Alexandra renewal project, in 2014/15. More will need to be done to ensure that vacancies are filled and the agency is operating at full capacity.

The stakeholder consultation process will also have to be improved, as the difficulties with the Orlando East station precinct project show. During the period under review, the site was marred by community resistance, which turned violent at times, and only serves to highlight the importance of meaningful community engagement in all of the JDA's development areas.

To this end, the institution must:

- Ensure that stakeholders are actively engaged from the start of a project and play a meaningful role in shaping the development outcomes and future custodianship of the development.
- Assist and enable the CoJ to manage expectations and perceptions of all stakeholder groups throughout the project by providing clear and regular communication and mobilisation activities, explaining the purpose, scope and outcomes of each project to reduce misunderstanding and misinformation.
- Ensure the CoJ appreciates that the JDA spends a significant amount of time attending to stakeholder engagement matters, which affect service delivery and project timelines.
- Ensure that it shares the responsibility of stakeholder consultation with the CoJ and seeks the guidance of its parent municipality where necessary.

The Board has advised management on how to manage risks during the year ahead. In addition, the Audit and Risk Committee reviewed and approved the JDA's risk management framework and will continue to monitor its implementation by management.

The JDA views challenges as opportunities that will support the agency continuing in a sustainable matter. In this regard, the Board has set out to guard the financial sustainability of the institution. For example, tension exists between the desire to earn management fees charged as a percentage of the budget of capital projects implemented (the main source of revenue for the JDA) and the importance of implementing capital projects that align with the overall mandate of the organisation and the Joburg 2040 GDS. In response to this, the JDA has prioritised ensuring the long-term sustainability of capital projects and securing community buy-in over implementing projects to meet revenue targets.

The Board will continue to ensure that the JDA's management improves its performance and will build appropriate internal control measures to ensure that the entity does not falter in its mission of obtaining a clean audit report.

**Cassim Coovadia**
**Chairperson**
**27 November 2015**

## Section 7: Chief Executive Officer's report

In 2014/15, the JDA implemented 98 capital projects across seven programmes to the value of R1.46 billion, which is 87 per cent of the total R1.68 billion as determined through the mid-year budget review. The overall expenditure includes projects that were implemented by the JDA as additional projects whose funding was confirmed after the approval of the performance scorecard.

*Mr Thanduxolo Mendrew*
*JDA CEO*

The major drivers of capital expenditure were the large construction works undertaken on the Rea Vaya trunk route phase 1C along Louis Botha Avenue, and the projects to install pedestrian and cycle paths along the Corridors of Freedom that will connect commuters with the Rea Vaya BRT and commuter rail services. Most of the NMT projects are being implemented by small construction companies, which ensures that large-scale infrastructure spending also benefits local businesses and creates local job opportunities.

**Budgets versus actual spending per programme**

| Programme | 2014/15 Budget/ Target | Actual year to date | % actual annual budget/ Target % |
|---|---|---|---|
| | *R 000* | *R 000* | *%* |
| *Programme 1: Inner-city transformation | 304 750 | 250 092 | 82 |
| Programme 2: Transit-oriented node development | 506 261 | 357 051 | 71 |
| Programme 3: GMS priority area planning and implementation | 176 414 | 151 755 | 86 |
| Programme 4: Greenways | 630 190 | 690 819 | 109 |
| Programme 5: Alexandra renewal project | 48 538 | 11 995 | 25 |
| Programme 6: Development facilitation | 6 893 | 1 359 | 20 |
| Programme 7: Administration and management | 5 000 | 427 | 9 |
| **Total** | **1 678 046** | **1 462 498** | **87** |

In 2014/15, the overall BBBEE share of expenditure was R1.28 billion, or 91 per cent of the target for the year. This is largely due to the improved supply chain management processes that supported awarding contracts to BBBEE firms. The SMME share of JDA's operating and capital expenditure was R390.3 million in 2014/15, or 29 per cent of the budget.

During the reporting period, the JDA collected revenue of R99.2 million, which is 100 per cent of the projected R99 million. The variance is mainly due to interest revenue being lower than expected. The development management fees earned during the year exceeded the target due mainly to spending 87 per cent of the capital budget from which the fees are earned.

The JDA's operating expenses in 2014/15 were R76.4 million, which represents an under expenditure of 16.3 per cent. The difference between spending and the allocated budget is a result of vacancies, most of which were filled by the end of the financial year. Recruitment is underway for the remaining vacancies, including the executive manager positions for development implementation, planning and strategy, corporate services, and marketing and communications.

The decision by the CoJ to adopt a multi-year budget cycle has also begun to bear positive fruit for the planning and implementation of JDA projects. This has, in the year under review, enabled the JDA to put the majority of its professional teams in place so that it can begin new projects on time and also continue with projects already underway into the new financial year. This allowed the agency to spend most of a capital budget that had more than doubled from the previous year. There remains room to improve and innovate, particularly with regard to dealing with project delays and community awareness and consultation. Some of the project implementation difficulties experienced during the year included:

- Fewer and more short-lived local jobs due to accelerating construction programmes to meet the deadlines for the end of the financial year.
- Performance not being consistently monitored, measured and reported, as quarterly reports in the second and third quarters reflect missed targets and poor performance.
- Sites that proved unsuitable for the intended developments, which resulted in delays as alternative sites were found.
- Delays from various CoJ departments and entities to identify land, finalise designs and issue permits.
- Community unrest and protests, which delayed or halted the processes to appoint contractors.

To address these issues, the JDA filled most of the vacancies and will be appointing nine additional staff members to strengthen organisational capacity. The Board committees have also been restructured to deepen risk management oversight. The JDA will also be investing a greater amount of time on development facilitation in the Corridors of Freedom projects and will deepen its engagement with communities and members of the public along the way. This includes introducing public participation in the planning stage, consulting with communities and affected parties during the design stage, and involving community members in projects to allow the project to tell the story of the neighbourhood.

The more important developments planned for implementation in 2015/16 include the construction of trunk route 1C of the Rea Vaya BRT system from the inner city to Alexandra and from Alexandra to Sandton and Randburg, and a dedicated pedestrian and cycle way connecting Alexandra and Sandton. The latter project aims to improve the daily commuter experience of about 10 000 people who traverse this route daily.

The JDA will also continue to work towards the objective of transforming the spatial economy in Johannesburg through the implementation of the Corridors of Freedom, including developing station precincts and investing in the public transport and mobility infrastructure along the corridor routes. Some of the key Corridors of Freedom projects in 2015/16 include Park Station precinct in the inner city, the Jabulani node and Nancefield Station precinct in Soweto, the Randburg CBD and Rotunda Park precinct in Turffontein.

The difficulties experienced in the formulation and implementation of the Jozi@Work packages in the JDA's developments are a thing of the past. The executive management is confident that in the new financial year, we will increase the entity's provision of Jozi@Work packages to perform at levels exceeding our performance in procuring from and supporting local SMMEs in construction.

In preparing this integrated annual report, a number of additions have been made to our reporting practices to better satisfy the integrated reporting principles. We intend to make further improvements to our reporting in the new financial year by including assessments of financial management capacity and service provider performance, improving the definitions of some of our performance indicators (especially the construction progress indicators), and providing more information on our remuneration policy and practice.

I would like to thank the executive team and every JDA staff member for their unwavering dedication to the achievement of our objectives, and the Board for their steadfast leadership and guidance throughout the year.

**Thanduxolo Mendrew**
**Chief executive officer**
**27 November 2015**

## Section 8: Chief Financial Officer's report

The office of the chief financial officer is responsible for two divisions, finance and supply chain management. These divisions supported the functioning of the JDA and surpassed some of the targets they were set for the year, and ensured that the JDA was in a sound financial position as at 30 June 2015, with total assets exceeding total liabilities.

*Zandile Mafata*
*JDA CFO*

Development management fees, the main income source for the JDA, accounted for 70 per cent of revenue earned in 2014/15 compared to 48 per cent in the previous financial year. The increase was largely due to a larger capital budget allocation of R1.68 billion in 2014/15 compared to R798 million in 2013/14. The JDA nonetheless faces the challenge of spending the entire allocated budget, which will enable it to earn the full development management fees. To ensure spending targets are achieved, the JDA will need to ensure that vacant posts are timeously filled with appropriately skilled individuals and capital projects are planned appropriately.

.

The organisation had capital commitments of R1.1 billion as at 30 June 2015. These are currently awarded multi-year contracts for which expenditure has been incurred in part or is still to be incurred. The awards were made after the normal supply chain management processes had been followed. With these commitments in place, the organisation is poised to start the first quarter of 2015/16 with some projects already in the construction phase, which is expected to improve the first quarter expenditure.

Throughout the financial year, the JDA's internal audit unit conducted various audits, including on the financial discipline and supply chain management reviews. These audits assist management in improving the organisation's internal control environment and support the organisation's objective of attaining a clean audit.

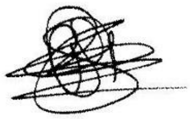
The directors are responsible for the preparation, integrity and fair presentation of the financial statements, which have been prepared in accordance with GRAP, and include amounts based on judgements and estimates made by management. The directors are also responsible for the preparation of the other information in the annual report, and its accuracy and its consistency with the financial statements.

The directors have no reason to believe that the entity will not be a going concern in the foreseeable future and have prepared the financial statements accordingly.

**Zandile Mafata**
**Chief Financial Officer**
**27 November 2015**

## Section 9: Company secretary's certification

In terms of section 88(2)(e) of the Companies Act (2008), I certify that, to the best of my knowledge and belief, the company has lodged and/or filed, for the financial year ended 30 June 2015, all such returns and notices as required and that all such returns and notices are true, correct and up to date.



**Hasani Rodney Shirinda**
**Company secretary**
**27 November 2015**

## Section 10: Statement of responsibility

The directors are responsible for the preparation, integrity and fair presentation of the financial statement of the entity. The financial statements presented in Chapter 5 have been prepared in accordance with Generally Recognised Accounting Practice and include amounts based on judgements and estimates made by the management.

The directors are responsible for the preparation of the other information in the annual report and are responsible for both its accuracy and consistency with the financial statements. The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the entity will not be a going concern in the foreseeable future based on the forecast and available cash resources. Refer to the Directors' report in Chapter 5 with regard to the appropriateness of the going concern assumption for the preparation of the financial statements.

The Auditor-General – who was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the Board of Directors and Board committees – has audited the financial statements. The directors believe that all representations made to the Auditor-General during its audit are valid and appropriate. The Auditor-General's report is presented in Chapter 6**.**

The financial statements were approved by the Board of Directors on 28th August 2015 and signed on its behalf by Mr. C Coovadia (Chairperson)

# CHAPTER 2: CORPORATE GOVERNANCE

## Section 1: 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 III 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.

### Implementation of King III

The Board and management team are committed to the principles of openness, integrity and accountability advocated by King III. The King III checklist (see Annexure 3) is used to align the JDA's practices with these principles. 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 King III. In addition, the company secretary and the internal audit team performed a compliance check using the principles of King III. The Board also conducted two assessments in 2014/15, a Board and ARC assessment, as required by the CoJ, and a Board self-evaluation.

### Corporate citizenship

As an entity of a municipality, the JDA has social and moral obligations to the country. 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.

# Section 2: Board of directors

## Introduction

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. The JDA published its annual report in 2013/14 in line with section 121 of the MFMA and has prepared this report accordingly.

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.

## Composition of the Board

**Mr C Coovadia (Chairperson)**

| | |
|---|---|
| Date of birth | 31 October 1951 |
| Service with JDA | 25 February 2014 to date |
| Qualifications | BCom<br>Effective Directors Programme<br>Governance<br>Housing Finance<br>Finance |

| | |
|---|---|
| Experience | Mr Coovadia is the managing director of the Banking Association of South Africa. Before this, he was the executive trustee of the Community Bank (a low-income banking initiative), accountant for the UDF, coordinator of ATP NGO, senior audit manager at Freedman Scher (Auditors), office administrator for the Transvaal Indian Congress (part-time) and partner at Moolajee Coovadia and Company (an accounting practice).<br><br>Other previously held positions include publicity secretary for ACTSTOP Civic Organisation, secretary-general of the Civic Associations of JHB, director of the Central Johannesburg Partnership and chairperson of the Johannesburg Civic Theatre. |
| Other boards on which the individual serves | National Business Initiative<br>Centre of Development Enterprise<br>Trust for Urban Housing Finance<br>African Union for Housing Finance<br>International Union for Housing Finance<br>Council of Wits University<br>FinMark Trust |

**Mr K Govender**

| | |
|---|---|
| Date of birth | 14 May 1974 |
| Service with JDA | 25 February 2014 to date |
| Qualifications | CA (SA)<br>BCom and Honours |
| Experience | Mr Govender is a director at Mally Govender and Associates.<br><br>Key areas of strength include:<br>• Business planning<br>• Strategic planning<br>• Accounting-related services<br>• Clean up of accounting systems – fixed asset registers, reconciliations, systems, and other areas<br>• Clean up of audit report and management letter findings.<br><br>In a commercial environment, he was a senior executive serving as the chief financial officer of SuperSport International (Pty) Ltd and has been part of the MultiChoice SA Group for more than five years. In addition to the operational financial management of SuperSport and strategic financial guidance to the senior executive team, he has been a non-executive director of Natal Sharks (Pty) Ltd, Free State Cheetahs (Pty) Ltd, KZN Dolphins (Pty) Ltd, Titans Cricket (Pty) Ltd, Eastern Titans (Pty) Ltd and SuperSport United FC (Pty) Ltd.<br><br>Mr Govender's public-sector experience includes five years at the Auditor-General, where he was involved in the statutory audit of various national and provincial departments, municipalities, statutory bodies and public entities. Having completed his articles at the Auditor-General in 2001, Mr Govender was offered a consulting position at KPMG on the |

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|---|---|
| | strength of his public-sector experience. He was involved in various consulting projects at executive level. |
| Other boards on which the individual serves | None |

**Dr E Harvey**

| | |
|---|---|
| Date of birth | 15 March 1955 |
| Service with JDA | 25 February 2014 to date |
| Qualifications | PhD (Sociology)<br>Master's Degree (Public Development and Management) |
| Experience | Dr Harvey has written the authorised biography of the former President and Deputy President Kgalema Motlanthe. He has held positions as a political writer, commentator and analyst. He is a former columnist for the *Mail & Guardian* newspaper, human resource manager at Rabico International, regional training and development manager at Premier Foods, national evaluation and administrative assistant for the SA Committee for Higher Education, organiser/educator for Paper Printing Word & Allied Workers' Union, storeman at Telkor Electronics and English teacher at Silverstream High School. He is an ongoing contributor (commentator and analyst) to the country's leading newspapers. |
| Other boards on which the individual serves | None |

**Ms Z Mafata (CFO)**

| | |
|---|---|
| Date of birth | 25 May 1970 |
| Service with JDA | 25 February 2014 to date |
| Qualifications | BCom and Honours (Accounting) |
| Experience | Ms Mafata is the chief financial officer of the JDA. She has extensive experience in auditing and financial management. Prior to this, she was a finance manager at JDA from 2005 to 2009.<br><br>After receiving her Secondary Teacher's Diploma from the Soweto College of Education, Ms Mafata taught at Thutolore Secondary School in Soweto from 1991 to 1996.<br><br>She worked for PricewaterhouseCoopers as an audit clerk from 1997 to 2003, then moved to Denel as a corporate accountant from 2003 to 2005. |
| Other boards on which the individual serves | None |

**Ms N Maila**

| | |
|---|---|
| Date of birth | 11 August 1977 |
| Service with JDA | October 2014 to date |
| Qualifications | BCom (Accounting)<br>Post-graduate Diploma (Accounting)<br>CA (SA) |
| Experience | Ms Maila has six years of audit experience with Andersen (audit trainee) and KPMG (audit manager), five years of experience as financial and operations manager with the Public Investment Corporation, 15 months as project manager for Liberty Properties, 21 months as executive assistant to |

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| | Stanlib and Liberty CEO, four months as a manager in Liberty Group Corporate Finance. |
| Other boards on which the individual serves | JHI Retail (Pty) Ltd<br>HF Edwards Education Trust<br>Faith Devotional Ministries |

**Ms P Mashiane**

| | |
|---|---|
| Date of birth | 02 August 1965 |
| Service with JDA | 24 April 2012 to date |
| Qualifications | BSc (Chemistry)<br>Project Management<br>Post-graduate Diploma (Marketing)<br>MBA |
| Experience | Ms Mashiane is founder and managing director of Segakweng Enterprise & Strategy Consulting. She is a strategist with more than 20 years of experience in the chemical and financial services and advertising industries. She was a non-executive board member of the Joburg Theatre Complex. |
| Other boards on which the individual serves | Kgosi Neighbourhood Foundation |

**Mr P Masilo**

| | |
|---|---|
| Date of birth | 18 July 1970 |
| Service with JDA | 1 October 2008 to date |
| Qualifications | B Proc<br>LLB |
| Experience | Mr Masilo is an attorney with nine years' practical experience specialising in commercial law, criminal law, labour law, and trusts among others. He started his career with Norton Lambrianos Incorporated, a law firm specialising in debt collection for various major banks in the country. He is a partner at R Masilo Attorneys, a law firm specialising in labour relations matters, commercial and criminal litigations. He has been a board member of Bertha Gxowa Hospital, in Germiston, for the past six years. |
| Other boards on which the individual serves | Bertha Gxowa Hospital;<br>Ekurhuleni Development Company<br>MAXALEX Property Development<br>MAXALEX Property Investment |

**Mr T Mendrew (CEO)**

| | |
|---|---|
| Date of birth | 01 October 1973 |
| Service with JDA | 1 September 2007 to date |
| Qualifications | BProc<br>LLB |
| Experience | Mr Mendrew is currently the chief executive officer of the JDA. Before leading the agency, he was its executive manager for risk and compliance management and human resources.<br><br>After receiving his Bachelor of Laws (LLB) degree, Mr Mendrew joined the legal firm Edward, Nathan & Friedland in Sandton as a commercial lawyer specialising in corporate law. Here, he first gained experience in risk and legal compliance in the corporate world before extending his scope |

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|---|---|
| | to commercial banking, gaining experience in the legal compliance side of corporate finance and debt management.<br><br>In 2004, he joined the City of Johannesburg as director of corporate governance, where he oversaw the group risk compliance and financial stability of the city's municipal-owned entities. |
| Other boards on which the individual serves | Mayborn Investments 73 (Pty) Ltd<br>Greater Newtown Development Company (SOC) Ltd<br>Constitution Hill Development Company (SOC) Ltd |

**Ms N Selamolela**

| | |
|---|---|
| Date of birth | 1 January 1976 |
| Service with JDA | 25 February 2014 to date |
| Qualifications | BCompt (Honours)/CTA<br>BCom (Accounting) |
| Experience | Ms Selamolela is currently the chief financial officer at the FoodBev Seta and was previously a managing director of Murhambo Capital (Pty) Ltd. Previously held positions include: chief financial officer for Swiftnet (Pty) Ltd, chief financial officer for the Western Cape Nature Conservation Board, senior finance manager of the Independent Communication Authority, senior accountant at Vodacom and trainee accountant at Tongaat Hulett Sugar. Ms Selamolela has vast experience in information and communications technology (ICT) and her areas of interest cover financial management, corporate finance, training and development, consulting and supply chain management. |
| Other boards on which the individual serves | Broadband Infraco |

**Prof D Thwala**

| | |
|---|---|
| Date of birth | 28 November 1972 |
| Service with JDA | 24 April 2012 to date |
| Qualifications | PhD (Eng.)<br>MSc (Eng.)<br>MSc ( Dev. Planning)<br>Pr CPM<br>FCIOB |
| Experience | Prof Thwala is a professor at the University of Johannesburg (UJ) in the Faculty of Engineering and the Built Environment. Prof Thwala holds leadership positions in a number of professional and industry bodies, and serves as editor-in-chief of the Journal of Construction Project Management and Innovation. |
| Other boards on which the individual serves | Johannesburg Social Housing Company<br>Gautrain Management Agency (GMA)<br>Ports Regulator of South Africa (PRSA)<br>Ekurhuleni West TVET College |

**Mr P Zagaretos**

| | |
|---|---|
| Date of birth | 9 May 1976 |
| Service with JDA | October 2014 to date |
| Qualifications | BSc (QS)<br>MSc (QS) |

| | |
|---|---|
| | MRICS |
| Experience | Panos Zagaretos is an Executive Director at Tenurey and a member of the Royal Institution of Chartered Surveyors (“RICS”). He served as a Senior Manager: Investments at the Public Investment Corporation Property Division, heading the Investments Division. He was instrumental in developing, implementing and managing the property investment strategy of the Government Employees Pension Fund. He headed the team that acquired properties to a value in excess of ZAR23 billion most notably, the acquisitions of the V&A Waterfront and Pareto in 2011. Panos was also responsible for the development of a number of retail and commercial properties nationally and internationally. He has served on the Board of Directors of various property companies in his capacity as a shareholder representative. Panos specializes in strategic advisory, mergers and acquisitions, asset management and development management. |
| Other boards on which the individual serves | None |

**Independend Audit Committee Members**

**Ms M Dolamo (IAC)**

| | |
|---|---|
| Date of birth | 11 June 1975 |
| Service with JDA | 3 February 2015 to date |
| Qualifications | BCom and Honours (Accounting)<br>CTA<br>CA (SA) |
| Experience | Auditing<br>Financial accounting<br>Financial management, cost management and investment Management |
| Other boards on which the individual serves | Audit Committee Member: Department of Public Enterprise<br>Finance and Remuneration Committee Member: Bank Seta |

**Ms B Kelly (IAC)**

| | |
|---|---|
| Date of birth | 12 October 1963 |
| Service with JDA | 3 February 2015 to date |
| Qualifications | Diploma (EDP)<br>BComm<br>MBL |
| Experience | Varied roles in IT over the past 25 years, sales and marketing, sales director, managing director |
| Other boards on which the individual serves | Home Owners’ Association: BlueHills Country Estate |

**Mr Z Samsam (IAC)**

| | |
|---|---|
| Date of birth | 14 June 1974 |
| Service with JDA | 25 February 2014 to date |
| Qualifications | CA (SA)<br>MCom (Finance) |
| Experience | Mr Samsam is currently a consultant in the private and public sector specialising in finance and risk management. He has held finance and risk management positions at Absa Bank, Standard Bank, Eskom Enterprises (Pty) Ltd and De Beers |

| | |
|---|---|
| | Consolidated Mines. |
| Other boards on which the individual serves | Johannesburg Water<br>Sizwe Medical Fund<br>Samsam Trading<br>Previously served on Joburg and Roodepoort Theatres |

### JDA Board of Directors

| Board member | Capacity: Executive/non-executive | Race | Gender | Board committee membership |
|---|---|---|---|---|
| C Coovadia | Chairperson (Non-executive) | Black | Male | ▪ Development and Investment |
| K Govender | Non-executive | Black | Male | ▪ Audit and Risk<br>▪ Development and Investment |
| E Harvey | Non-executive | Black | Male | ▪ Human Resources and Remuneration<br>Social and Ethics |
| Z Mafata | CFO (Executive) | Black | Female | ▪ Social and Ethics<br>▪ Development and Investment |
| N Maila | Non-executive | Black | Female | ▪ Audit and Risk<br>▪ Human Resources and Remuneration |
| P Mashiane | Non-executive | Black | Female | ▪ Social and Ethics<br>▪ Development and Investment |
| P Masilo | Non–executive | Black | Male | ▪ Human Resources and Remuneration<br>▪ Social and Ethics |
| T Mendrew | CEO (Executive) | Black | Male | ▪ Development and Investment<br>▪ Social and Ethics |
| N Selamolela | Non-executive | Black | Female | ▪ Audit and Risk<br>▪ Human Resources and Remuneration |
| W Thwala | Non-executive | Black | Male | ▪ Development and Investment<br>▪ Social and Ethics |
| P Zagaretos | Non-executive | White | Male | ▪ Development and Investment<br>▪ Social and Ethics |

The JDA's directors bring together a range of complementary skills and experience that benefit the entity, including accounting, finance, legal, business management, human resources, labour relations, marketing, construction and development management.

## 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 III. The charter sets out the composition and powers of the Board.

## Board meeting attendance

The Board meets at least four times a year to consider matters reserved for its attention. Attendance at meetings held during the year under review is outlined below.

**Board meeting attendance – July 2014 to June 2015**

| Name | No. of meetings | Attendance | Apology | Absent |
|---|---|---|---|---|
| C Coovadia (Chairperson) | 7 | 4 | 3 | 0 |
| K Govender | 7 | 7 | 0 | 0 |
| E Harvey | 7 | 6 | 1 | 0 |
| Z Mafata | 7 | 5 | 2 | 0 |
| P Masilo | 7 | 7 | 0 | 0 |
| N Maila | 5 | 3 | 2 | 0 |
| P Mashiane | 7 | 5 | 2 | 0 |

| Name | No. of meetings | Attendance | Apology | Absent |
|---|---|---|---|---|
| T Mendrew | 7 | 6 | 1 | 0 |
| N Selamolela | 7 | 6 | 1 | 0 |
| W Thwala | 7 | 7 | 0 | 0 |
| P Zagaretos | 5 | 5 | 0 | 0 |

## Section 3: Board committees

The JDA has four Board committees, which execute their duties as set out in specific terms of reference. Matters of ethics, procedure and the conduct of committee members are set out in the Board charter. A non-executive director chairs each committee. During the reporting period, the Board committees were as follows:

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

The Board committees meet on a regular basis. Meeting attendance for 2014/15 is set out in the table.

**Board committees meetings and attendance – July 2014 to June 2015**

| Name | Audit and Risk | | | | Development and Investment | | | | Human Resources and Remuneration | | | | Social and 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 |
| C Coovadia | | | | | 6 | 3 | 3 | | | | | | | | | |
| K Govender | 10 | 10 | 0 | | 6 | 5 | 1 | | | | | | | | | |
| E Harvey | | | | | | | | | 4 | 4 | 0 | | 4 | 3 | 1 | |
| Z Mafata | 10 | 10 | 0 | | 6 | 6 | 0 | | 4 | 4 | 0 | | 4 | 3 | 1 | |
| N Maila | 4 | 2 | 2 | | | | | | 2 | 2 | 0 | | | | | |
| P Masilo | | | | | | | | | 4 | 4 | 0 | | 4 | 4 | 0 | |
| P Mashiane | | | | | 6 | 4 | 2 | | | | | | 4 | 2 | 2 | |
| T Mendrew | 10 | 9 | 1 | | 6 | 4 | 2 | | 4 | 3 | 1 | | 4 | 2 | 2 | |
| N Selamolela | 10 | 8 | 2 | | | | | | 4 | 4 | 0 | | | | | |
| W Thwala[1] | | | | | 6 | 5 | 1 | | | | | | 2 | 2 | 0 | |
| P Zagaretos | | | | | 3 | 3 | 0 | | | | | | 2 | 2 | 0 | |
| M Dolamo (Independent Audit and Risk member) | 4 | 4 | 0 | | | | | | | | | | | | | |
| Z Samsam (Independent Audit and Risk member) | 10 | 10 | 0 | | | | | | | | | | | | | |
| B Kelly (Independent Audit and Risk member) | 4 | 4 | 0 | | | | | | | | | | | | | |

## Audit and Risk Committee

The Audit and Risk Committee, which meets at least four times a year, comprises three non-executive directors and three independent members. The committee members are:

- K Govender (chairperson)
- N Selamolela
- N Maila
- B Kelly (independent member)
- M Dolamo (independent member)
- Z Samsam (independent member).

Most committee members have a financial and audit background, which ensures that the committee is able to execute its mandate. Two new independent audit committee members (Bridget Kelly and Modi Dolamo) were appointed on 3 February 2015.

[1] Prof Thwala only joined the Social and Ethics as of 1 April 2015

The committee is responsible for ensuring that all of the JDA's activities are subject to independent and objective review and financial performance oversight. It operates within the parameters of the Audit and Risk Committee charter; the terms of reference are guided by the provisions of section 166 of the MFMA.

The Audit and Risk Committee is responsible for:

- Reviewing the JDA's internal controls and financial reports for statutory compliance and alignment with standards of best practice, and recommending appropriate disclosures to the Board.
- Reviewing reports from management, risk and compliance, and internal and external auditors to provide reasonable assurance that control procedures are in place and are being followed.
- Reviewing the quarterly financial performance reports and annual financial statements before submission to the Board, focusing particularly on any changes in accounting policies and practices.
- Reviewing and monitoring enterprise risk management processes and ensuring that management implements appropriate risk management mitigation strategies.
- Determining the levels of risk tolerance and risk appetite and monitoring that risks are managed within predetermined levels.
- Determining a framework for good governance and ethical conduct across the entity.

The external and internal auditors attend these meetings, and have direct access to the committee chairperson. The Audit and Risk Committee met 10 times in 2014/15 and considered the following matters, among others:

- The committee's charter and internal audit charter.
- The 2015/16 business plan. The committee recommended the business plan to the Board for approval.
- Monitored management progress on resolution of internal and external audit findings.
- Internal audit reports.
- Enterprise-wide risk management framework.
- Fraud and corruption management framework and policies.
- Revised strategic risk register and related policies.
- Internal audit three-year rolling plan.
- Quarterly performance reports.
- Quarterly risk management report.

Due to the nature of the JDA's business in a high-risk environment involving planning, development construction and procurement, the committee resolved to hold separate meetings to consider risk matters separately from audit and financial management-related matters. The Audit and Risk Committee, assisted by internal audit, continued to monitor the JDA's internal control environment and ensured that management continued to implement recommendations by internal audit in an effort to achieve a clean audit.

### Development and Investment Committee

The Development and Investment Committee is responsible for evaluating development proposals and making recommendations to the Board. This entails examining the business cases associated with the proposed projects, such as the financing, socioeconomic returns and project risk profiles. The committee has seven members, two of whom are executive directors. During 2014/15, the following members served on the Development and Investment Committee:

- W Thwala (chairperson)
- C Coovadia
- P Mashiane
- K Govender
- P Zagaretos
- T Mendrew
- Z Mafata.

Meetings are held bimonthly or as required by the chairperson. The committee met six times in 2014/15 and consolidated the following matters, among others:

- Development contracting strategies for 2015/16
- The 2015/16 business plan
- Quarterly performance reports
- Updates on development progress and challenges for all development portfolios.

### Human Resources and Remuneration Committee

In line with corporate governance best practice, the Board maintains a Human Resources and Remuneration Committee. The committee is made up of four non-executive directors and is chaired by a non-executive chairperson. The members of the committee are:

- E Harvey (chairperson)
- P Masilo
- N Selamolela
- N Maila.

The committee meets at least four times a year. The executive directors are excluded from the Human Resources and Remuneration Committee meetings when matters relating to their remuneration are discussed.

The committee is responsible for drafting human resources policies and strategies for the organisation and recommending the approval of the remuneration for the chief executive officer, senior executives and staff to the Board of Directors. It ensures that the remuneration of the chief executive officer and senior management are within the upper limits, as determined by the CoJ, in accordance with the provisions of section 89(a) of the MFMA. The remuneration of the chairperson, the non-executive directors and independent Audit and Risk Committee members is determined by the parent municipality. The committee deals with all matters that relate to the management of human capital in the entity.

The committee met four times in 2014/15 to discuss:

- Quarterly human resources reports
- The employee climate survey progress report
- The staff establishment report
- Performance incentive bonuses for employees, including senior managers
- Corporate social investments implementation reports
- Job creation and Jozi@Work implementation reports.

### Social and Ethics Committee

The Social and Ethics Committee acts as the social conscience of the business and ensures that the JDA conducts itself as a responsible corporate citizen. This means ensuring that the JDA conducts its business in a sustainable manner, having regard to the environment, fostering healthy relationships with all its stakeholders and considering the impact of its work within the community. The committee also considers the treatment of and investment in employees, health and safety practices, black economic empowerment and the ethical corporate culture.

The following members served on the committee during the period under review:

- P Mashiane (chairperson)
- P Masilo
- E Harvey
- P Zagaretos
- W Thwala
- T Mendrew
- Z Mafata.

The committee met four times during 2014/15 to discuss:

- Marketing and communications progress reports
- Stakeholder Engagement Plan progress reports
- Enterprise development results for the period July 2014 to 30 April 2015
- Quarterly ethics and fraud reports
- Integrated occupational health and safety quarterly reports
- Progress made in the development of SMMEs and impact on the enterprise development programme
- Progress made in relation to the Alexandra renewal project close-out report
- Corporate social investment implementation reports
- Job creation and Jozi@Work implementation reports.

## Section 4: Directors' remuneration

**Board of Directors and senior management remuneration and allowances for 2014/15**

| Name | Designation | Salary/board fees R | Pension R | Bonus/board retention fees R | Travel allowance R | Total R |
|---|---|---|---|---|---|---|
| **Executive directors and senior management** | | | | | | |
| C Botes | Executive manager: development facilitation | 936 840 | | - | 15 000 | 951 840 |
| S Genu | Senior development manager | 964 739 | 59 762 | 98 400 | - | 1 122 901 |
| F Habib | Executive manager: corporate services | 464 093 | 42 436 | - | - | 506 529 |
| S Lewis | Executive manager: strategy and planning | 741 088 | 33 764 | 175 525 | - | 950 378 |
| Z Mafata | Chief financial officer | 1 275 828 | - | 184 147 | - | 1 459 975 |
| B Mbuli | Executive manager: marketing and communications | 555 671 | - | 77 264 | 165 000 | 797 935 |
| T Mendrew | Chief executive officer | 1 617 864 | - | - | - | 1 617 864 |
| B Mbewu | Chief audit executive | 812 806 | 45 474 | - | 120 000 | 978 280 |
| A Noholoza | Senior development manager | 938 856 | 45 769 | - | - | 984 625 |
| K Pather | Executive manager: development implementation | 888 184 | 88 838 | - | 96 000 | 1 073 022 |
| HR Shirinda | Company secretary | 902 216 | 43 262 | - | - | 945 478 |
| V Tlomatsane | Senior development manager | 641 222 | 45 500 | - | - | 686 722 |
| L Visagie | Senior development manager | 963 493 | 48 034 | 186 016 | 75 000 | 1 272 543 |
| *Subtotal* | | *11 702 900* | *452 840* | *721 353* | *471 000* | *13 348 092* |
| **Non-executive directors and independent Audit Committee members** | | | | | | |
| C Coovadia | Chairperson | 141 564 | - | 39 675 | - | 181239 |
| K Govender | Board member | 267 058 | - | 19 840 | - | 286 898 |
| E Harvey | Board member | 140 327 | - | 19 840 | - | 160 167 |
| N Maila | Board member | 41 272 | - | 4 960 | - | 46 232 |

| Name | Designation | Salary/board fees R | Pension R | Bonus/board retention fees R | Travel allowance R | Total R |
|---|---|---|---|---|---|---|
| P Masilo | Board member | 93 713 | - | 19 840 | - | 113 553 |
| P Mashiane | Board member | 66 225 | - | 19 840 | - | 86 065 |
| N Selamolela | Board member | 100 650 | - | 19 840 | - | 120 490 |
| W Thwala | Board member | 122 572 | - | 19 840 | - | 142 412 |
| P Zagaretos | Board member | 61 270 | - | 4 960 | - | 66 230 |
| M Dolamo | Independent Audit & Risk member | 17 112 | - | - | - | 17 112 |
| B Kelly | Independent Audit & Risk member | 22 816 | - | - | - | 22 816 |
| Z Samsam | Independent Audit & Risk member | 63 240 | - | 19 840 | - | 83 080 |
| J Vergotine | Independent Audit & Risk member | 24 800 | - | 19 840 | - | 44 640 |
| *Subtotal* | | *1 162 619* | - | *208 315* | - | *1 370 934* |
| **TOTAL** | | **12 865 519** | **452 840** | **929 668** | **471 000** | **14 719 026** |

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 5: Role of the company secretary

All directors have access to the advice and services of the company secretary, HR Shirinda, 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.

# Section 6: Risk management and internal control

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. This entails examining risks associated with proposed projects, such as the financing, risk returns and risk profiles. The committee also 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 at departmental level, and a risk register. The 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 CoJ.

## Risk management process

Risk identification and assessment is an ongoing process. The JDA conducts an annual strategic and operational risk assessment workshops. This process is supported by an ongoing risk management process at departmental level and all staff are encouraged to take ownership of their respective risks that fall under their areas of responsibilities.

The following risk management documents were reviewed by the Audit and Risk Committee and approved by the Board during 2014/15:

- Risk Management Framework
- Risk Management Policy
- Risk Management Strategy
- Risk Management Implementation Plan
- Risk Management Maturity Level Framework
- Risk Management Tolerance Level Framework
- Fraud Risk Management Policy
- Whistle-blowing Policy
- Fraud Prevention Strategy and Response Plan.

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.

## Strategic risk register

The JDA’s risk management strategy is guided by the principles of the enterprise-wide risk management system. The JDA’s strategic risk register is treated as a working document. Identified risks are recorded and the management thereof is constantly monitored. Management monitors and evaluates the implementation and efficiency of controls.

Effective risk management is fundamental to the JDA’s business activities. The organisation is committed to achieving its strategic goals and increasing shareholder value by facilitating, developing and implementing infrastructure projects on behalf of the CoJ. The JDA seeks to achieve an appropriate balance between risk and reward in the business. It continues to build and enhance the risk management capabilities that assist in achieving its goals in a controlled environment.

The JDA conducts an annual strategic risk assessment workshop to ensure that there is a link between risk management and the business planning processes. A total of 15 strategic risks were identified in 2014/15 that are linked to eight JDA strategic objectives. Of the 15 strategic risks, management identified six critical risks that required urgent attention and close monitoring. These risks are ranked highly in accordance with the residual risks rating and pose significant threat to the business of the JDA. The critical risks identified were:

- Inability to deliver capital projects on time and within budget
- Inability to deliver the Alexandra renewal project mandate
- Failure to adequately manage stakeholder expectations
- Stringent supply chain management and National Treasury regulations
- Failure to comply with supply chain management regulations and applicable laws
- Failure of financial management processes.

### Implementation progress and impact analysis

The JDA has committed to implement additional controls to address the above critical risks. Control effectiveness is measured by the JDA’s overall performance, compliance with applicable laws and regulations and total budget spent. During the reporting period, the JDA spent 87 per cent of its capital expenditure budget and its overall performance was sufficient and effective.

At the beginning of 2014/15, the critical risks had a residual risk rating of medium after taking the current controls into account. This meant that management had to further mitigate current controls to further reduce the residual risk rating to an acceptable level. Four of the six critical risks were successfully reduced to an acceptable residual risk rating through the implementation of committed additional controls. The remaining two risks were:

- Inability to deliver the Alexandra renewal project mandate
- Failure to adequately manage stakeholder expectations.

Although significant work has been undertaken to address these risks, more work is needed to address the complexities experienced in Alexandra, Soweto and Kliptown during the implementation of projects. The critical challenges identified were as follows:

- Lack of consensus on developmental outcomes
- Unrealistic community expectations and service delivery protests
- Lack of capacity and requisite skills to deliver projects in volatile areas
- Risk management not fully institutionalised within the JDA.

To address these challenges, the JDA will:

- Develop a development facilitation and stakeholder management framework to effectively address how to implement projects with minimal resistance from key stakeholders.
- Undertake a skills audit, develop a training programme on stakeholder engagement and management to capacitate facilitation and development managers, and ensure implementation of training.
- Continue to exercise oversight of all strategic risks identified and ensure that committed actions are being implemented.
- Embed risk management as one of the critical key performance indicators (KPIs) in all managers' scorecards to ensure its full integration into day-to-day business activities and timely reporting on risk control implementation.

## Section 7: Internal audit function

The JDA's internal audit function subscribes to the International Standards for the Professional Practice of Internal Audit's definition of internal audit: "an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation achieve its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."

The internal audit function, which is independent of all line and functional management, is established in terms of section 165 of the MFMA. Its responsibilities are defined by the Board's Audit and Risk Committee, taking into account all relevant legislative, governance and professional requirements. The chief audit executive reports administratively to the chief executive officer and functionally to the

Audit and Risk Committee. In line with the corporate governance requirements in King III, the chief audit executive has a standing invitation to attend Executive Committee meetings but is not an executive manager.

The internal audit function's primary objectives are to assist the chief executive officer, the Audit and Risk Committee and other stakeholders in the effective discharge of their responsibilities, to provide strategic support to management, and to contribute to the establishment of adequate and effective systems of governance, risk management and internal control processes by providing recommendations to improve the effectiveness and efficiency of the JDA's operations.

The internal audit function finalised the preparation of its strategic rolling three-year internal audit plan for the three years ending 30 June 2018 and one-year operational plan for the year ending 30 June 2015 in July 2014. The internal audit plan was approved by the Audit and Risk Committee in August 2014. The plan is updated annually based on the risk assessment and other factors that may impede the planned execution. As a result, quarterly reports are prepared for the Audit and Risk Committee detailing performance against the annual internal audit coverage plan to allow for effective monitoring and possible intervention.

As required by principle 7.3 and related recommended practices of King III, the internal audit function provided quarterly written assessment on the effectiveness of the company's system of internal controls and risk management. The review included the assessment of governance, ethics, risk management, compliance with legislative requirements and internal controls. The internal audit function noted an improvement in the ethics, risk management, compliance and control environment compared to previous financial years. Overall, the JDA's systems were rated as marginally effective. Governance was assessed as effective.

### Resourcing of the internal audit function

The following human resources changes took place within internal audit during 2014/15:

- The designation of internal audit supervisor, which previously existed within the internal audit structure, was changed to internal audit manager.
- Five internal audit supervisors, including one temporary internal audit supervisor, resigned.
- One internal audit learner resigned.
- One internal audit manager joined the JDA in April 2015; a second one has been appointed, but is only expected to join in September 2015.
- An internal audit learner joined in April 2015.

### Progress against the approved internal audit plan

The internal audit projects that were not completed by the end of 2014/15 were completed in August 2015. The projects were delayed due to the late appointment of co-sourced service providers.

The table below shows progress made in the execution of the approved strategic rolling three-year internal audit plan for the three years ending 30 June 2018 and one-year operational plan for the year ending 30 June 2015.

**Progress against the approved internal audit plan**

| No. | Project description | Progress by 30 June 2015 |
|---|---|---|
| 1 | Financial discipline review | Completed |
| 2 | Supply chain management audit | Completed |
| 3 | IT audit | Completed |
| 4 | Performance bonus review 2013/14 | Completed |
| 5 | Quarterly performance management audit | Completed |
| 6 | Follow-up on internal audit findings | Completed |
| 7 | Follow-up on external audit findings | Completed |
| 8 | Preparation of the strategic three-year rolling internal audit plan for the three years ending 30 June 2018 and annual operational plan for the year ending 30 June 2016 | Completed |
| 9 | Review of the internal audit charter | Completed |
| 10 | Preparation of the internal audit competency framework | Completed |
| 11 | Third quarter governance, risk management and control processes assessment | Completed |
| 12 | Fraud risk management audit | Completed |
| 13 | Project management audit | Planning |
| 14 | Governance audit | Completed |
| 15 | Review of internal audit manual (methodology and policies) | Completed |
| 16 | Review of tenders above R10 million (review of 23 tenders completed) | Completed |
| 17 | Document management audit | Completed |
| 18 | Human resource management: recruitment and selection | Completed |

The one-year operational internal audit plan for the year ended 30 June 2015 was fully executed.

## Section 8: 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 or 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; this acts 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 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 development approach is based on these objectives. The JDA's work responds to the Joburg 2040 ideals of resilience, liveability and sustainability. While the work of the JDA is aimed at meeting cross-cutting objectives, it is institutionally located within the CoJ's economic cluster. Within this cluster its aims are to develop a resilient, liveable, sustainable urban environment – underpinned by infrastructure that supports a low-carbon economy – in Johannesburg; and to create a job-intensive, equitable and competitive economy.

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 2014/15, the JDA worked closely with the Department of Development Planning to communicate the strategic vision for the Corridors of Freedom and the CoJ's spatial transformation objectives. The JDA also participated in stakeholder engagement regarding spatial transformation and urban planning and development good practices.

Relevant events and reports from 2014/15 included:

- The Gauteng City Conference on reducing the cost of living.
- The South African Planning Institute conference learning exchange in collaboration with the Department of Development Planning.
- Hosting a community of practice learning on spatial transformation through planning.
- Participating in the development and publication of a spatial transformation of cities report.

### 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 stormwater 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.
- 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.
- Environmental health regulations for informal trading where the JDA upgrades trading and 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 stormwater facilities and public transport infrastructure and facilities.

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.

### JDA programmes that respond to Outcome 2

| Programme | Outline |
|---|---|
| **Transit-oriented node development** | The transit-oriented node development programme encourages optimal development of transit hubs and corridors across the city, which provide access to affordable accommodation and transport, high-quality public spaces and amenities, and good community services. |
| **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. In 2014/15, the JDA continued with a significant investment in NMT infrastructure, including a network of cycle lanes and pathways that will encourage the use of public transport by connecting station precincts with the NMT network.

## Social impact

The JDA’s corporate social investment (CSI) policy provides the framework within which the CSI partnerships and initiatives work. These partnerships and initiatives must align with the JDA’s strategic objectives and priorities. Through CSI partnerships and initiatives, the JDA seeks to reduce poverty and inequality, promote civic engagement by improving stakeholder relations, promote social cohesion and build social capital. The implementation of the CSI policy is monitored by the Social and Ethics Committee.

Along with some youth and sports projects, the JDA continued to support the education and training sector in 2014/15. The JDA spent R213 137 on CSI projects during 2014/15.

### Projects funded from CSI budget allocation

| CSI project | Sector | Activity | Date | Amount |
|---|---|---|---|---|
| Musenga Vhadzimu Primary School, Diepsloot (Makro) | Regeneration/education | Painted classrooms | 18 July 2014 | R19 596.00 |
| Carter Primary School, Alexandra (Mjavino) | Regeneration/education | Fixed learners’ toilets | Launch: 5 May 2015 | R54 914.00 |
| Alexandra High School (NCNM) | Regeneration/education | Provided desks and chairs for learners | 3 June 2015 | R74 074.00 |
| Launch Plaques (Trophy boutique) | All | Provided three launch plaques | June 2015 | R4 553.00 |
| The Ahmed Kathrada Golf Tournament (WoCom) | Arts and culture | Developed new talent | 23 September 2014 | R60 000.00 |

The projects below received R77 890.00 outside the CSI budget.

**CSI projects funded from outside CSI budget**

| CSI project | Sector | Activity | Date | Amount |
|---|---|---|---|---|
| Welizibuko Primary School hall | Regeneration/education | Constructed the school hall | 21 April 2015 | Funded by development consultants |
| The Inner City Ambassadors football club | Community sport | Youth and community development and empowerment | 17–19 July 2014 | R15 000.00: JDA CEO's budget |
| Musenga Vhadzimu Primary School, Diepsloot | Regeneration/education | Donated desks and chairs | 18 July 2014 | R55 890.00: funded by Portfolio B |

## 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 will start 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 cause 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.

In 2013/14, the JDA reported a fraud incident, an investigation was undertaken and recommendations in the investigation report were implemented to prevent future fraud and corruption attempts and to strengthen internal controls. A criminal charge was opened with the South African Police Service, but the matter was closed after the concerned official committed suicide.

Two fraud and corruption cases reported in 2014/2015 are currently being investigated. The JDA plans to improve internal controls and standardise the disclosure and reporting protocols.

A comprehensive and detailed fraud risk register that identifies, analyses and prioritises the prevention of fraud and corruption risks is attached as Annexure B to this report.

## Section 11: ICT governance

In 2014/15 internet availability was 100 per cent (target: 100 per cent). The saturation index stood at over 90 per cent usage, a good indicator of value for money for the JDA, as it shows that connectivity resources are fully used. The JDA's network infrastructure is able to meet the ever-increasing demands of the JDA. The network's good performance in 2014/15 demonstrates the efficiency with which the network service provider is being governed by the JDA to ensure that their performance meets the JDA's standards.

The JDA's IT infrastructure and systems are compliant with relevant regulations, including the MFMA and the Protection of Personal Information Act (2013). The JDA continues to apply the control objectives for information and related technology guideline and King III to ensure that sound ICT governance is adopted at all times at the JDA. The following service level agreements were concluded in 2014/15:

- Internet services agreement
- Backup and disaster recovery
- Printing services
- Great plains support
- Development management information system.

These service level agreements are in line with the control objectives for information and related technology governance framework, enabling the IT department to deliver exactly what is expected of it and ensuring that critical applications add value to the JDA's business processes.

The IT control environment continues to be improved through various initiatives that will not only ensure a clean audit, but also ensure that there are proper safeguards in place to mitigate and guard against any opportunities for malicious behaviour on systems.

## Section 12: Supply chain management and black economic empowerment

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, the executive manager: marketing, the IT manager, and the risk and compliance manager. Neither committee is authorised to make procurement decisions above R10 million.

**Enterprise development programme**

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.

In 2013/14, the JDA introduced an enterprise development programme to deliver a coherent approach to developing enterprises. It holds a series of workshops, courses and coaching sessions to achieve effective and sustainable empowerment and economic development results.

The enterprise development programme aims to:

- Develop skills and capacity within the construction industry in Johannesburg.
- Optimise the JDA's contribution to inclusive economic growth and empowerment and the transformation of the construction industry.
- Establish a monitoring and reporting system to measure the programme's impact.

The programme applies the best practice enterprise development principles set out in the table below.

**Enterprise development principles and programme activities**

| Enterprise development principle | Application for the enterprise development programme |
|---|---|
| Support emerging contractors (including making best use of contractors, with clear discontinuation criteria in the case of non-performance) | • Assess emerging contractors holistically according to milestones and development targets (maintain a development framework for each contractor).<br>• Apply progression and exit criteria to track and record results. |

| Enterprise development principle | Application for the enterprise development programme |
|---|---|
| Break “two economies” trends (do not perpetuate the situation of a well-resourced formal sector vs. a poorly resourced informal sector) | • Set targets within the JDA’s portfolio of projects for emerging contractor contracts (either directly through joint ventures or through subcontracts to main contractors).<br>• Establish a database of emerging contractors linked to the Construction Industry Development Board register and customise support for a range of categories.<br>• Design the enterprise development programme to progress from basic competencies to enterprise best practices and provide appropriate, targeted and accredited training. |
| Reduce barriers to entry and progression in relation to JDA contracts | • Ensure prompt payments.<br>• Reduce tender complexity by standardising industry bid documents and introducing user-friendly tender procedures.<br>• Where appropriate, introduce programme-level services such as insurance, combined materials purchase and finance guarantees to achieve economies of scale.<br>• Provide training on winning work and information on work opportunities for future business planning. |
| Limit dependency on enterprise development programme | • Continuing Education and Training or other progression meeting Council for Built Environment requirements.<br>• Holistic enterprise mentorship, from basic internships to strategic mentorships.<br>• No reserved contracts – all participants must compete for work through normal procurement processes. |
| Undertake systematic monitoring and evaluation of results and impact | • Establish and maintain contractor databases.<br>• Establish KPIs and targets against which to measure performance (scorecard approach).<br>• Report quarterly on qualitative and quantitative data. |

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 enterprise development programme includes the following outputs and activities:

- Designing an emerging contractor development programme framework for the JDA to implement over four years.
- Drafting emerging contractor development guidelines for the JDA. The guidelines have been incorporated into the JDA’s operating manual.
- Implementing the enterprise development programme in a coordinated way. This includes at least the following activities each year:
    - A workshop for representatives of SMME companies working on JDA developments that presents elements of the emerging contractor development programme.
    - Two accredited training opportunities on construction skills for construction workers on JDA projects. This training should complement training that is already provided by contractors and respond to the training needs of construction workers.
    - Training on preparing tenders for public-sector construction projects for representatives of companies from a JDA database of unsuccessful bidders.

- Developing a monitoring and reporting system for the enterprise development programme that includes:
    - A database of SMMEs contracted or subcontracted on JDA projects.
    - Assembling, verifying and collating the information required to update the database each quarter for the full term of the contract.
    - Analysing the effects and results of the emerging contractor development programme and writing quarterly reports, and adapting these reports for various oversight committees.
    - Coordinating a comprehensive and proactive administration system to ensure that all enterprise development programme participants (construction workers and SMMEs) receive formal recognition of participation (such as a JDA letter confirming training, certificates where possible, and completion of Construction Industry Development Board forms for registration purposes).

The JDA continues to create jobs and economic development opportunities for small businesses through its construction programme. In line with the Jozi@Work developmental service delivery model outlined by the Executive Mayor in the 2014 State of the City Address, the agency implemented a portfolio-wide enterprise development programme in 2014/15. The programme has a new approach to contracting in selected developments, with a managing contractor responsible for subcontracting local SMME construction companies, and ensuring skills transfer within a construction contract period. The Jozi@Work approach requires the JDA to set new targets for capital and operating expenditure (contracted services and repairs and maintenance) through SMMEs. The agency will continue to implement the enterprise development programme in compliance with the Jozi@Work programme, along with a number of Jozi@Work packages in the next financial year.

**BBBEE and SMME spend as a percentage of total procurement**

The JDA reports on the BBBEE and SMME share of both actual expenditure and contractual commitments for all active contracts. The table below shows the BBBEE and SMME share of capital and operating expenditure. In 2014/15, the overall BBBEE share of expenditure was R1.46 billion. This constitutes an achievement of 108 per cent. This is largely due to the success achieved in awarding capital expenditure and operating expenditure contracts to BBBEE firms. The SMME share of JDA’s operating and capital expenditure was R390.3 million in 2014/15, or 29 per cent of the budget.

### Summary of BBBEE and SMME expenditure[2]

| Description | Total expenditure ***R' 000*** | BBBEE claimed ***R' 000*** | BBBEE (%) | SMME spent ***R' 000*** | SMME (%) |
|---|---|---|---|---|---|
| Capital expenditure | 1 311 448 | 1 436 754 | 110 | 370 482 | 28 |
| Operating expenditure | 43 858 | 29 300 | 67 | 19 859 | 45 |
| Consolidated capital and operating expenditure | **1 355 307** | **1 466 054** | **108** | **390 342** | **29** |

The JDA uses various criteria for calculating the BBBEE claimed:

- The JDA refers to people historically disadvantaged by unfair discrimination as historically disadvantaged individuals. This includes emerging SMMEs, as well as established businesses within those disadvantaged communities that were subjected to racial and ethnic prejudice and cultural bias, and whose ability to compete in the free market enterprise was impaired as a result of their identity as a group or individuals, without regard for their qualifications.

- The preference system requires the protection and advancement of those historically disadvantaged by unfair discrimination. The JDA actively promotes the effective and efficient development of suppliers and contractors from historically disadvantaged communities. The government's BBBEE policy is designed to create entry levels for targeted groups to enter the mainstream economy.

- The following criteria, which were also adopted from the government's procurement reform initiatives, will determine whether a business enterprise is regarded as a BBBEE enterprise:
  - The enterprise must be a legal entity
  - The enterprise must be at least two-thirds owned by one or more historically disadvantaged individuals
  - The enterprise must be managed and controlled by one or more historically disadvantaged individuals.

- The enterprise must have an average annual turnover within prescribed limits. The Government Gazette Notice (8 June 2011) in terms of section 1(iii) of the Preferential Procurement Policy Framework Act (2000) states that:

[2] 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.

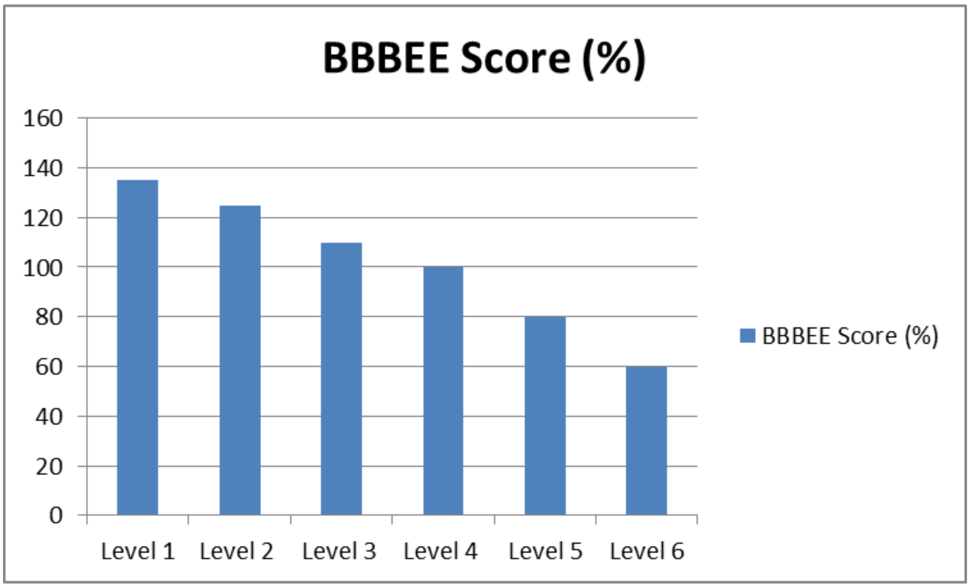
- *“Tenderers with annual total revenue of R5 million or less qualify as Exempted Micro Enterprises in terms of the Broad-Based Black Economic Empowerment Act, and must submit a certificate issued by a registered auditor, accounting officer (as contemplated in section 60(4) of the Close Corporation Act, 1984 (Act No. 69 of 1984)) or an accredited verification agency.”*
- *“Tenderers other than Exempt Micro Enterprises must submit their original and valid BBBEE status level verification certificate or a certified copy thereof, substantiating their BBBEE rating.”*

| BBBEE status level of contributor | BBBEE recognition (%) | Number of points | |
|---|---|---|---|
| | | Tenders up to R1 million | Tenders above R1 million |
| 1 | 135 | 20 | 10 |
| 2 | 125 | 18 | 9 |
| 3 | 110 | 16 | 8 |
| 4 | 100 | 12 | 6 |
| 5 | 80 | 8 | 4 |
| 6 | 60 | 6 | 3 |
| 7 | 50 | 4 | 2 |
| 8 | 10 | 2 | 1 |
| Non-compliant contributor | 0 | 0 | 0 |

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. 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 per cent 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.

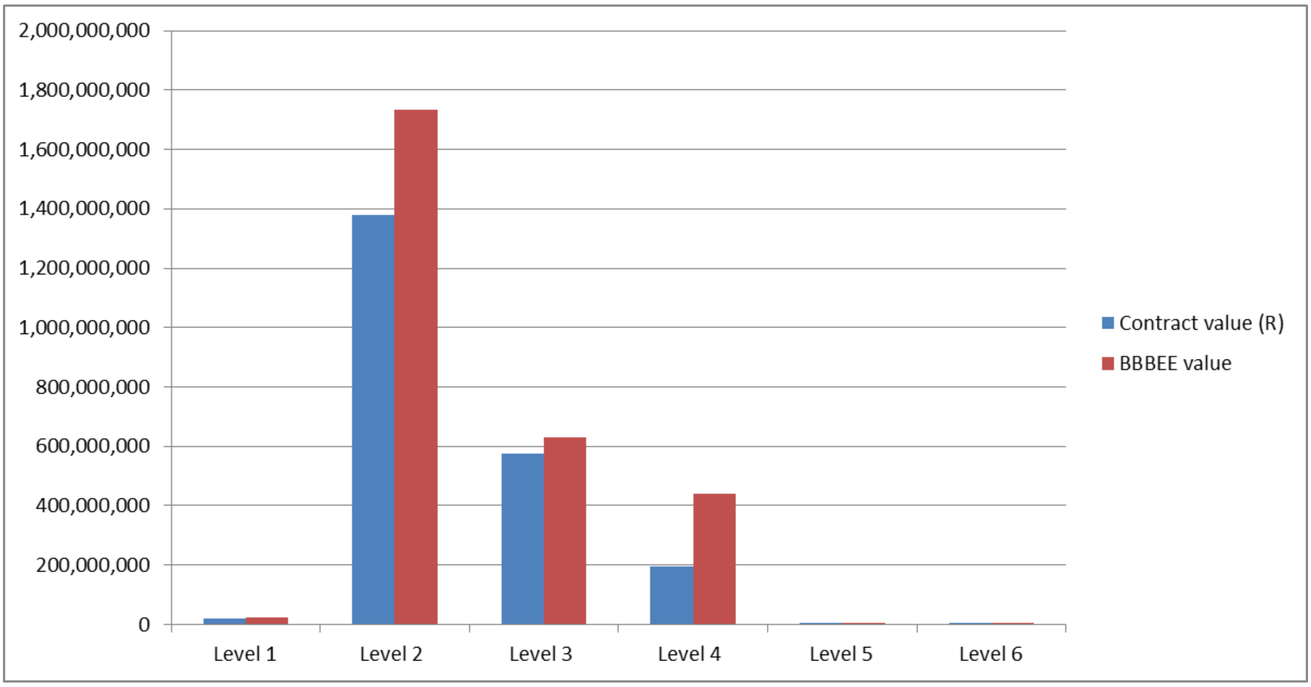
The JDA confirms the validity of BBBEE certificates by verification agencies by tracing the name of the agency to the South African National Accreditation System’s list of accredited agencies.

Each BBBEE level is translated into a BBBEE score reflected as a percentage. For example, BBBEE level 6 equals 60 per cent, while BBBEE level 1 equals 135 per cent. This is reflected in the table below.




The graph below illustrates the aggregate value, per BBBEE level, of capital contracts awarded by the JDA together with their BBBEE value between 1 July 2014 and 30 June 2015. Note that the BBBEE value is determined using the percentage on the BBBEE score as outlined above.

**Aggregate value of capital contracts (BBBEE level and value)**




## Supply chain deviations and approvals

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. It should be noted that from 1 July 2014 to 30 June 2015 the following deviations and ratifications were approved by the accounting officer.

### Deviations and ratification register for 2014/15

| | 2015 | 2014 |
|---|---|---|
| Supplier name | Value (R) | Value (R) |
| Sinetech CC | - | 2 476 941 |
| Koketso Growth (Pty) Ltd | 5 974 551 | - |
| GVK Siya Zama (Pty) Ltd | 126 095 085 | - |
| MBP Earthworks | 9 340 | - |
| Ditlodi Community Development Cooperative | 968 604 | - |
| TOTAL | **133 047 580** | 2 476 941 |

**Design, manufacture and erection of a monumental bronze statue of the late former President Nelson Mandela for the City of Ramallah in Palestine**

The accounting officer approved a deviation from normal supply chain processes as per regulation 36(1)(a)(v) for the appointment of a service provider to design, manufacture and erect a monumental bronze statue of former President Nelson Mandela for the City of Ramallah in Palestine. The deviation was to shorten the tender advertising period from 14 days to 7 days. The reason for shortening the tender advertising period was due to the stringent timeframes to deliver the project.

**Appointment of a contractor for the construction of the inner-city commuter links phases 5 and 6**

The accounting officer approved a deviation from normal supply chain processes as per regulation 36(1)(a)(v) for the appointment of a contractor for the construction of the inner-city commuter links phases 5 and 6. The deviation was to shorten the tender advertising period from 30 days to 21 days. The tender was initially advertised publicly for 30 days; however, all submissions were found to be non-compliant by the Bid Evaluation Committee. The tender was then re-advertised and due to the stringent timeframes the tender advertising period was shortened.

**Emergency repairs to burst geyser in tenant's office space at the bus factory**

The accounting officer approved a deviation from normal supply chain processes as per regulation 36(1)(a)(i) for the appointment of a service provider to undertake repairs to a burst geyser. The deviation was to get one quotation from one service provider instead of three quotations from three service providers in the JDA database. This was done to minimise further damage to property and goods as a result of the burst geyser.

**Appointment of service provider for community liaison services in Alexandra**

The accounting officer approved a deviation from normal supply chain processes as per regulation 36(1)(a)(v) for the appointment of a service provider to manage community liaison officers based in Alexandra. The deviation from normal supply chain processes was to enter into direct negotiations with the cooperative formed by the community liaison officers to appoint them to continue to provide community liaison services for the Alexandra renewal project. Since the beginning of the Alexandra renewal project in 2001, the project has had the services of a group of community liaison officers. These community liaison officers were appointed by the Gauteng Department of Human Settlements through an independent service provider. The contract between the Gauteng Department of Human Settlements and the service provider came to an end on 31 March 2015. Replacing the group of community liaison officers through an open tender process would pose a serious threat to the delivery of projects in Alexandra, hence the deviation.

## Unsolicited bids

The JDA made no unsolicited bids from 1 July 2014 to 30 June 2015. All procurement went through supply chain processes. According to regulation 44 of the Municipal Supply Chain Management Regulations, municipal entities are prohibited from awarding contracts to a person who is in the service of the state. To the best of its knowledge, having used reasonable endeavours to determine the facts, the JDA has not awarded any contract to a person who is in the employ of the state to date. No objections were received on tenders awarded.

# CHAPTER 3: SERVICE DELIVERY PERFORMANCE

## Section 1: Core business

### Strategic objectives

The JDA has the following strategic objectives:

- Restructure the city by developing defined, strategic geographic areas and the movement corridors that link them.
- Promote economic growth by creating efficient and competitive business environments that cluster industries and function in these areas.
- Turn around declining investment trends in these areas by upgrading public spaces, generating shared visions for future development and encouraging urban management partnerships.
- Develop local economic potential in marginalised areas to promote access to jobs and markets.
- Encourage sustainable energy consumption and land use in the city by developing strategic transit nodes and corridors.
- Promote economic empowerment through the structuring and procurement of JDA developments.
- Support productive development partnerships and cooperation between all stakeholders in these areas.

## Section 2: Day-to-day operations

### Programmes

To achieve the above strategic objectives and priorities and to give effect to its new business model, the JDA has structured its operations around five substantive programmes and two operational programmes whose cross-cutting functions enable it to operate in an efficient and effective manner.

The programmes are:

- Programme 1: Inner-city transformation
- Programme 2: Transit-oriented node development
- Programme 3: GMS priority area planning and implementation
- Programme 4: Greenways
- Programme 5: Alexandra renewal project
- Programme 6: Administration and management
- Programme 7: Development facilitation.

The five substantive programmes aim to restructure the spatial economy to give poor households better access to well-located accommodation, jobs and markets; to optimise land use and energy consumption; and to improve living standards and mobility for large numbers of people in well-serviced and well-managed transit neighbourhoods. They are linked to three of the master programmes outlined in the Joburg 2040 GDS, namely enabling resilience, inclusion and sustainability; enabling growth and job creation; and going green. Taken together, the transit-oriented node development and greenways programmes comprise the transit-oriented development intervention that will give effect to the Corridors of Freedom introduced in the 2013 State of the City Address.

The two operational programmes support the JDA's work. The Administration and Management Programme accommodates the chief executive officer, finance, internal audit, the company secretariat, marketing and communications, risk and compliance, supply chain management, IT, human resources and facilities management. The Development Facilitation Programme works closely with the development implementation, project development, land development and urban management support functions.

## Section 3: Highlights and achievements

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. However, the JDA also receives additional capital projects to implement from the CoJ during the financial year, including after the mid-year budget review.

In 2014/15, the JDA implemented 98 capital projects across seven programmes to the value of R1.46 billion, which is 87 per cent of the allocated budget of R1.68 billion as determined through the mid-year budget review. This implementation of capital projects lies at the heart of the JDA's success.

The major drivers of capital expenditure were the large construction works that are being undertaken on the Rea Vaya trunk route 1C along Louis Botha Ave, and the projects to install non-motorised transit (NMT) infrastructure, pedestrian and cycle paths along the Corridors of Freedom which will connect commuters with the Rea Vaya and Commuter Rail services. Most of the NMT projects are being implemented by small construction companies, so this means that the large scale infrastructure spending is also benefitting local businesses and creating local enterprise and job opportunities. Samples of the projects that were delivered in the City's priority and marginalised areas include:

- Diepsloot development includes the Ngonyama link road upgrade and new park (see photos below).
- Kliptown development includes capital works within the WSSD to support activation of this public space and improve the functioning of community activities and urban management systems.
- Sol Plaatjie human settlement includes the road and storm water upgrades in Sol Plaatjie for the CoJ Department of Housing.

- CoJ Clinics include the construction progress on at least 4 clinics for the CoJ Directorate of Health.
- Alex Renewal Project, the portfolio of capital works projects includes clinic upgrades, open space upgrades and housing developments.


The Diepsloot settlement is situated to the north of the Johannesburg CBD next to the N14 highway and the R511 / William Nicol drive. It is a dynamic settlement constituting a mix of relatively low-income profile residents and specific socioeconomic needs defining the local population.

**INGONYAMA LINK ROAD EXTENSION PROJECT**

- Construction Progress – 98%
- 60m Vehicular & pedestrian bridge
- Approximately 500m of new road with bicycle lane and pedestrian sidewalk.
- Street furniture and landscaping
- Project Funding Source: National Treasury – NDPG
- Total Budget Allocated to this project: R34.3mil for 2014/15
- Budget Spent: R 33.8 million as of 30 June 2015.

*Aerial view of the new vehicular bridge and the road works on Ingonyama Road*


The JDA's staff complement has increased by 60 per cent over the past three financial years from 55 permanent staff in 2012/13 to 86 permanent staff (including the Alexandra renewal project staff) in 2014/15. In the same period, the capital expenditure budget increased by nearly 440 per cent. At the board meeting in June 2015, the Board of Directors agreed that the JDA should appoint nine additional staff.

In 2014/15, the JDA awarded R1.28 billion in contracts to BBBEE service providers, which is 91 per cent of the amount targeted for the year, and R390 million to SMMEs was reported as R390 million, or 29 per cent of the budget for 2014/15.

## Section 4: Performance by programme

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 CoJ, aim to improve the JDA's performance and efficiency, and achieve longer-term goals for specific developments, such as area-based revitalisation.

Key indicators, such as jobs created and capital expenditure to date, are measured and verified by independent quantity surveyors or project managers for each of the JDA's developments. With regard to job opportunities created through the Expanded Public Works Programme (EPWP), the CoJ's Economic Development Department independently verifies the JDA's reported job numbers on a monthly basis.

The KPIs set for each JDA substantive programme were:

- Capital expenditure against budget.
- Development progress against target.
- Economic empowerment measures, including the number of short-term job opportunities created, BBBEE spend commitment as a percentage of total procurement (capital expenditure), and SMME spend commitment as a percentage of total spend (capital expenditure).
- Productive development partnership measures, including positive media reports and number of tours or stakeholder events.

For each programme, the KPIs are illustrated as follows:

| | |
|---|---|
| ☺ | *Target achieved (95–100% rating)* |
| 😐 | *Target partially achieved (80–94% rating)* |
| ☹ | *Target not achieved (<79% rating)* |

Operating expenditure is not reported per programme, but general commentary on operating expenditure against target for the JDA as a whole is provided in the financial review.

### Programme 1: Inner-city transformation

**Programme purpose:** Manage the development of Johannesburg's inner city through capital investment in selected areas by overseeing integrated investment by other departments and entities, and by facilitating partnership initiatives.

This programme, which supports the Department of Development Planning's Sustainable Human Settlements Priority Programme for 2014/15, strives to transform the inner city by applying transit-oriented development principles and strategies to improve liveability. The inner city is the primary transit node of Johannesburg, with over 1 million people (2011 estimate) moving through it every day.

Guided by the CoJ’s inner-city transformation roadmap, the JDA focuses on strengthening the position of the inner city as a critical business and residential node and the primary gateway to transit networks for the CoJ; financial services networks for the city region; and cross-border trade networks for the African continent. The programme will be implemented in phases aimed at strengthening inner-city precincts, addressing movement challenges, and improving the quality of the built environment across the inner city.

The inner-city transformation roadmap is the CoJ’s statement of intent for transforming Johannesburg’s inner city. This framework recognises the central role of the inner city as an entry point and a place of opportunity for many, including the poor. Through the inner-city transformation roadmap, the CoJ and multiple stakeholders can collectively pursue the vision of the inner city as “a place of opportunity: a well-governed, transformed, safe, clean and sustainable inner city of Johannesburg, which offers high-quality, sustainable services; supports vibrant economic activity; and provides a welcoming place for all residents, migrants, commuters, workers, traders, investors and tourists.”

The programme includes elements of transit-oriented node and corridor development. Precinct developments are designed to respond to local conditions, needs and advantages, and to achieve economic, social and sustainable development outcomes.

The transit precincts that are being developed in the inner city are the Park Station precinct and the Westgate Station precinct. Beyond these nodes, other precinct and corridor projects that are intended to improve the productivity, inclusivity and liveability of the inner city as a safe, clean and sustainable neighbourhood that serves its growing population include the Hillbrow Tower precinct, inner-city public places challenge, inner-city core public environment upgrade, Eastern Gateway precinct, intelligent operations centre, Beyers Naudé Square monument and Kazerne property development.

New technical assistance projects valued at R84.5 million include building an intelligent operations centre for emergency management services, demolishing the Kazerne Parkade for transportation, implementing capital works projects for the national Department of Arts and Culture in Newtown, and installing a public artwork on Beyers Naudé Square for the Directorate of Arts, Culture and Heritage.

## Performance against KPIs

Programme 1: Capital expenditure

| KPI | Business Plan Budget R m | Adjusted Budget R m[3] | 2014/15 Annual Target | 2014/15 Actual | 2014/15 Variance | 2014/15 Achievement score | Explanation of progress, variations and steps to be taken to improve performance (as at end of June 2015) |
|---|---|---|---|---|---|---|---|
| Percentage of capital budget spent | 205 | 304.75 | 100% | 82% | 18% | ☹ | Some projects were delayed due to longer-than-anticipated public participation processes or unfavourable land conditions. |

*Programme 1: Development progress per project*

| KPI | 2014/15 Annual Target | 2014/15 Actual | 2014/15 Variance | 2014/15 Achievement score | Explanation of progress, variations and steps to be taken to improve performance (as at end of June 2015) |
|---|---|---|---|---|---|
| **Park Station precinct: Inner-city Commuter Links Phase 5[4]**<br>**Park Station precinct: Jack Mincer taxi facility extension (detailed design and phase 1)** | 100% | 40% | 60% | ☹ | Concept and detail designs have been completed, tendered and adjudicated and the project is ready for award. The award has, however, been delayed as temporary taxi ranking and parking facilities are still being identified. The site development plan has been submitted and, once approved, an application for a section 7-6 will be submitted for the works to commence. Construction due to start in July 2015. Formal request for roll-over and adjustment of 2014/15 unspent budget. JDA and Transportation have identified certain sites for possible relocation and are pursuing negotiations with property owners. Going forward the best suitable site for ranking is Joubert Park and Con hill for holding in addition to the properties identified. Due to the delays, the spent for the year was 77%. The programme will take 22 months to complete |
| **Park Station Precinct: African Food Hub Phase 2** | 100% | 100% | 0% | ☺ | Project completed on 31 March 2015 excluding the pavilion. The wood structure component of the pavilion is under construction and the JDA still has to give the go-ahead for the concrete foundations. |
| **Park Station Precinct: Housing property developments Phase 1** | 40% | 90% | +50% | ☺ | The JDA identified a property in the Park Station precinct for affordable housing, a valuation was conducted, and an offer submitted and accepted, with funds held in trust. The transfer of the property will be concluded following Council approval. |
| **Westgate Station precinct: Relocation of Selby depot (phase 1)** | 100% | 10% | 90% | ☹ | The site was extensively undermined and highly contaminated by nuclear waste, causing delays. The JDA plans to purchase the adjacent site, the old Kazerne building, to accommodate the depot. |
| **Hillbrow Tower precinct (phase 1 and 2)** | Phase 1 – 100% | Phase 1 – 100% | 0% | ☺ | Phase 1 contractor achieved practical completion on 31 March 2015, but was penalised for not completing the work on time. Phase 2 construction started on 5 June 2015 and is expected to finish on 5 February 2016. There were delays as property owners objected to the rationale of the project and urban management issues in the area. A development facilitation intervention between the JDA and the Region and the local property owners has been established to ensure that issues are addressed and that construction can continue. |
| | Phase 2 – 100% | Phase 2 – 45% | 55% | ☹ | |
| **Inner City Core Public Environment Upgrade (Phase 2.1)** | 100% | 43% | 57% | ☹ | Construction is under way and the expected end date is 26 February 2016. |
| **Eastern Gateway precinct: development framework and implementation plan** | 100% | 0% | 100% | ☹ | Consultants were only appointed on 12 June 2015 to compile an urban development framework for the area. This has catalysed the acceration of discussions with Eastern Gateway stakeholders towards the formation of an Eastern Gateway forum to fast track the project. |

[3] Note that the adjusted budget reflected is the final budget as approved by the CoJ and not the proposed budget amount reflected in the mid-term scorecard.

| KPI | 2014/15 Annual Target | 2014/15 Actual | 2014/15 Variance | 2014/15 Achievement score | Explanation of progress, variations and steps to be taken to improve performance (as at end of June 2015) |
|---|---|---|---|---|---|
| **Inner-city public places challenge partnership projects round 3 Public Places Partnership Programme Round 3** | 100% | 100% | 0% | ☺ | Project is completed. |
| **Installation of Beyers Naudé Square monument** | 100% | 90% | 10% | 😐 | The artwork is completed; the installation was planned for July 2015. |
| **Kazerne property development Phase 1** | 100% | 85% | 15% | 😐 | Construction for piling, bulk earthworks and lateral support is expected to be completed by end July 2015. Tender for the appointment of main contractor for the building works will commence mid-July 2015. |
| **Johannesburg Art Gallery (2014/15 upgrade)** | 100% | 44% | 56% | ☹ | Construction is under way. Delays in obtaining approvals for the heritage permit delayed project completion. Furthermore, materials need to be imported from overseas to complete the roof repairs. In 2015/16, preliminary planning and design work will be completed to prepare for a major refurbishment of the Johannesburg Art Gallery. The scope of work includes structural repairs, and waterproofing the entire centre. |
| **Museum Africa (2014/15 upgrade)** | 100% | 64% | 36% | ☹ | Construction is under way. Delays in obtaining approvals for the heritage permit resulted in delays in completion. |

Programme 1: Economic empowerment

| KPI | 2014/15 annual target | 2014/15 actual | Variance | Achievement score | Explanation of progress |
|---|---|---|---|---|---|
| **Number of short-term EPWP job opportunities created through programme 1 construction contracts** | 1 100 | 1 152 | 52 | ☺ | No variation, target achieved. |
| **BBBEE expenditure share as a % of total capital expenditure over the same time period** | 100% | 120% | 20% | ☺ | No variation, target achieved. |
| SMME expenditure share as a % of total capital expenditure over the same time period | 30% | 10% | 20% | ☹ | Target not achieved |
| **Of which: Jozi@Work SMME expenditure share as a % of total capital expenditure over the same time period** | 5% | 0% | 5% | ☹ | Target not achieved |

Programme 1: Productive development partnerships

| KPI | 2014/15 annual target | 2014/15 actual | Variance | Achievement score | Explanation of progress |
|---|---|---|---|---|---|
| Positive media reports as a % of the total number of media reports on the JDA in the Johannesburg inner city | 90% | 98% | 8% | ☺ | No variation, target achieved. |
| **Number of property developments facilitated by the JDA in the Johannesburg inner city** | 2 | 1 | 1 | ☹ | Target not achieved |

## Expenditure overview and explanations

| Project | Business Plan Budget R m | Adjusted Budget R m[5] | 2014/15 Actual Expenditure R m | Variance | Explanation of variations |
|---|---|---|---|---|---|
| Park Station precinct: Inner-city Commuter Links Phase 5<br>Park Station precinct: Jack Mincer taxi facility extension (detailed design and phase 1) | 40.0 | 53.0 | 40.83 | 12.2 | Previous financial year commitments carried over to new financial year. |

[5] Note that the adjusted budget reflected is the final budget as approved by the CoJ and not the proposed budget amount reflected in the mid-term scorecard.

| | | | | | |
|---|---|---|---|---|---|
| Park Station Precinct: African Food Hub Phase 2 | 15.0 | 19.0 | 19.1 | (0.1) | No variation, project expenditure spent as planned. |
| Park Station Precinct: Housing Property Developments Phase 1 | 13.0 | 11.0 | 0 | 11 | |
| Westgate Station precinct: Relocation of Selby depot (phase 1) | 15.0 | 9.75 | 1.58 | 8.17 | Previous financial year commitments carried over to new financial year. |
| Hillbrow Tower precinct (phase 1 and 2) | 20.0 | 20.0 | 19.99 | 0 | No variation, project expenditure spent as planned; project to be implemented in two financial years: 2014/15 and 2015/16. |
| Inner-city core public environment upgrade | 15.0 | 15.0 | 9.03 | 5.97 | Delays in finalising the designs affected the time for the appointment of the contractor. |
| Eastern Gateway precinct: development framework and implementation plan | 1.0 | 1.0 | 0.62 | 0.38 | Funds were for planning and JDA contributions to the Bruma Lake development. Planning has been moved to next year. |
| Public Places Partnership Programme Round 3 | 10.0 | 19.0 | 19.45 | (0.45) | No variation, project expenditure spent as planned. |
| Installation of Beyers Naudé Square monument | 1.0 | 1.0 | 1.0 | 0 | No variation, project expenditure spent as planned. |
| Kazerne Property Development Phase 1 | 50.0 | 71.5 | 65.6 | 5.9 | Delay in the award of the new contractor due to negotiations with South African Post Office. |
| Johannesburg Art Gallery (2014/15 upgrade) | 0.0 | 15.0 | 3.79 | 11.21 | Contract awarded late due to delays in obtaining requisite approvals. |
| Museum Africa (2014/15 upgrade) | 0.0 | 5.0 | 4.95 | 0.05 | No variation, project expenditure spent as planned. |
| ***Additional projects*** | | | | | |
| Bruma Lake rehabilitation | 0.0 | 51.5 | 51.5 | 0 | No variation, project expenditure spent as planned. |
| Intelligent operations centre | 4.0 | 12.0 | 11.95 | 0.05 | No variation, project expenditure spent as planned. |
| Housing implementation support (public environment upgrades in new housing neighbourhoods) | 1.0 | 1.0 | 0.699 | 0.30 | This reflects savings on a property acquisition deal. |
| **TOTAL** | | **304.75** | **250.09** | **54.68** | |

The capital expenditure target of 100 per cent was not achieved. Programme 1 spent 82 per cent, or R250 million, of the R304.7 million budget by the end of June 2015. Most of the budget was spent on the Jack Mincer/commuter links project, which was delayed due to challenges in obtaining temporary taxi rank and taxi holding facilities close to the current facility. The JDA is finalising an alternative relocation plan, which will use CoJ-owned property located close to the current taxi facility. In the meantime, all procurement processes have been concluded and once the negotiations for the alternative site are finalised, the JDA will be able to reallocate taxi operations and commence with construction to complete it within the current medium-term revenue and expenditure framework.

The Westgate Station precinct project also experienced delays. Detailed studies revealed that the site was extensively undermined and highly contaminated by nuclear waste. In 2015/16, the JDA will plan and undertake proper studies before allocating capital budgets for construction.

The Johannesburg Art Gallery project experienced delays due to poor planning. The JDA failed to obtain heritage permits in time and certain heritage material had to be imported. As this is a two-year project, project implementation will continue in the new year and is expected to be completed before the end of the second quarter.

Overall, eight projects achieved development progress targets against the completion of works targets. The underachievement is due to delays during project planning in obtaining approvals, environmental challenges and property owners' objections. Other projects are multi-year projects so construction will continue without pause into 2015/16.

A total of 1 152 jobs were created in programme 1, which is slightly more than the annual target of 1 100.

**EPWP employment opportunities**

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Total | Achievement score |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Project** | **Number of short-term EPWP job opportunities created** | | | | | | | | | | | | | |
| Hillbrow Tower precinct phase 1 | 28 | 34 | 46 | 45 | 52 | 52 | 57 | 68 | 0 | 0 | 0 | 5 | 387 | |
| African food hub | 0 | 0 | 0 | 10 | 20 | 33 | 32 | 32 | 22 | 0 | 0 | 0 | 149 | |
| Bruma Lake rehabilitation | 13 | 13 | 17 | 20 | 20 | 32 | 16 | 26 | 36 | 21 | 25 | 42 | 281 | |
| Inner-city public places challenge | 55 | 68 | 68 | 0 | 0 | 0 | 0 | 0 | 0 | 28 | 35 | 35 | 289 | |
| Museum Africa | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10 | 10 | 20 | |
| Johannesburg Art Gallery | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10 | 10 | 20 | |
| Kazerne property development | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6 | 6 | |
| **TOTAL** | **96** | **115** | **131** | **75** | **92** | **117** | **105** | **126** | **58** | **49** | **80** | **108** | **1 152** | |

## Additional projects

| KPI | 2014/15 Annual Target | 2014/15 Actual | 2014/15 Variance | Explanation of progress, variations and steps to be taken to improve performance (as at end of June 2015) |
|---|---|---|---|---|
| Bruma Lake rehabilitation | - | 98% | N/A | A bridge cable will be imported from Dubai, causing project delays. The expected date of completion is 24 August 2015. |
| Intelligent operations centre | - | 100% | N/A | Project is completed. Testing, some troubleshooting and documentation may run over into June 2015. |
| Housing implementation support (public environment upgrades in new housing neighbourhoods) | - | 75% | N/A | The consultants have completed the status quo analysis, report and action plan for housing in the inner city. An extensive new precinct-by-precinct analysis provides key insights into housing. The report and action plan will be submitted to Council for approval. |

## Progress on projects

### *Park Station precinct*

The Park Station precinct is the primary transit interchange in the city region, with over 1 million commuters passing through this precinct as rail, bus or taxi passengers. The Park Station precinct is a busy and vibrant part of the inner city. It has significant problems with congestion (both vehicular and pedestrian), conflict between people and vehicles, and conflict between informal traders, pedestrians and retailers. There are also a number of urban management issues that can be addressed partly through environmental design. Priorities include the provision of safe play spaces for children, more green space, markets for informal traders, managed parking, more taxi and transit facilities, public toilets, and safe walking space for pedestrians and cyclists. There are four precinct level plans that are relevant to this area:

- Park Station urban design framework and heritage management plan (2007)
- Braamfontein scoping study (2010)
- Newtown urban development framework (2003)
- Art Gallery Rea Vaya Station precinct urban design study (2012).

JDA projects in the Park Station precinct in 2014/15 included the inner-city commuter links project; the inner-city core; the African food and culture hub project; a project to assemble properties for housing; and an extension to the Jack Mincer taxi facility.

### *Inner-city commuter links project*

This project is halfway through a six-year budget allocation. The first phase of the project, which began in 2010/11, involved upgrading identified streets, sidewalks, and public spaces that serve as commuter links within the inner city, primarily stretching from Braamfontein to the CBD. In the same year, new closed-circuit television (CCTV) cameras were installed in the Johannesburg Art Gallery-Rea Vaya Station precinct, and Bok Street was upgraded from Wanderers Street to King George Street and along an upgraded pathway through Joubert Park, which in effect linked Bok Street to the Rea Vaya Station on Twist Street.

The second phase, which began in 2011/12, focused on the JAG-Rea Vaya Station precinct and included upgrading street and pedestrian lighting, building pedestrian infrastructure along Twist/Troye Street and optimising access, egress and circulation for the Jack Mincer taxi facility.

The project’s third and fourth phases (2012/13 and 2013/14) focused on the upgrade of the Noord and King George Street markets. These streets were earmarked for prioritisation in the inner-city urban design implementation plan, the Joubert Park – JAG precinct urban design study and in the

Gautrain Park Station precinct urban development framework. These streets are a heavily pedestrianised route lined with traders, which serves as an important link between public transit facilities such as Park Station, Park City taxi rank, the Jack Mincer taxi rank and the Rea Vaya Station on Twist Street. The route also links these transport facilities to the Bridge Shopping Centre and to Park Central Shopping Centre. Completed sections include Noord Street between Klein and Hoek Streets, and King George between De Villiers and Plein streets. The railway embankments adjacent to Noord Street have been stabilised.

In 2014/15, some of the deliverables of the fifth phase were completed, including the upgrade of the linear markets project along Noord Street between Twist and Klein streets, and on King George Street between Noord and De Villiers streets. In addition, the consultation and design process will begin for the first phase of railway line decking to create a new public square as a reception space in front of the Joburg Art Gallery. The deck design and construction will require consultation with the Passenger Rail Agency of South Africa, design approval from the Johannesburg Property Company and the Johannesburg Roads Agency, and a detailed engineering design and costing analysis in 2015/16. An indicative budget of R90 million has been allocated for the deck construction, but this will have to be adjusted once the designs are finalised and approved.

### *African food and culture hub project*

The project aims to create a new public space and facility in the Park Station precinct that can accommodate a food institute that will implement a range of programmes to:

- Develop the food industry in the Gauteng city region through awareness raising and training, industry networking, and value chain and clustering analysis and strategy.
- Publicise and promote food services and businesses in the Park Station precinct and the inner city.
- Manage the facility and the new public square as an information hub for food businesses and activities, a small market for informal food traders, and a venue for food industry training, events and food-themed festivals.

The detailed design work and implementation of identified upgrades have been phased over two financial years from 2013/14. In 2013/14 the JDA spent R3 million on detailed designs, community participation processes, stakeholder negotiations and initial construction to create a new public square on Eloff Street in the Park Station precinct. In 2014/15 the bulk of the public environment upgrade work was completed.

### *Housing property development project*

This project responds to the need to deliver housing to the poorest of the poor and the need for transitional and emergency housing to accommodate people evicted from buildings within the inner city. The JDA will use some of the inner-city upgrading budget to purchase and develop a small portfolio of buildings in the Park Station precinct, which will be managed by Joshco or other registered social housing institutions. One building was purchased for development of inner-city social housing in 2014/15.

### *Jack Mincer taxi facility (Noord Street) project*

The project aims to extend the taxi facility, which was designed and built by the CoJ in 2000, to accommodate some of the taxis that currently rank and hold in the streets within the Park Station precinct. The project budget is about R50 million over two financial years. In 2014/15, the designs were completed and the supply chain management process finalised for the appointment of a contractor. Construction could not commence as the JDA and the Transportation Department were unable to obtain alternative taxi holding facilities.

### *Westgate Station precinct*

The Westgate Station precinct, which is located in the south-western corner of the Johannesburg inner city, is characterised by a multimodal public transport interchange, which includes the Westgate train station that is owned and operated by the Passenger Rail Agency, two Rea Vaya BRT stations, a minibus taxi rank and holding facilities for Metro Bus, as well as privately owned national long-distance and cross-border buses. The precinct is also strategically located south of the Newtown cultural precinct, west of the Main Street Mall upgrade, and adjacent to the old Chinatown and Diagonal Street upgrades carried out by the JDA in previous years, and the structural repair and refurbishment of Chancellor House in 2010/11.

The transport interchange is surrounded by several large parcels of vacant and underdeveloped land, which are mostly privately owned. The development lease for the Westgate Station has been awarded to Inkanyeli Properties and the building plans have been submitted to the CoJ for approval. A third phase of work was implemented in 2013/14 at a cost of R40 million. This included the continuation of the public environment upgrade project along selected streets within the precinct and the upgrade of the Westgate rank, which included making access and egress changes, building a new taxi rank and bus shelters, landscaping, building a formal trading area for informal traders, and upgrading the existing ablution block, among other things.

Pikitup's Selby depot is located in the Westgate Station precinct. This site is optimally located for development as a residential node with some convenience retail. The depot needs to be relocated in order to release the land for development. In 2013/14 an options analysis was completed to provide Pikitup with a set of alternative sites to choose from. The preferred site is in Doornfontein. It is owned by the CoJ and is within the inner-city collection range. In 2014/15 a study of the site was conducted to determine its suitability for the purpose. The study revealed that the site was extensively undermined and highly contaminated by nuclear waste. This caused delays and meant that the funds could not be fully spent in the financial year. The planning phase will continue in 2015/16 and the project is expected to be implemented in 2016/17.

### *Hillbrow Tower precinct*

Hillbrow is a famous neighbourhood in the inner city of Johannesburg. The inner-city skyline is dominated by the Hillbrow Tower; its silhouette is a key feature in most graphic images of Johannesburg, including the CoJ's logo. This densely developed part of town has always played a role as a reception area for new immigrants to the city. Hillbrow also has a reputation as a dangerous area that is plagued by social problems related to overcrowding, crime, prostitution and drug-dealing.

As part of the Inner City Charter commitments between 2007 and 2012, the CoJ invested almost R150 million through the JDA in Hillbrow, Berea and Yeoville in 2007/08. The work included improving the sidewalks, kerbs and lighting, planting trees along key streets, upgrading five parks (Pieter Roos, Donald Mackay, JZ de Villiers, Alec Gorshel and Le Roith) and installing public artworks. In 2008/09, the Ekhaya Neighbourhood Park was developed and Pullingerkop Park upgraded.

The inner-city transformation roadmap of 2013 recognises Hillbrow's importance as a development node and recommends that the area-based development approach should be continued in order to make the area more liveable and sustainable. In 2013/14 the JDA began a new area-based development in the Hillbrow Tower precinct, which will include capital works to strengthen pedestrian connections, accommodate art traders, upgrade recreation facilities and improve safety.

In 2013/14 an initial amount of R5 million was used to develop a design plan for the precinct and to commence with the implementation of public environment upgrading along selected streets within the precinct. Road upgrades included paving and widening sidewalks, kerbing, resurfacing and road-marking, clearing stormwater inlets, installing new street furniture (including benches, bins, bollards and signage), planting trees, and installing or upgrading street and pedestrian lighting. Areas for road narrowing to make more space for pedestrians, new parking and loading arrangements were identified.

The Hillbrow Tower precinct is defined by the walking radius of about 1 km around the Hillbrow Tower and transects the Hillbrow and Berea areas, which are roughly bounded by Clarendon and Willie streets in the north, Joe Slovo Drive in the east, Smit Street in the south and Hospital Street in the west. The purpose of the project is to create a pedestrian-friendly, safe and walkable urban environment through the establishment of a network of public spaces. As a key part of the development facilitation work in this area, the JDA has engaged Telkom to establish an enterprise hub at the base of the Hillbrow Tower and to create economic development opportunities for the creative industries in Hillbrow. In addition, public environment upgrades along Goldreich Street were completed in 2014/15. The construction of phase 2, which includes public environment upgrades for streets that connect into the precincts, will continue without pause into 2015/16.

### *Inner-city core public environment upgrade*

Against the backdrop of the inner-city urban design implementation plan, the CoJ prioritised the inner-city core for public environment upgrading in years three and four of the Charter implementation period. It is funded through the inner-city upgrading capital allocation in the budget of the Department of Development Planning and Urban Management and implemented by the JDA.

The upgrade of the inner-city core began with the retail improvement district project, which was started in 2008/09. The JDA began by upgrading the lighting in this area and produced an urban design framework that identified public environment projects for implementation. Two projects identified in the plan were then designed for implementation in 2009/10: the upgrade of the Ernest Oppenheimer Park and a food court on Kerk Street at Von Brandis Street.

In 2014/15, a budget for the continuation of the inner-city core public environment upgrade project was proposed. Continuing from the previous year's work, the purpose of the development was to create a pedestrian-friendly and walkable urban environment through the establishment of a network of public spaces. The project sought to improve continuity and connectivity for pedestrians to and between places of work, public transport and other facilities. It will also strive to improve access to spaces for recreational and social purposes.

### *Eastern Gateway precinct*

In 2011, the City of Ekurhuleni announced a new city development strategy that included the construction of an aerotropolis around OR Tambo International Airport. The connections between the aerotropolis and the inner city of Johannesburg are important at a city region scale. There are also important economic developments taking place on the eastern side of the inner city, including Maboneng, Ellis Park and Jeppestown, and adjacent to the inner city, including the new Chinatown in Cyrildene and Bruma Lake.

The Eastern Gateway development is a new area-based development for the JDA. In 2014/15 the anticipated scope of work was for future capital work investments and the public participation process to ensure that this development responds to community needs. However, the project could not be initiated due to capacity challenges in the JDA's planning department and funds had to be moved to contribute to the capital works for the Bruma Lake rehabilitation project.

### *Inner-city public place challenge*

In the last 11 years, the JDA has played a strategic role in investing municipal funds in capital works projects that catalyse private investment in key areas in the inner city. In all JDA developments, a partnership with the private property owners, investors, businesses and residents is an integral part of the development approach. These collaborations are usually built around neighbourhood development plans with medium- to long-term delivery timeframes. But there are examples of smaller partnership projects where the JDA has co-invested with private stakeholders within the framework of a management agreement within public space. These include the Main Street Mall, the Joubert Street market, Ekhaya Neighbourhood Park and sanitary lanes in Hillbrow and Berea.

In 2012/13 the JDA committed to three co-funded public environment projects: one to upgrade the Braamfontein alleyways in partnership with the Braamfontein Improvement District; one to upgrade streets in the Maboneng precinct with Propertuity; and one to upgrade streets in the Hotel precinct with Lionshare Properties. The Hotel precinct upgrade was implemented in 2013/14 at a cost of about R2.5 million.

In 2014/15, the programme partnered with the University of the Witwatersrand to support the development of an information technology education hub in Braamfontein. This partnership will give effect to some of the innovation objectives of the Corridors of Freedom. Several streets linking the information technology education hub to the main campus of the university were upgraded, including Henry Station, Juta, De Korte and Jorrissen streets.

### *Housing implementation support*

In terms of the inner-city transformation roadmap, the CoJ Department of Housing and Joshco are required to plan and upgrade buildings for transitional and social housing. The Joubert Park area will be the initial focus. There is a need to ensure that public environment upgrading is aligned with the housing investments to improve the liveability of these neighbourhoods. There will be a need to create more public open space and public amenities. In 2014/15 a professional team was appointed to support the Department of Housing to finalise the inner-city housing plan, scope this work and identify priority capital works projects.

### *Implementing agent projects*

The JDA has been assigned to implement three projects on behalf of other departments and entities in programme 1:

<u>Intelligent operations centre</u>

In terms of section 153(a) of the Constitution “a municipality must structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community and to promote the social and economic development of the community”. Basic needs that are satisfied through the establishment of an intelligent operations centre include safety (ensuring every citizen is safe), disaster management (ability to foresee and manage any disaster situation), and mobility (providing an efficient and seamless public transport network). The vision is to create a state-of-the-art data analysis centre to help the CoJ’s management with better decision making by providing a comprehensive view on strategic and operational issues through effective information gathering, processing and efficient dissemination of information. There is also a need to leverage the Smart City initiative to ensure proper coordination and integration of services. To this end, an intelligent operations centre task team comprising key departments and municipal-owned entities has been established to plan and oversee the establishment of the intelligent operations centre.

The main objective of the intelligent operations centre is to enable the integration of various municipal operations and services by allowing them to share capital, financial and plant resources, improve their speed and responsiveness, and increase efficiencies. The first priority will focus on CCTV improvements for public safety. An analysis of the current CCTV system will be conducted to identify strengths and weaknesses in terms of how the CCTV systems can be aligned to the mandate and objectives of the intelligent operations centre. The operability of the improved CCTV intelligence system for 100 cameras, covering areas that will deliver the highest value impact in terms of service delivery, will be a priority. Operability means that 100 existing high-impact cameras will be selected and enabled for intelligent video analytics as an input to intelligent law enforcement. The full CCTV component of the intelligent operations centre will therefore be phased over a number of years.

The second priority will be to analyse the nine departments/municipal-owned entities to identify strengths and weaknesses within each municipal-owned entity’s information and communications infrastructure, as well as identify opportunities and threats that exist in their current environments. A draft intelligent operations centre ICT system blueprint (recommendations and implementation plan) will then be developed to serve as a detailed proposal for the second phase of the project.

In 2014/15 the blueprint was finalised. It was extended beyond public safety to include all other end-user departments. The second phase of implementation will involves delivering an operational and fully functional intelligent operations centre in the next financial year. The location of the intelligent operations centre will also be identified and either a new building constructed or an existing building will be refurbished to house the new intelligent operations centre.

<u>Beyers Naudé Square monument</u>

Beyers Naudé Square is a prominent and historic public space in the CBD, bounded by President, Market, Sauer and Harrison streets. The site lies at the heart of the civic precinct in Johannesburg, which also incorporates the Johannesburg City Library and the Gauteng Legislature (formerly the City Hall). This was Johannesburg's first public space, around which the city developed from the late 1880s onwards. Over the years, Beyers Naudé Square has had a high political profile, with many public meetings, demonstrations and protest meetings having been held there, a tradition that continues today.

The CoJ and the JDA commissioned the development of a public monument for the western portion of Beyers Naudé Square, a site that also functions as the forecourt of the Johannesburg City Library. The public monument went through a public participation process and the Mayoral Committee approved the preferred artwork. Refabrication is under way and the installation will be completed in September 2015.

<u>Kazerne property development</u>

The draft Johannesburg inner-city traffic and transport study estimated that there were about 190 000 taxi trips (provided by about 5 800 taxis) and 30 000 bus trips in the morning peak in 2010 in the inner city. Even with moderate growth projections and the shift to bus commuting through the Rea Vaya service, these numbers are expected to increase to about 185 000 taxi trips and 45 000 bus trips in the inner-city morning peak by 2030.

At present the inner city has ranking facilities for 4 000 taxis, leaving the other 1 800 taxis to rank and hold in the streets. This is one of the key reasons for traffic congestion in the inner city. Accommodating all taxis in formal off-street facilities would require three additional Jack-Mincer-sized taxi ranks. A new integrated transport facility with good access to Park Station will improve the quality of life of commuters, streamline the flow of traffic and strengthen the commuting connections with the rail service. The underdeveloped Kazerne taxi facility provides an opportunity for such a facility. This site is of strategic importance as it is close to Park Station and the proposed project to deck the railway line and connect Braamfontein with the inner city. There is thus an opportunity to increase the scale of this development and optimise the land use by including other land uses such as retail, hotel and residential.

Designs for the new intermodal public transport facilities were approved and construction commenced in January 2015. It is anticipated that the new facility will be completed in December 2016.

### Programme 2: Transit-oriented node development

**Programme purpose:** Manage the development of strategic transit nodes through capital investments by overseeing integrated investment by other departments and entities, and by facilitating partnership initiatives.

The transit-oriented node development programme aims to reshape land-use patterns and promote new mobility systems and mass public transport use. Its goal is to strengthen the position of the inner city as a critical business and affordable residential node, and the primary gateway to transit networks for the CoJ, the province and the rest of the country.

The programme involves targeted investment in transit nodes such as Gautrain stations, commuter rail stations, BRT stations and key taxi facilities. In addition to public investment, the development of transit-oriented precincts requires substantial development facilitation to re-orientate property values and land use towards agglomerated and high-intensity uses and functions (including high-density, affordable housing and suitable office and retail activities).

This is a medium-term integrated development plan sub-programme for the sustainable services cluster, and is highlighted in the Department of Development Planning's Sustainable Human Settlements Priority Programme for 2013/14. The JDA supports the Department of Development Planning in planning, facilitating and implementing public environment upgrades and bulk infrastructure projects that support more intensive private investment, encourage pedestrian movement and the use of public transport, and provide community facilities and amenities for larger, higher-density residential populations.

A number of priority precincts have been identified as JDA developments, including:

- Transit precincts in established corridors, such as the Nancefield Railway Station precinct, the Orlando East Station precinct and the Jabulani node along the commuter railway line in Soweto.
- Transit precincts on the new BRT corridors such as the Empire–Perth, Alexandra–Randburg and Louis Botha trunk routes. The key development areas are Alexandra and the Randburg CBD.

In the mid-year adjustment for 2014/15, the Nancefield budget was R60 million. Three strategic area frameworks for the two BRT corridors and Turffontein were finalised and projects for intervention were identified. It is anticipated that future transit-oriented node development precincts will be identified through the strategic area frameworks that are currently being prepared.

**Performance against KPIs**

Programme 2: Capital expenditure

| Project | Business Plan Budget R m | Adjusted Budget R m[6] | 2014/15 Annual Target | 2014/15 Actual | 2014/15 Variance | 2014/15 Achievement score | Explanation of progress, variations and steps to be taken to improve performance (as at end of June 2015) |
|---|---|---|---|---|---|---|---|
| **% of capital budget spent** | 252.6 | 506.26 | 100% | 70.5% | 29.5% | ☹ | Three projects contributed to underexpenditure due to delays caused by community resistance and environmental issues. |

Programme 2: Development progress per project

| KPI | 2014/15 Annual Target | 2014/15 Actual | 2014/15 Variance | 2014/15 Achievement score | Explanation of progress, variations and steps to be taken to improve performance (as at end of June 2015) |
|---|---|---|---|---|---|
| Development Progress for Nancefield Station Precinct Phase 2 | Phase 2 –100% | Phase 2 – 100% | 0% | ☺ | In Phase 2 the team is finalising the completion of snagged work in progress and handover process to JDA. The site handover to the main contractor for phase 3 was 3 March 2015. Proposed phase 4 is still in preliminary design stage and scope has been identified, designs are still in the process of approvals. |
| Development Progress for Nancefield Station Precinct Phase 3 | Phase 3 – 60% | Phase 3 – 51% | 9% | 😐 | |
| Jabulani Node Phase 1 | Phase 1 –100% | Phase 1 – 100% | 0% | ☺ | Phase 1 is 100% complete and the contractor is busy with additional scope, which has been completed. Contractors were appointed on 15 January 2015 for phases 2 and 3 and construction is under way. Phase 2 is on track and practical completion is targeted for the end of August 2015. For phase 3, the contractor encountered a large amount of hard rock and several underground services that were not on record. The project is delayed by a month. The revised completion date is 31 July 2015. |
| Jabulani Node Phase 2 | Phase 2 –100% | Phase 2 – 63% | 37% | ☹ | |
| Jabulani Node Phase 3 | Phase 3 – 70% | Phase 3 – 78% | +8% | ☺ | |
| Orlando East Station precinct (phase 2.1) | 50% | 40% | 10% | ☹ | Contractor was appointed on 27 January 2015 but was unable to establish site due to community unrest. After the public meeting held on 12 March 2015, a successful site handover took place on 22 June 2015 and the contractor has started establishing the site. Anticipated completion is May 2016. |
| Rotunda Park precinct (phase 1) | 30% | 45% | +15% | ☺ | Contractor started on 13 May 2015. Anticipated completion is 13 December 2015. |
| Randburg CBD (phase 3) and Randburg civic precinct development | 0% | 70% | +70% | ☺ | Construction under way. Revised completion date is 23 July 2015 for blocked 3. Project was delayed due to the discovery of extensive municipal services. |
| Westbury development: NMT (phase 1) | 100% | 100% | 0% | ☺ | No major issues. The project is complete. |
| Westbury development: NMT (phase 2) | 100% | 53% | 47% | ☹ | Planning is 100% complete. Contractor was appointed and construction started mid-April 2015. |
| Westbury development: Westbury Bridge | 100% | 40% | 60% | ☹ | The project has been delayed due to late start but all professionals have been appointed and the concept designs are complete. |
| Knowledge precinct: UJ cycle lanes | Phase 1A – 100% | Phase 1A – 100% | 0% | ☺ | Most existing services (water, sewer and power) in the area are very old and upgrading them might delay the project. Phase 1B (Wits to Park Station) is complete. There is a saving of R8 million on this phase. |
| | Phase 1B – 100% | Phase 1B – 100% | 0% | ☺ | |
| Knowledge precinct: Campus Square Bridge (detail design) | 100% | 10% | 90% | ☹ | The project has been delayed due to late start but all professionals have been appointed and the concept designs are complete. Detailed design is under way. |
| Knowledge precinct: Langlaagte to UJ NMT | 100% | 53% | 47% | ☹ | Planning is 100% complete. Contractor was appointed in March and construction started mid-April 2015. |
| Hillbrow to Park Station NMT | 100% | 47% | 53% | ☹ | Planning is 100% complete. Contractor was appointed in March and construction started mid-April 2015. |
| Park Station to Doornfontein cycle lanes | 100% | 76% | 24% | ☹ | Planning is 100% complete. Contractor was appointed in March and construction started mid-April 2015. |
| Corridors of Freedom sports facilities: Union and Bosmont Stadiums | 50% | 25% | 25% | ☹ | Professional team appointed for both stadiums and tender for construction of Union Stadium has been advertised (multi-year project). Bosmont Stadium will not be funded by client department for 2015/16. |

[6] Note that the adjusted budget reflected is the final budget as approved by the CoJ and not the proposed budget amount reflected in the mid-term scorecard.

| KPI | 2014/15 Annual Target | 2014/15 Actual | 2014/15 Variance | 2014/15 Achievement score | Explanation of progress, variations and steps to be taken to improve performance (as at end of June 2015) |
|---|---|---|---|---|---|
| **Ruimsig athletics track upgrade** | 100% | 98% | 2% | ☺ | Practical completion achieved. |
| Corridors of Freedom: Paterson Park phase 1 | 30% | 50% | +20% | ☺ | Contractor appointed and site handed over on 22 May 2015. Completion date is 22 October 2015. Delays experienced due to stormwater reticulation challenges identified during a hydrological study. |
| Corridors of Freedom: libraries | 5% | 8% | +3% | ☺ | Professional team appointed and the conceptual design is being finalised before it is presented to the JDA Executive Committee. |
| Corridors of Freedom: community centres | 100% | 8% | 92% | ☹ | Professional team appointed and the conceptual design is being finalised before it is presented to the JDA Executive Committee. Challenges related to the allocation of land for the Orlando Ekhaya and Diepsloot facilities. No agreement was reached between Comdev and the Johannesburg Property Company on the exact location of the facility as part of the new Orlando Ekhaya Development by the Johannesburg Property Company and the CoJ does not own any land in the Diepsloot area. |

Programme 2: Economic empowerment

| KPI | 2014/15 annual target | 2014/15 actual | Variance | Achievement score | Explanation of progress |
|---|---|---|---|---|---|
| **Number of short-term EPWP job opportunities created through programme 2 construction contracts** | 1 244 | 2984 | 1740 | ☺ | Target achieved. |
| **BBBEE expenditure share as a % of total capital expenditure in programme 2** | 100% | 112% | 12% | ☺ | Target achieved |
| **SMME expenditure share as a % of total capital expenditure in programme 2** | 30% | 6% | 24% | ☺ | Target not achieved |
| **Of which: Jozi@Work SMME expenditure share as a % of total capital expenditure in programme 2** | 5% | 0% | 5% | ☹ | Target not achieved |

Programme 2: Productive development partnerships

| KPI | 2014/15 annual target | 2014/15 actual | Variance | Achievement score | Explanation of progress |
|---|---|---|---|---|---|
| **Positive media reports as a % of the total number of media reports on the JDA in the station precincts** | 90% | 100% | 10% | ☺ | Target achieved |
| **Number of property developments facilitated by the JDA in the station precincts** | **1** | 0 | 1 | ☹ | Target not achieved |

## Expenditure overview and explanations

| Project | Business Plan Budget R m | Adjusted Budget R m[7] | 2014/15 Actual Expenditure R m | Variance | Explanation of variations |
|---|---|---|---|---|---|
| Nancefield Station precinct (phase 2 and 3) | 60.0 | 60.0 | 51.3 | 8.7 | Previous financial year commitments carried over to new financial year. |
| Jabulani Node (phase 1, 2 and 3) | 10.0<br>50.5 | 15.0<br>50.5 | 54.89 | 10.61 | Previous financial year commitments carried over to new financial year. |
| Orlando East Station precinct | 40.0 | 25.0 | 4.21 | 20.79 | Previous financial year commitments carried over to new financial year. |
| Rotunda Park precinct | 5.6 | 5.6 | 5.62 | (0.02) | No variation, project expenditure spent as planned. |
| Westbury development: NMT (phase 1) | 48.0 | 60.69 | 43.29 | 17.4 | Previous financial year commitments carried over to new financial year. Additional focus will be brough to the implementation of NMT Infrastructure on NMT Dublin Road, Fourth Avenue, Thornton Road, Tenby Street and Lewes Road connecting Westbury and Sophiatown. With a renewed focus on the construction the overall project will completed in FY2015/16 |
| Westbury development: NMT (phase 2) | 10.2 | | | | |
| Westbury development: Westbury Bridge | 5.0 | 5.0 | 1.14 | 3.86 | Various approvals had to be obtained before construction started. This is a multi-year project anticipated for completion in 2015/16, focus will be on the excavation within park in progress and traffic accommodation plan in progress. |
| Knowledge precinct: UJ cycle lanes | 128.7 | 155.2 | 130.6 | 24.6 | Previous financial year commitments carried over to new financial year.<br>On Bridge: Design and implementation of NMT strategies at Campus Square. Preliminary designs and surveys will all be completed early in Q1 so that detailed design can be undertaken<br><br>On Langlaagte to UJ NMT:Design and implementation of NMT strategies from Langlaagte to the University of Johannesburg Kingsway Campus. Site completed to ensure construction is underway and overall progress is 60%. |
| Knowledge precinct: Campus Square Bridge | 5.0 | | | | |
| Knowledge precinct: Langlaagte to UJ NMT | 15.0 | | | | |
| Randburg CBD | 66.5 | 40.0 | 10.46 | 29.54 | Delayed construction progress resulted in low production rate and low expenditure. |
| Hillbrow to Park Station NMT | 15.0 | 15.0 | 7.27 | 7.73 | Delayed construction progress resulted in low production rate and low expenditure. This is a multi-year project anticipated for completion in 2015/16. Focus on additional project management focus to unlock delays and ensure that construction is under way and the expected end date |

[7] Note that the adjusted budget reflected is the final budget as approved by the CoJ and not the proposed budget amount reflected in the mid-term scorecard.

| Project | Business Plan Budget R m | Adjusted Budget R m[7] | 2014/15 Actual Expenditure R m | Variance | Explanation of variations |
|---|---|---|---|---|---|
| | | | | | remains end of current FY |
| Park Station to Doornfontein cycle lanes | 17.0 | 17.0 | 9.96 | 7.04 | Delayed construction progress resulted in low production rate and low expenditure. This is a multi-year project anticipated for completion in 2015/16. Focus will be on additional project management focus to unlock delays and ensure that construction is under way and the expected end date remains end of current FY |
| Corridors of Freedom sports facilities: Union and Bosmont Stadiums | 12.6 | 13.0 | 11.89 | 1.11 | Client change of scope affected project delivery. Union Stadium: Construction phase will be commenced in the new financial year as per budget allocation. Excavation within park in progress and traffic accommodation plan in progress. Bosmont: The project will be 100% spent on the professionals services for work on the designs that can only then be implemented once budget has been allocated from the CoJ. |
| Ruimsig athletics track upgrade | 0.0 | 12.0 | 12.13 | (0.13) | Project expenditure spent as planned and the variance will be covered from JDA management fees. |
| Corridors of Freedom: Paterson Park | 0.0 | 20.0 | 11.33 | 8.67 | Delayed construction progress resulted in low production rate and low expenditure. |
| Corridors of Freedom: libraries | 0.0 | 3.0 | 1.4 | 1.6 | Modular concept resulted in savings from the concept development budget. |
| Corridors of Freedom: community centres | 0.0 | 9.3 | 1.63 | 7.67 | Modular concept resulted in savings from the concept development budget. Focus will be on additional project management focus to unlock delays and ensure that construction is under way and the expected end date remains end of current FY |
| **TOTAL** | | **506.26** | **357.05** | **149.21** | |

The capital expenditure target of 100 per cent for the year was not achieved. The programme spent 70.5 per cent of the total budget by the end of June 2015 (R357.05 million of the total budget of R506.26 million). Three projects contributed to the programme's underexpenditure.

The Paterson Park project was delayed due to stormwater reticulation challenges identified during a hydrological study, which necessitated a review of the project's concept and implementation priorities. The contractor was appointed in May and the anticipated completion date is October 2015.

The Orlando East Station precinct project site was probably the most challenging site for the JDA due to community resistance that turned violent at times. As a result, the JDA had to stop construction to re-engage with the community. These issues have been resolved and construction is under way. The project is due for completion in May 2016.

The third project contributing to the programme's underexpenditure was the Randburg Civic precinct project. Unanticipated bulk and other municipal services were discovered, which caused delays.

Overall, six of the programme's projects achieved the development progress target against the completion of works targets. The underachievement can be attributed to delays during project planning in obtaining approvals, environmental challenges and property owners' objections. The programme's multi-year projects will continue without pause in 2015/16.

The programme created a total of 2 984 employment opportunities, exceeding the annual target of 1 244.

**EPWP employment opportunities**

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Total | Achievement score |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Project** | **Number of individuals employed** | | | | | | | | | | | | | |
| | **Q1** | | | **Q2** | | | **Q3** | | | **Q4** | | | | |
| Nancefield Station precinct | 74 | 81 | 97 | 103 | 83 | 83 | 0 | 114 | 123 | 11 | 22 | 45 | 836 | ☺ |
| Jabulani transit-oriented development | 79 | 68 | 68 | 70 | 11 | 0 | 0 | 20 | 30 | 58 | 58 | 58 | 520 | ☺ |
| Westbury NMT | 9 | 51 | 68 | 68 | 85 | 85 | 85 | 85 | 85 | 0 | 0 | 0 | 621 | ☺ |
| UJ cycle lanes | 10 | 15 | 11 | 43 | 47 | 58 | 58 | 54 | 72 | 132 | 124 | 123 | 747 | ☺ |
| Ruimsig athletic stadium | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 30 | 20 | 20 | 70 | ☺ |
| Randburg CBD | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 8 | 8 | 12 | 12 | 40 | ☺ |
| Rotunda Park precinct | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6 | 6 | ☺ |
| Hillbrow to Park Station NMT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 43 | 43 | ☺ |
| Park Station to Doornfontein cycle lanes | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 28 | 28 | ☺ |
| Langlaagte to UJ NMT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 73 | 73 | ☺ |
| **Total** | **172** | **215** | **244** | **284** | **226** | **226** | **143** | **273** | **318** | **239** | **236** | **408** | **2 984** | ☺ |

## Progress on projects

### *Nancefield Station precinct*

The Nancefield Station precinct is a flagship transit-oriented development project that the CoJ wishes to implement over the medium term. The cluster business plan identified this project as part of the transit-oriented development sub-programme, with the aim of creating "a restructured space economy that gives poor households better access to well-located accommodation, jobs and markets; optimised land use and energy consumption; and improved living standards and mobility for large numbers of people in well serviced and managed transit neighbourhoods".

Over the medium term, implementation will focus on installing bulk and connector services, completing the public environment upgrade along Tsolo Road, implementing road upgrades and new roads within the precinct, constructing community facilities and installing bulk infrastructure (stormwater, sewer, water and electrical infrastructure) to support public and private development in the precinct. In 2014/15, R51.3 million was spent on upgrading roads, installing stormwater infrastructure along Mbambisa Street and developing a new linear park. The multi-year construction projects will continue without pause in 2015/16.

### *Jabulani node*

The CoJ is implementing the Jabulani node project (along with the Nancefield Station precinct) over the medium term to create a transformed area. The project aims to develop vacant and underused land with higher-density housing and supporting social facilities, create development opportunities to attract private-sector investment, and emphasise transit-oriented development. Jabulani Station is the focal point and a safe, walkable environment is critical. There is a need to integrate key properties such as the Jabulani Mall and the new Soweto Theatre to create a vibrant activity hub that is a destination in Soweto.

Project implementation has focused on catalytic upgrades to the public environment, including:

- Bolani Link Road public environment upgrade – This project aimed to facilitate pedestrian and public transport movement, including cyclist infrastructure (sidewalks) to accommodate all modes of transport.
- Nhlanzane Station Link – This project upgraded the public environment and infrastructure to link the Jabulani precinct with the nearby train station.
- Water Tower Park – This project, due for implementation in 2015/16, involves a pedestrian bridge over the railway line and the cultural precinct. The project's amphitheatre, play area and public environment upgrades will support the Soweto Theatre.

### *Randburg CBD*

Despite its potential as a key regional transit node, Randburg CBD continues to function as a mid-level retail and office node, with less than optimal residential land usage and limited public amenities. The CBD has experienced more than two decades of decline and underdevelopment due to several factors, ranging from property trends, lack of maintenance (of buildings and the public environment), competition with other retail and office nodes, and the relocation of several key government functions. Despite several plans being commissioned and completed since 2002, limited success has been achieved in turning Randburg around.

The Randburg urban development framework, approved by the Council in July 2010, cites a lack of consensus and buy-in from stakeholders on key development proposals and a lack of urban management outside of the city improvement district as the main reasons for the ongoing decline. In 2012/13 and 2013/14, the JDA spent R1 million and R2.5 million respectively in support of Joshco's Selkirk Street housing development to relocate the clinic to the Randburg civic building. The scope of work includes detailed designs for the larger capital expenditure programme in 2014/15 and 2015/16 and the first phase of construction.

A total of R40 million was allocated for development of Randburg in 2014/15. A professional team was appointed to design the public environment upgrades, but construction was delayed. One block on Hill Street Mall has been completed, and two more blocks and a new commuter circuit will be completed in the next financial year.

### *Orlando East Station precinct*

The JDA is implementing the Orlando East/Noordgesig project – a significant project from a heritage perspective given the location of Orlando Stadium, its location on the Rea Vaya BRT route, its proximity to Vilakazi Street and the Johannesburg Property Company's Orlando Ekhaya project.

The JDA has done work to the value of R26.5 million in the Orlando East Station precinct since 2009/10. This has included upgrading the parking along Mooki Street, constructing a new public square, upgrading pedestrian infrastructure along Rathebe Street, upgrading the public environment in Noordgesig and improving Plantation Square. While these interventions have improved the quality of the public environment, there is little evidence of private investment that will fulfil this neighbourhood's potential as a transit node.

In 2013/14, the JDA reviewed the urban development framework and identified a new set of capital works projects for implementation over the medium term. These include further public environment upgrades and strategic property development projects to deliver social housing and affordable rental housing. The budget allocation for Orlando East is R25 million in 2014/15, R20 million in 2015/16 and R10 million in 2016/17. As noted previously, this site was probably the most challenging site for the JDA in 2014/15 due to community resistance. These issues have been resolved and construction is under way.

### *Rotunda Park precinct*

The Turffontein strategic area framework identified Rotunda Park as a potential transit node. A multi-year allocation was awarded to the JDA for a new development, which started in 2014/15. A professional team was appointed to prepare an urban development framework to guide the integrated development plan. Construction during the reporting period included public environment upgrades and social housing developments.

### *Westbury development*

Westbury is a residential neighbourhood along the Empire–Perth corridor. Westbury is well located regionally, but its legacy as a racially segregated area means that its connection to surrounding suburbs is weak, enforced by significant buffer spaces – especially in the northern interface with Sophiatown. Westbury is well served by a range of transport opportunities and social infrastructure but, despite the ease of access to these services, the urban frame in which they are located is fragmented.

In 2013/14, the JDA commissioned the development of a precinct development framework for Westbury in consultation with the Department of Development Planning. This has yielded a list of catalytic projects to be implemented over the medium term, including:

- Construction of complete streets and non-motorised infrastructure on Kretzschmar Street, Dowling Avenue and Steytler Street.
- Construction of NMT infrastructure on Du Plessis Street, Millar Street, Edward Road, 4th Avenue, Main/Dublin Street and Victoria/Ludlow Street.
- Upgrade of a clinic, stadium and park.
- A heritage scoping study and identification of heritage conservation projects.
- Fuel Street pedestrian bridge.
- Housing developments, including renovation and redevelopment of apartments and new housing.

The Westbury NMT projects include the design of high-quality pedestrian walkways, cycle lanes and storage areas, public transport lay-bys, speed-calming measures, soft and hard landscaping, street lighting and CCTV cameras.

The implementation of the Westbury precinct development NMT has been divided into two phases. Phase 1 focused on Dowling Avenue between Dowling and Hamilton streets, Steytler Street between Fuel Street and Eric Street and Kretzschmar Street between Fuel Street and Dowling Avenue. This phase was completed in May 2015. Phase 2 aims to connect the greater part of Westbury with Sophiatown, with an emphasis on areas of interest and heritage sites. This phase focuses on Miller Street, Edward Road and Thornton Road. It is due for completion in December 2015.

### *Knowledge precinct NMT infrastructure and bridge*

The Knowledge precinct incorporates the nodes of Auckland Park and Milpark on the Empire–Perth corridor, as identified in the Empire-Perth strategic area framework. A professional team was appointed in the first phase of implementation in 2013/14 and construction continued in 2014/15. NMT infrastructure linking the University of Johannesburg and the University of the Witwatersrand to the inner city was completed. Designs for a pedestrian bridge and public environment upgrade to provide safe pedestrian crossing from the University of Johannesburg to Campus Square are under way and will be completed in September 2015.

### *Corridors of Freedom: sport facilities*

The CoJ's Community Development Department is responsible for maintaining and upgrading the city's sports, recreation, libraries and other community facilities. Bosmont Stadium, Paterson Park and Union Stadium have been in existence for a number of years and are being used on a daily basis. These facilities are close to transport nodes, including the newly constructed BRT system, which provides easy and affordable access to such facilities. These facilities, situated along the Corridors of Freedom, provide for different sporting codes and the surrounding schools often use them for their school activities. The facilities are showing wear and tear and need to be further developed, upgraded and refurbished to ensure continuity and sustainability for the community. Detailed designs for all facilities were completed in 2014/15, and construction has started in Paterson Park and is due for completion in the new financial year.

## Programme 3: GMS priority area planning and implementation

**Programme purpose:** Manage the development of strategic economic nodes in marginalised areas through capital investments by overseeing integrated investments by other departments and entities, and by facilitating partnership initiatives.

This programme develops activity nodes in priority development areas to improve living conditions and create sustainable human settlements. It aims to create new economic opportunities, accommodate employment opportunities and provide access to markets and mass transit services.

Guided by the urban development frameworks prepared in partnership with the Department of Development Planning, the JDA implements multi-year township development projects that include the creation of high streets and activity nodes, and the construction and upgrade of strategic amenities such as transit facilities (including taxi ranks), trading infrastructure, libraries, recreation centres, multipurpose centres, public open spaces and green spaces. Wherever possible, the JDA establishes community development partnerships, including partnerships in the retail and housing sectors, to stimulate private property development.

The JDA's business plan identified two area development projects and a portfolio of technical assistance projects to be implemented on behalf of the CoJ departments of Housing, Health and Social Development, including a new assignment to develop a fire station in Cosmo City for Emergency Management Services under programme 3 in 2014/15. These projects made up a capital budget of R196.8 million in 2014/15, funded through:

- The *urban settlements development grant* allocation to the CoJ. This grant is channelled through the JDA for Kliptown.
- The *neighbourhood development partnership grant* allocation to the CoJ, which is channelled through the Department of Development Planning for Diepsloot.
- Various CoJ funding allocations, including the departments of Health, Housing, and Community Development, and Emergency Management Services.

The mid-year budget adjustment was R176.4 million for programme 3, including additional funding of R5.3 million for CoJ clinics. The Diepsloot budget was reduced by R5.7 million.

### Performance against KPIs

*Programme 3: Capital expenditure*

| Project | Business Plan Budget R m | Adjusted Budget R m[8] | 2014/15 Annual Target | 2014/15 Actual | 2014/15 Variance | 2014/15 Achievement score | Explanation of progress, variations and steps to be taken to improve performance (as at end of June 2015) |
|---|---|---|---|---|---|---|---|
| Percentage of capital budget spent | 216.8 | 176 414 | 100% | 86% | 14% | 😐 | Three projects contributed to underexpenditure due to delays caused by community resistance and environmental issues. |

*Programme 3: Development progress per project*

| KPI | 2014/15 Annual Target | 2014/15 Actual | 2014/15 Variance | 2014/15 Achievement score | Explanation of progress, variations and steps to be taken to improve performance (as at end of June 2015) |
|---|---|---|---|---|---|
| **Kliptown development phase 3.1** | 100% | 100% | 0% | ☺ | Project completed on 18 June 2015 and snagging is under way. |
| Diepsloot development Ngonyama Road upgrade phase 2 | 100% | 95% | 5% | ☺ | Additional scope for phase 2 and target was achieved for both phases. |
| **Diepsloot development Ngonyama Road upgrade phase 3** | 40% | 80% | +40% | ☺ | |
| Automotive cluster projects (Alexandra design and phase 1 of construction) | 100% | 43% | 57% | ☹ | Contractor has been appointed and project handed over on 10 June 2015. In 2015/16, construction of the Alexandra Automotive Park started in June 2015, with the aim of completing the construction works by end June 2016. An internal team is currently working on a sustainability plan. It is envisaged that this process will be completed prior to the anticipated completion of the construction work. |
| Sol Plaatjie human settlements infrastructure project | 100% | 100% | 0% | ☺ | Project completed on 30 June 2015. |
| CoJ clinics: Mpumelelo | 100% | 100% | 0% | ☺ | Project completed. |

[8] Note that the adjusted budget reflected is the final budget as approved by the CoJ and not the proposed budget amount reflected in the mid-term scorecard.

| KPI | 2014/15 Annual Target | 2014/15 Actual | 2014/15 Variance | 2014/15 Achievement score | Explanation of progress, variations and steps to be taken to improve performance (as at end of June 2015) |
|---|---|---|---|---|---|
| CoJ clinics: Zandspruit (designs only) | - [9] | 5% | | ☺ | CoJ Housing is working on the township proclamation while the professional team is working on land consent, legal analysis and a quicker turnaround strategy. The professionals are working on the concept design and overall development progress is at 5%. |
| CoJ clinics: Noordgesig (designs only) | 100% | 100% | 0% | ☺ | This is a three-year programme. Planning and conceptual and detailed designs are complete. Tender evaluation is under way. Contractor to be appointed by end of July 2015. Overall development progress is at 35%. |
| CoJ clinics: Orchards (phase 1) | 100% | 40% | 60% | ☹ | Appointment of contractor to be finalised after rezoning is approved. Traffic impact assessment has been approved. Contractor will be appointed and the site handed over on 13 July 2015. The Tribunal Hearing to take place on 01 July 2015; however all the objectors had withdrawn their objections. The Rezoning has been approved and the approval letter awarded to the Town Planner. Once the SDP submission has been approved, work can commence. |
| CoJ clinics: Parkhurst (designs only) | 100% | 5% | 95% | ☹ | Delays caused by land ownership dispute. Heritage consultant will be appointed to assist with ownership. Professionals are working on the concept design and overall development progress is at 5%. |
| CoJ clinics: Westbury (phase 1) | 100% | 53% | 47% | ☹ | This is a two-year programme. Construction is under way and the anticipated completion date is 14 March 2016. |
| CoJ clinics: Halfway House | 100% | 100% | 0% | ☺ | Project completed on 19 February 2015. Contractor was granted additional scope to be completed on 24 June 2015. |
| CoJ clinics: Ennerdale | 100% | 90% | 10% | 😐 | Construction is under way and the anticipated completion date is 11 September 2015. Focus will be on additional project management focus to unlock delays and ensure that construction is under way and the expected end date remains end of current FY |
| CoJ clinics: River Park | 100% | 60% | 40% | ☹ | Construction is under way and the anticipated completion date is 27 October 2015. Focus will be on additional project management focus to unlock delays and ensure that construction is under way and the expected end date remains end of current FY |
| CoJ clinics: Esselen Street (phase 1) | 100% | 50% | 50% | ☹ | Construction started in February 2015 due to CoJ Health's delay in clearing out the building. Contractor is busy with the brickwork for the courtyard ramp and sitting area, electricity connection upgrade and HVAC ducting. Anticipated completion date is December 2015. Construction was suspended for safety reason pending the conclusion of a detailed structural assessment. The study will be completed by end August 2015 |
| Golden Harvest Rehabilitation Centre (phase 1) | 100% | 100% | 0% | ☺ | Project completed. |

Programme 3: Economic empowerment

| KPI | 2014/15 annual target | 2014/15 actual | Variance | Achievement score | Explanation of progress |
|---|---|---|---|---|---|
| **Number of short-term EPWP job opportunities created through programme 3 construction contracts** | 1 220 | 1446 | 226 | ☺ | Target achieved |
| **BBBEE expenditure share as a % of total capital expenditure in programme 3** | 100% | 121% | 21% | ☺ | Target achieved |
| **SMME expenditure share as a % of total capital expenditure in programme 3** | 30% | 16% | 14% | ☹ | Target not achieved |

[9] This KPI was originally reflected in the scorecard, however no target was ever committed due to unavailability of a suitable site by Client Department which delayed even the design processes.

| | | | | | |
|---|---|---|---|---|---|
| **Of which: Jozi@Work SMME expenditure share as a % of total capital expenditure** | 5% | 0% | 5% | ☹ | Target not achieved |

Programme 3: Productive development partnerships

| KPI | 2014/15 annual target | 2014/15 actual | Variance | Achievement score | Explanation of progress |
|---|---|---|---|---|---|
| **Positive media reports as a % of the total number of media reports on the JDA in GMS priority areas** | 90% | 100% | 10% | ☺ | Target achieved |
| **Number of property developments facilitated by the JDA in GMS priority areas** | 1 | 0 | 1 | ☹ | Target not achieved |

## Expenditure overview and explanations

| Project | Business plan budget R m | Adjusted budget R m[10] | 2014/15 actual expenditure R m | Variance | Explanation of variations |
|---|---|---|---|---|---|
| Kliptown development (phase 3.1) | 20.0 | 20.0 | 19.99 | 0.0 | No variation, project expenditure spent as planned. |
| Diepsloot development Ngonyama Road upgrade (phase 2 and 3) | 40.0 | 34.3 | 34.3 | 0.0 | No variation, project expenditure spent as planned. |
| Alexandra automotive cluster projects (Alexandra design and phase 1 of construction) | 8.5 | 8.46 | 2.14 | 6.32 | Delays due to sustainability plan, which was needed to finalise detailed designs and start construction. Construction has started and anticipated completion is June 2016. |
| Sol Plaatjie human settlements infrastructure project | 19.0 | 19.0 | 17.5 | 1.5 | Project expenditure was spent as planned and there was a saving. |
| ***CoJ clinics*** | ***75.0*** | ***80.3*** | ***63.4*** | ***16.9*** | The clinics portfolio of projects spent 79% of its budget allocation. The multi-year budget allocation will not be affected. |
| Mpumelelo Clinic | *2.0* | 4.0 | 3.52 | 0.48 | Targets achieved and project completed. |
| Zandspruit Clinic | 0.0 | 0.3 | - | 0.3 | Project could not be implemented due to unavailability of a suitable site. |
| Noordgesig Clinic | 1.0 | 1.0 | 0.9 | 0.1 | Targets achieved for detailed designs in 2014/15. Since it is a multi-year project, the budget allocation will not be affected and construction will start in 2015/16. |
| Orchards Clinic | 9.0 | 15.0 | 2.18 | 12.82 | Delay due to objections to the rezoning of the site to accommodate a bigger facility and offices, resulting in underexpenditure. The multi-year budget allocation will not be affected. |
| Parkhurst Clinic | 1.0 | 0.5 | 0.01 | 0.49 | Project did not start due to non-availability of land as a result of a land ownership dispute. |
| Westbury Clinic | 9.0 | 13.0 | 10.15 | 2.85 | Delay due to community issues that affected project expenditure. |
| Halfway House Clinic | 5.0 | 6.0 | 5.13 | 0.87 | Targets achieved and project completed. |
| Ennerdale Clinic | 18.0 | 15.0 | 14.99 | 0.01 | No variance. |
| River Park Clinic | 18.0 | 15.0 | 14.96 | 0.04 | No variance. |
| Esselen Street Clinic | 12.0 | 10.0 | 9.99 | 0.01 | No variance. |
| Golden Harvest Rehabilitation Centre | 14.35 | 14.35 | 13.41 | 0.94 | Targets achieved and project completed. |
| ***Additional projects*** | | | | | |
| Claremont Renewal Clinic | 0.0 | 0.5 | 0.36 | 0.14 | This is a planning project and this was the total cost for the development of concepts. |
| Cosmo City fire station | - | 5.0 | 3.3 | 1.7 | A professional team was appointed and specialist studies conducted. The team |

[10] Note that the adjusted budget reflected is the final budget as approved by the CoJ and not the proposed budget amount reflected in the mid-term scorecard.

| Project | Business plan budget R m | Adjusted budget R m[10] | 2014/15 actual expenditure R m | Variance | Explanation of variations |
|---|---|---|---|---|---|
| | | | | | completed the detailed design at a cost lower than estimated. |
| Langlaagte pharmacy depot | - | 1.1 | 1.09 | 0.01 | No variance. |
| Bambanani automotive industrial park (Ivory Park) | - | - | - | - | There was no budget allocation on the project. This project is on hold in order to take lessons from the Alexandra automotive project. |
| **TOTAL** | | **176.41** | **150.76** | **25.65** | |

The capital expenditure target of 100 per cent for the year was not achieved. Programme 3 spent 85.5 per cent or R150.8 million of the capital budget of R176.4 million. This underexpenditure was largely due to delays in the construction of the Orchards Clinic as a result of objections to the rezoning of the site to accommodate a bigger facility and offices. After protracted engagements with the various objectors, they withdrew their objections. The JDA is waiting for final rezoning approval from the Planning Tribunal. Construction is expected to start in July 2015 for completion in June 2016.

The programme also experienced challenges with the library and community centre projects. Land was not allocated for the Orlando Ekhaya and Diepsloot facilities because Comdev and the Johannesburg Property Company could not agree on the exact location of the Orlando Ekhaya facility and the CoJ does not own any land in the Diepsloot area.

The JDA experienced difficulties in finalising the sustainability plan for the Alexandra automotive industrial park, which hindered the finalisation of the detailed designs needed to start construction. Construction has started and is expected to finish in June 2016.

Both area developments and most of the technical assistance projects are in the construction phase. Eleven of the programme's projects achieved their overall development progress targets against the completion of works targets. The underachievement can be attributed to delays in obtaining land consent and rezoning approvals, as well as community objections. Construction on the multi-year projects will continue without pause in 2015/16.

A total of 1 446 employment opportunities were created in programme 3, exceeding the annual target of 1 220 employment opportunities.

**EPWP employment opportunities**

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Total | Achievement score |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Project | Number of employment opportunities | | | | | | | | | | | | | |
| | Q1 | | | Q2 | | | Q3 | | | Q4 | | | | |

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Diepsloot development: Ngonyama Road upgrade (phase 1) | 13 | 13 | 13 | 20 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 59 | ☺ |
| Diepsloot development: Ngonyama Road upgrade (phase 2) | 0 | 0 | 0 | 0 | 0 | 0 | 19 | 25 | 25 | 34 | 34 | 34 | 171 | ☺ |
| Diepsloot development: Ngonyama Road upgrade (phase 3) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 12 | 19 | 25 | 30 | 86 | ☺ |
| Sol Plaatjie area 4 internal roads and stormwater | 31 | 19 | 0 | 0 | 0 | 0 | 2 | 11 | 29 | | | | 92 | ☺ |
| CoJ Health capital expenditure programme – Halfway House | 10 | 16 | 15 | 15 | 15 | 15 | 15 | 11 | 4 | 0 | 0 | 0 | 116 | ☺ |
| Mpumelelo Clinic | 24 | 24 | 26 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 74 | ☺ |
| Corridors of Freedom – Esselen Clinic | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10 | 19 | 9 | 10 | 10 | 58 | ☺ |
| CoJ Social Development capital expenditure programme – Golden Harvest | 0 | 0 | 0 | 0 | 18 | 20 | 26 | 40 | 40 | 18 | 39 | 39 | **240** | ☺ |
| CoJ Health capital expenditure programme – River Park Clinic | 0 | 0 | 0 | 0 | 0 | 0 | 4 | 4 | 4 | 27 | 27 | 9 | **75** | ☺ |
| CoJ Health capital expenditure programme – Ennerdale Clinic | 0 | 0 | 0 | 0 | 0 | 0 | 5 | 27 | 28 | 50 | 52 | 31 | **193** | ☺ |
| Kliptown public environment upgrade | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 22 | 34 | 77 | 92 | **225** | ☺ |
| Corridors of Freedom – Westbury Clinic | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5 | 14 | 13 | 25 | **57** | ☺ |
| **TOTAL** | **78** | **72** | **54** | **35** | **33** | **35** | **71** | **128** | **188** | **205** | **277** | **270** | **1446** | ☺ |

### Additional projects

| KPI | 2014/15 Annual Target | 2014/15 Actual | 2014/15 Variance | Explanation of progress, variations and steps to be taken to improve performance (as at end of June 2015) |
|---|---|---|---|---|
| CoJ clinics: Claremont Renewal Clinic | - | 10% | N/A | Completed stage 2 design concepts and presented to the client. Designs approved subject to budget approval. |
| Langlaagte pharmacy depot | - | 35% | N/A | Finalising the bill of quantities for tender, with minor adjustments to bring the budget closer to the OME. Construction is due to start in September 2015 and anticipated completion is May 2016. |
| Cosmo City fire station | - | 35% | N/A | All designs are completed and approved. Tender procurement was advertised and closed on 15 June 2015. Tender evaluation is in progress. |
| Bambanani automotive industrial park (Ivory Park) | - | 0% | N/A | On hold in order to take lessons from Alexandra automotive project. This project has no budget allocation. |

## Progress on projects

### *Kliptown development*

Development proposals for Kliptown have been made since the early 1990s. Emergency services were provided to the area in the early 1990s and a plan was developed in 1996. In 2001, a new development project was drawn up and this was partially implemented over five years. The Greater Kliptown Development Framework (1996) made proposals to develop Freedom Square as a historical tourism site, with a museum, public spaces, a park and a mix of shops and informal trading.

In 2010, the JDA began a new four-year project to improve the public environment in the residential and business areas around the Walter Sisulu Square of Dedication at a total cost of R40 million. To date, the project has:

- Upgraded the existing Union Road Pedestrian Bridge and installed new ramps to create pedestrian linkages across the railway line.
- Completed 600m of paving and lighting to create a safe pedestrian walkway along the western side of the railway line.
- Upgraded the public environment of Union Road, Beacon Road, Main Road, 1st Avenue, 2nd Avenue, 3rd Avenue, 4th Avenue, Future Road and Affodil Street, Klipspruit Valley Road and the Northern precinct. The street and sidewalk were upgraded to create an improved environment for economic activity in the neighbourhood around Walter Sisulu Square, create safe public environments for pedestrians walking to public transit services and improve or rehabilitate basic municipal services such as stormwater infrastructure and street lighting.
- Installed CCTV cameras on and around Walter Sisulu Square.
- Repaired tower mast lights and installed new cables at the visitor centre and street lighting behind Walter Sisulu Square.
- Refurbished the study centre, crèche, community hall and youth centre.
- Dual sports facilities (basketball and netball courts) built.
- Upgraded the public park.
- Upgraded the soccer facility and landscaping at the visitor centre.
- Installed artwork commemorating the history of the area.

In 2014/15, the JDA continued this phase of development with a further investment of R20 million for the renovations and development of a new public space called Freedom Charter Gardens.

### *Diepsloot development*

The CoJ's development programme for Diepsloot aims to establish the area as a socially, economically and environmentally sustainable human settlement that is spatially integrated into the city, with access to basic services and opportunities for social mobility and economic development. In

2007, the CoJ was allocated a multi-year capital grant through the National Treasury's *neighbourhood development partnership grant* for R10 million in 2009/10, R46 million in 2010/11, R10 million in 2011/12 and R3.5 million in 2012/13.

To date, the following initiatives have been implemented:

- In 2009/10, Ingonyama Road was upgraded to create an entrance to Diepsloot and establish a government node.
- In 2010/11, the public environment along Ingonyama Road was upgraded to improve the business environment and two pedestrian bridges were constructed to link to the reception area. The taxi rank was upgraded and pathways were built to link the bridges and Ingonyama Road.
- In 2011/12, the public environment upgrade was completed along the existing Ingonyama Road.
- In 2012/13, planning and design work for the Ingonyama Road extension was completed.
- In 2013/14, the first phase of the Ingonyama Road extension was completed, including paving sidewalks, upgrading stormwater infrastructure, kerbing and road surfacing for 1.3km, planting of at least 200 new trees along the street and installing 80 street lights and associated electrical reticulation infrastructure. In addition, 74 trader stalls were designed for phase 2 and construction started.

In 2014/15, construction was completed at a cost of R34.3 million. This work included the upgrade of the remainder of Ingonyama Road (400m) and a new vehicular bridge over the Jukskei River. Detailed designs for Phase 3 were also completed and construction started.

### *Technical assistance projects: Sol Plaatjie Road construction*

In 2012/13, the JDA was requested to take on the role of implementing agent to build road infrastructure on behalf of the CoJ Department of Housing. The JDA completed phase 1 of the construction of roads and stormwater systems in area 1 and area 2 of Sol Plaatjie in 2012/13 and area 3 was completed in 2013/14.

The JDA is also facilitating the construction of internal roads and associated stormwater and attenuation ponds for Sol Plaatjie in 2014/15 and 2015/16. The CoJ Department of Housing allocated R19 million for this project in 2014/15. During this phase, 2km of internal streets and 4000m$^2$ of paved sidewalks were completed in area 3.

### *Technical assistance projects: CoJ clinics programme*

The CoJ's Directorate of Health appointed the JDA to manage its capital works programme. In 2013/14, the CoJ approved construction for Mpumelelo and Slovoville. The Slovoville Clinic was completed and launched in January 2014 and the Mpumelelo Clinic was completed in August 2014. In

2014/15, the JDA began construction on another five clinics. Halfway House was completed in June 2015 and River Park and Ennerdale are due for completion in September 2015. Westbury and Esselen will be completed in December 2015. The Orchards Clinic is on the Louis Botha corridor, providing an opportunity for a property development that demonstrates the mixed-use, higher-density principles needed to achieve the Corridors of Freedom. The clinics will offer an improved healthcare environment and improved accessibility to healthcare facilities for the communities in which they are located.

### *Technical assistance projects: Cosmo City fire station*

The JDA has been appointed as implementing agent to construct a new fire station in Cosmo City for Emergency Management Services. The design work has been completed and the estimated cost exceeds the budget of R20 million allocated for 2014/15. The client department will seek additional funding before the project can proceed.

### *Technical assistance projects: Alexandra and Bambanani automotive property developments*

The CoJ Department of Economic Development initiated two property development projects to expand the automotive industry cluster in Gauteng: the Bambanani automotive node in Ivory Park and the Alexandra automotive industrial node. In 2008, the Department of Economic Development, in partnership with the National Treasury, undertook a comprehensive economic profiling and developed a city-wide township economic development programme focused on Ivory Park, Ebony Park and Diepsloot.

The CoJ has appointed the JDA to facilitate the implementation of the Bambanani and Alexandra property developments. The CoJ has been allocated capital funding from the National Treasury through the *neighbourhood development partnership grant*, amounting to more than R102 million over three financial years.

In 2014/15, the JDA appointed a professional team to develop the detailed architectural and engineering building plans for the facilities on both sites. Construction started on 10 June 2015.

### *Technical assistance projects: Golden Harvest Rehabilitation Centre*

The CoJ Social Development Department appointed the JDA to plan and design the Golden Harvest Rehabilitation Centre upgrade. The centre is located in Randburg and can currently accommodate only 20 patients at any time. The project aims to increase capacity by providing additional facilities on the premises, including a new detox unit, additional accommodation and extensive refurbishments to the administrative centre.

A professional team was appointed in November 2013 and the development concept was approved by the Social Development Department in March 2014. The budget available for 2013/14 was R2 million and R14.3 million was available in 2014/15. Construction on a priority phase of the project started in September 2014 and was completed by the end of June 2015.

### Programme 4: Greenways

**Programme purpose:** Manage the development of strategic mass transit services and corridors through capital investments by overseeing integrated investments by other departments and entities, and by facilitating partnership initiatives.

The greenways programme aims to reshape land-use patterns to promote new mass public transport corridors (including the roll out of BRT infrastructure) and a network of NMT infrastructure that promotes walking, cycling and the use of streets as public open spaces.

In the JDA's business plan for 2013/14, this programme is the corridor component of the transit-oriented development approach outlined as a strategic priority in the GDS vision and the State of the City Address for 2013. The Rea Vaya BRT service is the structuring element and the approach is to develop station precincts at key transit interchanges.

The medium-term implementation plan (2013/14 to 2015/16) has been developed and agreed to by the national Department of Transport and the National Treasury (in terms of the medium-term grant funding commitment), the Mayoral Committee, and the JDA's Board of Directors. The plan includes the construction of dedicated bus ways and bus stations; the construction of associated infrastructure, including multi-modal interchange facilities, bridges and road upgrades to ensure mobility and access; bus depots and layovers; and associated non-motorised transit infrastructure.

The JDA's adjusted budget identified construction work to the value of R630 million on Rea Vaya BRT infrastructure and two technical assistance projects for the Department of Transport to build non-motorised transit infrastructure to support corridor development. The projects are funded through the *public transport infrastructure and systems grant* from the national Department of Transport and capital budgets allocated by the CoJ for NMT infrastructure and the Corridors of Freedom. The work will be dominated by the construction of bus ways and stations (sections 8 and 15), which provide for the third trunk route (1C) that connects the inner city with Alexandra (along Louis Botha Avenue) and Alexandra with Sandton (along Katherine Street).

The JDA will continue to serve as the implementing agent for the Rea Vaya BRT infrastructure. It will also seek to incorporate pathways, cycleways and pedestrian infrastructure such as shelters and lighting into all public environment upgrading projects through a series of priority implementation projects in Soweto, the inner city and Alexandra. The JDA implemented capital works projects to the value of R738.7 million in the greenways programme in 2014/15.

The JDA also made contractual commitments of R511.3 million in 2013/14 on projects that were due for completion towards the end of the second quarter of 2014/15. The rollover funding request was not approved, so the mid-year adjustment for programme 4 reprioritises the current budget allocation to fund the priority projects that are under way and important new projects in the pipeline.

## Performance against KPIs

Programme 4: Capital expenditure

| Project | Business Plan Budget R m | Adjusted Budget R m[11] | 2014/15 Annual Target | 2014/15 Actual | 2014/15 Variance | 2014/15 Achievement score | Explanation of progress, variations and steps to be taken to improve performance (as at end of June 2015) |
|---|---|---|---|---|---|---|---|
| **% of capital budget spent** | 738.7 | 630 | 100% | 109% | 9% | ☺ | Target achieved |

Programme 4: Development progress per project

| KPI | 2014/15 Annual Target | 2014/15 Actual | 2014/15 Variance | 2014/15 Achievement score | Explanation of progress, variations and steps to be taken to improve performance (as at end of June 2015) |
|---|---|---|---|---|---|
| **Phase 1C section 15 (phase 1)** | 100% | 98% | 2% | ☺ | Construction of BRT lanes along Louis Botha (section 15) between Johannesburg CBD and Alexandra Township is complete. The project is currently at snagging stage. |
| **Phase 1C section 15 (phase 2)** | 100% | 64% | 36% | ☹ | All detailed designs for the construction of mixed traffic lanes, pedestrian walkways, street light upgrades and service upgrades along Louis Botha (section 15) between Johannesburg CBD and Alexandra Township have been approved. The main contractors and relevant local SMMES have been appointed. Construction is under way and completion is anticipated in December 2015. In the new FY the contractor will be on onsite together with the SMMEs who have also been appointed for the construction of all the sidewalks. |
| **Alex Urban Upgrade Phase 1** | 100% | 100% | 0% | ☺ | The construction of 7.2km pedestrian walkways and soft and hard landscaping are complete. |
| **Phase 1C NMT (Alexurban upgrade – phase 2)** | 100% | 58% | 42% | ☹ | All detailed designs for the construction of 2km pedestrian walkways and soft and hard landscaping are complete. The main contractor and relevant local SMMEs have been appointed. Construction is under way and completion is anticipated in December 2015.. Going forward the focus will be on additional project management attention to unlock delays and ensure that construction is under way and the expected end date remains end of current FY |
| **Phase 1C section 8C (Alex to Sandton) Section C** | 100% | 88% | 12% | 😐 | All detailed designs for the construction of BRT lanes, mixed traffic lanes, pedestrian walks, street lighting upgrades and service upgrades along Katherine Street between Grayston Drive and West Street are complete. The main contractor and relevant SMMEs have been appointed. Construction is at an advanced stage and completion is anticipated in September 2015. |

[11] Note that the adjusted budget reflected is the final budget as approved by the CoJ and not the proposed budget amount reflected in the mid-term scorecard.

| KPI | 2014/15 Annual Target | 2014/15 Actual | 2014/15 Variance | 2014/15 Achievement score | Explanation of progress, variations and steps to be taken to improve performance (as at end of June 2015) |
|---|---|---|---|---|---|
| **Phase 1C Sandton CBD loop** | 100% | 20% | 80% | ☹ | Concept design and detailed designs have been completed and approved by CoJ Transport. The main contractor has been appointed and construction will start in July 2015 and end in October 2016. |
| **Phase 1C Great Walk** | 100% | 53% | 47% | ☹ | All detailed designs have been completed and the main contractor has been appointed. Construction is under way and completion is anticipated for December 2016.. Project will be completed in Q1 of the following FY |
| **Alex Spur and Great Walk Bridge phase 1** | 100% | 99% | 1% | ☺ | Construction of 2.5km of pedestrian walkways, road upgrades, street lighting upgrades and service upgrades are complete. The project is currently at snagging stage. |
| **Section 2 road widening** | 100% | 100% | 0% | ☺ | This project is complete. |
| **Phase 1A NMT feeder routes** | 100% | 25% | 75% | ☹ | Concept and detailed design have been completed. A main contractor is being appointed and construction is planned for July 2015. The anticipated completion date for this project is April 2016. Going forward the focus will be on additional project management attention to unlock delays and ensure that construction is under way and the expected end date remains end of current FY |
| **Phase 1B station precincts** | 100% | 94% | 6% | 😐 | Construction is at an advanced stage and the project will be at practical completion by end of June 2015. Going forward the focus will be on additional project management attention to unlock delays and ensure that construction is under way and the expected end date remains end of current FY |
| **Phase 1C stations NMT** | 100% | 40% | 60% | ☹ | Contractor appointed and construction to start in 2015/16. June 2015. Going forward the focus will be on additional project management attention to unlock delays and ensure that construction is under way and that the expected end date remains end of current FY |
| **Bus Depots: City** | 100% | 10% | 90% | ☹ | The concept design has been completed. Land acquisition is under way and detailed design will start in October 2015. The next stage is to ensure that PUTCO accepts the offer of purchase.<br>The appointment of the professional team has been extended by another two years to allow for the completion of the project. The team is busy with the concept revision. |
| **Bus Depots: land acquisition** [12] | 100% | 74% | 36% | ☹ | All land deals earmarked for 2014/15 have been concluded. Aim is to ensure that are several land parcels transaction that have been concluded reach the conveyancing. Stage and secondly that a conveyancer and property broker is appointed<br><br>The focus of this project and KPI was to secure and purchase the land in this financial year, prior to development taking place. The descriptor, as outlined in the scorecard erroneously refers to development progress, as opposed to a KPI descriptor the speaks to the nature or progress of the land transaction. |
| **Bus depots: Alex layover facility** | 100% | 10% | 90% | ☹ | The concept design has been completed. Land acquisition is under way and detailed design will start in October 2015.. The project was put on hold due to changes to the BRT operational plan. CoJ Transport requested that the design be postponed until further notice. |
| **Bus Depots: Midrand/Ivory Park** | 100% | 10% | 90% | ☹ | The concept design has been completed. Land acquisition is under way and detailed design will start in October 2015. |

[12] The focus of this project and KPI was to secure and purchase the land in this financial year, prior to development taking place. The descriptor, as outlined in the scorecard erroneously refers to development progress, as opposed to a KPI descriptor the speaks to the nature or progress of the land transaction.

| KPI | 2014/15 Annual Target | 2014/15 Actual | 2014/15 Variance | 2014/15 Achievement score | Explanation of progress, variations and steps to be taken to improve performance (as at end of June 2015) |
|---|---|---|---|---|---|
| **Watt Street interchange** | 100% | 10% | 90% | ☹ | Concept and preliminary design have been completed. The project has been put on hold by CoJ Transport due to budget constraints. |
| **Gandhi Square interchange** | 100% | 0% | 100% | ☹ | The project was put on hold due to changes to the BRT operational plan. CoJ Transport requested that the design be postponed until further notice. |
| **Greenstone terminal** | 100% | 0% | 100% | ☹ | The project was put on hold due to changes to the BRT operational plan. CoJ Transport requested that the design be postponed until further notice. |
| **Emthonjeni terminal** | 100% | 0% | 100% | ☹ | The project was put on hold due to changes to the BRT operational plan. CoJ Transport requested that the design be postponed until further notice. |
| **Phase 1A and 1B BRTretrofit** | 100% | 97% | 3% | ☺ | Construction is at an advanced stage and the project achieved practical completion at the end of June 2015. |
| **Station ITS** | 100% | 25% | 75% | ☹ | The detailed designs have been completed and construction has been delayed until July 2015 due to budget constraints. This project does not have a capex budget allocation. |
| **Rehabilitation of Section 1** | 100% | 0% | 100% | ☹ | Target not met due to late appointment of professional team. Engineers are developing different design options. The concept design is due for completion on 25 July 2015. |
| **Edith Cavell BRT pavement strengthening** | 100% | - | - | | The scope of works for this project was moved to the section 15 phase 2 project. |
| **Upgrading of Jukskei Bridge NMT links** | 100% | - | - | | The project was cancelled due to budget constraints. |
| **Phase 1A NMT station precincts** | - | - | | | This project was divided into sub-projects: Lakeview (phase 1), Orlando NMT, Noordgesig NMT, Basothong and Mavumbi NMT and Thokoza Park NMT BRT station (see below). |
| **Station signage** | 100% | 0% | 100% | ☹ | This project goes hand in hand with, Phase 1C station precincts, hence there is no progress until constructions. Construction is due to start in March 2016. |
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Programme 4: Economic empowerment

| KPI | 2014/15 annual target | 2014/15 actual | Variance | Achievement score | Explanation of progress |
|---|---|---|---|---|---|
| **Number of short-term EPWP job opportunities created through programme 4 construction contracts** | 2 860 | 4029 | 1169 | ☺ | Target achieved |
| **BBBEE expenditure share as a % of total capital expenditure in programme 4** | 100% | 118% | 18% | ☺ | Target achieved |
| **SMME expenditure share as a % of total capital expenditure in programme 4** | 30% | 3% | 27% | ☹ | Target not achieved |
| **Of which: Jozi@Work SMME expenditure share as a % of total capital expenditure** | 5% | 0% | 5% | ☹ | Target not achieved |

Programme 4: Productive development partnerships

| KPI | 2014/15 annual target | 2014/15 actual | Variance | Achievement score | Explanation of progress |
|---|---|---|---|---|---|
| **Positive media reports as a % of the total number of media reports on the JDA Rea Vaya construction work** | 90% | 76% | 14% | ☹ | Target not achieved |
| **Number of property developments facilitated by the JDA at Rea Vaya stations** | 1 | 1 | 0 | ☺ | Target achieved |

### Expenditure overview and explanations[13]

| Project | Business plan budget R m | Adjusted budget R m[14] | 2014/15 actual expenditure R m | Variance | Explanation of variations |
|---|---|---|---|---|---|
| **Phase 1a and b Retrofit** | 14.88 | 15.62 | 14.75 | 0.87 | Construction is at an advanced stage and the project will be at practical completion by end of June 2015. The planned scope of works for this financial has been completed. |
| **Phase 1C Station** | 6.90 | 7.25 | 3.69 | 3.56 | The concept design has been completed a detailed design is planned to commence in September 2015. The construction stage is only planned to commence in March 2016 |
| **Selby Depot** | 2.00 | 2.10 | 9.19 | -7.09 | The concept design has been completed. The process of land acquisition is underway and detailed design will commence in October 2015. The planned scope of works for this financial year has been completed. |
| **Midrand Depot** | 3.00 | 3.15 | 1.68 | 1.47 | The concept design has been completed. The process of land acquisition is underway and detailed design will commence in October 2015. The planned scope of works for this financial year has been completed. |
| **Booysens Layover** | 12.00 | 21.95 | 19.70 | 2.25 | Detailed designs have been completed. The main contractor has been appointed and construction is at an advanced stage. The project completion is anticipated for October 2015. The planned scope of works for this financial year has been completed. |
| **Land** | 30.00 | 31.50 | 18.46 | 13.04 | All the land deals that we |

[13] Note that this table splits expenditure at the project level which is consolidated in the capital budget

[14] Note that the adjusted budget reflected is the final budget as approved by the CoJ and not the proposed budget amount reflected in the mid-term scorecard.

| Project | Business plan budget R m | Adjusted budget R m[14] | 2014/15 actual expenditure R m | Variance | Explanation of variations |
|---|---|---|---|---|---|
| | | | | | earmarked for this financial have been concluded. |
| **Klipspruit Rehab** | 2.70 | 2.85 | 0.83 | 2.01 | The target on this project was not met due to late appointment of the professional team. All field investigations and the Engineers currently developing different design options. The concept design will be completed on the 25 July 2015. |
| **Section 2 road widening** | 3.90 | 4.09 | 3.55 | 0.53 | This project has been completed. |
| **Alex Urban Upgrade - Phase 1** | 42.95 | 45.10 | 52.19 | -7.08 | The construction of 7.2 km pedestrian walkways, soft and hard Landscaping has been completed. |
| **Alex Urban Upgrade - Phase 2** | 12.00 | 12.60 | 14.91 | -2.31 | All the detailed designs for the construction of 2.0 km pedestrian walkways, soft and hard Landscaping have been completed. The main contractor and relevant local SMMEs have been appointed. Construction is underway and completion is anticipated in December 2015. The planned scope of works for this financial year has been completed. |
| **Section 9** | 3.50 | 0.90 | 1.05 | -0.15 | The concept design has been completed and detailed design is underway. Construction is planned to commence in February 2016 until March 2017. |
| **Gandi Square** | 0.70 | 0.74 | 0.00 | 0.74 | The project was put on hold due to changes on the BRT operational plan. COJ Transportation requested that the design be postponed until further notice. |
| **Greenstone** | 0.70 | 0.74 | 0.00 | 0.74 | The project was put on hold due to changes on the BRT operational plan. COJ Transportation requested that the design be postponed until further notice. |
| **Emothonjeni Terminal** | 0.70 | 0.74 | 0.00 | 0.74 | The project was put on hold due to changes on the BRT operational plan. COJ Transportation requested that the design be postponed until further notice. |

| Project | Business plan budget R m | Adjusted budget R m[14] | 2014/15 actual expenditure R m | Variance | Explanation of variations |
|---|---|---|---|---|---|
| **Sandton Loop** | 10.00 | 5.25 | 2.83 | 2.42 | Concept design and detailed designs have been completed and approved by COJ Transportation. The main contractor has been appointed and construction will commence in July 2015 until October 2016. |
| **Alex Depot** | 4.30 | 4.55 | 1.40 | 3.15 | The concept design has been completed. The process of land acquisition is underway and detailed design will commence in October 2015. The planned scope of works for this financial year has been completed. |
| **Phase 1B Station Precinct** | 17.20 | 18.11 | 16.80 | 1.32 | Construction is at an advanced stage and the project will be at practical completion by end of June 2015. The planned scope of works for this financial has been completed. |
| **Phase 1C Station Precinct** | 1.20 | 1.26 | 0.51 | 0.75 | The concept design has been completed an detailed design is planned to commence in September 2015. The construction stage is only planned to commence in March 2016. |
| **Lakeview NMT (Phase 1A) - Phase 2** | 10.00 | 10.50 | 11.93 | -1.43 | Detailed designs for 7.0 km cycle lanes and pedestrian walkways have been completed. The main contractor and relevant local SMMEs have been appointed. Construction is underway and completion is planned for December 2015. The planned scope of works for this financial year has been completed. |
| **Thokoza Park NMT** | 4.70 | 4.96 | 5.71 | -0.76 | This project has been completed. |
| **Basothong and Boomtown** | 10.90 | 11.46 | 9.68 | 1.77 | This project has been completed. |
| **Phase 1A Feeder routes** | 2.50 | 2.63 | 0.45 | 2.18 | Concept and detailed design have been completed. The process of appointing a main contractor is underway and construction is planned to commence in July 2015. The anticipated completion date for this project is April 2016. The planned scope of woks for this financial year had been |

| Project | Business plan budget R m | Adjusted budget R m[14] | 2014/15 actual expenditure R m | Variance | Explanation of variations |
|---|---|---|---|---|---|
| | | | | | completed. |
| **Section 15 - Phase 1** | 146.90 | 154.27 | 201.17 | -46.91 | The construction of the BRT lanes along Louis Botha (Section 15) between the Johannesburg CBD and Alexandra Township has been completed. The project is currently at snagging stage. |
| **Phase 15 - Phase 2** | 50.00 | 52.50 | 77.97 | -25.47 | All the detailed designs for the construction of mixed traffic lanes, pedestrian walkways, street light upgrade and services upgrade along Louis Botha (Section 15) between Johannesburg CBD and Alexandra Township have been approve. The main contractors and relevant local SMMES have been appointed. Construction is underway and completion is anticipated in December 2015. The planned scope of works for 2014/15 financial has been completed. |
| **Section 8A** | 9.30 | 9.77 | 26.99 | -17.22 | All the detailed designs for the dedicated BRT Bridge over the M1 connecting Wynberg and Sandton have been completed. The main contractor has been appointed. Construction is underway and completion is anticipated in December 2016. The planned scope of works for the 2014/15 financial year has been completed. |
| **Section 8B** | 25.00 | 26.25 | 25.13 | 1.12 | The detailed designs for the Sandspruit Bridge widening and Marlboro Road widening have been completed. The main contractor has been appointed. Construction is underway and completion is anticipated in June 2016. The planned scope of works for this financial year has been completed. |
| **Section 8C** | 75.00 | 72.90 | 83.37 | -10.47 | All the detailed designs for the construction of BRT lanes, mixed traffic lanes, pedestrian walks, street lighting upgrade and services upgrade, along Katherine Street between Grayston Drive and West |

| Project | Business plan budget R m | Adjusted budget R m[14] | 2014/15 actual expenditure R m | Variance | Explanation of variations |
|---|---|---|---|---|---|
| | | | | | Street have been completed. The main contractor and relevant SMMEs have been appointed. Construction is at an advanced stage and completion is anticipated in September 2015. The planned scope of works for this financial year has been completed. |
| **Great Walk Bridge** | 52.00 | 14.15 | 17.72 | -3.57 | All the detailed design have been completed and the main contractor has been appointed. Construction is underway and completion is anticipated for December 2016. The planned scope of works for this financial year has been completed. |
| **Alex Spur and Great Walk** | 39.96 | 41.96 | 37.87 | 4.10 | The construction of 2.5 km of pedestrian walkways, roads upgrade, street lighting upgrade and services upgrade has been completed. The project is currently at snagging stage. |
| **Watt Interchange** | 12.30 | 15.62 | 11.83 | 3.80 | Concept and Preliminary design have been completed. Subsequently, the project has been put on hold by COJ Transportation due to budget constraints. However, the planned scope of works for this financial year has been completed. |
| **Orlando NMT** | 2.30 | 2.38 | 2.68 | -0.30 | This project has been completed. |
| **Noordgesig NMT** | 4.90 | 5.11 | 5.11 | 0.00 | This project has been completed. |
| **ITS** | 10.00 | 10.50 | 0.00 | 10.50 | The detailed designs have been completed and construction has been delayed until July 2015 due to budget constraints. |
| **Lakeview NMT Phase 1** | 15.96 | 16.76 | 11.67 | 5.09 | The planned scope of works for this financial year has been completed. The project is currently at snagging stage. |
| **Watt Interchange** | 12.30 | 15.62 | 11.83 | 3.80 | Concept and Preliminary design have been completed. Subsequently, the project has been put on hold by COJ Transportation due to budget constraints. However, the planned scope of works for this |

| Project | Business plan budget R m | Adjusted budget R m[14] | 2014/15 actual expenditure R m | Variance | Explanation of variations |
|---|---|---|---|---|---|
| | | | | | financial year has been completed. |

Programme 4 spent 100 per cent of its budget in 2014/15, spending R690.8 million of its R630.2 million budget. Construction work is progressing well on the two major construction projects (sections 8 and 15). The JDA's recovery plans were successful and some of the strategic land purchases (for the city depot and the Watt Street interchange) have increased expenditure.

Thirteen of the programme's projects achieved their overall development progress targets against the completion of works targets. Construction will continue in 2015/16 to achieve the intended outputs and outcomes within the multi-year framework. While this makes it unnecessary to identify further remedial actions, it is necessary to improve the project development phase of work in this portfolio so that implementation plans can be rolled out with limited variation in terms of scope, cost and time in future.

The programme created a total of 4 029 employment opportunities, exceeding the annual target of 2 860.

**EPWP employment opportunities**

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Total | Achievement score |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Project | Number of employment opportunities | | | | | | | | | | | | | |
| | Q1 | | | Q2 | | | Q3 | | | Q4 | | | | |
| Phase 1C section 15 phase 1 (Alexandra to Parktown) | 9 | 13 | 13 | 20 | 0 | 0 | 24 | 24 | 4 | 32 | 32 | 32 | 203 | ☺ |
| Phase 1C section 15 phase 2 | | | | | | | | | | 79 | 79 | 79 | 237 | ☺ |
| Phase 1C section 8C (Alexandra to Sandton) | 9 | 13 | 13 | 20 | 36 | 36 | 36 | 36 | 59 | 46 | 46 | 46 | 396 | ☺ |
| NMT 1A Thokoza Park | 12 | 15 | 10 | 10 | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 57 | ☺ |
| NMT 1A Lakeview | 15 | 15 | 15 | 10 | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 65 | ☺ |
| NMT 1A Basothong | 10 | 10 | 12 | 12 | 8 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 52 | ☺ |
| NMT 1B Pennyville | 0 | 0 | 0 | 0 | 23 | 23 | 15 | 10 | 0 | 0 | 0 | 0 | 71 | ☺ |
| Station retrofits 1A | 9 | 20 | 20 | 24 | 16 | 16 | 16 | 16 | | 3 | 11 | 10 | 161 | ☺ |
| Phase 1C NMT (Alexandra urban upgrade – walk and cycle) | 0 | 18 | 23 | 55 | 60 | 55 | 51 | 128 | 128 | 133 | 133 | 133 | 917 | ☺ |
| Section 8A | | | | | | | | | | 7 | 7 | 7 | 21 | ☺ |

| Project | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Total | Achievement score |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Number of employment opportunities | | | | | | | | | | | | | |
| | Q1 | | | Q2 | | | Q3 | | | Q4 | | | | |
| Section 8B | | | | | | | 0 | 0 | 0 | 15 | 15 | 15 | 45 | ☺ |
| Phase 1C Section 8C (Alexandra to Sandton – Katherine Drive roadworks) | 9 | 13 | 13 | 20 | 36 | 36 | 36 | 36 | 42 | 46 | 46 | 46 | 379 | ☺ |
| Phase 1B station precincts NMT | | | | | 23 | 35 | 35 | | | | | | 93 | ☺ |
| Alex Spur pedestrian walk | 10 | 10 | 80 | 80 | 90 | 90 | 95 | 95 | 95 | 132 | 132 | 132 | 1 041 | ☺ |
| Section 15I Great Walk Pedestrian Bridge | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | | | | 1 | ☺ |
| BRT depots – Booysens layover building | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5 | 0 | 11 | 11 | 11 | 38 | ☺ |
| Westbury NMT (phase 1) | | | | | | | | | | 84 | 84 | 84 | 252 | ☺ |
| **Total** | **83** | **127** | **199** | **251** | **312** | **291** | **308** | **350** | **329** | **588** | **596** | **595** | **4 029** | ☺ |

### Additional projects

| KPI | 2014/15 Annual Target | 2014/15 Actual | 2014/15 Variance | Explanation of progress, variations and steps to be taken to improve performance (as at end of June 2015) |
|---|---|---|---|---|
| **BRT bus depots – Booysens layover building** | - | 82% | N/A | Detailed designs have been completed. The main contractor has been appointed and construction is at an advanced stage. The project completion is anticipated for October 2015. |
| **Section 9 Rea Vaya BRT (Sandton to Randburg)** | - | 100% | N/A | The concept design has been completed and detailed design is under way. Construction is due to start in February 2016 and end in March 2017. |
| **Phase 1C section 8A – M1 flyover bridge** | - | 52% | N/A | All detailed designs for the dedicated BRT bridge over the M1 connecting Wynberg and Sandton have been completed. The main contractor has been appointed. Construction is under way and completion is anticipated in December 2016. |
| **Phase 1C section 8B – along Katherine Street, widening of Marlboro Drive** | - | 62% | N/A | The detailed designs for the Sandspruit Bridge widening and Marlboro Road widening have been completed. The main contractor has been appointed. Construction is under way and completion is anticipated in June 2016. |
| **Phase 1C station precincts** | - | 0% | N/A | The concept design has been completed and detailed design is due to start in September 2015. Construction is due to start in March 2016. |
| **Lakeview and Klipspruit Valley NMT (phase 1)** | - | 99% | N/A | The project is currently at snagging stage. |
| **Orlando NMT** | - | 100% | N/A | This project has been completed |
| **Noordgesig NMT** | - | 100% | N/A | This project has been completed. |
| **Basothong and Mavumbi NMT** | - | 100% | N/A | This project has been completed. |
| **Thokoza Park NMT BRT station** | - | 100% | N/A | This project has been completed. |
| **Lakeview and Klipspruit Valley NMT (phase 2)** | | 64% | N/A | Detailed designs for 7km cycle lanes and pedestrian walkways have been completed. The main contractor and relevant local SMMEs have been appointed. Construction is under way and completion is planned for December 2015. |

## Progress on projects

***Section 8 of trunk route 1C***

This route starts at the corner of Pretoria Main Road and Lees Street and goes over the M1 highway via the proposed flyover, turning left into Katherine Drive then right into West Street, ending at the Sandton Gautrain station precinct along Rivonia Road. The route is about 4km long and has three BRT stations.

The Rea Vaya BRT project aims to provide a world-class, affordable, efficient and reliable mass public transit service. The construction of dedicated bus ways, stations, depots and associated NMT infrastructure aims to improve:

- Bus travel times by building priority lanes that are clear of traffic
- The safety of bus commuters and other drivers
- The travel experience for bus commuters
- Integration with other public transport modes, including walking and cycling
- The efficiency and sustainability of public transport for commuters and operators.

The BRT project also aims to ensure that the surrounding communities benefit from the short-term employment and income-generating opportunities during construction, and contribute to the development of sustainable construction companies in the longer term.

The project scope of works includes detailed design and construction. Construction is divided into two main contracts:

- Section 8C – Katherine Street from Sandspruit to West Street (km 0.330 to km 1.960)
- Section 8D – Rivonia Road between Katherine Street and West Street (km 0.0 to km 0.330).

The construction works include:

- Constructing pavements on BRT lanes
- Relocating services
- Constructing sidewalks
- Widening intersections
- Relocating and installing street lights
- Road marking and signage
- Installing new traffic signals.

### *Section 15 of trunk route 1C*

This route starts from the Victoria/Empire Road intersection in Parktown, via Clarendon Road, into Louis Botha Avenue and Pretoria Main Road, and ends at the intersection of Pretoria Main Road and Lees Street. The section is about 12.6km long and will have 10 stations.

The existing cross-section along Louis Botha Avenue has two mixed traffic lanes per direction, with dedicated turning lanes at certain intersections. The proposed BRT cross-section involves converting the existing inside lane into a dedicated BRT lane and leaving one lane as a mixed traffic lane. It also includes the termination of certain existing right turns to limit the turning conflicts between the BRT and mixed traffic. This will improve the BRT's operating speed. All the key access intersections to suburbs along Louis Botha Avenue will be maintained.

The project includes key BRT stations, a sidewalk (about 3m wide) throughout and soft and hard landscaping. NMT strategies are proposed to encourage commuter mobility and access to the BRT system, within a radius of 1 000m around each station. The proposed Watt interchange will act as a potential transfer point for section 15, section 8 and the Alexandra Spur. The future feeder system from Midrand along Old Pretoria Road will be accommodated at this interchange. Another feeder service connecting Johannesburg and Ekurhuleni along London Road will be provided and service will end at the proposed Watt interchange. A proposed public square also forms part of the interchange.

For the purpose of construction, this section will be divided into four main contracts of about 3km in length:

- Section 15A: Victoria/Empire Intersection (km 0.0) to Fir Street (km 3.0)
- Section 15B: Fir Street (km 3.0) to Louis Road (km 5.9)
- Section 15C: Louis Road (km 5.9) to Newick Road (km 8.6)
- Section 15D: Newick Road (km 8.6) to Lees Street (km 12.56).

The project scope of works entails detailed design and construction, including:

- Constructing pavements on BRT lanes
- Relocating services
- Constructing sidewalks
- Relocating and installing street lights
- Road marking and signage
- Installing new traffic signals.

### BRT phase 1C NMT

The detailed scope of works includes the construction of paved sidewalks, cycling lanes, traffic-calming measures such as speed bumps, upgrading of existing roads, soft and hard landscaping, as well as public lighting.

### BRT phase 1B station precincts – public environment landscaping

The scope of work entails paving specified areas in the station's vicinity, landscaping, street lights and furniture. There will be a traffic accommodation component during the project's implementation. The station precinct upgrades have been completed for trunk route 1B.

### BRT bus depots – city

The project aims to locate the city depot in Selby at the intersection of Earp and John streets, but the land acquisition process is still being concluded with the current owner. The required size for the facility is 5 ha (50 000 $m^2$). The scope of work entails planning and design of civil engineering components such as a parking area for buses, an administration building, a maintenance area, underground fuel tanks, bus wash-and-dry bays, and soft and hard landscaping. The site will be shared with the landowner, who intends to develop a car workshop. The design work will concentrate on the civil engineering components listed above. The depot design will be similar to the recently completed Dobsonville bus depot.

### BRT bus depots – Selby bus layover facility

The Selby bus layover facility, proposed along the Pat Mbatha bus way, will provide daytime parking for BRT buses. The facility will be developed on a 2 ha (20 000 $m^2$) piece of land that is owned by the CoJ. The scope of work entails construction of the bus parking area, provision of a small administration building, road widening at the facility entrance and provision of a perimeter fence.

### BRT bus depots – Sandton and Midrand/Ivory Park bus layover facilities

The Sandton and Midrand/Ivory Park Bus layover facilities will provide daytime parking for BRT buses when BRT phase 1C operations start. The original proposed site for the Sandton facility was a property owned by the CoJ at the corner of Katherine and West streets. The feasibility work determined that this was not a suitable site, so the network design will be adjusted to identify a suitable depot site. The site selection process for the Midrand/Ivory Park facility will be undertaken in 2015/16. Construction work on both facilities was under way in 2014/15 and will continue without pause in 2015/16.

### *Alexandra public environment upgrade*

The Alexandra public environment upgrade is part of the Rea Vaya phase 1C operations project. It aims to develop high-quality pedestrian walkways and connect the greater Alexandra area to all key public transport nodes and the surrounding areas of economy.

The project includes the design and implementation of NMT strategies that connect the greater Alexandra communities to all areas of public interest, including the Rea Vaya phase 1C. The objective of a complete street concept is to create green and liveable streets with a focus on pedestrian, rather than motorist, mobility.

The scope of works entails construction of paved sidewalks, cycling lanes, traffic-calming measures such as speed humps, upgrading of existing roads and soft and hard landscaping, as well as public lighting. The work is concentrated in and around the Alexandra town square. It is estimated that on completion, a 30.5km network of high-quality NMT will be provided in the Alexandra Township.

## Programme 5: Alexandra renewal project

**Programme purpose:** 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.

In 2001 the urban renewal programme was established to focus on eight urban townships, including Alexandra; the lessons learnt from these eight nodes were intended to improve the manner in which government supports township renewal across the country.

The Alexandra renewal project, which has been in existence for 12 years, is funded by the Gauteng province and the CoJ. An area development masterplan guides the development of this historic neighbourhood and a number of housing and community development projects have been implemented. Constraints to future development include an interdict against property developments that are subject to an unresolved land claim. In 2013 the Mayoral Committee decided that the Alexandra renewal project should be amalgamated with the JDA. Projects will be moved to the JDA system as appropriate, and employees will be seconded to the JDA in a phased way to ensure the least possible disruption. This was a new programme in the JDA budget in 2014/15 and it will be expanded as the institutional review milestones are achieved.

Key deliverables in 2014/15 included:

- Finalising the Alex masterplan and implementing a meaningful public participation process to agree on implementation priorities and collective action.

- The declaration of Alex as a priority housing development area (through the Housing Development Agency Act [2008]), and confirmation of dedicated funding for land and housing.
- Implementing capital works projects funded by the CoJ, human settlement grants and other intergovernmental grants.

The developments made up a capital budget of R12.6 million in 2014/15, which is funded through the CoJ and the *urban settlements development grant*.

In the mid-year adjustment for 2014/15 the Nancefield budget was R60 million. Three strategic area frameworks for the two BRT corridors and Turffontein were finalised and projects for intervention were identified. It is anticipated that future transit-oriented node development precincts will be identified through the strategic area frameworks currently being prepared.

### Performance against KPIs

Programme 5: Capital expenditure

| KPI | Business Plan Budget R m | Adjusted Budget R m[15] | 2014/15 Annual Target | 2014/15 Actual | 2014/15 Variance | 2014/15 Achievement score | Explanation of progress, variations and steps to be taken to improve performance (as at end of June 2015) |
|---|---|---|---|---|---|---|---|
| Percentage of capital budget spent | 111.2 | 48.53 | 100% | 25% | 75% | ☹ | Land disputes and undertaking heritage studies caused delays. |

*Programme 5: Development progress per project*

| KPI | 2014/15 Annual Target | 2014/15 Actual | 2014/15 Variance | 2014/15 Achievement score | Explanation of progress, variations and steps to be taken to improve performance (as at end of June 2015) |
|---|---|---|---|---|---|
| 4th Avenue Clinic, Alexandra | 100% | 8% | 92% | ☹ | A professional team has been appointed and commenced planning and design work. Construction is anticipated in 2015/16. |
| Jukskei River environmental upgrading and rehabilitation, Alexandra | 100% | 0% | 100% | ☹ | The civil engineer has been appointed. Survey and geotech to commence on 1 July 2015. Development concept is anticipated by end July 2015 and detailed designs and costs by August 2015. |
| Old Ikage housing development, Alexandra | 100% | 5% | 95% | ☹ | Redesign of concept designs is currently under way. The overall development progress is at 5 per cent. |
| People`s Court 7th Avenue (Old Alexandra), New Heritage Alexandra | 100% | 0% | 100% | ☹ | Heritage consultant to be appointed before July 2015to conduct research and submit findings to the JDA. |
| Refuse bins | 100% | 100% | 0% | ☺ | Project completed. |
| Thoko Mngoma Clinic, Marlboro | 100% | 6% | 94% | ☹ | The professional teams were advised to delay the concept designs for this project as there was a possibility of relocating the clinic to Marlboro. The overall development progress is at 6 per cent. |

[15] Note that the adjusted budget reflected is the final budget as approved by the CoJ and not the proposed budget amount reflected in the mid-term scorecard.

| KPI | 2014/15 Annual Target | 2014/15 Actual | 2014/15 Variance | 2014/15 Achievement score | Explanation of progress, variations and steps to be taken to improve performance (as at end of June 2015) |
|---|---|---|---|---|---|
| Development of open space | 100% | 0% | 100% | ☹ | Fellows Consulting was appointed. The Bid Adjudication Committee report for the landscape architect was submitted. The Bid Adjudication Committee report for the community participation consultant CPC is in progress. |
| Alexandra Heritage Interpretation Centre | 100% | 55.6% | 44.4% | ☹ | Building is under way. Anticipated completion date is 9 September 2015. |
| Pedestrian bridge, Vincent Tshabalala Road | 100% | 10% | 90% | ☹ | Traffic impact assessment for Vincent Tshabalala Road in process, detailed topographical surveys and geotechnical investigations have been conducted. The final traffic impact assessment must still be shared with the JDA. |
| Linear markets (phase 1) | 100% | 0% | 100% | ☹ | Tender for professional team was awarded in March 2015. Approved detailed design and costs estimates completed by end July 2015. |

Programme 5: Economic empowerment

| KPI | 2014/15 annual target | 2014/15 actual | Variance | Achievement score | Explanation of progress |
|---|---|---|---|---|---|
| **Number of short-term EPWP job opportunities created through programme 5 construction contracts** | 160 | 21 | 139 | ☹ | Target not achieved |
| **BBBEE expenditure share as a % of total capital expenditure** | 100% | 0% | 100% | ☹ | Target not achieved |
| **SMME expenditure share as a % of total capital expenditure** | 30% | 0% | 100% | ☹ | Target not achieved |
| **Of which: Jozi@Work SMME expenditure share as a % of total capital expenditure** | 5% | 0% | 100% | ☹ | Target not achieved |

Programme 5: Productive development partnerships

| KPI | 2014/15 annual target | 2014/15 actual | Variance | Achievement score | Explanation of progress |
|---|---|---|---|---|---|
| **Positive media reports as a % of the total number of media reports on the JDA in Alexandra** | **90%** | 55% | 45% | ☹ | Target not achieved |
| **Number of property developments facilitated by the JDA in Alexandra** | 1 | 0 | 1 | ☹ | Target not achieved |

### Expenditure overview and explanations

| Project | Business Plan Budget R m | Adjusted Budget R m[16] | 2014/15 Actual Expenditure R m | Variance | Explanation of variations |
|---|---|---|---|---|---|
| 4th Avenue Clinic | 3.0 | 3.0 | 0.84 | 2.16 | Delay was due to lack of progress on site to be used |
| Jukskei River environmental upgrading and rehabilitation, Alexandra | 1.25 | 1.25 | - | 1.25 | Delay was due to lack of progress |
| Old Ikage housing | 2.5 | 2.5 | 0.1 | 2.4 | Project delay caused by land disputes between the CoJ and the surrounding schools. |
| People's Court 7th Avenue | 0.4 | 0.41 | - | 0.41 | Delay was due to Heritage study to be conducted |

[16] Note that the adjusted budget reflected is the final budget as approved by the CoJ and not the proposed budget amount reflected in the mid-term scorecard.

| Project | Business Plan Budget R m | Adjusted Budget R m[16] | 2014/15 Actual Expenditure R m | Variance | Explanation of variations |
|---|---|---|---|---|---|
| Refuse bins | 0.2 | 0.23 | 0.2 | 0 | No variation, project expenditure spent as planned. |
| Thoko Mngoma Clinic | 3.0 | 3.0 | 0.59 | 2.41 | The concept designs were delayed due to the proposed relocation of the clinic to Marlboro closer to Louis Botha corridor. |
| Development of open space | 1.5 | 1.5 | 0.11 | 1.39 | Delay was due to lack of progress |
| Alexandra Heritage Interpretation Centre | 20.0 | 20.0 | 7.81 | 12.19 | The 2014/15 milestones for this two-year project have been met. Project will be completed next year. |
| Pedestrian bridge, Vincent Tshabalala Road | 0.7 | 0.7 | 0.7 | 0 | No variation, project expenditure spent as planned. |
| Linear markets (phase 1) | 0 | 15.95 | 1.6 | 14.35 | The 2014/15 milestones for this two-year project have been met. Project will be completed next year. |
| **TOTAL** | | **48.53** | **11.99** | **36.54** | |

## Progress on projects

### *4th Avenue Clinic, Alexandra*

The existing clinic on 4th Avenue in Alexandra will be upgraded to respond to the growing demands of primary healthcare facilities in the area. This will entail redeveloping the clinic buildings by refurbishing, upgrading and expanding the facility. A professional team has been appointed and commenced planning and design work. Construction is anticipated in 2015/16.

### *Thoko Mngoma Clinic*

The existing clinic located at the corner 3rd Street and 6th Avenue in Alexandra will be upgraded to respond to the growing demands of primary healthcare facilities in the area. This will entail redeveloping the clinic buildings by refurbishing, upgrading and expanding the facility. A professional team has been appointed and commenced planning and design work. Construction is anticipated in 2015/16.

### *Jukskei River environmental rehabilitation*

The river banks of the Jukskei River will be stabilised by gabions to prevent further erosion. In 2014/15, the project focused on the section of the river below Maputo Park and the Riverside tributary. A professional team has been appointed to undertake planning and design, followed by implementation in 2015/16 and 2016/17.

### *Old Ikage housing*

About 85 new Breaking New Ground (BNG) housing units will be built on a site already cleared of informal structures adjacent to the Iputheng school cluster in Alexandra. This site was selected to demonstrate government`s intention to redevelop Old Alexandra but on a site that is not contested due to land claim issues. Professionals were appointed in April 2015 to undertake planning and design work and prepare this project for implementation in 2015/16.

### *People's Court 7th Avenue, Alexandra*

This site has been identified as a heritage site as a result of its history during the period of political violence between 1976 and 1994. Preliminary research has been completed and a specialist will be appointed to research the history of the site and to conduct stakeholder consultations with the aim to come up with proposals to commemorate the site.

### *Refuse bins*

This is an ongoing project to distribute 240 one-litre refuse bins to new households in housing developments in the Far East Bank. To date the Alexandra renewal project has developed 5 514 new housing units in Ext 7, 8, 9, and 10, its is Pikitup's responsibility to supply bins to these households. This project is complete as the refuse bins were delivered to households in the Far East Bank.

### *Pedestrian bridge, Vincent Tshabalala Road*

A new pedestrian bridge will be built across Vincent Tshabalala Road as pedestrian traffic from Alexandra to the Johannesburg College in Kew is in conflict with vehicle traffic on this busy road. This bridge will replace the one that was demolished when Vincent Tshabalala Road was widened from two to four lanes between 2002 and 2004. The project planned to appoint a professional team to undertake planning and design in 2014/15 so that building could start in 2015/16. A specialist has been appointed to commence with the traffic impact assessment.

### *Development of open space*

The development of open space is an ongoing programme in Alexandra. The reinstatement of Maputo Park along the Jukskei River near Florence Moposho Bridge has been identified for implementation in 2015/16. This park was used as a construction site and accommodated a detour during the construction of Florence Moposho Road and Bridge. The professional team has been appointed to commence planning and design. Construction will start in 2015/2016

### *Alexandra Heritage Interpretation Centre project*

The JDA entered into an agreement with the national Department of Tourism to complete the Alexandra Heritage Interpretation Centre on behalf of the department. The construction tender has been awarded.

## Programme 6: Administration and management

**Programme purpose:** Provide strategic leadership and support services, including the accommodation needs and overall management of the JDA.

This programme accommodates shared services such as CEO, finance, internal audit, company secretariat, marketing and communications, risk and compliance, supply chain management, IT, human resources and facilities management.

In 2014/15 this programme worked on ensuring compliant and effective management and administration to achieve a clean audit. The welfare and morale of staff are key considerations, as is the need to resource the JDA to implement rising capital budgets.

**Performance against KPIs**

| KPA | KPI | Annual Target | Q1 Target | Q1 Actual | Q2 Target | Q2 Actual | Q3 Target | Q3 Actual | Q4 Target | Q4 Actual | Variance | Q4 Achievement |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Capital expenditure for programme 6** | % of capital budget spent | 100% | 12% | 12% | 30% | 2.3% | 60% | 3% | 100% | 7% | 93% | ☹ |
| **Programme 6: Human resources** | % black employees | 80% | 94% | 95% | 80% | 95% | 80% | 95% | 80% | 93% | +13% | ☺ |
| | % female employees | 45% | 52% | 58.67% | 45% | 60.27 % | 45% | 58% | 45% | 53% | +8% | ☺ |
| | % black female senior managers | 35% | 33% | 13.7% | 35% | 10.96 % | 35% | 13.7% | 35% | 12.2% | 22.8% | ☹ |
| | Staff turnover | <10% | 3% | 2.67% | 5% | 3.03% | 7% | 10.29 % | <10% | 2.4% | -7.6% | ☺ |
| | HIV voluntary testing opportunities | 0 | 0 | 0 | 1 | 1 | 0 | 0 | 1 | 1 | +1 | ☺ |
| | Compliance with Occupational Health and Safety Act at the Bus Factory | 80% | 80% | 82% | 80% | 84% | 80% | 89% | 80% | 90% | +10% | ☺ |
| | Investment in training | 3% | 3% | 2% | 3% | 2% | 3% | 1% | 3% | 1% | 2% | ☹ |
| **Programme 6: Financial management and corporate governance** | Unqualified audit reports | Unqualified | - | - | - | - | - | - | - | - | | - |
| | Overspending against operating budget | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 100% | ☺ |
| | Written objections received to contract award as a % of all contracts awarded | <5% | <5% | 0 | <5% | 0 | <5% | 4.2% | <5% | 0% | -5% | ☺ |
| | IT network availability – external | 98% | 100% | 100% | 98% | 100% | 98% | 100% | 98% | 100% | +2% | ☺ |
| **Programme 6: Economic development** | BBBEE expenditure share as a % of total operating expenditure | 100% | 100% | 110% | 100% | 95% | 100% | 85% | 100% | 67% | -33% | ☹ |
| | SMME expenditure share as a % of total operating expenditure | 40% | 9% | 9% | 40% | 8% | 40% | 29% | 40% | 45% | +5% | ☺ |
| | Jozi@Work SMME expenditure share as a % of total contracted services and repairs and maintenance | 10% | - | - | 0% | 0% | 10% | 0% | 10% | 0% | 10% | ☹ |
| **Programme 6: Operating expenditure** | Programme 6: % of operating budget spent (cumulative for the year to date) | 100% | 12% | 12% | 30% | | 60% | | 100% | 81% | 19% | ☹ |

## Programme 7: Development facilitation

**Programme purpose:** Provide strategic leadership, coordination capacity, and analytical and negotiating skills to promote investment, establish and communicate shared development visions, and prepare a pipeline of implementation-ready property developments and capital works projects.

The programme, which gives effect to the extended mandate of the JDA as the development facilitation agency for the CoJ, includes development implementation, project development, land development and urban management support functions. The planning and strategy and development facilitation units play strategic roles at the JDA to ensure developments contribute towards the city's GDS vision and to facilitate easier, more participatory and better planned implementation of capital investments. In the last quarter of 2014/15 the development facilitation unit established itself in a new section of the JDA offices and appointed three development facilitation managers to facilitate development along the Corridors of Freedom in line with transit-oriented node development principles.

The managers have been allocated the following corridors to promote area-based development:

- Louis Botha
- Empire–Perth and Soweto
- Inner city and Turffontein.

The development facilitation unit has worked on a number of key JDA development projects, including the Balfour Park precinct plan, the Orchards Clinic, the Orange Grove safety initiative, the Jabulani precinct funding mechanisms, the Orlando recreational centre, the Westdene dam precinct plan, the Hillbrow Tower precinct development, the Park Station precinct housing development, the inner-city housing strategy and the De Villiers Street Park planning and stakeholder engagement. These projects involve undertaking feasibility studies, promoting investment opportunities, leading property assembly strategies, negotiating property acquisition for developments and establishing community development partnerships.

The development facilitation unit has also engaged with city councillors, business owners, residents and specific interest groups to establish local development forums in specific precincts along the Corridors of Freedom, including business owners and residents along Louis Botha Avenue and in Turffontein, Hillbrow, Melville and Westbury.

One of the development facilitation unit's projects aims to develop an urban management model using the Jozi@Work programme. The model will contribute to sustainable urban management in areas where the JDA is implementing projects. Furthering collaborative urban management strategies, the unit has engaged with city improvement districts in the inner city and begun processes to form similar partnerships along the Corridors of Freedom. The unit has played an important role in growing the development footprint of the JDA in the areas where it implements capital expenditure projects.

The development facilitation unit is also represented on the Alexandra land task team, which is chaired by Member of the Mayoral Committee Bovu. This team is responsible for negotiating a settlement agreement with Alexandra stakeholders to resolve the land disputes in Alexandra. The purpose of this initiative is to avoid litigation in the Land Claims Court and to get the prohibitive interdict against redevelopment in Alexandra withdrawn.

### Performance against KPIs

Programme 7: Capital expenditure

| KPI | Business Plan Budget R m | Adjusted Budget R m[17] | 2014/15 Annual Target | 2014/15 Actual | 2014/15 Variance | 2014/15 Achievement score | Explanation of progress, variations and steps to be taken to improve performance (as at end of June 2015) |
|---|---|---|---|---|---|---|---|
| Percentage of capital budget spent | 25.0 | 6.89 | 100% | 20% | 60% | ☹ | The lack of progress made with the heritage impact assessments for the three corridors caused delays. |

Programme 7: Development progress per project

| KPI | 2014/15 Annual Target | 2014/15 Actual | 2014/15 Variance | 2014/15 Achievement score | Explanation of progress, variations and steps to be taken to improve performance (as at end of June 2015) |
|---|---|---|---|---|---|
| Capital expenditure | 100% | 20% | 60% | ☹ | |
| Corridors of Freedom strategic area framework and heritage plans | 100% | 50% | 50% | ☹ | Service provider was appointed on 10 July 2015. |
| Corridors of Freedom naming and branding | 100% | 0% | 100% | ☹ | Grounded Media, a marketing and communications company, was appointed at the end of May 2015 to manage the community engagement process for the naming and branding of the Corridors of Freedom. To date the implementation strategy and plan has been developed, which will inform the roll-out of the process on all three corridors. Public relations activities have been planned and space for print and electronic advertising has been secured for public service announcements to alert the public that the CoJ is embarking on a naming and branding process for the Corridors of Freedom. Twenty-two schools along the Empire–Perth corridor have been identified for the oral history project, which forms an integral part of the competition that will inform the final shortlisted names for this corridor. The competition will start when schools open in July and will target history learners in Grade 9. |

Programme 7: Economic empowerment

| KPI | 2014/15 annual target | 2014/15 actual | Variance | Achievement score | Explanation of progress |
|---|---|---|---|---|---|
| **BBBEE expenditure share as a % of total capital expenditure** | **100%** | **0%** | **100%** | ☹ | Target not achieved |
| **SMME expenditure share as a % of total capital expenditure** | **30%** | **0%** | **30%** | ☹ | Target not achieved |

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[17] Note that the adjusted budget reflected is the final budget as approved by the CoJ and not the proposed budget amount reflected in the mid-term scorecard.

| | | | | | |
|---|---|---|---|---|---|
| **Of which: Jozi@Work SMME expenditure share as a % of total capital expenditure** | **5%** | **0%** | **5%** | ☹ | Target not achieved |

## Expenditure overview and explanations

| Project | Business Plan Budget R m | Adjusted Budget R m | 2014/15 Actual Expenditure R m | Variance | Explanation of variations |
|---|---|---|---|---|---|
| Corridors of Freedom strategic area framework and heritage plans | 0.0 | 3.23 | 0.0 | 3.23 | Lack of spending due to the lack of progress in appointing a service provider for the heritage impact assessments of the three corridors. |
| Corridors of Freedom naming and branding | 0.0 | 3.67 | 1.36 | 2.31 | Expenses included the service provider and development of the implementation strategy and plan. This multi-year project will continue without pause. |

## Section 5: Assessment of arrears on municipal taxes and service charges

### Directors' and employees' declarations of interest

In accordance with its code of conduct, which is consistent with schedule 1 of the Municipal Systems Act and the provisions of the CoJ Corporate Governance Protocol for Municipal Entities, the JDA maintains a register of directors' declarations of interests. The register is updated annually and as and when each director's interests have changed. The JDA ensures that a conflicts of interest register is also circulated at every Board and Board committee meeting for the directors to declare any interests in relation to any matter that is to be discussed at a particular meeting.

All JDA employees are required to fill in 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 employees' declaration of interests was undertaken in 2014/15.

*Assessment of municipal taxes and service charges owed to the JDA*

| Detail | 0–30 days | 31–60 days | 61–90 days | 91–180 days | >181 | Total |
|---|---|---|---|---|---|---|
| Not applicable | - | - | - | | | |

This is not applicable to the JDA as it does not levy municipal taxes and service charges.

*Amounts owed by the JDA for service charges*

| Name of entity | Amount owed | Status | Comments |
|---|---|---|---|
| Johannesburg Water | Nil | Up to date | N/A |
| City Power | Nil | Up to date | N/A |
| City of Johannesburg | Nil | Up to date | N/A |

*Assessment of directors' and senior managers' municipal accounts*

| Name | Designation | Name of municipality | Municipal account name/number | Status as at June 2015 | Comments |
|---|---|---|---|---|---|
| S Lewis | Executive manager: strategy and planning | City of Johannesburg | 202365484 | Nil | Account paid up |
| Z Mafata | Chief finance officer | City of Johannesburg | 206944274 | Nil | Account paid up |
| T Mendrew | Chief executive officer | City of Johannesburg | Holly Land (Pty) Ltd 201030171 | Nil | Account paid up |
| V Voyi | Senior development manager | City of Johannesburg and City of Mangaung | 1002979455 (Mangaung), 1983203459 | Nil | Account paid up |
| L Visagie | Senior development manager | City of Johannesburg | 303385695 | Nil | Account paid up |
| R Shirinda | Company secretary | Ekurhuleni Municipality | 1706238428 | Nil | Account paid up |
| B Mbewu | Chief audit executive | Tshwane Municipality | 5003918863 | Nil | Account paid up |
| P Masilo | Non-executive director | Ekurhuleni Municipality | 2603356925 | Nil | Account paid up |
| P Mashiane | Non-executive director | City of Ekurhuleni | 2603272804 | Nil | Account paid up |

| Name | Designation | Name of municipality | Municipal account name/number | Status as at June 2015 | Comments |
|---|---|---|---|---|---|
| C Coovadia | Non-executive director | City of Johannesburg | 400864220 | Nil | Account paid up |
| N Selamolela | Non-executive director | No account | N/A | N/A | N/A |
| E Harvey | Non-executive director | City of Johannesburg | 550857751 | Nil | Account paid up |
| P Kubu | Non-executive director | City of Johannesburg | 900883831 | Nil | Account paid up |
| W Thwala | Non-executive director | Ekurhuleni Municipality and Mogale City | 800156046, 1705254316, 1705290930, 008000356027018 | Nil | Accounts all paid up |
| K Govender | Non-executive director | City of Johannesburg | 551971094 | Nil | Account paid up |
| F Habib | Executive manager corporate services | City of Johannesburg | 206916277 | Nil | Account paid up |
| C Botes | Executive manager: development facilitation | City of Johannesburg | 552623847 | Nil | Account paid up |
| A Noholoza | Senior development manager | City of Johannesburg | 202734808 | Nil | Account paid up |
| B Mbuli | - | - | - | - | - |

## Section 6: Recommendations and plans for 2015/16

As an agency of the CoJ, the work of the JDA responds to the Joburg 2040 GDS ideals of resilience, liveability and sustainability. While the work of the JDA is aimed at meeting cross-cutting objectives, the agency is institutionally located within the CoJ's economic cluster. Within this cluster its specific aim is to develop a resilient, liveable, sustainable urban environment – underpinned by infrastructure that supports a low-carbon economy – in Johannesburg; and the need to create a job-intensive, equitable and competitive economy.

**The medium-term outputs of the JDA are to:**

- Restructure the city by developing defined, strategic geographic areas around the city and the movement corridors that link them.
- Promote economic growth by creating efficient and competitive business environments that cluster industries and functions in these areas.
- Turn around declining investment trends in these areas by upgrading public space, generating shared visions for future development, and encouraging urban management partnerships.
- Develop local economic potential in marginalised areas to promote access to jobs and markets.
- Encourage sustainable energy consumption and land use in the city by developing strategic transit nodes and corridors.
- Promote economic empowerment through the structuring and procurement of JDA developments.
- Support productive development partnerships and cooperation between all stakeholders in these areas.

The programmes and projects of the JDA for the next financial year must respond to CoJ priorities for 2015/16, but also outline the necessary expectations and inputs required to achieve all the desired outcomes and impact.

| Alignment to the GDS 2040 and CoJ priorities in 2015/16 | Summary of the JDA's responses across programmes and projects | |
|---|---|---|
| **Sustainable human settlements**<br><br>**Spatial transformation through Corridors of Freedom** | The JDA will continue to deliver on the objective of transforming the space economy in Johannesburg through the implementation of the Corridors of Freedom. | • Develop station precincts (JDA programme 2).<br>• Invest in the public transit and mobility infrastructure along the corridor routes (JDA programme 4).<br>• Invest time and resources on development facilitation necessary in the corridors to catalyse development. |
| **Transit-oriented node development priority areas (corridors/nodes)** | | • The transit-oriented node development programme encourages optimal development of transit hubs and corridors across the city, which provide access to affordable accommodation and transport, high-quality public spaces and amenities, and good community services.<br>• 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. |
| **Priority intervention areas/zones** | A programme on priority area planning and implementation that shifts the design of the city – including elements such as streets, buildings and spaces of work and play – to catalyse economic activity, improve liveability and create sustainable human settlements. | • The Alexandra renewal project was established to coordinate intergovernmental activities to develop Alex. Most of the work involves human settlement development projects such as upgrading hostels, building housing and building community facilities. |
| **Implementation of the inner-city road map** | An inner-city transformation programme that continues the strategic inner-city upgrading focus for the JDA. | • Within this programme there are elements of transit-oriented node and corridor development.<br>• Precinct developments will be designed to respond to local conditions, needs and advantages, and to achieve economic, social and sustainable development outcomes. |
| **SMME and entrepreneurial support**<br><br>**Job creation and SMME support through Jozi@Work** | The JDA seeks to optimise the number of local construction jobs created. The Diepsloot development is a key example. | • JDA policy reserves a percentage of the value of all construction contracts for local SMMEs.<br>• Projects will also be packaged to create opportunities for local SMMEs in line with the Jozi@Work principles.<br>• The NMT construction work will be subcontracted entirely to SMME construction companies. The development of GMS priority areas (programme 3) will focus on unlocking economic development potential in these poor neighbourhoods.<br>• The JDA will support the CoJ's Department of Economic Development to develop business support programmes in the Alex automotive cluster, the African food hub in the inner city, and the Hillbrow Tower business incubator to be developed in partnership with Telkom. |
| **Green economy** | The JDA will introduce blue economy interventions by optimising the value | • Reuse base material in the layerworks of roads for the Rea Vaya bus ways. |

| Alignment to the GDS 2040 and CoJ priorities in 2015/16 | Summary of the JDA's responses across programmes and projects | |
|---|---|---|
| **Blue economy and green economy** | chain in construction and urban management, and seeking ways to reuse waste. In 2015/16 the JDA will implement strategies that: | • Use locally produced building material such as paving bricks.<br>• Develop local nutrition programmes in partnership with food businesses and traders in the inner city.<br>• Reuse waste materials for the production of artworks through the JDA public art programme. |
| | Green economy interventions are a continuing part of the JDA's design and construction projects. | • The JDA promotes green building technologies such as solar water heating, efficient lighting and sustainable urban drainage systems in its designs and projects.<br>• The JDA will work with the Department of Economic Development to explore opportunities to support locally produced green building and infrastructure products. |
| **Smart city** | The JDA will seek opportunities to upgrade smart city infrastructure within station precincts and along the movement corridors. In 2013/14 the Rea Vaya communication network on trunk route 1B was activated to provide free Wi-Fi at stations. | • The Corridors of Freedom implementation strategy includes a programme on the 'Apex of Innovation', which seeks to introduce innovative building and lifestyle drivers as a requirement for all property developments in the priority corridors.<br>• Activities include the development of an innovation network to engage all businesses and institutions that drive innovation and define their role in the development of the corridors. |
| **Financial sustainability and resilience** | The JDA will seek to optimise its revenue stream. | • The JDA is working from a three-year budgeting framework; the result is that in 2014/15 the majority of the professional teams were in place. This allowed the JDA to begin new projects and continue with projects already in the construction stage at the end of the first quarter of 2015/16. |
| **Engaged active citizenry**<br><br>**Active engaged citizenry** | The JDA always seeks to engage the public in a meaningful way at every stage of development. | • This includes doing public participation in the planning stage, engaging with communities and affected parties during the design stage and involving community members in projects such as the peoples' history project, heritage exhibitions and public art projects that tell the story of the neighbourhood. |
| **Engaged active citizenry**<br><br>**Communication and stakeholder engagement** | The JDA's marketing and communication division plans to enhance the way in which the institution engages communities in all its development areas. | • The aim is to enable the CoJ to keep stakeholders informed, making sure they understand the impact of CoJ developments in their area.<br>• This is about ensuring that stakeholders are actively engaged from the project concept and play a meaningful role in shaping the development outcomes and future custodianship of the development. |
| **Agriculture and food security** | The JDA supports rooftop food gardens in the inner city as part of its CSI programme. | • A business model is being prepared for the African food and culture hub project in the Park Station precinct, which aims to provide space for a food institute that will provide training and education on nutrition and food security for food operators in the inner city. |
| **Resource sustainability** | The overarching strategic objectives that underpin the JDA's strategy include the promotion of energy and land-use efficiency for reasons of environmental sustainability and natural resource conservation. | • The CoJ's blue and green economy strategy will be integrated into all JDA programmes. |

| Alignment to the GDS 2040 and CoJ priorities in 2015/16 | Summary of the JDA's responses across programmes and projects | |
|---|---|---|
| **Investment attraction, retention and expansion** | The impact of the JDA's developments is measured largely in terms of the extent to which the public investment gears private property investments in the same neighbourhood. The introduction of development facilitation capacity within the JDA will allow it to actively drive investment promotion and property development deals. | • The Development Facilitation Programme provides strategic leadership, coordination capacity, and analytical and negotiating skills to promote investment, establish and communicate shared development visions, and prepare a pipeline of implementation-ready property developments and capital works projects.<br>• The JDA also plays a strong facilitation role in Alexandra by working with local and governmental stakeholders to co-produce solutions and develop a shared vision for development implementation. |

The shareholder needs to review the agency's budget allocation to ensure that the agency:

- Is able to deliver on development against planned works targets.
- Manages capital spending effectively, efficiently and economically.
- Provides clear and regular communication and mobilisation activities, explaining the purpose, scope and outcomes of each project to minimise misunderstanding and misinformation and thus manage expectations and perceptions of all stakeholder groups throughout a project.
- Makes sure all stakeholders understand, support and develop buy-in and ownership of CoJ projects.

# CHAPTER 4: HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT

# Section 1: Introduction

A new staff structure comprising 109 positions was approved in 2014/15. This structure includes:

- A Top Management and Executive Management Committee, comprising 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, comprising senior development managers, the human resources manager, the supply chain and contracts manager, the finance manager, the facilities manager, the IT manager, the risk and compliance manager, the marketing manager, the stakeholder relations manager, the communications manager, the monitoring and evaluations manager, the planning manager, internal audit managers, the budget manager, the legal manager and the executive support manager.
- Professional and middle management, comprising development managers, accountants, development facilitation managers, the risk and compliance officer, the procurement officer, the performance management and training officer, the employee relations officer, the human resources officer and the legal officer.
- Junior management, comprising coordinators, a receptionist, personal assistants, accounts payable officers, IT support officers, the IT and information systems administration officer, the fixed asset register officer, the messenger/caretaker and the procurement coordinator.
- Semi-skilled workers, comprising a driver and a receptionist.
- Unskilled workers, comprising housekeepers and cleaners.

## *Employee totals, turnover and vacancies*

In 2014/15, the JDA's staff complement increased to 86 employees – its largest number of employees to date – as a result of the organisation's strategy to increase capacity to deliver on its expanded mandate and the rising capital budgets that have been allocated across the CoJ departments and entities.

**Staff establishment**

| Description | 2014/15 | | | |
|---|---|---|---|---|
| | Approved no. of posts | No. of employees | No. of vacancies | % of vacancies |
| Top management | 1 | 1 | 0 | 0% |
| Executive management | 8 | 4 | 4 | 50 |
| Senior management | 22 | 17 | 5 | 23 |

| | | | | |
|---|---|---|---|---|
| Middle management | 34 | 27 | 7 | 21 |
| Skilled technical/junior management | 30 | 24 | 6 | 20 |
| Semi-skilled | 4 | 3 | 1 | 25 |
| Unskilled housekeepers/cleaners | 6 | 6 | 0 | 0 |
| Learners and temps | 4 | 4 | 0 | 0 |
| **Total** | **109** | **86** | **23** | **21** |

**Turnover rates from 2010/11 to 2014/15**

| Turnover rate | | | |
|---|---|---|---|
| Details | Total appointments at beginning of financial year<br>No. | Terminations during financial year<br>No. | Turnover rate<br>% |
| 2010/11 | 54 | 5 | 9 |
| 2011/12 | 50 | 5 | 10 |
| 2012/13 | 55 | 3 | 5 |
| 2013/14 | 61 | 9 | 13 |
| 2014/15 | 86 | 16 | 19 |

## Section 2: 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 its Employment Policy to ensure that it remains relevant and practical for the changing needs of current and potential employees.

### Injuries, sickness and suspensions

**Total sick leave** **(excluding injuries on duty)**

| Salary band | Total sick leave<br>Days | Proportion of sick leave without medical certificate<br>% | Employees using sick leave<br>No. | Total employees in post<br>No. | Average sick leave per employee<br>Days | Estimated cost<br>R 000 |
|---|---|---|---|---|---|---|
| Top management | 4 | | 1 | 1 | 4 | 24 938 |
| Executive management (including chief audit executive) | 18 | | 6 | 7 | 2.57 | 67 767.20 |
| Senior management | 31 | | 9 | 14 | 2.21 | 6 495.18 |
| Middle management | 101.5 | | 16 | 27 | 3.75 | 220 140.44 |
| Skilled technical/junior management | 90 | | 15 | 24 | 3.75 | 119 842.62 |
| Semi-skilled | 10 | | 2 | 2 | 5 | 3 560.10 |
| Unskilled | 22 | | 6 | 6 | 3.66 | 7 748.92 |
| **TOTAL** | **276.5** | **0** | **55** | **81** | **24.94** | **450 492.46** |

No injuries at work or suspensions were reported during the period under review.

### Performance rewards

The JDA views performance management as a positive management strategy rather than a punitive process, which ensures that employees feel comfortable being part of the process.

The JDA uses a scorecard to evaluate its managers' 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.

The JDA rolled out the performance management agreements and scorecard to all employees during 2014/15. As part of the coaching and mentorship process, underperforming officials are receiving training to improve their performance.

Despite the JDA's increasing budget allocation and portfolio, which has put strain on employees' performance, almost 87 per cent of the budget was spent during 2014/15. The JDA will continue to implement measures to improve its operational effectiveness in 2015/16.

The JDA's stakeholders are key to its success and it will continue to focus on the wellbeing of its customers and society at large. In this regard, the JDA continuously sets new service delivery standards, which are supported by the customer relationship programme.

## Section 3: 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). It aims to employ a diverse staff complement and support staff development and training. Equal employment opportunities are offered to all employees.

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 strategies and initiatives.

The Employment Equity Plan was developed for the period 1 October 2014 to 30 September 2015 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.

## Employment equity demographics status as at 30 June 2015

### Occupational levels

| Occupational levels | Male | | | | Female | | | | Foreign nationals | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | A | C | I | W | A | C | I | W | Male | Female | |
| **Top management** | **1** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **1** |
| **Executive management** | **2** | **0** | **0** | **1** | **1** | **0** | **0** | **0** | **0** | **0** | **4** |
| **Senior management and heads of departments** | **4** | **2** | **1** | **2** | **6** | **0** | **2** | **0** | **0** | **0** | **17** |
| **Professionally qualified and experienced specialists and mid-management** | **15** | **0** | **0** | **1** | **6** | **3** | **1** | **1** | **0** | **0** | **27** |
| **Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents** | **6** | **0** | **1** | **0** | **13** | **1** | **2** | **1** | **0** | **0** | **24** |
| **Semi-skilled and discretionary decision making** | **1** | **0** | **0** | **0** | **2** | **0** | **0** | **0** | **0** | **0** | **3** |
| **Unskilled and defined decision making** | **1** | **0** | **0** | **0** | **5** | **0** | **0** | **0** | **0** | **0** | **6** |
| **TOTAL PERMANENT** | **30** | **2** | **2** | **4** | **33** | **4** | **5** | **2** | **0** | **0** | **82** |
| **Temporary employees** | **2** | **0** | **0** | **0** | **2** | **0** | **0** | **0** | **0** | **0** | **4** |
| **GRAND TOTAL** | **32** | **2** | **2** | **4** | **35** | **4** | **5** | **2** | **0** | **0** | **86** |

### Movements

| Staff movements | African | | Coloured | | Indian | | White | | Total |
|---|---|---|---|---|---|---|---|---|---|
| | Male | Female | Male | Female | Male | Female | Male | Female | |
| Appointments | 15 | 7 | 1 | | 1 | 1 | 1 | 1 | 27 |
| Resignations | 6 | 6 | | 1 | 1 | 1 | | 1 | 16 |
| Dismissals | | | | | | | | | |
| Retirements | | | | | | | | | |
| Absenteeism | | | | | | | | | |
| Termination/other | | 1 | | | | | | | |
| **TOTAL** | **21** | **14** | **1** | **1** | **2** | **2** | **1** | **2** | **43** |

The JDA exceeded all of its employment equity targets in 2014/15:

- 93 per cent of its employees are black (target: 80 per cent).
- 53 per cent of its staff members are female (target: 45 per cent).

- 44 per cent of its employees who are black women are in management positions and 38 per cent serve on the Executive Committee (target: 35 per cent).

Two of the JDA's 86 employees have physical disabilities, exceeding the CoJ's strategic target of 2 per cent by 0.3 per cent.

The JDA continues to improve the percentage of people from designated groups in senior management positions. The organisation's commitment to ensuring material participation of previously disadvantaged companies and individuals is demonstrated by the degree of procurement spend on designated companies and individuals, which stood at 91 per cent in 2014/15.

## Section 4: Skills development and training

The JDA is committed to staff training and development, ensuring professional delivery and a competitive edge. 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 ongoing 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.

As at 30 June 2015, the JDA had spent R604k of its allocated budget of R1.1 million on staff development. All training was in line with individual learning plans.

## Section 5: Employee wellness

The JDA is committed to maintaining a healthy workforce and providing a safe and hygienic working environment. The JDA's Employee Assistance Programme, which is outsourced to Right to Care Health Services, offers behavioural risk management, free trauma counselling and free legal and financial advice for all employees. Right to Care 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.

During 2014/15, 82 per cent of employees used the service, which indicates that they realise the value of the services provided.

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 supports the health of its employees by holding wellness days twice a year, in June and in December. Employees can have their basic health assessed and receive feedback and guidance on corrective measures and counselling.

### 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 under the disciplinary code. 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, Right to Care circulated weekly and monthly e-mails and newsletters about HIV/AIDS, including prevention strategies, to all JDA staff. Voluntary counselling and testing was provided in December 2014 and June 2015 during the JDA's biannual wellness day.

### Occupational health and safety

Independent consultant Empowerisk conducted monthly occupational health and safety audits during 2014/15. 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 June 2015 estimated that the JDA's compliance rate for 2014/15 was 90 per cent.

## Section 6: Employee benefits

The JDA participates in two retirement benefit schemes: eJoburg Retirement Fund and City of Johannesburg Pension Fund. All staff are required to be members of the eJoburg Retirement Fund. In 2014/15, the JDA contributed R3.7 million to this fund and R36 722 (one staff member) to the City of Johannesburg Pension Fund.

# CHAPTER 5: FINANCIAL PERFORMANCE

## Section 1: Statement of financial performance and notes

The following statements form part of the **Annual Financial Statements**

***Statement of Financial Performance***

- Director's responsibility and approval
- Audit Committee report
- Report of the Auditor-General of South Africa
- Director's report
- Company secretary's certification
- Statement of financial position
- Statement of financial performance
- Statement of net assets
- Cash flow statement
- Accounting policies
- Notes to the annual financial statements
- Statement of comparison of budget to actual and adjusted budget
- Report on irregular, fruitless and wasteful expenditure and legal process.

## Directors' Responsibilities and Approval

The directors are required by the MFMA, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the directors to ensure that the annual financial statements fairly present the financial position of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the fair presentation of the annual financial statements and were given unrestricted access to all financial records and related data.

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

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

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

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

The directors have reviewed the entity's budget for the next year and, in the light of this review and the current financial position, they are satisfied that the entity has access to adequate resources to continue in operational existence for the foreseeable future.

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

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The Annual Financial Statements have been examined by the entity's external auditors and their report is presented on page 6 to 9.

The annual financial statements set out on pages 10 to 78, which have been prepared on the going concern basis, were approved by the directors on 27 November 2015 and were signed on its behalf by:

**C Coovadia (Chairperson)**

**T Mendrew (Chief Executive Officer)**

# Audit and Risk Committee Report

**INTRODUCTION**

We are pleased to present the Audit and Risk Committee report of the JDA, which is in compliance with the Companies Act (the Act) and the requirements of the MFMA. The committee has been appointed for the financial year ended 30 June 2015 and has adopted terms of reference that comply with the Act and King III. These terms of reference have been approved by the board, copies of which are available from the company secretary on request.

**Audit and risk committee members and attendance**

The audit committee consists of the members listed hereunder and should meet not less than four times per annum as per its approved terms of reference. During the current period 10 scheduled meetings were held.

| Name of member | Number of meetings attended Audit | Number of meetings attended Risk |
|---|---|---|
| Mr K Govender (Chairperson) | 8/8 | 2/2 |
| Ms M Dolamo (Independent Member) (Appointed 03 February 2015) | 3/8 | 1/2 |
| Ms B Kelly (Independent Member) (Appointed 03 February 2015) | 2/8 | 2/2 |
| Mr Z Samsam (Independent Member) | 8/8 | 2/2 |
| Ms J Vergotine (Independent Member) - Retired 03 February 2015 | 4/8 | - |
| Ms N Maila ( Non-Executive Director) (Appointed 21 October 2014) | 2/8 | - |
| Ms N Selamolela (Non-Executive Director) | 8/8 | 1/2 |
| Prof W Thwala (Non-executive director) (Resigned 27 March 2015) | 5/8 | - |

During the year under review the Audit and Risk Committee took a decision to split Audit meetings and Risk meetings to manage the volume of the pack and reports to be considered at meetings. This resulted in the number of meetings held being higher than the norm.

**Audit and risk committee responsibility**

The committee is solely responsible for its statutory duties in terms of the Companies Act, the MFMA and the Audit & Risk Committee Charter. In addition, the committee is required to perform other functions determined by the board, including the development and implementation of a policy and plan for a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes within the Company. We report that we have adopted appropriate formal terms of reference in line with the requirements of section 166(2)(a) of MFMA and conducted our affairs in compliance with these terms of reference and have discharged our responsibilities accordingly.

**The effectiveness of internal control**

The committee has received assurance that the system of internal controls applied by the entity over financial and risk management is effective, efficient and transparent. In line with the MFMA and the King III Report on Corporate Governance requirements, internal audit provides the Audit and Risk Committee and management with reasonable assurance that the internal controls are adequate and partially effective. This is achieved by means of the risk based audit process, as well as the identification of corrective actions taken in the prior year and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report of the annual financial statements, and the management report of the Auditor-General South Africa pertaining to the previous financial year, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom.

## Audit and Risk Committee Report

**Evaluation of the annual financial statements**

The Audit and Risk committee has:

- reviewed and discussed the audited annual financial statements for the current period to be included in the annual report, with the Auditor-General and the board directors;
- reviewed the Auditor-General of South Africa's management report and management's response relating to the previous financial year and is satisfied that the corrective actions that were put in place were implemented effectively thereto;
- reviewed changes in accounting policies and practices and;
- reviewed the entities compliance with legal and regulatory provisions.
- reviewed the reports of the internal auditors.
- considered accounting treatments, significant or unusual transactions and accounting judgements;
- Considered the appropriateness of accounting policies and any changes made;
- Reviewed the independent auditor's audit report on the annual financial statements and concluded that the annual financial statements fairly present the financial position of the JDA at the end of the financial year and the results of the operations and cash flows for the financial year.

**Internal audit**

We are satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the entity and its audits.

We have:

- Approved the annual internal audit plan and its annual programme.
- Received and reviewed reports from internal auditors concerning effectiveness and adequacy of the company's internal control environment, systems and processes.
- Reviewed the adequacy and appropriateness of management's corrective action plan.

**Risk management**

The committee:

- Reviewed the compliance framework and risk management framework;
- Reviewed the JDA's policies on risk management and risk assessment, including fraud risks and information technology risks.
- Reviewed and monitored the enterprise risk management processes and ensured that management implements appropriate risk management mitigation strategies.
- Determined the levels of risk tolerance and risk appetite and monitoring that risks are managed within the pre-determined levels.
- Determined framework for good governance and ethical conduct across the entity.

**K Govender**
**(Chairperson of the Audit and Risk Committee)**

**Date:** ______________________

PRACTICE LOGO

## Report of the Auditor General

**TO THE PROVINCIAL LEGISLATURE OF JOHANNESBURG DEVELOPMENT AGENCY (SOC) LTD**

**Report on the financial statements**

I have audited the accompanying annual financial statements of the Johannesburg Development Agency (SOC) Ltd which comprise the statement of financial position as at 30 June 2015, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the [directors' / accounting officer's / accounting authority's] report, as set out on pages 10 to 78.

**Responsibility of the directors for the annual financial statements**

The directors is responsible for the preparation and fair presentation of these annual financial statements in accordance with [the applicable reporting framework/basis of accounting] [and in the manner required by the [Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA)] [Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA)] [Auditor-General audit circular 1 of 2005] , and in the manner required by the Companies Act of South Africa [any applicable enabling legislation]. This responsibility includes:

- designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error;
- selecting and applying appropriate accounting policies; and
- making accounting estimates that are reasonable in the circumstances.

**Responsibility of the Auditor-General**

As required by [section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA)] [and section XX of any applicable legislation], my responsibility is to express an opinion on these annual financial statements based on my audit.

I conducted my audit in accordance with the International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the:

- appropriateness of accounting policies used;
- reasonableness of accounting estimates made by management; and
- overall presentation of the financial statements.

Paragraph 11 et seq. of the Statement of Generally Recognised Accounting Practice, GRAP 1 Presentation of Financial Statements requires that financial reporting by entities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. As the budget reporting standard is still in the process of being developed, I have determined that my audit of any disclosures made by [name of entity] in this respect will be limited to reporting on non-compliance with this disclosure requirement.

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

# Directors' Report

The directors submit their report for the year ended 30 June 2015.

## 1. INCORPORATION

The entity was incorporated in terms of the Companies Act 61 of 1973 on 07 March 2001 and obtained its certificate to commence business on the same day. The entity is a state-owned company as defined in the Companies Act No. 71 of 2008.

## 2. REVIEW OF ACTIVITIES

### Main business and operations

The company is a Municipal Entity as contemplated in Local Government: Municipal Systems Act 32 of 2000. The principal objective of the company is to initiate, stimulate and support development projects that rejuvenate economic activity throughout the Johannesburg Metropolitan area. Its activities and interventions are directed at the urban and economic regeneration through large and small scale, multi-faceted capital infrastructure developments to achieve a spatially restructured city which promotes liveability, economic growth and an efficient and competitive, multi-use environments.

As an agency of the CJMM, the JDA obtains its mandate from the CJMM, acting through the Executive Mayor and Council. Acting through its Board of Directors, it is accountable to the Member of Mayoral Committee for Development Planning, who exercises political oversight and to whom the JDA undertakes service delivery and compliance reporting in respect of its scorecard. As an agency, JDA interacts closely with the CJMM's various departments and municipal entities in respect of their functional interests in development activities. The JDA operates in accordance with the Growth and Development Strategy principles of its parent municipality. Its overall functions are guided by the CJMM's existing plans, and spatial and economic frameworks.

The service delivery mandate is articulated in the Service Delivery Agreement (SDA) with the CJMM which serves as a shareholder compact with its parent municipality.

JDA manages its resources judiciously, adhering to the prescripts of its Supply Chain Management policies. To that end, the JDA follows best practice, balancing the need to support suppliers and ensure their continued survival and sustainability while simultaneously ensuring timeous delivery and execution of its activities, ensuring value for money is received.

The operating results and state of affairs of the entity are fully set out in the attached annual financial statements.

Net surplus of the entity for the financial year is R16 286 295 (2014: surplus R3 558 418).

**Alexandra Renewal Programme**

The Alexandra Renewal Programme (ARP) was integrated into the JDA with effect from 1 July 2014, in line with the Mayoral Committee resolution. Human resources and related matters were attended to in preparation for the integration. A transfer agreement to effect the transfer of the ARP from the City's department of Development Planning to the JDA was drafted. The Transfer Agreement is in the process of being finalised. All employee related costs, including salaries, are not carried by the JDA. These costs have remained with the CJMM's Development Planning Department. The budget for all other operational costs was transferred to the JDA after the approval of the mid-year adjustment budget during February 2015. No assets or liabilities were transferred.

## Directors' Report

**Fraud Hotline**
As part of its endeavours to curb fraud and corruption in its activities, the entity maintains an anti-corruption anonymous Tip-off Hotline which is managed by the City of Johannesburg Metropolitan Municipality's tip-off line. The JDA encourages all its stakeholders to use the Hotline to report incidents for its investigation of fraud, corruption and maladministration. For the period under review the JDA received three tip-offs from members of the public. The three cases are as follows:

The first case was reported to the Office of the MMC Development Planning and brought to the attention of the JDA on the 26th January 2015. This case relates to a group of people who purport to be JDA officials, who solicited bribes and in exchange they guarantee Service Providers a winning bid. The matter was reported to the Commercial Crime Unit and is currently being investigated.

The second case was reported to the Chief Audit Executive on the 24th March 2015 by a whistle-blower who is a member of the public that relates to possible conflict of interest relating to a JDA official who works in the Alexandra Renewal Programme. The conflict of interest relates to the official indirectly doing business with the Gauteng Provincial Government. The Risk & Compliance Office is currently investigating this matter and should be finalised by end of August 2015.
In June 2014, the JDA received a complaint through the tip-off hotline alleging incidents of maladministration by the Managing Contractor in JDA's Soweto projects. The complainant alleged harsh and improper treatment of small contractors relating to allocations of work, payments and quality supervision. Internal Audit was appointed to investigate the allegations and produced a report for the Audit and Risk Committee and the Development and Investment Committee of the Board. Management has been requested to develop an implementation plan to remedy the matters that arose in the complaint of all JDA Managing Contractor projects to ensure there is no recurrence of similar complaints by SMME's. The report has been developed and being implemented. Subsequently, the complainant was satisfied with the process and the matter was duly closed.

### 3. GOING CONCERN

The company is dependent on the CJMM to fund its operations as it earns its revenue from management fees from implementation CJMM's capital projects.

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

### 4. CONTINGENT LIABILITIES

The JDA is involved in several legal proceedings. The outcome of these legal proceedings cannot as yet be determined. Details of contingent liabilties are disclosed in note 32.

### 5. FRUITLESS AND WASTEFUL EXPENDITURE

The organisation incurred fruitless and wasteful expenditure pertaining to waiting time costs incurred on a project as well as interest on the Telkom account. Sweeping interest on the overdrawn treasury account disclosed in previous financial years as fruitless and wasteful expenditure has been reclassified as finance charges and consequently removed from the fruitless and wasteful expenditure reconciliation. Details of the fruitless and wasteful expenditure incurred are disclosed in Note 40.

### 6. IRREGULAR EXPENDITURE

The organisation incurred irregular expenditure due to breaches of the procurement processes. Details of the irregular expenditure incurred are disclosed in Note 41.

### 7. ACCOUNTING POLICIES

The annual financial statements are prepared in accordance with the prescribed GRAP standards issued by the Accounting Standards Board as the prescribed framework.

### 8. CONTRIBUTION FROM SHAREHOLDER

There were no changes in the authorised or issued share capital of the entity during the year under review, except for the operating subsidy provided to the company by the shareholder, no other contributions were provided.

# Directors' Report

### 9. DIRECTORS' PERSONAL FINANCIAL INTERESTS

All Directors have made the declarations of their business interest and signed their annual declarations of interests. No director is involved in any undertaking or entity which is in direct competition or whose activities are in conflict with the interests of the company. No director of the company declared any personal financial interest in any contracts considered and entered into by the company during the period under review.

### 10. DIRECTORS

The directors of the entity for the period under review were:

| Name | Nationality | Changes |
|---|---|---|
| C Coovadia (Chairperson) | South African | |
| Z Mafata (Chief Financial Officer) | South African | |
| T Mendrew (Chief Executive Officer) | South African | |
| E Harvey | South African | |
| N Maila | South African | Appointed 21 October 2014 |
| K Govender | South African | |
| W Thwala | South African | |
| N Selamolela | South African | |
| P Masilo | South African | |
| P Zagaretos | South African | Appointed 21 October 2014 |
| P Mashiane | South African | |

### 11. SECRETARY

The company secretary of the entity is Rodney Shirinda of:

| | |
|---|---|
| Business address | The Bus Factory<br>3 President Street<br>Newtown<br>Johannesburg<br>2000 |
| Postal address | P O Box 61877<br>Marshalltown<br>Johannesburg<br>2001 |

# Directors' Report

## 12. CORPORATE GOVERNANCE

### General

The Board of Directors and the Executive Managers recognise and are committed to the principles of openness, integrity and accountabilty as contained in the King III Code of Corporate Governance. Through its actions and Board commitment, the shareholder and all stakeholders are assured that the company is managed ethically and in accordance with prudent risk management parameters in compliance with generally accepted corporate practice.

### Board of directors

The Board is a unitary board which consists of executive and independent non-executive directors. It:
- retains full control over the entity, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the entity;
- is of a unitary structure comprising:
  - 9 non-executive directors (2014: 7 non-executive directors), all of whom are independent directors as defined in the Code. No director is a disqualified person in terms of Section 93F of the Municipal Systems Act; and
  - 2 executive directors (2014: 2 executive directors), the Chief Executive Officer and the Chief Financial Officer.
- has established a Board directorship training programme through the annual induction programme and attendance of applicable courses for directors with the Institute of Directors.

### Board Chairperson and Chief Executive Officer

The Board Chairperson is a non-executive and independent director and is not in the employment of the company, or its parent municipality (as defined by the King Code and the Municipal Systems Act).

The roles of the Board Chairperson and Chief Executive Officer are separate, with responsibilities divided between them and no individual has unfettered powers of discretion. The powers and duties of the Chief Executive Officer are properly delegated and are contained in a written delegation of duties document. Although functionally reporting to the Chief Executive Officer, the Chief Financial Officer is a full member of the Board and owes fiduciary duties to the entity and the entire Board in relation to the prudent financial management of the company.

### Audit and Risk Committee

The members of the Audit and Risk Committee are: Mr K Govender, Ms N Selamolela, Ms N Maila, Ms B Kelly, Ms M Dolamo and Mr Z Samsam. The Chairperson of the Audit and Risk committee is Mr K Govender, who is a non-executive director. The committee has three independent members i.e: Ms B Kelly, Ms M Dolamo and Mr Z Samsam. The Audit Committee has met on ten occassions during period under review to review matters necessary to fulfill its role including the approval of financial statements. The Chief Executive Officer and Chief Financial Officer are not a members of the Audit and Risk Committee but have a standing invitation to attend meetings. During the current year under review the changes in the committee included the appointment of Ms B Kelly, Ms M Dolamo and Ms N Maila and the retirement of Prof Thwala and Ms J Vergotine.

### Development and Investment Committee

The members of the Development and Investment Committee are: Mr C Coovadia, Mr K Govender, Ms P Mashiane, Prof W Thwala, Mr P Zagaretos, Mr T Mendrew and Ms Z Mafata. The Chairperson of the Development and Investment Committee is Prof W Thwala, who is a non-executive director. The Development and Investment Committee met on six occassions during period under review to review matters necessary to fulfill its role including examining the risks associated with the proposed projects such as the financing, returns and risk profiles. During the current year under review the changes in the committee included the appointment of Mr P Zagaretos.

### HR and Remuneration Committee

The members of the HR and Remuneration Committee are Dr E Harvey, Mr P Masilo, Ms N Selamolela and Ms N Maila. The Chairperson of the HR and Remuneration Committee is Dr E Harvey who is a non-executive director. The HR and Remuneration Committee has met on four occassions during period under review to review matters necessary to fulfil their role. During the current year under review the changes to the committee included the appointment of N Maila.

## Directors' Report

The remuneration of the Chief Executive Officer and the Chief Financial Officer is determined by the Board of Directors within the upper limits determined by the CJMM.

**Social and Ethics Committee**

The members of the Social and Ethics Committee are Ms P Mashiane, Mr P Masilo, Mr P Zagaretos, Dr E Harvey and Prof W Thwala. The Chairperson of the Social and Ethics Committee is Ms P Mashiane who is a non-executive director. The Social and Ethics Committee met on four occassions during period under review to review matters necessary to fulfil their role. During the current year under review the changes in the committee included the appointment of P Zagaretos.

**Internal audit**

The entity has established an internal audit function which is headed by a Chief Audit Executive (CAE). This is as per the Circular 65 of the MFMA that was effective as from 13 November 2012.

### 13. CONTROLLING ENTITY

The entity's controlling entity is CJMM.

### 14. SPECIAL RESOLUTIONS

None.

### 15. BANKERS

The management of the treasury function within the Company is managed under the auspices of the CJMM's Treasury department and Assets and Liabilities Committee. The current bankers are Standard Bank of South Africa Limited.

### 16. AUDITORS

Auditor-General of South Africa, Johannesburg will continue in office in accordance with the Public Audit Act No 25, section 92 of the MFMA and section 90 of the Companies Act.

### 17. FUNDS HELD BY CJMM

During the 2008/2009 financial year, the JDA held money in the Attorney's Trust account for the purchase of land for roads widening for the BRT and the Bertrams Priority Block. At the end of the 2008/2009 financial year, these funds were transferred to the CJMM and then subsequently transferred back into the JDA's sweeping account. The company has a sweeping arrangement with the CJMM whereby all cash is swept on a daily basis to the CJMM's bank account.

| | BRT Land Acquisition | Northern Gateway BRT Troyeville | Bertrams Priority Block | Total |
|---|---|---|---|---|
| Balance as at 01 July 2014 | 34 951 712 | 2 789 472 | 15 114 513 | 52 855 697 |
| Movement through the year (Security costs) | - | - | (110 128) | (110 128) |
| | 34 951 712 | 2 789 472 | 15 004 385 | 52 745 569 |

## Company Secretary's Certification

**Declaration by the company secretary in respect of Section 88(2)(e) of the Companies Act**

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended and the Municipal Finance Management Act, Act 56 of 2003, I certify that the company has lodged with the Commissioner all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

R Shirinda
Company Secretary

Johannesburg, Newtown
27 November 2015

## Statement of Financial Position as at 30 June 2015

| Figures in Rand | Note(s) | 2015 | 2014 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash and cash equivalents | 3 | 6 160 261 | 9 898 943 |
| Trade and other receivables from exchange transactions | 4 | 877 216 326 | 496 009 016 |
| | | **883 376 587** | **505 907 959** |
| **Non-Current Assets** | | | |
| Property, plant and equipment | 5 | 5 900 083 | 6 619 981 |
| Intangible assets | 6 | 296 753 | 426 887 |
| Deferred tax | 7 | 1 391 954 | 1 278 064 |
| | | **7 588 790** | **8 324 932** |
| **Total Assets** | | **890 965 377** | **514 232 891** |
| **LIABILITIES** | | | |
| **Current Liabilities** | | | |
| Loans from shareholders | 8 | 123 254 021 | 63 551 188 |
| Finance lease obligation | 9 | - | 207 554 |
| Trade and other payables from exchange transactions | 10 | 653 914 691 | 364 913 376 |
| VAT payable | 11 | 26 306 040 | 14 152 520 |
| Provisions | 12 | 3 207 417 | 3 020 868 |
| | | **806 682 169** | **445 845 506** |
| **Non-Current Liabilities** | | | |
| Deferred tax | 8 | 12 303 233 | 5 607 862 |
| Project funds payable | 13 | 4 341 058 | 11 426 901 |
| | | **16 644 291** | **17 034 763** |
| **Total Liabilities** | | **823 326 460** | **462 880 269** |
| **Net Assets** | | **67 638 917** | **51 352 622** |
| **NET ASSETS** | | | |
| Contribution from shareholder | 14 | 16 277 624 | 16 277 624 |
| Accumulated surplus | | 51 361 293 | 35 074 998 |
| **Total Net Assets** | | **67 638 917** | **51 352 622** |

## Statement of Financial Performance

| Figures in Rand | Note(s) | 2015 | 2014 |
|---|---|---|---|
| **Revenue** | | | |
| Bus factory income | 15 | 358 106 | 363 245 |
| Recovery of Diepsloot Sanitation Project | 15 | 116 470 | 285 200 |
| Rendering of services | 15 | 69 796 690 | 30 141 230 |
| Sundry income | 15 | 1 021 414 | 4 048 812 |
| Tender fee income | 15 | 1 173 473 | 756 802 |
| Government grants and subsidies | 16 | 26 739 000 | 24 977 000 |
| Interest received | 17 | 65 629 | 2 314 891 |
| **Total revenue** | | **99 270 782** | **62 887 180** |
| **Expenditure** | | | |
| Employee related costs | 18 | (47 040 364) | (36 612 029) |
| Administrative and management fees | 19 | (607 568) | (113 054) |
| Depreciation and amortisation | 20 | (1 471 398) | (1 608 855) |
| Finance costs | 21 | (6 437 795) | (386 571) |
| General Expenses | 22 | (20 212 760) | (17 686 171) |
| Debt impairment | 23 | - | (164 826) |
| Repairs and maintenance | 24 | (542 408) | (386 744) |
| **Total expenditure** | | **(76 312 293)** | **(56 958 250)** |
| **Operating surplus** | | **22 958 489** | **5 928 930** |
| Loss on disposal of property, plant and equipment | 25 | (90 713) | (229 981) |
| **Surplus before taxation** | | **22 867 776** | **5 698 949** |
| Taxation | 26 | (6 581 481) | (2 140 531) |
| **Surplus for the year** | | **16 286 295** | **3 558 418** |

## Statement of Changes in Net Assets

| Figures in Rand | Note(s) | Share capital | Share premium | Total share capital | Accumulated surplus | Total net assets |
|---|---|---|---|---|---|---|
| **Balance at 01 July 2013** | | **60** | **16 277 564** | **16 277 624** | **31 516 580** | **47 794 204** |
| Changes in net assets | | | | | | |
| Surplus for the year | | - | - | - | 3 558 418 | 3 558 418 |
| Total changes | | - | - | - | 3 558 418 | 3 558 418 |
| Opening balance as previously reported | | 60 | 16 277 564 | 16 277 624 | 35 101 614 | 51 379 238 |
| Adjustments | | | | | | |
| Prior year adjustments | 35 | - | - | - | (26 616) | (26 616) |
| **Balance at 01 July 2014 as restated** | | **60** | **16 277 564** | **16 277 624** | **35 074 998** | **51 352 622** |
| Changes in net assets | | | | | | |
| Surplus for the year | | - | - | - | 16 286 295 | 16 286 295 |
| Total changes | | - | - | - | 16 286 295 | 16 286 295 |
| **Balance at 30 June 2015** | | **60** | **16 277 564** | **16 277 624** | **51 361 293** | **67 638 917** |

## Cash Flow Statement

| Figures in Rand | Note(s) | 2015 | 2014 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| **Receipts** | | | |
| Grants | | 26 739 000 | 24 977 000 |
| Interest income | | 59 567 | 2 219 260 |
| Other receipts | | 2 669 463 | 1 802 676 |
| Cash receipts from CAPEX funding | | 1 329 775 952 | 558 559 128 |
| | | 1 359 243 982 | 587 558 064 |
| **Payments** | | | |
| Employee costs | | (45 307 906) | (36 046 172) |
| Suppliers | | (1 362 919 447) | (546 051 561) |
| Finance costs | | (6 437 795) | (386 571) |
| | | (1 414 665 148) | (582 484 304) |
| **Net cash flows from operating activities** | 30 | **(55 421 166)** | **5 073 760** |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | 5 | (426 880) | (625 164) |
| Purchase of other intangible assets | 6 | (285 198) | (285 198) |
| **Net cash flows from investing activities** | | **(712 078)** | **(910 362)** |
| **Cash flows from financing activities** | | | |
| Movement in project funds payable | | (7 085 843) | 5 787 367 |
| Proceeds / (Repayment) of shareholders loan | | 59 702 833 | (965 504) |
| Finance lease payments | | (222 428) | (377 587) |
| **Net cash flows from financing activities** | | **52 394 562** | **4 444 276** |
| **Net increase/(decrease) in cash and cash equivalents** | | **(3 738 682)** | **8 607 674** |
| Cash and cash equivalents at the beginning of the year | | 9 898 943 | 1 291 268 |
| **Cash and cash equivalents at the end of the year** | 3 | **6 160 261** | **9 898 942** |

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

| Figures in Rand | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|---|---|---|---|---|---|---|
| **Statement of Financial Performance** | | | | | | |
| **Revenue** | | | | | | |
| **Revenue from exchange transactions** | | | | | | |
| Rendering of services | 48 127 000 | 22 212 000 | **70 339 000** | 69 796 690 | **(542 310)** | 43.1 |
| Recovery of Diepsloot Sanitation Project | 87 000 | - | **87 000** | 116 470 | **29 470** | |
| Tender fee income | 150 000 | - | **150 000** | 1 173 473 | **1 023 473** | 43.2 |
| Bus factory income | 300 000 | - | **300 000** | 358 106 | **58 106** | |
| Sundry Income | 473 000 | - | **473 000** | 1 021 414 | **548 414** | 43.3 |
| Interest received | 4 000 000 | (3 000 000) | **1 000 000** | 65 629 | **(934 371)** | 43.4 |
| **Total revenue from exchange transactions** | **53 137 000** | **19 212 000** | **72 349 000** | **72 531 782** | **182 782** | |
| **Revenue from non-exchange transactions** | | | | | | |
| **Taxation revenue** | | | | | | |
| Government grants and subsidies | 26 739 000 | - | **26 739 000** | 26 739 000 | - | |
| **Total revenue** | **79 876 000** | **19 212 000** | **99 088 000** | **99 270 782** | **182 782** | |
| **Expenditure** | | | | | | |
| Employee related costs | (52 867 000) | (764 000) | **(53 631 000)** | (47 040 364) | **6 590 636** | 43.5 |
| Administration and management fees | (288 000) | (406 000) | **(694 000)** | (607 568) | **86 432** | |
| Depreciation and amortisation | (1 226 766) | (578 000) | **(1 804 766)** | (1 471 398) | **333 368** | 43.6 |
| Finance costs | (97 000) | (3 000 000) | **(3 097 000)** | (6 437 795) | **(3 340 795)** | 43.7 |
| Repairs and maintenance | (1 125 000) | (500 000) | **(1 625 000)** | (542 408) | **1 082 592** | 43.8 |
| General Expenses | (24 252 213) | (6 272 000) | **(30 524 213)** | (20 212 760) | **10 311 453** | 43.9 |
| **Total expenditure** | **(79 855 979)** | **(11 520 000)** | **(91 375 979)** | **(76 312 293)** | **15 063 686** | |
| **Operating surplus** | **20 021** | **7 692 000** | **7 712 021** | **22 958 489** | **15 246 468** | |
| Loss on disposal of assets and liabilities | (20 021) | - | **(20 021)** | (90 713) | **(70 692)** | |
| **Surplus before taxation** | **-** | **7 692 000** | **7 692 000** | **22 867 776** | **15 175 776** | |
| Taxation | - | - | **-** | 6 581 481 | **6 581 481** | |
| **Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement** | **-** | **7 692 000** | **7 692 000** | **16 286 295** | **8 594 295** | |

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

| Figures in Rand | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|---|---|---|---|---|---|---|
| **Statement of Financial Position** | | | | | | |
| **Assets** | | | | | | |
| **Current Assets** | | | | | | |
| Trade and other receivables from exchange transactions | 364 095 000 | - | **364 095 000** | 877 216 326 | **513 121 326** | |
| Cash and cash equivalents | 7 462 000 | - | **7 462 000** | 6 160 261 | **(1 301 739)** | |
| | 371 557 000 | - | 371 557 000 | 883 376 587 | 511 819 587 | |
| **Non-Current Assets** | | | | | | |
| Property, plant and equipment | 6 460 000 | - | **6 460 000** | 5 900 083 | **(559 917)** | |
| Intangible assets | 332 000 | - | **332 000** | 296 753 | **(35 247)** | |
| Deferred tax | 835 000 | - | **835 000** | 1 391 954 | **556 954** | |
| | 7 627 000 | - | 7 627 000 | 7 588 790 | (38 210) | |
| **Total Assets** | 379 184 000 | - | 379 184 000 | 890 965 377 | 511 781 377 | |
| **Liabilities** | | | | | | |
| **Current Liabilities** | | | | | | |
| Loans from shareholders | 102 719 000 | - | **102 719 000** | 123 254 021 | **20 535 021** | |
| Finance lease obligation | 141 000 | - | **141 000** | - | **(141 000)** | |
| Trade and other payables from exchange transactions | 200 248 000 | - | **200 248 000** | 653 914 690 | **453 666 690** | |
| VAT payable | 10 003 000 | - | **10 003 000** | 26 306 040 | **16 303 040** | |
| Provisions | 1 600 000 | - | **1 600 000** | 3 207 417 | **1 607 417** | |
| | 314 711 000 | - | 314 711 000 | 806 682 168 | 491 971 168 | |
| **Non-Current Liabilities** | | | | | | |
| Deferred tax | 5 581 000 | - | **5 581 000** | 12 303 233 | **6 722 233** | |
| Provisions | 3 021 000 | - | **3 021 000** | - | **(3 021 000)** | |
| Project funds payable | 10 097 000 | - | **10 097 000** | 4 341 058 | **(5 755 942)** | |
| | 18 699 000 | - | 18 699 000 | 16 644 291 | (2 054 709) | |
| **Total Liabilities** | 333 410 000 | - | 333 410 000 | 823 326 459 | 489 916 459 | |
| **Net Assets** | 45 774 000 | - | 45 774 000 | 67 638 918 | 21 864 918 | |
| **Net Assets** | | | | | | |
| **Net Assets Attributable to Owners of Controlling Entity** | | | | | | |
| Contribution from shareholder | 16 277 624 | - | **16 277 624** | 16 277 624 | - | |
| **Reserves** | | | | | | |
| Accumulated surplus | 29 496 376 | - | **29 496 376** | 51 361 294 | **21 864 918** | |
| **Total Net Assets** | 45 774 000 | - | 45 774 000 | 67 638 918 | 21 864 918 | |

# Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

| Figures in Rand | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|---|---|---|---|---|---|---|
| **Cash Flow Statement** | | | | | | |
| **Cash flows from operating activities** | | | | | | |
| **Receipts** | | | | | | |
| Grants | 13 370 000 | - | **13 370 000** | 26 739 000 | **13 369 000** | |
| Interest income | 1 000 000 | - | **1 000 000** | 59 567 | **(940 433)** | |
| CAPEX funding | 400 000 000 | - | **400 000 000** | 1 329 775 952 | **929 775 952** | |
| Other receipts | 2 000 000 | - | **2 000 000** | 2 669 463 | **669 463** | |
| | **416 370 000** | **-** | **416 370 000** | **1 359 243 982** | **942 873 982** | |
| **Payments** | | | | | | |
| Employee costs and supplier payments | (308 276 000) | - | **(308 276 000)** | (1 408 227 353) | **(1 099 951 353)** | |
| Finance costs | (50 000) | - | **(50 000)** | (6 437 794) | **(6 387 794)** | |
| | **(308 326 000)** | **-** | **(308 326 000)** | **(1 414 665 147)** | **(1 106 339 147)** | |
| **Net cash flows from operating activities** | **108 044 000** | **-** | **108 044 000** | **(55 421 165)** | **(163 465 165)** | |
| **Cash flows from investing activities** | | | | | | |
| Purchase of property, plant and equipment | (625 000) | - | **(625 000)** | (426 880) | **198 120** | |
| Purchase of other intangible assets | - | - | - | (285 198) | **(285 198)** | |
| **Net cash flows from investing activities** | **(625 000)** | **-** | **(625 000)** | **(712 078)** | **(87 078)** | |
| **Cash flows from financing activities** | | | | | | |
| Movement in project funds payable | (134 356 000) | - | **(134 356 000)** | (7 085 843) | **127 270 157** | |
| Repayment of shareholders loan | 27 003 000 | - | **27 003 000** | 59 702 833 | **32 699 833** | |
| Finance lease payments | - | - | - | (222 428) | **(222 428)** | |
| Finance lease receipts | (66 000) | - | **(66 000)** | - | **66 000** | |
| **Net cash flows from financing activities** | **(107 419 000)** | **-** | **(107 419 000)** | **52 394 562** | **159 813 562** | |
| Net increase/(decrease) in cash and cash equivalents | - | - | - | (3 738 681) | **(3 738 681)** | |
| Cash and cash equivalents at the beginning of the year | 9 898 943 | - | **9 898 943** | 9 898 943 | - | |
| **Cash and cash equivalents at the end of the year** | **9 898 943** | **-** | **9 898 943** | **6 160 262** | **(3 738 681)** | |

## Accounting Policies

### 1. Presentation of Annual Financial Statements

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

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

### 1.1 Going concern assumption

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

### 1.2 Transfer of functions between entities under common control

**Identifying the acquirer and transferor**

For each transfer of functions between entities under common control an acquirer and transferor are identified. All relevant facts and circumstances are considered in identifying the acquirer and transferor.

The terms and conditions of a transfer of functions undertaken between entities under common control are set out in a binding arrangement. The binding arrangement governing the terms and conditions of a transfer of functions may identify which entity to the transaction or event is the transferor(s) and which entity is the acquirer. Where the binding arrangement does not clearly identify the acquirer or the transferor, the behaviour or actions of the entities may indicate which entity is the acquirer and which entity is the transferor.

Determining the acquirer includes a consideration of, amongst other things, which of the entities involved in the transfer of functions initiated the transaction or event, the relative size of the entities, as well as whether the assets or revenue of one of the entities involved in the transaction or event significantly exceed those of the other entities. If no acquirer can be identified, the transaction or event is accounted for in terms of the Standard of GRAP on Mergers.

**Determining the transfer date**

The acquirer and the transferor identify the transfer date, which is the date on which the acquirer obtains control and the transferor loses control of that function.

All relevant facts and circumstances are considered in identifying the transfer date.

## Accounting Policies

**1.2 Transfer of functions between entities under common control (continued)**

**Accounting by the entity as acquirer**

**Initial recognition and measurement**

As of the transfer date, the entity recognises the purchase consideration paid to the transferor and all the assets acquired and liabilities assumed in a transfer of functions. The assets acquired and liabilities assumed are measured at their carrying amounts.

If, prior to the transfer of functions, the transferor was not applying the accrual basis of accounting, the transferor changes its basis of accounting to the accrual basis of accounting prior to the transfer.

The consideration paid by the entity can be in the form of cash, cash equivalents or other assets. If the consideration paid is in the form of other assets, the entity de-recognises such assets on the transfer date at their carrying amounts.

The difference between the carrying amounts of the assets acquired, the liabilities assumed and the consideration paid to the transferor, is recognised in accumulated surplus or deficit.

**Subsequent measurement**

The entity subsequently measure any assets acquired and any liabilities assumed in a transfer of functions in accordance with the applicable Standards of GRAP.

At the transfer date, the entity classifies or designates the assets acquired and liabilities assumed as necessary to apply other Standards of GRAP subsequently. The entity makes those classifications or designations on the basis of the terms of the binding arrangement, economic conditions, its operating or accounting policies and other relevant conditions that exist at the transfer date. An exception is that the entity classifies the following contracts on the basis of the contractual terms and other factors at the inception of the contract (or, if the terms of the contract have been modified in a manner that would change its classification, at the date of that modification, which might be the transfer date):

- classification of a lease contract as either an operating lease or a finance lease in accordance with the Standard of GRAP on Leases; and
- classification of a contract as an insurance contract in accordance with the International Financial Reporting Standard on Insurance Contracts.

## Accounting Policies

### 1.3 Significant judgements and sources of estimation uncertainty

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

**Trade receivables and/or loans and receivables**

The entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the management makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

**Impairment testing**

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors, together with economic factors.

**Performance bonus**

Bonus provision was raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 12 - Provisions.

**Useful lives of property, plant and equipment**

The entity's management determines the estimated useful lives and related depreciation charges for the property, plant and equipment. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

**Effective interest rate**

The entity used the prime interest rate to discount future cash flows.

**Allowance for impairment**

For receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the receivables carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

# Accounting Policies

## 1.3 Significant judgements and sources of estimation uncertainty (continued)

**Relationship with majority shareholder and classification as principal**

The JDA is an agency of the CJMM as a municipal entity. The JDA implements capital projects as part of the City's infrastructure programme. The CJMM makes capital budget available for these projects. The JDA contracts with suppliers and delivers these projects. The JDA pays suppliers, and then claims the capital expenditure against the budget from the CJMM. The CJMM then reimburses the JDA including a pre-determined rate of management fees, after the invoices have been submitted and scrutinised as correct.

Since the JDA does not capitalise any of these assets in its financials and CJMM recognises these as either Work-in-Progress or completed assets, i.e. as invoices are sent for reimbursement, the JDA is of the view that this revenue, which is received in arrears, cannot be classified as 'grant revenue'. Furthermore, CJMM does not recognise this as an expense paid to the JDA or grant. CJMM benefits totally from all implementation work done by the JDA, as at the completion of each project they add yet another asset to their register. The JDA bears all the contractual risk with the suppliers and regardless of any defaults in claims received from the controlling entity, the JDA will be liable to the suppppliers for actual work performed. The only assets in the JDA's financials is a motor vehicle, computer equipment, furniture and fittings, office equipment and improvements to the office building. All these are paid from the operational funding and capitalised in the statement of financial position.

**Project funds payable**

This represents funds received from CJMM and other funders. The funds are to be used for the identified projects. Although these amounts are payable on demand to CJMM and other funders, no agreement has been reached regarding the payment of these funds. Since these funds have been with the JDA for periods of more than a year, management has therefore made the judgement that these funds will be classified as non-current liability until repayment terms with CJMM are in place . Refer to note 12 for details.

## 1.4 Property, plant and equipment

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

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

Property, plant and equipment is initially measured at cost.

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

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

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

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

## Accounting Policies

### 1.4 Property, plant and equipment (continued)

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

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

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

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

| Item | Average useful life |
|---|---|
| Leasehold Improvements | 20 years |
| Furniture and fixtures | 10-15 years |
| Motor vehicles | 8 years |
| Office equipment | 6-15 years |
| Computer equipment | 5 -15 years |
| Leased Assets - printers | 3 years |
| Computer Equipment - servers | 6-15 years |

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

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

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

### 1.5 Intangible assets

An asset is identifiable if it either:

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

## Accounting Policies

### 1.5 Intangible assets (continued)

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

An intangible asset is recognised when:
- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

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

Intangible assets are initially recognised at cost.

Subsequent to initial measurement, intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

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

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

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

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

| **Item** | **Useful life** |
|---|---|
| Licenses | 1 year |
| Computer software, internally generated | 8 years |

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

# Accounting Policies

### 1.5 Intangible assets (continued)

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

### 1.6 Financial instruments

**Classification**

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

| Class | Category |
|---|---|
| Cash and cash equivalents | Financial asset measured at amortised cost |
| Trade and other receivables from exchange transactions | Financial asset measured at amortised cost |

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

| Class | Category |
|---|---|
| Trade and other payables from exchange transactions | Financial liability measured at amortised cost |
| Trade and other payables from non-exchange transactions | Financial liability measured at amortised cost |
| Other financial liabilities | Financial liability measured at amortised cost |
| Finance lease liabilities | Financial liability measured at amortised cost |

**Initial recognition**

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

The entity recognises financial assets using trade date accounting.

**Initial measurement of financial assets and financial liabilities**

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

## Accounting Policies

**1.6 Financial instruments (continued)**

**Subsequent measurement of financial assets and financial liabilities**

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:
- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

**Impairment and uncollectibility of financial assets**

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

**1.6 Financial instruments (continued)**

**Derecognition**

**Financial assets**

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:
- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

**Financial liabilities**

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

**1.7 Tax**

**Current tax assets and liabilities**

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

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

**Deferred tax assets and liabilities**

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

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

## Accounting Policies

### 1.7 Tax (continued)

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable surplus will be available against which the unused tax lossess can be utilised.

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

**Tax expenses**

Current and deferred taxes are recognised as income or an expense and included in surplus or deficit for the period, except to the extent that the tax arises from:
- a transaction or event which is recognised, in the same or a different period, to net assets; or
- a business combination.

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

### 1.8 Leases

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

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

**Finance Leases - lessee**

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

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

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

Any contingent rents are expensed in the period in which they are incurred.

**Operating Leases - lessor**

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

The difference between the amounts recognised as revenue and the contractual payments are recognised as an operating lease asset or liability.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

### 1.9 Impairment of cash-generating assets

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:
(a) the period of time over which an asset is expected to be used by the entity; or
(b) the number of production or similar units expected to be obtained from the asset by the entity.

Criteria developed by the entity to distinguish cash-generating assets from non-cash-generating assets are as follow:

**Identification**

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

**Value in use**

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the entity applies the appropriate discount rate to those future cash flows.

**Recognition and measurement (individual asset)**

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

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

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

**Cash-generating units**

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the entity determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the entity use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:
- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:
- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

### 1.10 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

Criteria developed by the entity to distinguish non-cash-generating assets from cash-generating assets are as follow:

**Identification**

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable service amount of the asset.

## Accounting Policies

### 1.10 Impairment of non-cash-generating assets (continued)

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

**Value in use**

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

**Depreciated replacement cost approach**

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

**Recognition and measurement**

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

## Accounting Policies

### 1.11 Employee benefits

**Short-term employee benefits**

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

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

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:
- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

**Post-employment benefits**

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

# Accounting Policies

### 1.11 Employee benefits (continued)

**Post-employment benefits: Defined contribution plans**

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognise the contribution payable to a defined contribution plan in exchange for that service:

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

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

### 1.12 Provisions and contingencies

Provisions are recognised when:

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

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

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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

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

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If the entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

### 1.12 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the entity

No obligation arises as a consequence of the sale or transfer of an operation until the entity is committed to the sale or transfer, that is, there is a binding arrangement.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 32.

A contingent liability is disclosed, unless the possibility of an outflow of resources is remote. Unless the possibility of an outflow in settlement is remote, the entity discloses for each class of contingent liability at the end of the reporting period a brief description of the nature of the contingent liability and , where applicable:

- an estimate of its financial effect;
- an indication of the uncertainties relating to the amount or timing of any cashflow and:
- the possibility of any reimbursements.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The entity recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the entity for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the entity considers that an outflow of economic resources is probable, an entity recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

# Accounting Policies

### 1.12 Provisions and contingencies (continued)

A contingent asset is disclosed, unless the possibility of an inflow of resources is remote. Unless the possibility of an inflow in settlement is remote, the entity discloses for each class of contingent asset at the end of the reporting period a brief description of the nature of the contingent asset and , where applicable:

- an estimate of its financial effect;
- an indication of the uncertainties relating to the amount or timing of any cashflow and:
- the possibility of any reimbursements.

### 1.13 Revenue from exchange transactions

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

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

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

**Measurement**

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

**Rendering of services**

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the development projects at the reporting date based on actual expenditure and progress certificates on capital projects.

**Interest**

Revenue arising from the use by others of entity assets yielding interest is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

### 1.14 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

# Accounting Policies

### 1.14 Revenue from non-exchange transactions (continued)

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

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

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

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

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

**Recognition**

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

**Measurement**

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

## Accounting Policies

**1.14 Revenue from non-exchange transactions (continued)**

**Government grants**

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

The entity assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt.

When government remit grants on a re-imbursement basis, revenue, is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

Capital grants are funds due from the CJMM for capital expenditure incurred on projects.

The monthly expenditure incurred for each project is accounted for as work in progress. The monthly equivalent of the work in progress is claimed from the CJMM.

**Transfers**

Apart from Services in kind, which are not recognised, the entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

**Debt forgiveness and assumption of liabilities**

The entity recognise revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

**Fines**

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the entity.

Where the entity collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

**Gifts and donations, including goods in-kind**

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

## Accounting Policies

### 1.14 Revenue from non-exchange transactions (continued)

**Services in-kind**

Services in-kind are recognised as revenue and as assets, when incurred.

**Concessionary loans received**

A concessionary loan is a loan granted to or received by an property, plant and equipment on terms that are not market related.

The portion of the loan that is repayable, along with any interest payments, is an exchange transaction and is accounted for in accordance with the Standard of GRAP on Financial Instruments. The off-market portion of the loan is a non-exchange transaction. The off-market portion of the loan that is recognised as non-exchange revenue is calculated as the difference between the proceeds received from the loan, and the present value of the contractual cash flows of the loan, discounted using a market related rate of interest.

The recognition of revenue is determined by the nature of any conditions that exist in the loan agreement that may give rise to a liability. Where a liability exists the cash flow statement recognises revenue as and when it satisfies the conditions of the loan agreement.

### 1.15 Borrowing costs

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

The JDA has a sweeping arrangement with CJMM Treasury Department thus interest incurred on the sweeping account is accounted for as a financing cost.

### 1.16 Related Parties

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

Relationships between parents and subsidiaries shall be disclosed irrespective of whether there have been transactions between those related parties. An entity shall disclose the name of the entity's parent and, if different, the ultimate controlling party. If neither the entity's parent nor the ultimate controlling party produces financial statements available for public use, the name of the next most senior parent that does so shall also be disclosed.

The JDA is a subsidiary of the CJMM and as a result is classified as a municipal entity. The JDA has identified the controlling entity and all fellow controlled entities as related parties and all related party transactions and balances are disclosed acccordingly.

Employees identified as key personnel are all employees on the executive management committee of the JDA. Details of transactions with these individuals are included in the employee costs note.

### 1.17 Budget information

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

The approved budget covers the fiscal period from 2014/07/01 to 2015/06/30.

The annual financial statements and the budget are on the same basis of accounting therefore a reconciliation between the actuals and the budgeted amounts for the reporting period has not been included in the Statement of comparison of budget and actual amounts.

## Accounting Policies

### 1.18 Statutory Receivables

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

Statutory receivables constitute revenue receivable from property rates, fines, penalties, grants and fees charged in terms of legislation.

The municipality recognises statutory receivables as follows:
- if the transaction is an exchange transaction, using GRAP 9;
- if the transaction is a non-exchange transaction, using GRAP 23;
- if the transaction is not within the scope of either GRAP 9 or GRAP 23, the receivable is recognised when:
- the defnition of an asset is met; and
- it is probable that future economic benefits or service potential associated with the asset will flow to the municipality and the transaction amount can be measured reliably.

The municipality measures a statutory receivable initially at its transaction amount.

The municipality measures all statutory receivables after initial recognition using the cost method.

Under the cost method the amount recognised initially is only changed subsequently to reflect any:
- interest or other charges that may have accrued on the receivable;
- impairment loss; and
- amounts derecognised.

The municipality assesses at the end of each reporting period whether there is objective evidence that a statutory receivable or group of statutory receivables is impaired.

For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default payments are all considered indicators of impairment.

If there is objective evidence that an impairment loss on statutory receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the estimated future cash flows - discounted if the effect of discounting is material - using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The reversal does not result in a carrying amount of the statutory receivable that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Where statutory receivables are impaired through the use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such receivables are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

The municipality derecognises a statutory receivable when:
- the rights to the cash flows from the statutory receivable are settled, expire or are waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable;
- the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality:
-derecognises the receivable;
-recognises separately any rights and obligations created or retained in the transfer.

## Accounting Policies

The carrying amount of the transferred asset is allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are considered for inclusion within the scope of GRAP 104 or another standard of GRAP. Any difference between the consideration received and amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

### 1.19 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

### 1.20 Unauthorised expenditure

Unauthorised expenditure means any expenditure incurred by the municipality otherwise than in accordance with section 15 or 11(3) of the Municipal Finance Management Act (Act No. 56 of 2003), and includes:

- overspending of the total amount appropriated in the municipality's approved budget;
- overspending of the total amount appropriated for a vote in the approved budget;t
- expenditure from a vote unrelated to the department or functional area covered by the vote;
- expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- spending of the an allocation referred to in paragraph (b), (c), or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or;
- a grant by the municipality otherwise than in accordance with the MFMA.

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

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

### 1.21 Fruitless and wasteful expenditure

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

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

### 1.22 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the MFMA, the Municipal Systems Act (Act No. 32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure.

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

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

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

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

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

### 1.23 Accumulated surplus

The accumulated surplus represents the net difference between the total assets and total liabilities of the municipality. Any surpluses and deficits realised during a specific financial year are credited/debited against accumulated surplus/deficit. Prior year adjustments, relating to income and expenditure, are debited/credited against accumulated surplus when retrospective adjustments are made.

### 1.24 Grants in aid

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:
- receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the statement of financial performance as expenses in the period that the events giving raise to the transfer occurred.

# Accounting Policies

### 1.25 Financial risk management

The financial risk management is under the control of the Audit and Risk Committee.
Cash flow forecasts are prepared on a quarterly basis and there is adequate monitoring of the treasury account.

**Interest rate risk**

Deposits attract interest rates that vary with prime. The company policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on surplus/ deficit. The interest rate is pre-determined by the Treasury Department of the CJMM with the bank and any fluctuations in the interest rate are as per this agreement.

**Credit risk**

Credit risk consists mainly of cash equivalents and trade receivables.

Trade receivables comprise of only one major debtor being the CJMM and rental debtors which is a small customer base of Bus Factory tenants. An initial deposit is held for all rental customers to cover a portion any defaults on the rental agreement.

### 1.26 Commitments

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

Commitments for which disclosure is necessary to achieve a fair presentation are disclosed if both the following criteria are met:

- Contracts are non-cancellable or only cancellable at a significant cost (for example, contracts for computer or building maintenance services); and
- Contracts relate to something other than a routine, steady, state of business of the entity - therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

### 1.27 Changes in estimates and errors

The effect of a change in an accounting estimate shall be recognised prospectively by including it in profit or loss in;
- the period of the change, if the change affects that period;
- the period of the change and future periods, if the change affects both.

All material prior period errors are corrected retrospectively in the first set of financial statements authorised for issue after the discovery by management by:
- restating the comparative amounts for the prior period(s) presented in which the error occurred; or
- if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.
earliest period for which retrospective restatement is practicable.

However, if it is impracticable to determine the period-specific effects of an error on comparative information for one or more prior periods presented, the entity must restate the opening balances of assets, liabilities and equity for the earliest period for which retrospective restatement is practicable.

Further, if it is impracticable to determine the cumulative effect, the beginning of the current period, of an error on all prior periods, the entity must restate the comparative information to correct the error prospectively from the earliest date practicable.

## Accounting Policies

### 1.28 Events after reporting date

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Two types of events can be identified:

(a) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and

(b) those that are indicative of conditions that arose after the reporting period (nonadjusting events after the reporting period).

Adjusting events are recognised in the financial statements of the period just ended, whereas non-adjusting events are not recognised, but are disclosed in the notes to the financial statements.

## Notes to the Annual Financial Statements

| Figures in Rand | 2015 | 2014 |
| --- | --- | --- |

### 2. New standards and interpretations

### 2.1 Standards and interpretations effective and adopted in the current year

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

**GRAP 5 (revised 2013): Borrowing Costs**

Benchmark treatment is to recognise borrowing costs as an expense.

Alllowed alternative is to capitalise borrowing costs if it is attributable to the acquisition, construction or production of a qualifying asset. All other instances, expense borrowing costs. All amendments to be applied prospectively. The effective date of the amendment is for years beginning on or after 01 April 2014. The municipality has adopted the amendment for the first time in the 2015 annual financial statements. The impact of the amendment is not material.

**GRAP 100 (revised 2013): Discontinued Operations**

All accounting, presentation and disclosure requirements with regards to non-current assets held for sale (or disposal groups) have been deleted. The impact of the amendments is:
- Will no longer be required to reclassify assets as held for sale. GRAP 100 now only deals with discontinued operations
- Certain disclosure must be made if, at the reporting date, management has taken a decision to dispose of a significant asset or a group of assets and liabilities. Will fall under the Standard of GRAP on Presentation of Financial Statements.

Measurement requirements are to be applied prospectively and presentation and disclosure requirements are to be applied retrospectively The effective date of the amendment is for years beginning on or after 01 April 2014. The municipality has adopted the amendment for the first time in the 2015 annual financial statements. The impact of the amendment is set out in note Changes in Accounting Policy.

# Notes to the Annual Financial Statements

**2. New standards and interpretations (continued)**

**2.2 Standards and interpretations issued, but not yet effective**

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 July 2015 or later periods:

| Standard/ Interpretation: | Effective date: Years beginning on or after | Expected impact: |
|---|---|---|
| • GRAP 18: Segment Reporting | 01 April 2015 | The impact of the amendment is not material. |
| • GRAP 105: Transfers of functions between entities under common control | 01 April 2015 | The impact of the amendment is not material. |
| • GRAP 106: Transfers of functions between entities not under common control | 01 April 2015 | The impact of the amendment is not material. |
| • GRAP 107: Mergers | 01 April 2015 | The impact of the amendment is not material. |
| • GRAP 20: Related parties | 01 April 2016 | The impact of the amendment is not material. |
| • IGRAP 11: Consolidation – Special purpose entities | 01 April 2015 | The impact of the amendment is not material. |
| • IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures | 01 April 2015 | The impact of the amendment is not material. |
| • GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements | 01 April 2015 | The impact of the amendment is not material. |
| • GRAP 7 (as revised 2010): Investments in Associates | 01 April 2015 | The impact of the amendment is not material. |
| • GRAP 8 (as revised 2010): Interests in Joint Ventures | 01 April 2015 | The impact of the amendment is not material. |
| • GRAP32: Service Concession Arrangements: Grantor | 01 April 2016 | The impact of the amendment is not material. |
| • GRAP108: Statutory Receivables | 01 April 2016 | The impact of the amendment is not material. |
| • IGRAP17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset | 01 April 2016 | The impact of the amendment is not material. |
| • DIRECTIVE 11: Changes in measurement bases following the initial adoption of Standards of GRAP | 01 April 2016 | The impact of the amendment is not material. |

## Notes to the Annual Financial Statements

| Figures in Rand | 2015 | 2014 |
|---|---|---|

### 3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

| | | |
|---|---|---|
| Cash on hand | 3 448 | - |
| Alexandra Heritage Project Funds | 6 156 813 | 6 157 615 |
| ABSA | - | 2 399 953 |
| Ring-fenced bank balance | - | 1 341 375 |
| | **6 160 261** | **9 898 943** |

Cash on hand consists of petty cash.

The funds received for the Alexandra Heritage Project from the National Department of Tourism relates to funds deposited into a separate bank account for exclusive use for this project. The account is held with Standard Bank South Africa.

The ABSA bank balance relates to the previous ABSA sweeping account. The account was closed in December 2014 by CJMM Treasury.

Ring-fenced balance relates to money received from Industrial Development Corporation for feasibility studies for Orange Farm; Diepsloot and Orlando West. The funders had requested a separate bank account for their funds. On completion of the feasibility studies the funders were informed about the remaining balance and a directive was sought on remittance of the balance. To date, no communication was received from the funders. This account was closed in March 2015 by CJMM Treasury and the funds were transferred into the JDA's Standard Bank account.

### 4. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

| | | |
|---|---|---|
| Deposits | 55 000 | 55 000 |
| Insurance Recovery Debtor | - | 2 280 000 |
| Rental debtors | 99 858 | 64 282 |
| Prepaid expenses | 32 342 | 460 650 |
| Related party debtors | 877 029 126 | 493 149 084 |
| | **877 216 326** | **496 009 016** |

Deposits paid relate to a utility deposit that is held by City Power for the Bus Factory electricity account.

Insurance recovery debtor related to an insurance claim that was receivable in the prior financial year. At year end, there were no other insurance claims that were owing to the entity.

Rental debtors consist of the rental outstanding from the Bus Factory tenants. These tenants were managed by Broll Property Group and are now being managed internally.
Prepaid expenses relates to computer network and licencing costs that was paid in advance for the annual connection costs to Continuity SA (Pty) Ltd.

Related party debtors relate to funds owed by the CJMM and other municipal entities for expenditure incurred on capital projects

**Trade and other receivables pledged as security**

No trade and other receivables pledged as security for the period under review.

## Notes to the Annual Financial Statements

| Figures in Rand | 2015 | 2014 |
|---|---|---|

### 4. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)

**Trade receivables past due but not impaired**

The receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2015, R97,931,705 (2014: R16,929,746) were 3 months past due but not impaired because the debtor is the CJMM and the possibility of default is remote.

Trade and receivables are fairly valued.

| | | |
|---|---|---|
| +3 months past due | 97 931 705 | 16 929 746 |

**Rental debtors**

Outstanding rental debtors with a total value of R164,826 considered irrecoverable were written off in the previous year. No rental debtors were written off in the period under review. An assessment of the rental debtors was conducted at the end of the financial year and no additional rental debtors were written off.

### 5. PROPERTY, PLANT AND EQUIPMENT

| | 2015 | | | 2014 | | |
|---|---|---|---|---|---|---|
| | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Furniture and fixtures | 2 179 399 | (1 086 166) | 1 093 233 | 2 073 593 | (946 821) | 1 126 772 |
| Motor vehicles | 136 013 | (132 124) | 3 889 | 136 013 | (130 179) | 5 834 |
| Office equipment | 242 980 | (66 962) | 176 018 | 241 950 | (43 813) | 198 137 |
| Computer Equipment | 1 637 113 | (901 443) | 735 670 | 1 924 176 | (1 032 538) | 891 638 |
| Leasehold improvements | 5 177 883 | (1 652 871) | 3 525 012 | 5 177 883 | (1 399 301) | 3 778 582 |
| Computer Equipment - Servers | 876 927 | (510 666) | 366 261 | 871 497 | (409 588) | 461 909 |
| Leased assets | 63 629 | (63 629) | - | 662 553 | (505 444) | 157 109 |
| **Total** | **10 313 944** | **(4 413 861)** | **5 900 083** | **11 087 665** | **(4 467 684)** | **6 619 981** |

**Reconciliation of property, plant and equipment - 2015**

| | Opening balance | Additions | Disposals | Depreciation | Total |
|---|---|---|---|---|---|
| Furniture and fixtures | 1 126 772 | 136 055 | - | (169 594) | 1 093 233 |
| Motor vehicles | 5 834 | - | - | (1 945) | 3 889 |
| Office equipment | 198 137 | 1 099 | - | (23 218) | 176 018 |
| Computer Equipment | 891 638 | 268 341 | (81 372) | (342 937) | 735 670 |
| Leasehold improvements | 3 778 582 | - | - | (253 570) | 3 525 012 |
| Computer Equipment - Servers | 461 909 | 21 385 | (490) | (116 543) | 366 261 |
| Leased assets | 157 109 | - | (8 849) | (148 260) | - |
| | **6 619 981** | **426 880** | **(90 711)** | **(1 056 067)** | **5 900 083** |

**Reconciliation of property, plant and equipment - 2014**

| | Opening balance | Additions | Disposals | Depreciation | Total |
|---|---|---|---|---|---|
| Furniture and fixtures | 1 251 659 | 39 034 | - | (163 921) | 1 126 772 |
| Motor vehicles | 25 263 | - | - | (19 429) | 5 834 |
| Office equipment | 45 172 | 169 529 | - | (16 564) | 198 137 |
| Computer Equipment | 1 248 097 | 249 505 | (229 980) | (375 984) | 891 638 |
| Leasehold improvements | 4 037 977 | - | - | (259 395) | 3 778 582 |
| Computer Equipment - Servers | 414 494 | 167 096 | - | (119 681) | 461 909 |
| Leased assets | 290 622 | 122 746 | - | (256 259) | 157 109 |
| | **7 313 284** | **747 910** | **(229 980)** | **(1 211 233)** | **6 619 981** |

**Pledged as security**

The property, plant and equipment are not pledged for security.

## Notes to the Annual Financial Statements

| Figures in Rand | 2015 | 2014 |
|---|---|---|

### 5. PROPERTY, PLANT AND EQUIPMENT (continued)

**The following leased assets are included in Property, Plant and Equipment listed above**

| | 2015 | | | 2014 | | |
|---|---|---|---|---|---|---|
| | Cost / Valuation | Accumulated depreciation | Carrying value | Cost / Valuation | Accumulated depreciation | Carrying value |
| Leased assets - Printers | 63 629 | (63 629) | - | 662 553 | (505 444) | 157 109 |
| Leasehold improvements | 5 177 883 | (1 652 871) | 3 525 012 | 5 177 883 | (1 399 301) | 3 778 582 |
| **Total** | **5 241 512** | **(1 716 500)** | **3 525 012** | **5 840 436** | **(1 904 745)** | **3 935 691** |

**Assets subject to finance lease (Net carrying amount)**

| | 2015 | 2014 |
|---|---|---|
| Leasehold improvements | 3 525 012 | 3 778 582 |
| Printers | - | 157 109 |
| | **3 525 012** | **3 935 691** |

**Other information**

**Leasehold improvements**
Leasehold improvements are carried at historical cost. The title deeds for The Bus Factory are registered in the name of the CJMM.

### 6. INTANGIBLE ASSETS

| | 2015 | | | 2014 | | |
|---|---|---|---|---|---|---|
| | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value |
| Licenses | 285 198 | (190 132) | 95 066 | 285 198 | (190 132) | 95 066 |
| Computer software, internally generated | 1 183 922 | (982 235) | 201 687 | 1 469 120 | (1 137 299) | 331 821 |
| **Total** | **1 469 120** | **(1 172 367)** | **296 753** | **1 754 318** | **(1 327 431)** | **426 887** |

**Reconciliation of intangible assets - 2015**

| | Opening balance | Additions | Amortisation | Total |
|---|---|---|---|---|
| Licenses | 95 066 | 285 198 | (285 198) | 95 066 |
| Computer software, internally generated | 331 821 | - | (130 134) | 201 687 |
| | **426 887** | **285 198** | **(415 332)** | **296 753** |

**Reconciliation of intangible assets - 2014**

| | Opening balance | Additions | Amortisation | Total |
|---|---|---|---|---|
| Licenses | - | 285 198 | (190 132) | 95 066 |
| Computer software, internally generated | 539 312 | - | (207 491) | 331 821 |
| | **539 312** | **285 198** | **(397 623)** | **426 887** |

## Notes to the Annual Financial Statements

| Figures in Rand | 2015 | 2014 |
|---|---|---|

### 6. INTANGIBLE ASSETS (continued)

**Pledged as security**

The intangible assets are not pledged for security.

### 7. DEFERRED TAX

| | 2015 | 2014 |
|---|---|---|
| **Deferred tax liability** | | |
| Property, plant and equipment | (1 546 465) | (1 644 200) |
| Temporary difference - S24C Allowance | (10 756 768) | (3 963 662) |
| **Total deferred tax liability** | **(12 303 233)** | **(5 607 862)** |
| | | |
| **Deferred tax asset** | | |
| Provisions | 1 391 954 | 1 219 949 |
| Leases | - | 58 115 |
| Deferred tax balance from temporary differences other than unused tax losses | 1 391 954 | 1 278 064 |
| **Total deferred tax asset** | **1 391 954** | **1 278 064** |
| | | |
| Deferred tax liability | (12 303 233) | (5 607 862) |
| Deferred tax asset | 1 391 954 | 1 278 064 |
| **Total net deferred tax liability** | **(10 911 279)** | **(4 329 798)** |
| | | |
| **Reconciliation of deferred tax asset \ (liability)** | | |
| At beginning of year | (4 329 798) | (2 189 267) |
| Originating differences on tangible fixed assets | 124 354 | 171 340 |
| Originating differences on the S24C allowance | (6 819 721) | (2 408 516) |
| Originating differences arising from leases | (58 119) | (46 562) |
| Originating differences arising from provisions | 172 005 | 143 207 |
| | **(10 911 279)** | **(4 329 798)** |

The deferred tax liability arose out of the implementation of the S24C allowance. According to the SARS, the entity was never set up to make profit. In the case of the JDA, although the subsidy from the CJMM does not cover the operational expenditure in the previous financial years, we were able to generate sufficient management fees to end up in a surplus position. The surplus is viewed as unspent allocation by SARS. SARS then allows a S24C allowance which gives rise to deferred tax. Deferred taxation will be recognised at the end of the financial year.

### 8. LOANS FROM SHAREHOLDERS

| | 2015 | 2014 |
|---|---|---|
| Sweeping account | (70 508 452) | (10 695 491) |
| City of Johannesburg Metropolitan Municipality - BRT Land and Bertrams Priority Block Acquisition Fund | (52 745 569) | (52 855 697) |
| | **(123 254 021)** | **(63 551 188)** |

**Sweeping account**
The company has a sweeping arrangement with the CJMM whereby all cash is swept on a daily basis to the CJMM's bank account. Interest is paid and earned on this account at the CJMM Treasury rate.

**BRT Land and Bertrams Priority Block Acquisition Funds**
During the 2008/2009 financial year, the JDA held money in the Attorney's Trust account for the purchase of land for roads widening for the BRT and the Bertrams Priority Block. At the end of the 2008/2009 financial year, these funds were transferred to the CJMM. Subsequently the funds were transferred back into the JDA's sweeping account administered by the CJMM.

The loan has no terms and conditions and bears interest at the CJMM treasury rate.

# Notes to the Annual Financial Statements

| Figures in Rand | 2015 | 2014 |
|---|---|---|

## 9. FINANCE LEASE OBLIGATION

| | 2015 | 2014 |
|---|---|---|
| **Minimum lease payments due** | | |
| - within one year | - | 221 391 |
| | - | 221 391 |
| less: future finance charges | - | (13 837) |
| **Present value of minimum lease payments** | - | **207 554** |

| | 2015 | 2014 |
|---|---|---|
| **Finance lease payable** | | |
| Opening balance | 207 554 | 373 804 |
| Lease obligation current year | 14 874 | 211 337 |
| Lease payments | (222 428) | (377 587) |
| | - | **207 554** |

The JDA has leased 25 photocopier machines from Motswako Office Solutions (Pty) Ltd for a period of 3 years and 3 photocopiers for a period of 17 months. The lease agreement provides for monthly payments of R33, 046 in advance and no residual value. The lease period ended 28 February 2015. A new lease was entered into during July 2015.

## 10. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

| | 2015 | 2014 |
|---|---|---|
| Accrued expenses | 2 867 483 | 982 170 |
| Deposits received from tenants | 44 835 | 44 835 |
| Accrued leave pay | 1 763 848 | 1 336 093 |
| Related parties payables | 575 070 | 808 466 |
| Retentions held on construction contracts | 101 608 349 | 61 926 875 |
| Trade payables | 547 055 106 | 299 814 937 |
| | **653 914 691** | **364 913 376** |

Accrued expenses relate to expenditure that was incurred but no invoices were received as yet. This was for services rendered towards the end of the financial year.

Deposits received from tenants represents deposits held on the initial rental agreements with the Bus Factory tenants.

Accrued leave pay relates to days owed to staff members at the reporting date calculated based on the daily pay rate.

Related party payables relate to funds owed to the CJMM and other entities for expenditure incurred and services rendered by the CJMM and other municipal entities.

Trade payables relate to suppliers payable for work done in the normal course of business. Trade and payables were high at year-end due to the JDA's capital budget being almost double of that of the previous year and the majority of the capital expenditure being incurred in the last six weeks of the financial year.

## 11. VAT PAYABLE

| | 2015 | 2014 |
|---|---|---|
| VAT payable | 26 306 040 | 14 152 520 |

The increase in the VAT payable balance in the current year is mainly due to the high value of capital project claims that are included in the trade receivables based on the capital expenditure incurred during the last month of the financial year. This high volume of claims is normally specific to the end of the financial year and is not a consistent balance through the year.

## Notes to the Annual Financial Statements

| Figures in Rand | 2015 | 2014 |
|---|---|---|

### 12. PROVISIONS

**Reconciliation of provisions - 2015**

| | Opening Balance | Additions | Utilised during the year | Total |
|---|---|---|---|---|
| Performance bonus | 3 020 868 | 2 522 806 | (2 336 257) | 3 207 417 |

The performance management system is designed to ensure that the JDA's business strategy is translated into measurable key performance areas and indicators for employees. At the beginning of each financial year each employee concludes a performance management contract with a scorecard. Although the performance review in respect of the 2014/15 financial year will be completed during August 2015, bonus payments to qualifying employees were made after the finalisation of the 2014/15 audit and upon receipt of a unqualified audit report from the Auditor General. In December 2014, a bonus payment was made in relation to the 2013/14 year for all qualifying employees excluding EXCO. EXCO bonuses for the 2013/14 year were paid in June 2015. EXCO bonuses for the 2012/13 year were paid in December 2014.

### 13. PROJECT FUNDS PAYABLE

| | 2015 | 2014 |
|---|---|---|
| **Project Funds** | | |
| Balance beginning of year | 11 426 901 | 5 639 534 |
| Funding received for the year | 1 470 291 725 | 710 537 394 |
| Expenditure for the year | (1 477 377 568) | (704 750 027) |
| | **4 341 058** | **11 426 901** |

| | 2015 | 2014 |
|---|---|---|
| **Funds Payable** | | |
| Johannesburg Water | 1 558 673 | 1 558 673 |
| Non-BRT (Transportation) | 2 782 385 | 2 782 384 |
| Industrial Development Corporation | - | 988 653 |
| Inner City Public Places Challenge | - | 1 000 000 |
| Alexandra Heritage Centre | - | 5 097 191 |
| | **4 341 058** | **11 426 901** |

The project funds payable relates to funding that was previously received in advance from CJMM for the implementation of projects. The remaining balances represent the projects that were either implemented below the original estimated cost or recoveries that were received after the completion of the projects.

Except for the funds from the Industrial Development Corporation, these remaining funds are from original capex advances from the CJMM for the implementation of the related projects and are therefore due and payable to the CJMM.

### 14. CONTRIBUTION FROM SHAREHOLDER

| | 2015 | 2014 |
|---|---|---|
| **Authorised** | | |
| 100 Ordinary Type A shares of R1 each | 100 | 100 |

| | 2015 | 2014 |
|---|---|---|
| **Issued** | | |
| 60 Ordinary Type A shares of R1 | 60 | 60 |
| Share premium | 16 277 564 | 16 277 564 |
| | **16 277 624** | **16 277 624** |

All issued shares are fully paid up by CJMM. CJMM paid a share premium for these shares. The initial amount was issued in 2002 and was R3,489,664. The balance of this amount was paid to the JDA in 2003.

## Notes to the Annual Financial Statements

| Figures in Rand | 2015 | 2014 |
|---|---|---|

### 15. REVENUE

| | | |
|---|---|---|
| Rendering of services | 69 796 690 | 30 141 230 |
| Recovery of Diepsloot Sanitation Project | 116 470 | 285 200 |
| Tender fee income | 1 173 473 | 756 802 |
| Bus factory income | 358 106 | 363 245 |
| Sundry Income | 1 021 414 | 4 048 812 |
| Interest received - investment | 65 629 | 2 314 891 |
| Government grants & subsidies | 26 739 000 | 24 977 000 |
| | **99 270 782** | **62 887 180** |

| | | |
|---|---|---|
| **The amount included in revenue arising from exchanges of goods or services are as follows:** | | |
| Rendering of services | 69 796 690 | 30 141 230 |
| Recovery of Diepsloot Sanitation Project | 116 470 | 285 200 |
| Tender fee income | 1 173 473 | 756 802 |
| Bus factory income | 358 106 | 363 245 |
| Sundry income | 1 021 414 | 4 048 812 |
| Interest received - investment | 65 629 | 2 314 891 |
| | **72 531 782** | **37 910 180** |

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

| | | |
|---|---|---|
| **Transfer revenue** | | |
| Government grants & subsidies | 26 739 000 | 24 977 000 |

**Rendering of Services**

Management fees are earned through the rendering of services by the JDA on projects funded by the CJMM and other funders. The JDA's Service Level Agreement with the CJMM and with each of the other funders stipulates the percentage fee to be claimed by the JDA for actual capital expenditure spent. The capital expenditure incurred and the management fees earned are claimed from CJMM on a monthly basis.

### 16. GOVERNMENT GRANTS AND SUBSIDIES

| | | |
|---|---|---|
| Government grant (operating) | 26 739 000 | 24 977 000 |

### 17. INTEREST RECEIVED

| | | |
|---|---|---|
| **Interest revenue** | | |
| Bank | 58 972 | 2 214 303 |
| Interest charged on trade and other receivables | 6 657 | 4 957 |
| Interest recovered - SARS | - | 95 631 |
| | **65 629** | **2 314 891** |

## Notes to the Annual Financial Statements

| Figures in Rand | 2015 | 2014 |
|---|---|---|

### 18. EMPLOYEE RELATED COSTS

| | | |
|---|---|---|
| Basic | 42 068 111 | 33 141 053 |
| Provision for bonuses | 2 611 743 | 2 028 184 |
| UIF | 272 132 | 213 220 |
| COID | 396 647 | 290 430 |
| SDL | 394 765 | 316 469 |
| Group life benefit | 637 803 | 513 085 |
| Leave pay accrual charge | 659 163 | 109 588 |
| | **47 040 364** | **36 612 029** |

Included in the employee related costs are the following key management personnel (as referred to in note 30):

**Remuneration of Chief Executive Officer**

| | | |
|---|---|---|
| Annual Remuneration | 1 617 864 | 1 529 750 |

**Remuneration of Chief Financial Officer**

| | | |
|---|---|---|
| Annual Remuneration | 1 275 828 | 1 181 723 |
| Performance Bonus | 184 147 | - |
| | **1 459 975** | **1 181 723** |

**Remuneration of Chief Audit Executive**

| | | |
|---|---|---|
| Annual Remuneration | 812 806 | 635 000 |
| Travel Allowance | 120 000 | 100 000 |
| Contributions to Pension Funds | 43 262 | 35 831 |
| | **976 068** | **770 831** |

**Remuneration of other Executive Managers**

| | | |
|---|---|---|
| Annual Remuneration | 4 570 402 | 3 305 015 |
| Performance Bonus | 252 789 | - |
| Contributions to Pension Funds | 276 358 | - |
| Travel Allowances | 276 000 | 219 998 |
| | **5 375 549** | **3 525 013** |

**Remuneration of Senior Development Managers**

| | | |
|---|---|---|
| Annual Remuneration | 3 513 310 | 2 424 302 |
| Performance Bonus | 365 358 | - |
| Contributions to Pension Funds | 182 581 | 28 851 |
| Travel Allowances | 120 500 | 153 000 |
| | **4 181 749** | **2 606 153** |

### 19. ADMINISTRATIVE AND MANAGEMENT FEES

| | | |
|---|---|---|
| Administration and management fees - Bus Factory Agents; Archiving costs | 607 568 | 113 054 |

## Notes to the Annual Financial Statements

| Figures in Rand | 2015 | 2014 |
|---|---|---|

### 20. DEPRECIATION AND AMORTISATION

| | | |
|---|---|---|
| Property, plant and equipment | 1 056 067 | 1 211 232 |
| Intangible assets | 415 331 | 397 623 |
| | **1 471 398** | **1 608 855** |

### 21. FINANCE COSTS

| | | |
|---|---|---|
| Trade and other payables - Telkom | 662 | 3 621 |
| Bank overdraft | 6 419 276 | 311 564 |
| Finance leases | 17 857 | 71 386 |
| | **6 437 795** | **386 571** |

### 22. GENERAL EXPENSES

| | | |
|---|---|---|
| Advertising | 1 588 083 | 1 085 115 |
| Auditors remuneration | 1 700 619 | 1 547 833 |
| Bank charges | 25 958 | 33 803 |
| CEO's Special Projects | 15 000 | - |
| Cellphone Expenses | 367 029 | 353 873 |
| Computer expenses | 2 229 788 | 2 309 967 |
| Consulting and professional fees | 1 332 590 | 1 661 304 |
| Diepsloot Sanitation Project costs | 116 470 | 285 200 |
| Development Facilitation Fees | 682 991 | 366 837 |
| Hygiene and other services | 206 129 | 104 612 |
| Insurance | 662 593 | 152 439 |
| Internal Audit Fees | 1 490 843 | 305 621 |
| Marketing | 2 788 051 | 3 075 765 |
| Meetings and Entertainment | 219 391 | 177 990 |
| Motor vehicle expenses | 22 605 | 20 434 |
| Placement fees | 1 281 975 | 1 608 732 |
| Planning and Strategy | 523 508 | 631 862 |
| Postage and courier | - | 50 |
| Printing and stationery | 929 008 | 532 289 |
| Project co-ordination fees | - | 2 663 |
| Project maintenance costs | 355 148 | 215 694 |
| Security (Guarding of municipal property) | 1 569 123 | 1 095 564 |
| Staff welfare | 781 638 | 598 159 |
| Telephone and fax | 309 693 | 250 626 |
| Training | 604 793 | 410 254 |
| Travel - local | 60 527 | 23 487 |
| Utilities | 349 207 | 835 998 |
| | **20 212 760** | **17 686 171** |

### 23. DEBT IMPAIRMENT

| | | |
|---|---|---|
| Debt impairment | - | 164 826 |

The amount impaired during the 2014 financial year relates to an uncollectable rental from the Bus Factory tenants.

### 24. REPAIRS AND MAINTENANCE

| | | |
|---|---|---|
| Repairs and maintenance - Bus Factory | 514 521 | 358 573 |
| Repairs and maintenance Office Equipment - IT | 27 887 | 28 171 |
| | **542 408** | **386 744** |

## Notes to the Annual Financial Statements

| Figures in Rand | 2015 | 2014 |
|---|---|---|

### 25. LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

| | | |
|---|---|---|
| Loss on disposal of assets | 90 713 | 229 981 |

### 26. TAXATION

**Major components of the tax expense**

| | | |
|---|---|---|
| **Deferred** | | |
| Originating and reversing temporary differences | 6 581 481 | 2 140 531 |

**Reconciliation of the tax expense**

Reconciliation between applicable tax rate and average effective tax rate.

| | | |
|---|---|---|
| Applicable tax rate | 28,00 % | 28,00 % |
| Tax effect on permanent differences | 0,11 % | 8,00 % |
| Add: Tax effect of timing differences | 0,13 % | 2,75 % |
| | **28,24 %** | **38,75 %** |

No provision has been made for 2014 tax as the entity has no taxable income.

### 27. AUDITORS' REMUNERATION

| | | |
|---|---|---|
| External audit fees | 1 700 619 | 1 547 833 |

### 28. OPERATING LEASE

| | | |
|---|---|---|
| **Operating leases - as lessor (income)** | | |
| **Minimum lease payments due** | | |
| - within one year | 88 800 | 121 092 |
| - in second to fifth year | 333 000 | 444 000 |
| | **421 800** | **565 092** |

The operating lease income relates to rental of the Bus Factory offices to tenants. The lease agreements general period is three years and is based on a rental fee per square metre of rental space.

# Notes to the Annual Financial Statements

| Figures in Rand | 2015 | 2014 |
|---|---|---|

## 29. DIRECTORS' EMOLUMENTS

**Executive**

**2015**

| | Emoluments | Annual Bonus | Total |
|---|---|---|---|
| T Mendrew (Chief Executive Officer) | 1 617 864 | - | 1 617 864 |
| Z Mafata (Chief Financial Officer) | 1 275 828 | 184 147 | 1 459 975 |
| | **2 893 692** | **184 147** | **3 077 839** |

**2014**

| | Emoluments | Total |
|---|---|---|
| T Mendrew (Chief Executive Officer) | 1 529 750 | 1 529 750 |
| Z Mafata (Chief Financial Officer) | 1 181 723 | 1 181 723 |
| | **2 711 473** | **2 711 473** |

# Notes to the Annual Financial Statements

| Figures in Rand | 2015 | 2014 |
|---|---|---|

## 29. DIRECTORS' EMOLUMENTS (continued)

**Non-executive**

**2015**

| | Directors' fees | Retainer fees | Total |
|---|---|---|---|
| C Coovadia (Chairperson) | 141 564 | 39 675 | 181 239 |
| K Govender | 267 058 | 19 840 | 286 898 |
| E Harvey | 140 327 | 19 840 | 160 167 |
| N Maila (Appointed 21 October 2014) | 41 272 | 4 960 | 46 232 |
| P Mashiane | 66 225 | 19 840 | 86 065 |
| P Masilo | 93 713 | 19 840 | 113 553 |
| N Selamolela | 100 650 | 19 840 | 120 490 |
| W Thwala | 122 572 | 19 840 | 142 412 |
| P Zagarotos (Appointed 21 October 2014) | 61 270 | 4 960 | 66 230 |
| B Kelly (Independant Audit and Risk Committee Member) | 22 816 | - | 22 816 |
| M Dolamo (Independent Audit and Risk Committee Member) | 17 112 | - | 17 112 |
| Z Samsam (Independent Audit and Risk Committee Member) | 63 240 | 19 840 | 83 080 |
| J Vergotine (Independent Audit and Risk Committee Member) (Retired 03 February 2015) | 24 800 | 19 840 | 44 640 |
| | **1 162 619** | **208 315** | **1 370 934** |

**2014**

| | Directors' fees | Retainers | Total |
|---|---|---|---|
| G Simelane (Chairperson - Retired 25 February 2014) | 117 062 | 39 675 | 156 737 |
| C Coovadia (Acting Chairperson) | 15 872 | - | 15 872 |
| K Govender | 53 570 | 19 840 | 73 410 |
| E Harvey | 24 802 | - | 24 802 |
| P Kubu (Resigned 21 May 2014) | 57 550 | 19 840 | 77 390 |
| N Lila (Resigned 09 April 2014) | 54 560 | 19 840 | 74 400 |
| B Majola (Retired 25 February 2014) | 58 536 | 19 840 | 78 376 |
| P Mashiane | 60 522 | 19 840 | 80 362 |
| P Masilo | 100 198 | 19 840 | 120 038 |
| D Naidu (Retired 25 February 2014) | 59 520 | 19 840 | 79 360 |
| A Rajah (Retired 25 February 2014) | 52 590 | 19 840 | 72 430 |
| N Selamolela | 38 690 | 19 840 | 58 530 |
| B Stainbank-Mokhobo (Retired 25 February 2014) | 14 880 | - | 14 880 |
| W Thwala | 101 210 | 19 840 | 121 050 |
| J Vergotine (Independent Audit Committee member)(Retired 03 February 2015) | 29 760 | 19 840 | 49 600 |
| Z Samsam (Independant Audit Committee member) | 4 960 | - | 4 960 |
| | **844 282** | **257 915** | **1 102 197** |

## Notes to the Annual Financial Statements

| Figures in Rand | 2015 | 2014 |
|---|---|---|

### 30. CASH (USED IN) GENERATED FROM OPERATIONS

| | 2015 | 2014 |
|---|---|---|
| Surplus | 16 286 295 | 3 558 418 |
| **Adjustments for:** | | |
| Depreciation and amortisation | 1 471 398 | 1 608 855 |
| Loss on disposal of assets | 90 713 | 229 981 |
| Debt impairment | - | 164 826 |
| Movements in provisions | 186 549 | 559 239 |
| Annual charge for deferred tax | 6 581 481 | 2 140 531 |
| Movement in expenditure - non cash components | 14 875 | 88 592 |
| **Changes in working capital:** | | |
| Trade and other receivables from exchange transactions | (381 207 310) | (287 900 668) |
| Impairment of Bus Factory tenants | - | (164 826) |
| Trade and other payables from exchange transactions | 289 001 313 | 281 084 535 |
| VAT | 12 153 520 | 3 704 277 |
| | **(55 421 166)** | **5 073 760** |

### 31. COMMITMENTS

**Commitments in respect of capital expenditure:**

| | 2015 | 2014 |
|---|---|---|
| **Approved and not yet contracted for** | | |
| • Kliptown Renewal Project | 30 000 000 | 20 000 000 |
| • Orlando East Station Precinct | 25 000 000 | 40 000 000 |
| • Nancefield Station Precinct | 30 000 000 | 60 000 000 |
| • Randburg Precinct Upgrade | 30 000 000 | 66 500 000 |
| • Jabulani Transit Orientated Development | 18 500 000 | 15 000 000 |
| • Alexandra Renewal Programme | 69 800 000 | 33 189 000 |
| • Auckland Park Pedestrian Crossing | 45 000 000 | - |
| • Rotunda Park Precinct | 15 000 000 | - |
| • Westbury Development Precinct | 11 200 000 | - |
| • Westbury Pedestrian Bridge | 10 000 000 | - |
| • Operational capex | 15 000 000 | - |
| | **299 500 000** | **234 689 000** |
| **Approved and contracted for** | | |
| • Contractual costs committed for multi-year contracts | 1 074 333 945 | 601 497 007 |

The contractual costs committed arise from the related construction work as well as professional services which was contracted for but not yet incurred.

| | 2015 | 2014 |
|---|---|---|
| **This expenditure will be financed from:** | | |
| Government Grants | 1 373 833 945 | 836 186 007 |

| | 2015 | 2014 |
|---|---|---|
| **The approved and contracted for commitments consist of the following:** | | |
| **Portfolio A** | | |
| Randburg | 24 459 602 | 7 179 318 |
| Hillbrow Tower | 30 311 605 | 11 013 779 |
| African Food Hub | - | 14 304 079 |
| Inner City Public Places Challenge | - | 2 870 004 |
| Bruma Lake Rehabilitation | - | 43 590 136 |
| Kaserne Redevelopment | 1 991 229 | 3 544 320 |
| Community Development Corridors of Freedom | 12 956 919 | 4 748 595 |
| IOC | 10 008 906 | 19 319 969 |
| Cosmo City Fire Station | 2 667 943 | 3 154 428 |
| Inner City Core | 13 761 368 | - |
| Inner City Commuter Links | 7 569 715 | - |

## Notes to the Annual Financial Statements

| Figures in Rand | 2015 | 2014 |
|---|---|---|
| **31. COMMITMENTS (continued)** | | |
| Westgate Station Precinct | 6 871 726 | - |
| | **110 599 013** | **109 724 628** |
| **Portfolio B** | | |
| Esselen Clinic | 13 205 202 | 1 864 926 |
| Orchards Clinic | 40 842 194 | 1 391 555 |
| Westbury Clinic | 15 996 161 | 1 143 535 |
| Noordgesig Clinic | 660 964 | 1 824 970 |
| Golden Harvest Clinic | 1 442 949 | 3 394 447 |
| Diepsloot | 6 556 328 | 19 394 459 |
| Sol Plaatjie | 233 861 | 4 249 032 |
| Alex Marlboro Automotive | 34 573 965 | 2 473 577 |
| Bambanani Automotive | 852 800 | 3 887 152 |
| Halfway House Clinic | - | 4 122 962 |
| River Park Clinic | 4 422 269 | 1 631 284 |
| Ennerdale Clinic | 5 190 562 | 1 543 567 |
| Orlando East/ Noordgesig Transit Oriented Development | 23 809 585 | 8 012 291 |
| Alexandra Heritage Centre | 12 299 918 | 2 101 638 |
| Mpumelelo Clinic | - | 3 756 265 |
| Nancefield Transit Oriented Development | 22 307 897 | 34 780 876 |
| Jabulani Transit Oriented Development | 5 781 086 | 11 802 247 |
| Kliptown Development | 3 933 646 | - |
| Westbury TDC | 2 796 731 | - |
| Langlaagte Clinic | 1 051 979 | - |
| Claremont Clinic | 1 373 324 | - |
| Parkhurst Clinic | 1 494 766 | - |
| Zandspruit Clinic | 2 198 879 | - |
| Rotunda Park | 11 476 187 | - |
| | **212 501 253** | **107 374 783** |
| **Portfolio C** | | |
| UJ Cycle Lanes | 2 557 322 | 56 542 674 |
| Non-Motorised Transport | 147 771 559 | 85 548 973 |
| BRT Various | 572 390 479 | 242 305 949 |
| Com Dev Libraries | 3 984 874 | - |
| Com Dev Community Centres | 8 037 697 | - |
| | **734 741 931** | **384 397 596** |
| **Portfolio D** | | |
| Thoko Mngoma Clinic | 1 127 724 | - |
| 4th Avenue Clinic | 1 430 250 | - |
| Old Ikage Housing Project | 2 104 894 | - |
| Jukskei River Rehabilitation | 580 000 | - |
| Open Spaces Development | 199 487 | - |
| Vincent Tshabalala Bridge | 1 165 750 | - |
| Linear Markets: Ivory Park/Alex | 3 242 894 | - |
| | **9 850 999** | **-** |
| **Other Projects** | | |
| Naming and branding - CoF | 6 640 750 | - |
| Total Approved and Contracted | 1 074 333 945 | 601 497 007 |

### 32. CONTINGENT LIABILITIES

**Bertrams Priority Block**

The JDA has entered into legal proceedings regarding the relocation of illegal occupants in various buildings around the Bertrams Priority Block. Eviction proceedings have been instituted in the South Gauteng High Court. Negotiations are underway with illegal occupants to settle the matter out of court.
Progress made since 2012 - Some of the illegal occupants have agreed to be reallocated to properties operated by the Johannesburg Social Housing Company. The few that would be left because of inability to meet monthly rental payments will be accomodated by the Department of Housing. Since this, no progress has been made in this matter due to ongoing negotiations for reallocations and the legal proceedings have been put in abeyance until alternate accomodation is found by the JDA and CJMM.

**Ubuntu Kraal (Pty) Ltd vs JDA & CJMM**

The JDA has been served with summons for loss of income and damages to property by the operators of the establishment known as Ubuntu Kraal in Soweto, Johannesburg. The damages were alleged to have been caused by flooding due to the JDA activities in the construction of the Rea Vaya BRT infrastructure along Klipspruit Valley Road. The amount of damages claimed by the plaintiffs is R23.5 million. The matter is now being handled by CJMM insurer attorneys.

**Achusim Chijoike vs JDA and Skymark Security (Pty) Ltd**

JDA was incorrectly cited as a party to the proceedings relating to claim for injury suffered by Plaintiff resulting from a shooting incident that occured in Randburg in December 2010. The plaintiff alleged that the person implicated in the shooting ( a security guard) was in the employ of the JDA and was acting on behalf of the JDA. The JDA disputes all the allegations. The proceedings have not been set down yet.

**BRT - Thembu Convenience Store**

The CJMM and the JDA were served with a summons by Tembu Convenience Centre CC, trading as a convenience store and Engen Fuel dealership, for loss of income amounting to more than R17 million, as a result of BRT construction works. The City has filed its papers defending the matter in the South Gauteng High Court. The matter has still not been put on a trial roll and the plaintiffs have applied for a set-down. The matter has been set down for trial on 02 March 2016.

**Dark Fibre Africa vs JDA and Easyway Tarmac Pave and Projects CC**

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. The plaintiff, Dark Fibre Africa (Pty) Ltd is suing the JDA (2$^{nd}$ 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 intersection with sefa sonke street. The matter is being defended by the lawyers appointed by the JDA's insurers (AON).

| Figures in Rand | 2015 | 2014 |
|---|---|---|

### 33. RELATED PARTIES

| | |
|---|---|
| Relationships | |
| Controlling entity | City of Johannesburg Metropolitan Municipality |
| Other members of the group | Johannesburg Social Housing Company (SOC) Ltd |
| | City of Johannesburg Property Company (SOC) Ltd |
| | City Power Johannesburg (SOC) Ltd |
| | Johannesburg City Parks and Zoo NPC |
| | Johannesburg Metropolitan Bus Services (SOC) Ltd |
| | Johannesburg Roads Agency (SOC) Ltd |
| | The Johannesburg Tourism Company NPC |
| | Johannesburg Water (SOC) Ltd |
| | Pikitup Johannesburg (SOC) Ltd |
| | Joburg City Theatres (SOC) Ltd |
| | The Johannesburg Fresh Produce Market (SOC) Ltd |
| Members of key management (included in employee costs) | Refer to note 18 |

**Related party balances**

| | 2015 | 2014 |
|---|---|---|
| **Amounts included in Loans, Trade and other receivables regarding related parties** | | |
| CJMM - Projects | 68 608 656 | 20 672 954 |
| Department of Transportation, Planning and Management - Projects | 646 501 355 | 334 866 624 |
| Inner City Funding - Projects | - | 37 736 906 |
| Department of Social Development - Projects | 7 253 745 | 2 784 173 |
| Department of Social Development - Trade | 391 897 | 119 412 |
| Department of Transportation, Planning and Management - Trade | 26 420 580 | 14 230 965 |
| Inner City Funding - Trade | - | 1 886 845 |
| Economic Development - Projects | 1 778 970 | - |
| CJMM - Trade | 3 406 491 | 1 003 261 |
| Group Strategy | 17 440 818 | - |
| Johannesburg Roads Agency (SOC) Ltd | 8 200 913 | - |
| Department of Environment Management Services - Projects | 20 972 301 | 39 435 414 |
| Department of Health - Projects | 28 316 084 | 14 197 653 |
| City of Johannesburg Housing - Projects | 9 076 641 | 8 154 623 |
| Economic Development - Trade | 88 949 | - |
| Department of Environment Management Services - Trade | 1 444 671 | 1 647 493 |
| Department of Health - Trade | 1 560 091 | 953 339 |
| City of Johannesburg Housing - Trade | 741 011 | 570 824 |
| Community Development - Projects | 28 933 205 | 14 179 617 |
| Community Development - Trade | 1 912 143 | 708 981 |
| Emergency Management Services | 3 980 605 | - |
| | **877 029 126** | **493 149 084** |

| | 2015 | 2014 |
|---|---|---|
| **Amounts included in Loans, Trade and other payables regarding related parties** | | |
| CJMM | 345 962 | 808 466 |
| CJMM-Treasury | 70 508 352 | - |
| Pikitup Johannesburg (SOC) Ltd | 229 106 | - |
| | **71 083 420** | **808 466** |

## Notes to the Annual Financial Statements

| Figures in Rand | 2015 | 2014 |
|---|---|---|

### 33. RELATED PARTIES (continued)

**Related party transactions**

| | 2015 | 2014 |
|---|---|---|
| **Purchases from related parties** | | |
| CJMM - Corporate Services | 400 791 | 1 154 301 |
| Johannesburg Metropolitan Bus Services (SOC) Ltd | 26 520 | 39 390 |
| CJMM - Interest paid | 6 149 276 | 311 564 |
| CJMM - Revenue | 349 207 | - |
| | **6 925 794** | **1 505 255** |
| **Income from related parties** | | |
| CJMM - Interest received | - | 2 118 607 |
| CJMM - Grant | 26 739 000 | 24 977 000 |
| DP - Facilitation income | 116 470 | 285 200 |
| | **26 855 470** | **27 380 807** |
| **Payments to related parties** | | |
| CJMM | 1 118 629 | - |

**Purchases from related parties are listed above.**

These services were supplied by the related parties and the CJMM in terms of Section 45 of the Municipal Supply Chain Management of 2005.

**Awards to spouses and close family members**

None

**Terms and conditions**

There are no terms and conditions and no interest is due or payable to any related parties listed above. All related party transactions are on an arm's length basis.

### 34. CHANGE IN ESTIMATE

**Property, plant and equipment**

**Computer Equipment**

The useful life of computer equipment was estimated in 2014 to be between 5-10 years depending on the individual assets. In the current period management have revised their estimate to be between 5-15 years. The effect of this revision has decreased the depreciation charges for the current and future periods by R 8 094

The impact on deferred tax is R2,266.32.

The impact on the cash flow statement is Rnil.

**Leasehold improvements**

The useful life of the carports was estimated in 2014 to be 10 years depending on the individual assets. In the current period management have revised their estimate to be 20 years. The effect of this revision has decreased the depreciation charges for the current and future periods by R 4 000.

The impact on deferred tax is R1,120.00.

The impact on the cash flow statement is Rnil.

**34. CHANGE IN ESTIMATE (continued)**

**Office Equipment**

The useful life of the office equipment was estimated in 2014 to be 6 - 10 years. In the current period management have revised their estimate to between 6 - 15 years. The effect of this revision has decreased the depreciation for the current and future periods by R 646

The impact on deferred tax is R180.88.

The impact on the cash flow statement is Rnil.

**Computer Equipment - Printers and servers**

The useful life of the printers servers was estimated in 2014 to be 6 - 7years. In the current period management have revised their estimate to between 6 - 15 years. The effect of this revision has decreased the depreciation for the current and future periods by R 1 781

The impact on deferred tax is R498.68.

The impact on the cash flow statement is Rnil.

**Motor vehicles**

The useful life of the motor vehicle was estimated in 2014 to be 7 years. In the current period management have revised their estimate to 8 years. The effect of this revision has decreased the depreciation for the current and future periods by R 3 889.

The impact on deferred tax is R1,088.92

The impact on the cash flow statement is Rnil.

## Notes to the Annual Financial Statements

| Figures in Rand | 2015 | 2014 |
|---|---|---|

### 35. PRIOR PERIOD ERRORS

| | 2015 | 2014 |
|---|---|---|
| **Statement of financial position** | | |
| Increase in carrying value of intangible assets | - | 95 066 |
| Decrease in trade and other receivables - prepaid expenditure | - | (95 066) |
| Increase in deferred tax liability - Intangible asset adjustment | - | (26 616) |
| | - | **(26 616)** |
| **Statement of financial performance** | | |
| Increase in amortisation on intangle assets | - | (190 132) |
| Decrease in general expenditure - computer expenses | - | 190 132 |
| Increase in deferred taxation | - | (26 616) |
| | - | **(26 616)** |
| **Cash flow statement** | | |
| **Cash flow from operating activities** | | |
| Amortisation | - | 285 198 |
| **Cash flow from investing activities** | | |
| Intangible assets | - | (285 198) |

**The correction of the error(s) results in the restatement of comparative figures as follows - 2014**

The restatement of the intangible assets was as a result of restating the prior year carrying values with the capitalisation of intangible assets. These licence costs were previously expensed and balance after year end shown as a prepaid expenditure.

### 36. RISK MANAGEMENT

**Capital risk management**

The entity's objectives when managing capital are to safeguard the entity's ability to continue as a going concern in order to meet the principle objectives of the organisation for the controlling entity and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the entity consists of debt, which includes the borrowings disclosed in notes 3 and 9, cash and cash equivalents disclosed in note 5, and equity as disclosed in the statement of financial position.

As stated in the note regarding going concern, the entity's existence is dependant on the continued support from the controlling entity CJMM.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

**Financial risk management**

The entity's activities expose it to a variety of financial risk i.e. market risk (including currency risk, fair value interest rate risk, cashflow interest rate risk and price isk), credit risk and liquidity risk.

The entity is a wholly owned subsidiary of CJMM. Risk management is carried out by a central treasury department (City Treasury) with in the CJMM under policies approved by CJMM's Assets & Liabilities Committee of which the entity's CFO is a part of. City Treasury identifies and evaluates financial risks in close co-operation with the Assets & Liabilities Committee. The Assets & Liabilities Committee provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk and credit risk.

| Figures in Rand | 2015 | 2014 |
|---|---|---|

## 36. RISK MANAGEMENT (continued)

### Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities. The entity also received an annual grant from CJMM which mitigates to a large extent the liquidity risk of the entity.

The table below analyses the entity's financial liabilities based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

| At 30 June 2015 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
|---|---|---|---|---|
| Trade and other payables | 653 914 691 | - | - | - |

| At 30 June 2014 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
|---|---|---|---|---|
| Trade and other payables | 364 913 372 | - | - | - |

### Interest rate risk

The company has significant interest-bearing assets in the form of the treasury account. The financial asset subject to the above is the Sweeping account with CJMM. The following table highlights the likely cashflow risk to the company in the event of an interest rate fluctuation. The current interest rate is 6.21%.

| **Interest rate - Sweeping account** | 2015 | 2014 |
|---|---|---|
| 7,21 | 705 084 | 1 117 327 |
| 5,21 | (705 084) | (1 117 327) |
| | - | - |

### Credit risk

Credit risk consists mainly of intercompany debtors and other receivables. Through CJMM's Treasury Department, the entity only transacts with major banks such as Standard Bank South Africa Limited (with a AAA rating) with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprises of one major debtor being the CJMM and rental debtors which is a small customer base. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. With the CJMM being the sole debtor of the JDA, credit risk on trade receivables is considered minimal. No changes occurred in the management of these risks from the prior year.

Financial assets exposed to credit risk at year end were as follows:

| Financial instrument | 2015 | 2014 |
|---|---|---|
| Loans from shareholders - refer to note 8 | (123 254 021) | (63 551 187) |
| Trade and other receivables - refer to note 4 | 877 216 326 | 496 009 016 |

# Notes to the Annual Financial Statements

| Figures in Rand | 2015 | 2014 |
|---|---|---|

## 37. GOING CONCERN

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

## 38. EVENTS AFTER THE REPORTING DATE

On 14 October 2015 a scaffolding which was being erected in preparation for the construction of the Great Walk Pedestrian Bridge over the M1 highway in Sandton collapsed. Regrettably there were two fatalities and 19 injuries. An investigation process is in progress to determine the root cause of the collapse of the scaffolding equipment which was completed in preparation for construction of the pedestrian bridge over the M1 freeway along the Grayston Drive Bridge.

Three independent engineering investigation processes have been commissioned by:
- City of Johannesburg
- Department of Labour
- Murray & Roberts (main contractor)

Findings of the investigations would be provided to the relevant stakeholders in the middle of 2016.

## 39. UNAUTHORISED EXPENDITURE

| | 2015 | 2014 |
|---|---|---|
| **Reconciliation of unauthorised expenditure** | | |
| Opening balance | 377 223 | 1 454 701 |
| Recovery of unauthorised expenditure | (377 223) | (1 077 478) |
| | - | 377 223 |

The unauthorised expenditure relates to the over expenditure against the approved budget.

Subsequent to the approval of the mid-year budget downward adjustment of 2012/13, it was evident that the JDA would report a deficit of approximately R4.1 million. The JDA Board approved the utilisation of reserves up to the value of R2.4 million with the balance of R1.7 million expected to be generated from interest revenue and other income to fund the deficit.

The higher electricity costs incurred during the 2012/13 financial year as a result of the change in the method of calculating consumption, the higher recruitment costs as well as the fraud suffered in the current year resulted in the major over-expenditure in these line items.

Some of the electricity charges initially billed by City Power were reversed in the year under review.

## 40. FRUITLESS AND WASTEFUL EXPENDITURE

| | 2015 | 2014 |
|---|---|---|
| **Reconciliation of fruitless and wasteful expenditure** | | |
| Opening balance | 379 803 | 3 095 937 |
| Fruitless and wasteful expenditure current year | 860 468 | 558 789 |
| Sweeping interest reclassified as finance charges | (361 385) | - |
| Fruitless and wasteful expenditure prior year | - | 20 485 |
| Fruitless and wasteful expenditure recovered | - | (3 295 408) |
| | 878 886 | 379 803 |

| **Detail of expenditure 2015** | Abortive costs - African Food Hub | Interest on Telkom payments | Total |
|---|---|---|---|
| Fruitless and wasteful expenditure identified | 859 806 | 662 | 860 468 |

The African Food Hub Project incurred standing costs that was paid to the contractor for standing time. The JDA Development Manager delayed to provide the project's professional team with the approval of the application for road closure for the African Food Hub Project. Consequently, the engineers could not obtain the final approval for the construction drawings. This resulted in the contractor charging and claiming standing time due to delays experienced. A disciplinary process pertaining to the responsible JDA employees is currently underway in this matter,

Interest relating to late receipt of Telkom invoices - R662.

| **Detail of expenditure 2014** | Fraud adjustment | Interest and penalties paid | Total |
|---|---|---|---|
| Fruitless and wasteful expenditure identified | 20 485 | 558 789 | 579 274 |

# Notes to the Annual Financial Statements

| Figures in Rand | 2015 | 2014 |
|---|---|---|

## 40. FRUITLESS AND WASTEFUL EXPENDITURE (continued)

The interest and penalties paid relates sweeping interest and an amount charged by SARS on VAT return submissions. An objection was filed in dispute of this. A letter was received from SARS dated 9th September 2014, indicating that the interest and penalties previously charged had been waived. Total interest charged and recovered was - R243,604. The sweeping interest has since been reclassified as finance charges and taken out of the fruitless and wasteful expenditure line item.

## 41. IRREGULAR EXPENDITURE

| **Reconciliation of irregular expenditure** | | |
|---|---|---|
| Opening balance | 329 753 | 189 337 |
| Movement for the year | 68 585 | 140 416 |
| Reported to the Board and written off | (43 022) | - |
| | **355 316** | **329 753** |

**Details of irregular expenditure**

| | | |
|---|---|---|
| Broll Property Management | 10 692 | 50 884 |
| Makro Crown Mines | 43 980 | - |
| Torque Technical Computer Training | 6 150 | - |
| Yawee IT Solutions (Pty) Ltd | - | 89 532 |
| PM Ideas | 7 763 | - |
| | **68 585** | **140 416** |

**Details of irregular expenditure – 2015**

**Broll Property Management**

The supplier's contract with the JDA has expired and is currently on a month-to-month basis. Broll Property Management manages the Bus Factory tenants and the collection of rental. The expenditure above relates to the management fee charged by and paid to Broll for the period July 2014 until March 2015. The management of tenants is now done internally.

**Makro Crown Mines**

Office groceries were purchased from Makro without obtaining three quotations. The expenditure above relates to payments to Makro for the period July 2014 to November 2014. Office groceries are now procured through requests for quotations.

**Torque Technical Computer Training**

Training for IT staff as per approved individual Learning Plans (ILP's). Only one quotation was sourced instead of the required three from the supplier database.

# Notes to the Annual Financial Statements

| Figures in Rand | 2015 | 2014 |
|---|---|---|

## 41. IRREGULAR EXPENDITURE (continued)

**Details of irregular expenditure – 2014**

**Yawee IT Solutions (Pty) Ltd**

The supplier had previously declared in the initial supplier documentation that they were in the service of the state. The supplier was erroneously included in the panel of professional services and subsequently services were rendered from the supplier. Expenditure incurred with a service provider that is in service of the state in terms of the MFMA and Supply Chain processes of the JDA is considered irregular. To remedy the situation, the supplier was notified of their removal from the panel and any further interaction was cancelled. A disciplinary process was undertaken against the Supply Chain Manager for negligence and a warning letter issued. No loss was suffered by the JDA as the payment was for actual work performed.

**Broll Property Management**

The supplier's contract with the JDA has expired and is currently on a month-to-month basis. Broll Property Management manages the Bus Factory tenants and the collection of rental. The expenditure above relates to the management fee charged by and paid to Broll for the period July 2013 until June 2014. The management of tenants is now done internally.

### 42. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

The Accounting Officer approved a deviation from normal supply chain processes as per Regulation 36 (1)(a)(v) for the appointment of Sinetech CC to supply, install, and repair UPS or backup battery systems at Rea Vaya BRT stations. In accordance to the design of the Intellectual Ticketing Systems and other electronic devices at stations, Sinetech CC is the sole provider of the UPS as it is the service provider that has the South African licence for the system required at the BRT stations.

**Stations Retrofit Items**

Deviation - Reducing tender advert period from 30 days to 14 days.

Reason for shortening tender period was to expedite retrofitting stations with glass panels, tactile pavers for the visually impaired and to comply with universal access requirements for public transport.

### 43. BUDGET DIFFERENCES

**Material differences between budget and actual amounts**

**Revenue**

43.1 Rendering of services - The positive variance is a combination of some income items being over what budgeted for whilst others being lower than what was budgeted for. The organisation was able to earn 99% of the budgeted management fees. This was as a result of actual capital expenditure of 87% against total allocated budget being achieved. The management fees for the year under review were budgeted at 88% of the allocated capital expenditure being spent.

43.2 Tender fee income - The positive variance on actual tender fee income against budget was rather too conservative can be attributed to incorrect budgeting. This has been corrected in the new financial year.

43.3 Sundry Income - The positive variance on sundry income is due to the transfer of funds from the IDC ring-fenced account which were held at ABSA. This account was opened nine years ago to deposit funds to be used to conduct feasibility studies on Orange Farm and Orlando West. The ring-fenced account was opened as per the instructions of the funder being the Industrial Development Corporation. The studies were concluded seven years ago and attempts to transfer the balance of the funds to the funder have been unsuccessful. When the CoJ Treasury appointed SBSA as the City's new bankers the ABSA account had to be closed. Upon the closure of this account a decision was then taken to transfer the funds into the JDA's SBSA account and the funds recognised as income.

43.4 Interest received - The negative variance in interest received is due to the organisation's treasury account being overdrawn since the beginning of the financial year until the end of the financial year as a result of late settlement of JDA claims by CoJ Departments.

**43. BUDGET DIFFERENCES (continued)**

**Expenditure**

43.5 Employee costs - The variance of R6.6million is a combination of some of the funded vacant positions not being filled or being filled later than it was initially anticipated, resignations in some of the key positions which were only filled at the start of the 2015/16 financial year i.e EM: Planning & Strategy and EM: Corporate Services. It must be noted that the EM: Development Implementation, EM: Marketing & Communications and the Portfolio D Senior Development Manager positions are still to be filled. Furthermore three of the four filled positions in the Development Facilitation Department were filled at a much lower cost than they were budgeted for. Other vacant positions include the development facilitation manager, legal manager, budget manager, internal audit manager, legal officer, performance management training officer and employee relations & admin manager.

43.6 Depreciation and amortisation - The variance is largely due to only 9% of the allocated R5million operational capital expenditure not being spent. The SAP infrastructure and software purchases planned for the $4^{th}$ quarter did not materialise so did the Bus Factory planned space planning interventions. This had a negative impact on the depreciation and amortisation charge for the year.

43.7 Finance costs - Finance costs are made up of sweeping interest charged on the overdrawn treasury account by CoJ Treasury Department. Despite an undertaking by CoJ Departments that long outstanding claims will be settled and new claims will be settled timeously, this did not materialise and resulted in higher finance costs incurred than it was initially budgeted.

43.8 Repairs and maintenance - The variance is due to the panel of service providers for plumbing and electrical services only being appointed late in the $4^{th}$ quarter. Some of the planned maintenance will thus only be undertaken in the new financial year. Only emergency repairs were undertaken in year under review.

## Notes to the Annual Financial Statements

| Figures in Rand | 2015 | 2014 |
| --- | --- | --- |

**43. BUDGET DIFFERENCES (continued)**

43.9 General expenses - this represents under-expenditure / saving of the allocated budget. The main contributors to this variance are IT computer expenses, human resources, marketing, development facilitation and planning & strategy. Reasons for under-expenditure on the stated expenditure items are:

- Computer expenses - For this line item the variance of R1.4million is actually a saving brought about by the change in strategy in the procurement of DMIS and GP support services. Out of a budget of R1.3million only R200k was used in the year under review. Whereas previously DMIS support was procured for a fixed monthly amount over a three year period regardless of whether or not a service is rendered, when the previous contract came to an end the new contract was entered into based on an hourly rate per services rendered. This resulted in huge savings coupled with the fact that there hasn't been a lot of requirement for DMIS and GP support in the year under review.

- Training - the variance is mainly as a result of under-expenditure of R470k in the staff training & development line item. The organisation spent R604k on staff training & development out of a budget of R1.1million. This budget is based on 2% of the total salary budget. The mandatory staff training allocation in terms of the Skills Development Act is 1% of the salaries budget. Although the organisation did not meet the targeted 2%, the minimum requirements as per the Skills Development Act were exceeded since 1% of the salaries budget equates to R536k.

- Marketing - the variance is largely due to under-expenditure of R1.5million for the public relations line item. This budget had been set aside for the appointment of a service provider to assist with managing public relations activities in Alexandra to improve the JDA image in Alexandra. A tender was advertised however all proposals received exceeded the available budget and the process was put on hold due to budget constraints instead the organisation relied on active stakeholder engagement with key stakeholders in Alexandra to improve the relations with the community of Alexandra.

- Development Facilitation -.The variance is under-expenditure due to the tender process and planned expenditure (R700k) on the development of the Karzene business plan being put on hold to finalise discussions with other CoJ departments i.e JPC, DED and Transportation on the final design and use of the facility. The tender process and planned expenditure (R700k) on the proposed Watt Street Interchange interventions were put on hold due to this project being put on hold by the National Department of Transport as a result of budget constraints.

Planning & Strategy - the variance is under-expenditure mainly due to the delays experienced for the heritage impact assessment studies. Although the tender processes were undertaken, final appointment and award had to be delayed as the capacity of the recommended bidder to carry out the project had to first be verified. Furthermore the resignation of the previous Executive Manager for this department and the Acting Executive Manager going on maternity leave also had an impact in the delays experienced in the finalisation of appointing a service provider to carry out the studies

## Notes to the Annual Financial Statements

| Figures in Rand | 2015 | 2014 |
|---|---|---|

### 44. ADDITIONAL DISCLOSURE IN TERMS OF MFMA

**Audit fees**

| | 2015 | 2014 |
|---|---|---|
| Current year expenditure | 1 700 619 | 1 547 833 |
| Amount paid in the current year | (1 700 619) | (1 547 833) |
| | - | - |

**PAYE and UIF**

| | 2015 | 2014 |
|---|---|---|
| Current year expenditure | 10 920 862 | 8 557 327 |
| Amount paid in the current year | (10 920 862) | (8 557 327) |
| | - | - |

**Pension Fund contributions**

| | 2015 | 2014 |
|---|---|---|
| Current year expenditure | 2 672 834 | 2 456 925 |
| Amount paid in the current year | (2 672 834) | (2 456 925) |
| | - | - |

**VAT**

| | 2015 | 2014 |
|---|---|---|
| Opening balance at the beginning of the year | 14 152 520 | 10 448 243 |
| Current year movement | 21 682 908 | 14 152 520 |
| Amount paid in the current year | (9 529 388) | (10 448 243) |
| | **26 306 040** | **14 152 520** |

### Commentary on financial performance

The JDA recorded a surplus of R16.3 million for the financial year ended 30 June 2015, mainly because it spent 16 per cent less than its budgeted expenditure.

#### *Revenue*

In the year under review, the JDA earned R182 782 more than the forecast of R99 million. The difference is due to the under-recovery of interest income and the over-recovery of other income. The negative variance in interest received of R934 371 was due to the organisation's treasury account being overdrawn for the financial year because CoJ departments settled the JDA's claims late. Other income includes additional funding received, namely, Industrial Development Corporation funds and an insurance recovery.

#### *Results of operations*

The JDA spent R76.4 million of its operational budget of R91.4 million. The difference between spending and the allocated budget was due to vacancies, most of which were filled by the end of the financial year. Recruitment is under way for the remaining vacancies, including the executive manager positions for Development Implementation, Planning and Strategy, Corporate Services, and Marketing and Communications.

## Section 2: Spending against capital budget

### Capital expenditure

The JDA spent R1.46 billion of its capital budget of R1.68 billion. The approved capital budget was reduced to R798 million after the mid-year adjustment when the Department of Arts and Culture reversed the budget approval for property developments in Newtown. Capital expenditure is discussed under each of the JDA's programmes in Chapter 3: Service delivery performance.

### Sources of finance

| R thousands | **Original budget** | **Budget adjustments** (i.t.o. s28 and s31 of the MFMA) | **Final adjustments budget** | **Final budget** | **Actual outcome** |
|---|---|---|---|---|---|
| | **1** | **2** | **3** | **6** | **7** |
| **Financial performance** | | | | | |
| Property rates | | | – | – | |
| Service charges | 48 127 | 22 212 | 70 339 | 70 339 | 69 797 |
| Investment revenue | 4 000 | (3 000) | 1 000 | 1 000 | 66 |
| Transfers recognised – operational | 26 739 | – | 26 739 | 26 739 | 26 739 |

| | | | | | |
|---|---|---|---|---|---|
| Other own revenue | 1 010 | – | 1 010 | 1 010 | 2 669 |
| **Total revenue (excluding capital transfers and contributions)** | 79 876 | 19 212 | 72 349 | 72 349 | 99 271 |

The JDA's primary source of operating revenue is the 5 per cent or 7 per cent development fee charged against all capital expenditure, which yielded R69.8 million in 2014/15. The operating grant from the CoJ amounted to R26.7 million.

The JDA's primary sources of capital funding are:

- *Public transport infrastructure grant*
- *Urban settlement development grant*
- Capital grants from the CoJ
- *Neighbourhood development partnership grant.*

### Capital spending of five largest projects

The largest area development projects implemented in 2014/15 were:

| | |
|---|---|
| Diepsloot development | R34.3 million |
| Nancefield Station precinct | R60 million |
| Bruma Lake rehabilitation | R51.5 million |
| Park Station precinct | R83 million |
| Jabulani node | R65.5 million |
| Kazerne property development | R71.5 million |
| Westbury development | R65.7 million |

## Section 3: Cash flow statement

### Operating budget management

The JDA manages its operating budget by measuring the effectiveness of its control of operating costs (indicated by budget variances) and has set a target of 0 per cent overexpenditure. In 2014/15, the JDA spent R76.4 million (84 percent) of its operating budget of R91.4 million.

### GRAP compliance

Compliance with GRAP is discussed in the accounting policies note to the financial statements.

## Recommendation and plans for the next financial year

The JDA's capital budget will increase to R1.8 billion in 2015/16. The JDA plans to address a number of growth challenges in 2015/16, including recruiting an executive manager for the Development Implementation programme and modernising and improving project management systems.

The partnership between the Alexandra renewal project and the JDA continues to require active management to ensure that the process runs smoothly.

Over the last decade, the JDA has performed well against its performance targets. However, performance at project level has been affected by certain factors pertaining to the design, implementation and handover of the JDA's activities. For the remainder of the mayoral term, the JDA will focus on responding to these factors to improve the performance of individual projects.

The JDA has a rigorous approach to project design that involves engaging in extensive consultations with affected communities and relevant municipal agencies, and appointing professional planners. These engagements sometimes highlight challenges that were not evident when planning started, which delays implementation until consensus is reached on the most optimal development intervention.

The JDA is stepping up its development facilitation role to pre-empt and avoid delays by including the following functions in all of the JDA's development areas:

- Substantial research and analysis to inform evidence-based precinct-level planning.
- Extensive community consultation to secure buy-in for the development vision and plans.
- Precinct marketing, promotion and programming.
- The assembly and procurement of developments as public-private partnerships.

When it comes to implementation, the long-term sustainability of the JDA's projects depends on the agency's effectiveness during the development facilitation process. This involves two important steps: setting up appropriate governance structures during the implementation phase and coordinating the initiatives of municipal agencies implemented within a particular area.

# CHAPTER 6: AUDITOR-GENERAL'S FINDINGS

## Section 1: Auditor-General's report for the current year

Note: The Constitution S188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA section 45 states that the results of performance measurement must be audited annually by the Auditor-General.

The Auditor General completed with the 2014/15 regulatory audit at the end of November 2015 and JDA was able to obtain Clean Audit for the 2014/15 financial year..

| | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|---|---|---|---|---|---|
| Audit opinion | Unqualified | Unqualified | Unqualified | Unqualified | Clean |

## Section 2: Historical audit findings and remedial action

In 2013/14, the JDA received an unqualified audit with findings relating to invoice management and the quality of financial statements submitted to the Auditor-General. Remedial action has since been taken.

### Analysis of 2013/14 audit findings

| **Audit report status** | **Unqualified with findings** |
|---|---|
| **Non-compliance issues** | **Remedial action taken** |
| Payment within 30 days | Stricter controls over the invoice management system and continuous monitoring of the invoices received. |

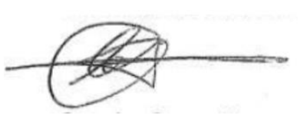
The Auditor-General also identified areas of improvement for management. Recommendations included improved non-financial performance information controls, supply chain management, IT governance and financial management. Management has implemented most of the recommendations. The internal audit function has undertaken reviews to assess management's implementation progress and provided its reports to the Audit and Risk Committee.

## Section 3: Commitment by the Board of Directors

The table below provides strategic commitments or improvement initiatives per key role player. These will be monitored and tracked during quarterly engagements with the administrative leadership.

### New and in-progress commitments

| Key role players | Current year initiatives and commitments | | Focus area targeted by commitment |
|---|---|---|---|
| Mayor | **Key commitments** | | |
| | 1 | Expectation of Mayor is for a clean audit as documented in shareholder compact. | Financial statements |
| | 2 | | |
| | 3 | | |
| Accounting Authority/CEO | **Key commitments** | | |
| | 1 | Quarterly financial statements with all disclosures prepared and audited by internal audit. | Financial statements |
| | 2 | Proper and accurate alignment of the JDA scorecard and annual report with regards to how outcomes are documented in the respective documents. | Predetermined objectives |
| | 3 | Develop an invoice management guideline to ensure compliance with section 99(2) of the MFMA. | Expenditure management |
| Audit and Risk Committee | **Key commitments** | | |
| | 1 | Quarterly financial statements with all disclosures prepared and audited by internal audit. | Financial statements |
| | 2 | Quarterly audit of predetermined objectives by internal audit. | Quarterly Reports |
| | 3 | Tracking of findings raised by internal and external auditors. | Internal controls |
| Other role player (CFO) | **Key commitments** | | |
| | 1 | Quarterly financial statements with all disclosures prepared and audited by internal audit. | Financial statements |
| | 2 | Proper and accurate alignment of the JDA scorecard and annual report with regards to how outcomes are documented in the respective documents. | Predetermined objectives |
| | 3 | Develop an invoice management guideline to ensure compliance with section 99(2) of the MFMA. | Expenditure management |
| | 4 | Review the finance policies and procedures and have a separate document for policies and a separate document for procedures. | Policy management |



**Cassim Coovadia**

**Chairperson**

# ANNEXURES

# Annexure 1: Recommendations of the Audit and Risk Committee (Appendix G)

| Audit and Risk Committee recommendations | | |
|---|---|---|
| **Date of committee** | **Committee recommendations during 2014/15** | **If recommendations adopted, enter Yes. If not adopted, provide explanation** |
| 28-Jul-14 | External audit strategy<br>Annual financial statements and integrated report | Yes |
| 19-Aug-14 | Revised integrated annual report | Yes |
| 5-Sep-14 | Risk management framework<br>Risk management policy<br>Risk management strategy<br>Risk management strategy implementation plan | Yes |
| 30-Oct-14 | 2014/15 materiality framework<br>First quarter report<br>IT security policy<br>E-mail and internet usage policy<br>IT governance charter | Yes |
| 17-Nov-14 | Audited annual financial statements<br>Management letter<br>Audit report | Yes |
| 17-Mar-15 | GRC report<br>Second quarter report<br>Supply chain management policy | Yes |
| 1-Apr-15 | ARC schedule<br>Risk registers<br>Fraud risk management policy<br>Fraud prevention strategy and response plan<br>Whistle-blowing policy | Yes |
| | Compliance policy | No |
| 21-May-15 | Draft business plan<br>Dashboard report<br>Fraud hotline | Yes |
| 28-May-15 | Strategic risk register<br>Fraud risk management | Yes |
| 30-Jun-15 | Internal audit charter | Yes |

# Annexure 2: Long-term contracts and public-private partnerships (Appendix H)

## Schedule of contracts over R10 million and running for more than one financial year

| Long-term contracts for 2014/15 | | | | | R 000 |
|---|---|---|---|---|---|
| **Name of service provider (entity or municipal department)** | **Description of services rendered by the service provider** | **Start date of contract** | **Expiry date of contract** | **Project manager** | **Contract value** |
| Tranacon Construction | Alexandra public environment upgrade | May 2015 | June 2016 | Portfolio A | R20 426 041.61 |
| Fikile Construction (Pty) Ltd | Alexandra automotive industrial park | 19/06/2015 | Aug 2016 | Portfolio B | R34 139 857.34 |
| Fikile Construction (Pty) Ltd | Alexandra Heritage Centre | 9/2/2015 | Sept 2015 | Portfolio B | R16 645 883.55 |
| Mivami Construction CC | BRT and mixed traffic lanes along Louis Botha between the intersection of Victoria/Empire and Louis Road | Jan 2015 | June 2016 | Portfolio C | R101 850 912.60 |
| Umbutho Civils | BRT bus depots, Booysens Layover building | Sept 2014 | Dec 2015 | Portfolio C | R16 186 578.00 |
| Nyeleti Consulting | BRT Midrand depot | June 2015 | June 2018 | Portfolio C | R11 255 738.47 |
| Stefanutti Stocks/A Re Shomeng JV | BRT stations section 8 and 15 | June 2014 | June 2016 | Portfolio C | R343 387 798.07 |
| Bankuna Engineering and Construction CC | Comdev Johannesburg Art Gallery | June 2015 | Nov 2015 | Portfolio A | R10 679 824.56 |
| Fikile Construction (Pty) Ltd | Corridors of Freedom Esselen Clinic | 13/05/2014 | 14/03/2015 | Portfolio B | R21 189 735.36 |
| Mabra Construction (Pty) Ltd | Demolition of old Westbury Clinic and construction of new clinic | 13/05/2014 | 14/03/2015 | Portfolio B | R24 403 153.77 |
| Dryden Projects CC | Ennerdale Clinic | 11/12/2014 | 12/10/2015 | Portfolio B | R17 539 247.55 |
| ITS Engineers | Gandhi Square interchange, Greenstone and Emthonjeni bus terminals | 1/05/2015 | 1/06/2017 | Portfolio C | R15 380 000.00 |
| Murray and Roberts | Great Walk Pedestrian Bridge, Grayston interchange and Grayston Road | Mar 2015 | June 2017 | Portfolio C | R129 743 737.73 |
| Bophelong Construction | Hillbrow to Park Station NMT | May 2015 | June 2016 | Portfolio C | R32 462 301.63 |
| Axton Matrix Construction CC | Hillbrow Tower precinct | May 2015 | June 2016 | Portfolio C | R39 373 537.20 |
| Gorogang Plant Hire CC | Ingonyama link road extension phase 3 | 9/02/2015 | 1/09/2015 | Portfolio B | R15 287 306.17 |
| Arocon Projects | Inner-city core public environment upgrade | May 2015 | June 2016 | Portfolio A | R15 104 939.50 |
| Ultrasonic Express CC | Jabulani Station link road project | 29/01/2015 | 1/09/2015 | Portfolio B | R16 310 295.00 |
| Buzaphi Construction (Pty) Ltd | Jabulani stormwater upgrade | 29/01/2015 | 1/09/2015 | Portfolio B | R20 862 482.00 |
| Stefanutti Stocks Geotechnical | Karzene internodal facility | Jan 2015 | July 2015 | Portfolio A | R41 258 563.73 |
| Kingsway Civil | Langlaagte to the UJ Kingsway Campus | 23/03/2015 | 23/09/2015 | Portfolio C | R27 691 756.42 |
| Axton Matrix Construction CC | Nancefield transit-oriented development | 3/03/2015 | 30/10/2015 | Portfolio B | R32 316 555.13 |
| Kingsway Civil | NMT implementation Lakeview phase (Mofolo Central, Dube and Orlando West) | April 2015 | June 2016 | Portfolio C | R17 821 335.59 |
| Fikile Construction (Pty) Ltd | Orchards Clinic | 13/07/2015 | 30/10/2016 | Portfolio B | R40 514 189.49 |
| No Limits Development | Orlando East/Noordgesig transit-oriented development | 20/01/2014 | To be confirmed | Portfolio B | R19 723 401.00 |
| Superway Construction | Parkstation to Doornfontein | May 2015 | June 2016 | Portfolio C | R43 421 052.63 |
| WBHO | Phase 1C, section 8 work package 8B | Dec 2014 | June 2017 | Portfolio C | R63 794 973.15 |
| Superway Construction | Randburg precinct public environment upgrade and bulk infrastructure upgrade | 30/04/2015 | 28/02/2015 | Portfolio A | R26 096 491.23 |
| Bophelong Construction | Rea Vaya phase 1C Sandton loop | 20/07/2015 | 1/11/2016 | Portfolio C | R226 096 585.14 |

| Long-term contracts for 2014/15 | | | | | R 000 |
|---|---|---|---|---|---|
| Name of service provider (entity or municipal department) | Description of services rendered by the service provider | Start date of contract | Expiry date of contract | Project manager | Contract value |
| WBHO Well Earned Civils JV | Rea Vaya phase 1C BRT section A Katherine and Marlboro Road | Mar 2015 | June 2017 | Portfolio C | R176 598 656.54 |
| Nyoni Projects | Rea Vaya phase1C section 15 work package 15F | Nov 2014 | June 2016 | Portfolio B | R111 310 000.00 |
| HHO Consulting Engineers | Rea Vaya section 9 – Sandton to Randburg | April 2015 | Apr il 2017 | Portfolio C | R10 762 500.00 |
| Solidaire Construction | River Park Clinic | 11/12/2014 | 24/11/2015 | Portfolio B | R17 009 360.61 |
| Lesole Civils | Rotunda Park precinct | 29/04/2014 | 13/12/2015 | Portfolio B | R11 235 045.53 |
| Buildagain Projects 203 | Social Development Golden Harvest Drug Rehabilitation Centre | 3/11/2014 | 30/06/2015 | Portfolio B | R9 025 873.38 |
| Lettam Building | Sol Plaatjie area 3 | 5/01/2015 | 30/06/2015 | Portfolio B | R9 180 476.00 |
| Esor Construction (Pty) Ltd | Walter Sisulu Square of Dedication in Kliptown | 6/03/2015 | 30/06/2015 | Portfolio B | R16 873 972.00 |
| Kingsway Civil (Pty) Ltd | Westbury precinct NMT phase 2 | April 2015 | June 2016 | Portfolio C | R22 665 521.03 |
| Axton Matrix | Rea Vaya BRT NMT 1A NMT C2 and F1 | 10/03/2015 | 22/09/2015 | Portfolio C | R10 020 370.28 |
| WBHO | Rea Vaya phase 1C BRT section A Katherine and Marlboro Road | May 2014 | June 2014 | Portfolio C | R76 098 874.96 |
| Kingsway Civil (Pty) Ltd | Westbury Precinct NMT phase 2 | May 2015 | June 2015 | Portfolio C | R22 665 521.03 |

No public-private partnership contracts are currently managed by the JDA.

# Annexure 3: Disclosure of financial interest (Appendix J)

| Disclosures of financial interests | | |
|---|---|---|
| **Period 1 July 2014 to 30 June of 2015** | | |
| **Position** | **Name** | **Description of financial interests (Nil or details)** |
| **Chair** | C Coovadia | Trustee for Urban Housing Finance<br><br>Director at:<br>African Union for Housing Finance<br>Banking Association SA<br>Business Unity SA<br>Centre for Development Enterprise<br>Financial Services Council<br>Finmark Trust<br>International Banking Federation<br>International Union for Housing Finance<br>Metier Lereko<br>National Business Unit Initiative<br>Nepad Business Foundation<br>Ombudsman for Financial Services<br>SABRIC<br>SADC Banking Association<br><br>Shares in:<br>ABIL<br>AngloGold<br>ARROW A<br>ARROW B<br>Capitec<br>Finbond<br>FirstRand<br>INVPLC<br>JDE<br>Netcare<br>Oasis<br>Petmin<br>Pick n Pay<br>PROPXTEN<br>Redefine<br>Satrix 40<br>Standard Bank |
| **Board members** | P Masilo | R Masilo Attorneys<br><br>Director at:<br>Ekurhuleni Development Company<br>Maxalex Investments (Pty) Ltd<br>Maxalex Property Development (Pty) Ltd |
| | P Mashiane | Trustee at Pamela Segakweng Trust and Segakweng Trust<br><br>Director at National Film and Video Foundation<br><br>100 per cent shareholder in Segakweng Enterprise and Strategy Consulting (Pty) Ltd |
| | D Thwala | Director at SAV Tran Management Agency<br><br>Shares in:<br>African Bank |

| Disclosures of financial interests | | |
|---|---|---|
| Period 1 July 2014 to 30 June of 2015 | | |
| **Position** | **Name** | **Description of financial interests (Nil or details)** |
| | | MTN<br>MultiChoice<br>Sasol<br>Telkom SA<br>Vodacom<br><br>Employee at the University of Johannesburg |
| | E Harvey | Nil |
| | N Selamolela | Director at Broadband Infraco<br>10 per cent shareholder at Emlangeni (Pty) Ltd<br>100 per cent shareholder at Murhambo Capital<br>Employee at Foodbev Seta |
| | K Govender | Director at:<br>Mally Govender and Associates<br>Zukramede (Pty) Ltd<br><br>Shares in MTN |
| | N Maila | Trustee at HF Edwards Education Trust<br>Director at dormant company: Rearogile Investment (Pty) Ltd<br>Employee at Liberty |
| | P Zagaretos | Director at:<br>Tenurey Bespoke Advisory (Pty) Ltd<br>Ule Investments (Pty) Ltd |
| **Chief executive officer** | T Mendrew | Director at:<br>Constitution Hill Development Company (SOC) Ltd<br>Greater Newtown Development Company (SOC) Ltd<br>MAYBORN Investment 73 (Pty) Ltd |
| **Chief financial officer** | Z Mafata | Director at Vhugala Investments (Pty) Ltd<br><br>Shares in:<br>Old Mutual<br>Sanlam<br>Sasol<br>Telkom SA |
| **Executive managers** | S Lewis | Trustee at Psidium Trust |
| | F Habib | Trustee at Adam and Fatima Habib Family Trust<br><br>Shares in:<br>MTN<br>Phuthuma Nathi<br>Sasol<br>Vodacom |
| | B Mbuli | Nil |
| | C Botes | Nil |
| **Other S57 officials** | R Shirinda | Nil |
| | B Mbewu | 100 per cent shareholder in a dormant close corporation, Mbewu Risk Management CC |
| | A Noholoza | Nil |
| | V Voyi | Nil |
| | L Visagie | Nil |

## Annexure 4: Capital programme by project (Appendix N)

| Capital programmes and projects | Source | Mid-year adjustment budget |
|---|---|---|
| **Capital expenditure budget** | | **807 884 000** |
| Of which | | |
| **Programme 1: Inner-city transformation** | | **126 750 000** |
| Park Station commuter links | DP ICF | 12 000 000 |
| Park Station Metro Park | DP ICF | 20 000 000 |
| Park Station African hub | DP ICF | 3 000 000 |
| Westgate Station precinct | DP ICF | 40 000 000 |
| Hillbrow Tower precinct | DP ICF | 5 000 000 |
| Public places challenge | DP ICF | 10 000 000 |
| Intelligent operations centre | CoJ EMS | 15 000 000 |
| Kazerne parkade demolition | Transportation | 9 000 000 |
| Newtown capital expenditure | National DAC | 12 000 000 |
| Beyers Naudé Square monument | CoJ DACH | 750 000 |
| **Programme 2: Transit-oriented node developments** | | **46 300 000** |
| Nancefield Station precinct | USDG | 25 000 000 |
| Jabulani node | USDG | 12 000 000 |
| Orlando East Station precinct | USDG | 1 000 000 |
| Randburg CBD | CoJ | 2 500 000 |
| Alex-Marlboro automotive cluster | DP NDPG | 1 000 000 |
| Bambanani automotive cluster | DP NDPG | 2 000 000 |
| Community development projects (rehab centre and community centre) | CoJ Comdev | 2 800 000 |
| **Programme 3: GMS priority area planning and implementation** | | **93 870 000** |
| Kliptown development | USDG | 10 000 000 |
| Diepsloot development | DP NDPG | 40 900 000 |
| CoJ clinics | Health | 26 970 000 |
| Sol Plaatjie | Housing | 12 000 000 |
| Cosmo City fire station | EMS | 4 000 000 |
| **Programme 4: Greenways** | | **516 164 000** |
| BRT routes and stations | PTIS | 388 468 000 |
| NMT infrastructure Kaalfontein | Transportation | 10 000 000 |
| NMT infrastructure Soweto | Transportation | 63 696 000 |
| Corridors of Freedom NMT infrastructure university connections | DP CoF | 42 000 000 |
| Corridors of Freedom NMT infrastructure Campus Square | DP CoF | 1 000 000 |
| Corridors of Freedom NMT infrastructure Westbury precinct | DP CoF | 11 000 000 |
| **Programme 6: Development facilitation** | | **24 800 000** |
| Bruma Lake rehabilitation | EISD | 20 000 000 |
| Corridors of Freedom naming and branding | DP CoF | 1 800 000 |
| Corridors of Freedom strategic area frameworks | DP CoF | 1 300 000 |
| Corridors of Freedom participative planning | DP CoF | 1 700 000 |

# Annexure 5: JDA scorecard for 2014/15

## Programme 1: Inner-city transformation

### KPI definition

| Integrated development plan programme | JDA programme objective | KPA | KPI | KPI definition | Reporting period |
|---|---|---|---|---|---|
| | Restructure the city by developing defined, strategic geographic areas around the city and the movement corridors that link them | Capital expenditure for programme 1 | % of capital budget spent | % of capital budget spent on all projects allocated to programme 1 as determined by the list of projects and budgets allocated to them in the mid-year budget adjustment | Cumulative expenditure targets are set for each quarter |
| | | Development progress per project | % development progress against planned works | Development progress is defined by the following progress categories and milestones: (a) concept designs approved by Executive Committee = 10%; (b) detailed designs approved by Executive Committee = 25% cumulative progress; (c) construction tender awarded = 40% cumulative progress; (d) 50% of construction is complete on site = 70% (e) construction completed = 100% cumulative result when planned works, as defined by bill of quantities, and construction contract are completed | Cumulative development progress targets are set for each quarter |
| | Promote economic empowerment through the structuring and procurement of JDA developments | Programme 1: Economic empowerment | Number of short-term EPWP job opportunities created through programme 1 construction contracts | Number of individuals employed on construction projects in programme 1 | Cumulative employment targets are set for each quarter based on eight jobs per R million spent |
| | | | BBBEE expenditure share as a % of total capital expenditure | % of expenditure attributed to BBBEE level as certified by an accredited certification authority | % per quarter in quarterly reports and % per year in annual report |
| | | | SMME expenditure share as a % of total capital expenditure | % of expenditure attributed to SMME companies as certified by an accredited authority or confirmed by a certified accountant | % per quarter in quarterly reports and % per year in annual report |
| | | | Of which: Jozi@Work SMME expenditure share as a % of total capital expenditure | % of expenditure attributed to Jozi@Work SMME companies, as verified by CSA, appointed by the CoJ or the JDA in accordance with Jozi@Work principles | % per quarter in quarterly reports and % per year in annual report |

| Integrated development plan programme | JDA programme objective | KPA | KPI | KPI definition | Reporting period |
|---|---|---|---|---|---|
| | Support productive development partnerships and cooperation between all stakeholders in these areas | Programme 1: Productive development partnerships | Positive media reports as a % of the total number of media reports on the JDA in the Johannesburg inner city | % of positive and neutral media reports out of the total number of media reports on inner-city development areas | Annual target reported every quarter |
| | | Programme 1: Productive development partnerships | Number of property developments facilitated by the JDA in the Johannesburg inner city | Lease signed for at least one precinct property development and feasibility study completed for at least one precinct property development | Completion target date is set for report and lease agreement |

## Targets

| KPA | KPI | 2014/15 annual target | 2014/15 actual | 2014/15 variance | Q1 actual | Q2 target | Q2 actual | Q3 target | Q3 actual | Q4 target | Q4 actual |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Capital expenditure for programme 1 | % of capital budget spent | **100%** | 82% | 18% | 2% | 40% | 10% | 50% | 20.8% | 100% | 82% |
| | % development progress against planned works | | | | | | | | | | |
| Development progress per project | Development progress for **Park Station precinct: Inner-city commuter links phase 5** | **100%** | 40% | 60% | 0% | 40% | 0% | 60% | 10% | 100% | 40% |
| | Development progress for **Park Station precinct: African food hub phase 2** | **100%** | 100% | 0% | 0% | 40% | 45% | 75% | 100% | 100% | 100% |
| | Development progress for **Park Station precinct: Housing property developments phase 1** | **40%** | 90% | +50% | 0% | 0% | 0% | 40% | 0% | 100% | 0% |
| | Development progress for **Park Station precinct: Jack Mincer taxi facility extension (detailed design and phase 1)** | | | | | | | | | | |
| | Development progress for **Westgate Station precinct: Relocation of Selby depot phase 1** | **100%** | 10% | 90% | 0% | 40% | 0% | 50% | 10% | 100% | 10% |
| | Development progress for **Hillbrow Tower precinct phases 1 and 2** | **100%** | 100%<br>45% | 0%<br>55% | 0% | 40% | Phase 1: 100%<br>Phase 2: 0% | 70% | Phase1: 100%<br>Phase 2: 0% | 100% | Phase 1: 100%<br>Phase 2: 45% |
| | Development progress for **inner-city core public environment upgrade phase 2.1** | **100%** | 43% | 57% | 0% | 40% | 0% | 50% | 10% | 100% | 43% |
| | Development progress for **Eastern Gateway precinct: Development framework and implementation plan** | **100%** | 0% | 100% | 0% | 0% | 0% | 0% | 0% | 100% | 0% |
| | Development progress for **public places partnership programme round 3** | **100%** | 100% | 0% | 0% | 40% | 40% | 60% | 40% | 100% | 100% |

| KPA | KPI | 2014/15 annual target | 2014/15 actual | 2014/15 variance | Q1 actual | Q2 target | Q2 actual | Q3 target | Q3 actual | Q4 target | Q4 actual |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Installation of **Beyers Naudé Square monument** | **100%** | 90% | 10% | 0% | 0% | 0% | 40% | 40% | 100% | 90% |
| | Development progress for **Kazerne property development phase 1** | **100%** | 85% | 15% | 0% | 0% | 0% | 45% | 45% | 100% | 85% |
| | Development progress for **Johannesburg Art Gallery (2014/15 upgrade)** | **100%** | 44% | 56% | 0% | 0% | 0% | 40% | 25% | 100% | 43% |
| | Development progress for **Museum Africa (2014/15 upgrade)** | **100%** | 64% | 36% | 0% | 0% | 0% | 40% | 25% | 100% | 64% |
| Programme 1: Economic empowerment | Number of short-term EPWP job opportunities created through programme 1 construction contracts | **1 100** | **1 152** | +52 | 114 | 8 jobs per R million capital expenditure<br><br>Estimate based on cash flow projection = 213 | | 8 jobs per R million capital expenditure<br><br>Estimate based on cash flow projection = 656 | | 8 jobs per R million capital expenditure<br><br>Estimate based on cash flow projection = 1 100 | 1 152 |
| | BBBEE expenditure share as a % of total capital expenditure over the same time period | **100%** | 120% | +20% | 121% | 100% | | 100% | | 100% | |
| | SMME expenditure share as a % of total capital expenditure over the same time period | **30%** | 10% | 20% | 26% | 30% | | 30% | | 30% | |
| | Of which: Jozi@Work SMME expenditure share as a % of total capital expenditure over the same time period | **5%** | 0% | 5% | - | 5% | 0% | 5% | 0% | 5% | 0% |
| Programme 1: Productive development partnerships | Positive media reports as a % of the total number of media reports on the JDA in the Johannesburg inner city | **90%** | 98% | 2% | 92% | 90% | 100% | 90% | 100% | 90% | 100% |
| | Number of property developments facilitated by the JDA in the Johannesburg inner city | **2** | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 2 | 1 |

## Programme 2: Transit-oriented node development

### KPI definitions

| Integrated development plan programme | JDA programme objective | KPA | KPI | KPI definition | Reporting period |
|---|---|---|---|---|---|
| *Programme 7: Station precinct (transit-oriented node) development* | Restructure the city by developing defined, strategic geographic areas around the city and the movement corridors that link them | Capital expenditure for programme 2 | % of capital budget spent | % of capital budget spent on all projects allocated to programme 2 as determined by the list of projects and budgets allocated to them in the mid-year budget adjustment | Cumulative expenditure targets are set for each quarter |
| | | Development progress per project | % development progress against planned works | Development progress is defined by the following progress categories and milestones: (a) concept designs approved by Executive Committee = 10%; (b) detailed designs approved by Executive Committee = 25% cumulative progress; (c) construction tender awarded = 40% cumulative progress; (d) 50% of construction is complete on site = 70% (e) construction completed = 100% cumulative result when planned works, as defined by bill of quantities, and construction contract are completed | Cumulative development progress targets are set for each quarter |
| | Promote economic empowerment through the structuring and procurement of JDA developments | Programme 2: Economic empowerment | Number of short-term EPWP job opportunities created through programme 2 construction contracts | Number of individuals employed on construction projects in programme 2 | Cumulative employment targets are set for each quarter based on eight jobs per R million spent |
| | | | BBBEE expenditure share as a % of total capital expenditure | % of expenditure attributed to BBBEE level as certified by an accredited certification authority | % per quarter in quarterly reports and % per year in annual report |
| | | | SMME expenditure share as a % of total capital expenditure | % of expenditure attributed to SMME companies as certified by an accredited authority or confirmed by a certified accountant | % per quarter in quarterly reports and % per year in annual report |
| | | | Of which: Jozi@Work SMME expenditure share as a % of total capital expenditure | % of expenditure attributed to Jozi@Work SMME companies, as verified by CSA, appointed by the CoJ or the JDA in accordance with Jozi@Work principles | % per quarter in quarterly reports and % per year in annual report |
| | Support productive development partnerships and | Programme 2: Productive development partnerships | Positive media reports as a % of the total number of media reports on the JDA in the station precincts | % of positive and neutral media reports out of the total number of media reports on station precinct developments | Annual target reported every quarter |

| Integrated development plan programme | JDA programme objective | KPA | KPI | KPI definition | Reporting period |
|---|---|---|---|---|---|
| | cooperation between all stakeholders in these areas | Programme 2: Productive development partnerships | Number of property developments facilitated by the JDA in the station precincts | Feasibility study completed for Randburg Civic precinct | Completion target date is set for report |

## Targets

| KPA | KPI | 2014/15 annual target | 2014/15 actual | 2014/15 variance | Q1 actual | Q2 target | Q2 actual | Q3 target | Q3 actual | Q4 target | Q4 actual |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Capital expenditure for programme 2 | % of capital budget spent | **100%** | 70.5% | 29.5% | 6% | 26% | 15% | 50% | 24% | 100% | 70.5% |
| Development progress per project | % development progress against planned works | | | | | | | | | | |
| | Development progress for **Nancefield Station precinct phase 2** | **100%** | 100% | 0% | 60% | 90% | 70% | 100% | 100% | 100% | 100% |
| | Development progress for **Nancefield Station precinct phase 3** | **60%** | 51% | 9% | 0% | 40% | 0% | 50% | 40% | 60% | 51% |
| | Development progress for **Jabulani node phase 1** | **100%** | 100% | 0% | 50% | 100% | 100% | 100% | 100% | 100% | 100% |
| | Development progress for **Jabulani node phase 2** | **100%** | 63% | 37% | 0% | 40% | 0% | 60% | 40% | 100% | 63% |
| | Development progress for **Jabulani node phase 3** | **70%** | 78% | +8% | 0% | 0% | 0% | 25% | 40% | 70% | 78% |
| | Development progress for **Orlando East Station precinct phase 2.1** | **50%** | 40% | 10% | 0% | 0% | 0% | 25% | 40% | 50% | 40% |
| | Development progress for **Westbury development: NMT phase 1** | **100%** | 100% | 0% | 0% | 40% | | 60% | 84% | 100% | 100% |
| | Development progress for **Westbury development: NMT phase 2** | **100%** | 53% | 47% | - | 40% | | 60% | 40% | 100% | 53% |
| | Development progress for **Westbury development: Westbury Bridge** | **100%** | 40% | 60% | 0% | 40% | | 60% | 45% | 100% | 40% |
| | Development progress for **Knowledge precinct: UJ cycle lanes** | **100%** | 100% | 0% | 0% | 40% | | 60% | 85% | 100% | 100% |
| | Development progress for **Knowledge precinct: Campus Square Bridge (detailed design)** | **100%** | 10% | 90% | - | 0% | | 0% | 10% | 100% | 10% |
| | Development progress for K**nowledge precinct: Langlaagte to UJ NMT** | **100%** | 53% | 47% | 0% | 40% | | 60% | 40% | 100% | 53% |
| | Development progress for **Rotunda Park precinct phase 1** | **30%** | 45% | +15% | 0% | 0% | 0% | 10% | 25% | 30% | 45% |
| | Development progress for **Randburg CBD phase 3 and Randburg civic precinct development** | **0%** | 70% | +70% | 0% | 0% | 0% | 50% | 40% | 100% | 70% |
| | Development progress for **Hillbrow to Park Station NMT** | **100%** | 47% | 53% | - | 40% | | 60% | 40% | 100% | 47% |
| | Development progress for **Park Station to** | **100%** | 76% | 24% | - | 40% | | 60% | 35% | 100% | 76% |

| KPA | KPI | 2014/15 annual target | 2014/15 actual | 2014/15 variance | Q1 actual | Q2 target | Q2 actual | Q3 target | Q3 actual | Q4 target | Q4 actual |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Doornfontein cycle lanes** | | | | | | | | | | |
| | Development progress for **Corridors of Freedom sports facilities: Union and Bosmont stadiums** | **50%** | 25% | 25% | - | 0% | 0% | 40% | 25% | 50% | 25% |
| | Development progress for **Ruimsig athletics track upgrade** | **100%** | 98% | 2% | - | 0% | | 40% | 40% | 100% | 98% |
| | Development progress for **Corridors of Freedom: Patterson Park phase 1** | **30%** | 50% | +20% | - | 0% | | 30% | 0% | 100% | 50% |
| | Development progress for **Corridors of Freedom: libraries** | **5%** | 8% | +3% | - | 0% | | 10% | 0% | 100% | 8% |
| | Development progress for **Corridors of Freedom: community centres** | **100%** | 8% | 92% | - | 0% | | 40% | 0% | 100% | 8% |
| Programme 2: Economic empowerment | Number of short-term EPWP job opportunities created through programme 2 construction contracts | **1 244** | 2 984 | 1 740 | 160 | 8 jobs per R million capital expenditure<br><br>Estimate based on cash flow projection = 697 | | 8 jobs per R million capital expenditure<br><br>Estimate based on cash flow projection = 1 045 | | 8 jobs per R million capital expenditure<br><br>Estimate based on cash flow projection = 1 244 | 2 984 |
| | BBBEE expenditure share as a % of total capital expenditure in programme 2 | **100%** | 112% | +12% | 121% | 100% | | 100% | | 100% | |
| | SMME expenditure share as a % of total capital expenditure in programme 2 | **30%** | 6% | 24% | 40% | 30% | | 30% | | 30% | |
| | Of which: Jozi@Work SMME expenditure share as a % of total capital expenditure in programme 2 | **5%** | | | - | 5% | | 5% | | 5% | |
| Programme 2: Productive development partnerships | Positive media reports as a % of the total number of media reports on the JDA in the station precincts | **90%** | 100% | 0% | 100% | 90% | 100% | 90% | 100% | 90% | 100% |
| | Number of property developments facilitated by the JDA in the station precincts | **1** | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 0 |

## Programme 3: GMS priority area planning and implementation

### KPI definitions

| Integrated development plan programme | JDA programme objective | KPA | KPI | KPI definition | Reporting period |
|---|---|---|---|---|---|
| *Programme 10: GMS priority area planning and implementation* | Restructure the city by developing defined, strategic geographic areas around the city and the movement corridors that link them | Capital expenditure for programme 3 | % of capital budget spent | % of capital budget spent on all projects allocated to programme 3 as determined by the list of projects and budgets allocated to them in the mid-year budget adjustment | Cumulative expenditure targets are set for each quarter |
| | | Development progress per project | % development progress against planned works | Development progress is defined by the following progress categories and milestones: (a) concept designs approved by Executive Committee = 10%; (b) detailed designs approved by Executive Committee = 25% cumulative progress; (c) construction tender awarded = 40% cumulative progress; (D) 50% of construction is complete on site = 70% (e) construction completed = 100% cumulative result when planned works, as defined by bill of quantities, and construction contract are completed | Cumulative development progress targets are set for each quarter |
| | Promote economic empowerment through the structuring and procurement of JDA developments | Programme 3: Economic empowerment | Number of short-term EPWP job opportunities created through programme 3 construction contracts | Number of individuals employed on construction projects in programme 3 | Cumulative employment targets are set for each quarter based on 8 jobs per R million spent |
| | | | BBBEE expenditure share as a % of total capital expenditure | % of expenditure attributed to BBBEE level as certified by an accredited certification authority | % per quarter in quarterly reports and % per year in annual report |
| | | | SMME expenditure share as a % of total capital expenditure | % of expenditure attributed to SMME companies as certified by an accredited authority or confirmed by a certified accountant | % per quarter in quarterly reports and % per year in annual report |
| | | | Of which: Jozi@Work SMME expenditure share as a % of total capital expenditure | % of expenditure attributed to Jozi@Work SMME companies, as verified by CSA, appointed by the CoJ or the JDA in accordance with Jozi@Work principles | % per quarter in quarterly reports and % per year in annual report |

| Integrated development plan programme | JDA programme objective | KPA | KPI | KPI definition | Reporting period |
|---|---|---|---|---|---|
| | Support productive development partnerships and cooperation between all stakeholders in these areas | Programme 3: Productive development partnerships | Positive media reports as a % of the total number of media reports on the JDA in the GMS priority areas | % of positive and neutral media reports out of the total number of media reports on GMS priority development areas | Annual target reported every quarter |
| | | Programme 3: Productive development partnerships | Number of property developments facilitated by the JDA in GMS priority areas | Completion of urban management plan for Walter Sisulu Square in Kliptown | Completion target date is set for report |

## Targets

| KPA | KPI | 2014/15 annual target | 2014/15 actual | 2014/15 variance | Q1 actual | Q2 target | Q2 actual | Q3 target | Q3 actual | Q4 target | Q4 actual |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Capital expenditure for programme 3 | % of capital budget spent | **100%** | 86% | 14% | 6% | 14% | 14% | 50% | 25% | 100% | 86% |
| Development progress per project | % development progress against planned works | | | | | | | | | | |
| | Development progress for **Kliptown development phase 3.1** | **100%** | 100% | 0% | 0% | 10% | | 35% | 40% | 100% | 100% |
| | Development progress for **Diepsloot development Ngonyama Road upgrade phase 2** | **100%** | 95% | 5% | 20% | 50% | 100% | 100% | 70% | 100% | 95% |
| | Development progress for **Diepsloot development Ngonyama Road upgrade phase 3** | **40%** | 80% | +40% | 0% | 0% | 33% | 20% | 40% | 40% | 80% |
| | Development progress for the **automotive cluster projects (Alex design and phase 1 of construction)** | **100%** | 43% | 57% | 0% | 0% | 0% | 40% | 25% | 100% | 43% |
| | Development progress for the **Sol Plaatjie human settlement infrastructure project** | **100%** | 100% | 0% | 18% | 40% | 100% | 70% | 40% | 100% | 100% |
| | Development progress for **CoJ clinics: Mpumelelo** | **100%** | 100% | 0% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| | Development progress for **CoJ clinics: Zandspruit (design only)** | [18] | 5% | 0% | | | | | 5% | | 5% |
| | Development progress for **CoJ clinics: Noordgesig (design only)** | **100%** | 100% | 0% | 0% | 70% | | 100% | 10% | 100% | 100% |
| | Development progress for **CoJ clinics: Orchards (phase 1)** | **100%** | 40% | 60% | 0% | 0% | | 25% | 25% | 100% | 40% |

[18] This KPI was originally reflected in the scorecard, however no target was ever committed due to unavailability of a suitable site by Client Department which delayed even the design processes.

| KPA | KPI | 2014/15 annual target | 2014/15 actual | 2014/15 variance | Q1 actual | Q2 target | Q2 actual | Q3 target | Q3 actual | Q4 target | Q4 actual |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Development progress for **CoJ clinics: Parkhurst (design only)** | **100%** | 5% | 95% | 0% | 70% | | 100% | 0% | 100% | 5% |
| | Development progress for **CoJ clinics: Westbury phase 1** | **100%** | 53% | 47% | 0% | 70% | | 100% | 40% | 100% | 53% |
| | Development progress for **CoJ clinics Halfway House** | **100%** | 100% | 0% | 48% | 100% | | 100% | 100% | 100% | 100% |
| | Development progress for **CoJ clinics: Ennerdale** | **100%** | 90% | 10% | 0% | 25% | | 70% | 40% | 100% | 90% |
| | Development progress for **CoJ clinics: River Park** | **100%** | 60% | 40% | 0% | 5% | | 60% | 40% | 100% | 60% |
| | Development progress for **CoJ clinics: Esselen Street (phase 1)** | **100%** | 50% | 50% | 0% | 5% | | 25% | 40% | 100% | 50% |
| | Development progress for **Golden Harvest Rehabilitation Centre (phase 1)** | **100%** | 100% | 0% | 0% | 30% | | 63% | 40% | 100% | 100% |
| Programme 3: Economic empowerment | Number of short-term EPWP job opportunities created through programme 3 construction contracts | **1 220** | **1 446** | 226 | 84 | 8 jobs per R million capital expenditure<br><br>Estimate based on cash flow projection = 259 | | 8 jobs per R million capital expenditure<br><br>Estimate based on cash flow projection = 616 | | 8 jobs per R million capital expenditure<br><br>Estimate based on cash flow projection = 1 220 | 1 446 |
| | BBBEE expenditure share as a % of total capital expenditure in programme 3 | **100%** | 121% | +21% | 103% | | 100% | 100% | | 100% | |
| | SMME expenditure share as a % of total capital expenditure in programme 3 | **30%** | 16% | 14% | 44% | | 30% | 30% | | 30% | |
| | Of which: Jozi@Work SMME expenditure share as a % of total capital expenditure | **5%** | | | - | | 5% | 5% | | 5% | |
| Programme 3: Productive development partnerships | Positive media reports as a % of the total number of media reports on the JDA in GMS priority areas | **90%** | 100% | 0% | 100% | 90% | 100% | 90% | 100% | 90% | 100% |
| | Number of property developments facilitated by the JDA in GMS priority areas | **1** | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 0 |

## Programme 4: Greenways

### KPI definitions

| Integrated development plan programme | JDA programme objective | KPA | KPI | KPI definition | Reporting period |
|---|---|---|---|---|---|
| *Sustainable services cluster sub-programme 4: Greenways* | Restructure the city by developing defined, strategic geographic areas around the city and the movement corridors that link them | Capital expenditure for programme 4 | % of capital budget spent | % of capital budget spent on all projects allocated to programme 4 as determined by the list of projects and budgets allocated in the mid-year budget adjustment | Cumulative expenditure targets are set for each quarter |
| | | Development progress per project | % development progress against planned works | Development progress is defined by the following progress categories and milestones: (a) concept designs approved by Executive Committee = 10%; (b) detailed designs approved by Executive Committee = 25% cumulative progress; (c) construction tender awarded = 40% cumulative progress; (D) 50% of construction is complete on site = 70% (e) construction completed = 100% cumulative result when planned works, as defined by bill of quantities, and construction contract are completed | Cumulative development progress targets are set for each quarter |
| | Promote economic empowerment through the structuring and procurement of JDA developments | Programme 4: Economic empowerment | Number of short-term EPWP job opportunities created through programme 4 construction contracts | Number of individuals employed on construction projects in programme 4 | Cumulative employment targets are set for each quarter based on 8 jobs per R million spent |
| | | | BBBEE expenditure share as a % of total capital expenditure | % of expenditure attributed to BBBEE level as certified by an accredited certification authority | % per quarter in quarterly reports and % per year in annual report |
| | | | SMME expenditure share as a % of total capital expenditure | % of expenditure attributed to SMME companies as certified by an accredited authority or confirmed by a certified accountant | % per quarter in quarterly reports and % per year in annual report |
| | | | Of which: Jozi@Work SMME expenditure share as a % of total capital expenditure | % of expenditure attributed to Jozi@Work SMME companies, as verified by CSA, appointed by the CoJ or the JDA in accordance with Jozi@Work principles | % per quarter in quarterly reports and % per year in annual report |
| | Support productive development partnerships and cooperation between all stakeholders in | Programme 4: Productive development partnerships | Positive media reports as a % of the total number of media reports on Rea Vaya construction work | % of positive and neutral media reports out of the total number of media reports on Rea Vaya infrastructure and the JDA | Annual target reported every quarter |
| | | Programme 4: Productive development partnerships | Number of property developments facilitated by the JDA at Rea Vaya | Watt Street interchange development approved by the CoJ | Completion target date is set for Mayoral Committee report |

| Integrated development plan programme | JDA programme objective | KPA | KPI | KPI definition | Reporting period |
|---|---|---|---|---|---|
| | these areas | | stations | | |

**Targets**

| KPA | KPI | 2014/15 annual target | 2014/15 actual | 2014/15 variance | Q1 actual | Q2 target | Q2 actual | Q3 target | Q3 actual | Q4 target | Q4 actual |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Capital expenditure for programme 4 | % of capital budget spent | **100%** | 109% | 9% | 2% | 40% | 31% | 50% | 48% | 100% | 109% |
| Development progress per project | % development progress against planned works | | | | | | | | | | |
| | Development progress for **phase 1C section 15 phase 1** | **100%** | 98% | 2% | 49% | 60% | 48.7% | 80% | 86% | 100% | 98% |
| | Development progress for **phase 1C section 15 phase 2** | **100%** | 64% | 36% | 8% | 20% | 0% | 50% | 40% | 100% | 64% |
| | Development progress for **Alex urban upgrade phase 1** | **100%** | 100% | 0% | - | 0% | 0% | 40% | 96% | 100% | 100% |
| | Development progress for **phase 1C section 8 (Alex to Sandton) section C** | **100%** | 88% | 12% | 0% | 10% | 45% | 40% | 70% | 100% | 88% |
| | Development progress for **phase 1C Sandton CBD loop** | **100%** | 20% | 80% | 0% | 0% | 0% | 40% | 12% | 100% | 20% |
| | Development progress for **phase 1A NMT station precincts** | **100%** | | | 74% | 80% | - | 100% | - | 100% | - |
| | Development progress for **Edith Cavell BRT pavement strengthening** | **100%** | | | - | 0% | - | 40% | - | 100% | - |
| | Development progress for **phase 1A NMT feeder routes** | **100%** | 25% | 75% | 0% | 40% | 0% | 60% | 25% | 100% | 25% |
| | Development progress for **phase 1C Great Walk Bridge** | **100%** | 53% | 47% | 0% | 0% | 0% | 40% | 40% | 50% | 53% |
| | Development progress for **Alex Spur and Great Walk Bridge phase 1** | **100%** | 99% | 1% | 0% | 10% | 52% | 40% | 76% | 50% | 99% |
| | Development progress for **rehabilitation of section 1** | **100%** | | | 0% | 0% | 0% | 40% | 5% | 100% | |
| | Development progress for **section 2 road widening** | **100%** | 100% | 0% | 0% | 0% | | 40% | 100% | 100% | 100% |
| | Development progress for **phase 1C NMT (Alex urban upgrade phase 2)** | **100%** | 58% | 42% | 0% | 0% | 0% | 40% | 0% | 100% | 58% |
| | Development progress for **upgrading of Jukskei Bridge NMT links** | **100%** | | | - | 0% | - | 40% | - | 100% | - |
| | Development progress for **phase 1B station precincts** | **100%** | 94% | 6% | 0% | 0% | 39% | 40% | 70% | 100% | 94% |
| | Development progress for **phase 1C stations NMT** | **100%** | 40% | 60% | 0% | 0% | 0% | 40% | 5% | 100% | 40% |
| | Development progress for **station signage** | **100%** | 0% | 100% | 0% | 0% | - | 40% | - | 100% | - |
| | Development progress for **bus depots: city** | **100%** | 10% | 90% | 0% | 0% | 0% | 0% | 10% | 100% | 10% |

| KPA | KPI | 2014/15 annual target | 2014/15 actual | 2014/15 variance | Q1 actual | Q2 target | Q2 actual | Q3 target | Q3 actual | Q4 target | Q4 actual |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Development progress for **bus depots: land acquisition**[19] | **100%** | 74% | 36% | 0% | 0% | 0% | 0% | 0% | 100% | 74% |
| | Development progress for **bus depots: Alex layover facility** | **100%** | 10% | 90% | 0% | 0% | 0% | 0% | 35% | 100% | 10% |
| | Development progress for **bus depots: Midrand/Ivory Park** | **100%** | 10% | 90% | 0% | 0% | 0% | 0% | 0% | 100% | 10% |
| | Development progress for **Watt Street interchange** | **100%** | 10% | 90% | 0% | 0% | 0% | 0% | 5% | 100% | 10% |
| | Development progress for **Ghandi Square interchange** | **100%** | 0% | 100% | 0% | 0% | 0% | 0% | 0% | 100% | 0% |
| | Development progress for **Greenstone terminal** | **100%** | 0% | 100% | 0% | 0% | 0% | 0% | 0% | 100% | 0% |
| | Development progress for **Emthonjeni terminal** | **100%** | 0% | 100% | 0% | 0% | 0% | 0% | 0% | 100% | 0% |
| | Development progress for **station ITS** | **100%** | 25% | 75% | 0% | 0% | 0% | 0% | 5% | 100% | 25% |
| | Development progress for **phase 1A and B retrofit** | **100%** | 97% | 3% | 0% | 0% | 57% | 0% | 70% | 100% | 97% |
| Programme 4: Economic empowerment | Number of short-term EPWP job opportunities created through programme 4 construction contracts | **4 jobs per R million capital expenditure<br><br>Estimate based on cash flow projection = 2 860** | **4 029** | 1 169 | 363 | 4 jobs per R million capital expenditure<br><br>Estimate based on cash flow projection = 1 352 | | 4 jobs per R million capital expenditure<br><br>Estimate based on cash flow projection = 2 212 | | 4 jobs per R million capital expenditure<br><br>Estimate based on cash flow projection = 2 860 | |
| | BBBEE expenditure share as a % of total capital expenditure in programme 4 | **100%** | 118% | +18% | 121% | 100% | | 100% | | 100% | |
| | SMME expenditure share as a % of total capital expenditure in programme 4 | **30%** | 3% | 27% | 26% | 30% | | 30% | | 30% | |
| | Of which: Jozi@Work SMME expenditure share as a % of total capital expenditure | **5%** | | | - | 5% | 0% | 5% | 0% | 5% | 0% |
| Programme 4: Productive | Positive media reports as a % of the total number of media reports on the JDA Rea Vaya construction work | **90%** | 76% | 24% | 92% | 90% | 97% | 90% | 100% | 90% | 75% |

[19] The focus of this project and KPI was to secure and purchase the land in this financial year, prior to development taking place. The descriptor, as outlined in the scorecard erroneously refers to development progress, as opposed to a KPI descriptor the speaks to the nature or progress of the land transaction.

| KPA | KPI | 2014/15 annual target | 2014/15 actual | 2014/15 variance | Q1 actual | Q2 target | Q2 actual | Q3 target | Q3 actual | Q4 target | Q4 actual |
|---|---|---|---|---|---|---|---|---|---|---|---|
| development partnerships | Number of property developments facilitated by the JDA at Rea Vaya stations | **1** | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 |

## Programme 5: Alexandra renewal project

### KPI definitions

| Integrated development plan programme | JDA programme objective | KPA | KPI | KPI definition | Reporting period |
|---|---|---|---|---|---|
| *Programme 10: GMS priority area planning and implementation* | Restructure the city by developing defined, strategic geographic areas around the city and the movement corridors that link them | Capital expenditure for programme 5 | % of capital budget spent | % of capital budget spent on all projects allocated to programme 5 as determined by the list of projects and budgets allocated in the mid-year budget adjustment | Cumulative expenditure targets are set for each quarter |
| | | Development progress per project | % development progress against planned works | Development progress is defined by the following progress categories and milestones: (a) concept designs approved by Executive Committee = 10%; (b) detailed designs approved by Executive Committee = 25% cumulative progress; (c) construction tender awarded = 40% cumulative progress; (D) 50% of construction is complete on site = 70% (e) construction completed = 100% cumulative result when planned works, as defined by bill of quantities, and construction contract are completed | Cumulative development progress targets are set for each quarter |
| | Promote economic empowerment through the structuring and procurement of JDA developments | Programme 5: Economic empowerment | Number of short-term EPWP job opportunities created through programme 5 construction contracts | Number of individuals employed on construction projects in programme 5 | Cumulative employment targets are set for each quarter based on 8 jobs per R million spent |
| | | | BBBEE expenditure share as a % of total capital expenditure | % of expenditure attributed to BBBEE level as certified by an accredited certification authority | % per quarter in quarterly reports and % per year in annual report |
| | | | SMME expenditure share as a % of total capital expenditure | % of expenditure attributed to SMME companies as certified by an accredited authority or confirmed by a certified accountant | % per quarter in quarterly reports and % per year in annual report |
| | | | Of which: Jozi@Work SMME expenditure share as a % of total capital expenditure | % of expenditure attributed to Jozi@Work SMME companies, as verified by CSA, appointed by the CoJ or the JDA in accordance with Jozi@Work principles | % per quarter in quarterly reports and % per year in annual report |

| Integrated development plan programme | JDA programme objective | KPA | KPI | KPI definition | Reporting period |
|---|---|---|---|---|---|
| | Support productive development partnerships and cooperation between all stakeholders in these areas | Programme 5: Productive development partnerships | Positive media reports as a % of the total number of media reports on the JDA in Alexandra | % of positive and neutral media reports out of the total number of media reports on Alexandra | Annual target reported every quarter |
| | | Programme 5: Productive development partnerships | Number of property developments facilitated by the JDA in Alexandra | Completion of urban management plan for Great Walk | Completion target date is set for Mayoral Committee report |

### Targets

| KPA | KPI | 2014/15 annual target | 2014/15 actual | 2014/15 variance | Q1 actual | Q2 target | Q2 actual | Q3 target | Q3 actual | Q4 target | Q4 actual |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Capital expenditure for programme 5 | % of capital budget spent | **100%** | 25% | 75% | 2% | 20% | 1% | 50% | 4% | 100% | 25% |
| Development progress per project | % development progress against planned works | | | | | | | | | | |
| | Development progress on **4th Avenue Clinic, Alexandra** | **100%** | | | 0% | 0% | 0% | 20% | 0% | 100% | 8% |
| | Development progress on **Jukskei River environmental upgrading and rehabilitation, Alexandra** | **100%** | 0% | 100% | 0% | 0% | 0% | 0% | 0% | 100% | 0% |
| | Development progress for the **old Ikage housing development, Alexandra** | **100%** | 5% | 95% | 0% | 0% | 0% | 30% | 0% | 100% | 5% |
| | Development progress for **Peoples' Court, 7th Avenue (Old Alexandra), New Heritage Alexandra Ext.4 E Ward** | **100%** | 0% | 100% | 0% | 0% | 0% | 0% | 0% | 100% | 0% |
| | Purchase of **new refuse bins** for new housing on Far East Bank | **100%** | 100% | 0% | 0% | 0% | 0% | 100% | 100% | 100% | 100% |
| | Development progress for **Thoko Mngoma Clinic Marlboro** | **100%** | 6% | 94% | 0% | 0% | 0% | 50% | 0% | 100% | 6% |
| | Development progress for **development of open space** | **100%** | 0% | 100% | 0% | 0% | 0% | 40% | 0% | 100% | 0% |
| | Development progress for **pedestrian bridge, Vincent Tshabalala Road** | **100%** | 10% | 90% | 0% | 0% | 0% | 0% | 0% | 100% | 10% |
| | Development progress for **Alexandra Heritage Centre** | **100%** | 55% | 44% | 0% | 10% | 0% | 40% | 5% | 100% | 55% |
| | Development progress for **linear markets phase 1** | **100%** | 0% | 100% | 0% | 0% | 0% | 0% | 0% | 100% | 0% |

| KPA | KPI | 2014/15 annual target | 2014/15 actual | 2014/15 variance | Q1 actual | Q2 target | Q2 actual | Q3 target | Q3 actual | Q4 target | Q4 actual |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Programme 5: Economic empowerment | Number of short-term EPWP job opportunities created through programme 5 construction contracts | 160 | | | 0 | 0 | 0 | 0 | 0 | 8 jobs per R million capital expenditure<br><br>Estimate based on cash flow projection = 160 | 0 |
| | BBBEE expenditure share as a % of total capital expenditure | **100%** | | | - | 100% | 0% | 100% | 0% | 100% | 0% |
| | SMME expenditure share as a % of total capital expenditure | **30%** | | | - | 30% | 0% | 30% | 0% | 30% | 0% |
| | Of which: Jozi@Work SMME expenditure share as a % of total capital expenditure | **5%** | | | - | 5% | 0% | 5% | 0% | 5% | 0% |
| Programme 5: Productive development partnerships | Positive media reports as a % of the total number of media reports on the JDA in Alexandra | **90%** | 55% | 45% | 67% | 90% | 50% | 90% | 100% | 90% | 67% |
| | Number of property developments facilitated by the JDA in Alexandra | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 0 |

## Programme 6: Administration and management

### KPI definitions

| JDA programme objective | KPA | KPI | KPI definition | Reporting period |
|---|---|---|---|---|
| | Programme 6: Human resources | % black employees | Number of black employees out of total employees as a % | Target is set for the year and performance is reported quarterly |
| | | % female employees | Number of female employees out of total employees as a % | Target is set for the year and performance is reported quarterly |
| | | % black female senior managers | Number of black female senior managers out of total senior managers (senior development managers and functional by Executive Committee) as a % | Target is set for the year and performance is reported quarterly |
| | | Staff turnover | Number of terminations (for any reason) out of total number of employees on 1 July as a % | Target is set for the year and performance is reported quarterly |
| | | HIV voluntary testing opportunities | Number of HIV voluntary testing opportunities offered to employees | Target is set for the year and performance is reported quarterly |
| | | Compliance with Occupational Health and Safety Act at the bus factory | % compliance with Occupational Health and Safety Act as assessed by an independent consultant | Target is set for the year and performance is reported quarterly |
| | | Investment in training | % of payroll spent on training and staff development | Target is set for the year and performance is reported quarterly |
| | Programme 6: Financial management and corporate governance | Unqualified audit reports | Audit opinion expressed by Auditor-General must be unqualified or better | This is an annual result |
| | | Overspending against operating budget | % of operating expenditure that exceeds approved budget | Target is set for the year and performance is reported quarterly |
| | | IT network availability – external | % of time that external network is available to employees | Target is set for the year and performance is reported quarterly |
| Promote economic empowerment through the structuring and | Programme 6: Economic development | BBBEE expenditure share as a % of total operating expenditure | % of expenditure attributed to BBBEE level as certified by an accredited certification authority | Target is set for the year and performance is reported quarterly |

| JDA programme objective | KPA | KPI | KPI definition | Reporting period |
|---|---|---|---|---|
| procurement of JDA developments | | SMME expenditure share as a % of total operating expenditure | % of expenditure attributed to SMME companies as certified by an accredited authority or confirmed by a certified accountant | Target is set for the year and performance is reported quarterly |
| | | Of which: Jozi@Work SMME expenditure share as a % of total contracted services and repairs and maintenance | 5% of expenditure attributed to Jozi@Work SMME companies as verified by CSA | Target is set for the year and performance is reported quarterly |
| | Programme 6: Operating expenditure | Programme 6: % of operating budget spent (cumulative for the year to date) | % of operating expenditure against approved expenditure target | Cumulative operating expenditure targets are set for each quarter |

### Targets

| KPA | KPI | 2014/15 annual target | 2014/15 actual | 2014/15 variance | Q1 actual | Q2 target | Q2 actual | Q3 target | Q3 actual | Q4 target | Q4 actual |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Capital expenditure for programme 6 | % of capital budget spent | **100%** | 7% | 93% | 12% | 30% | 2.3% | 60% | 3% | 100% | 7% |
| Programme 6: Human resources | % black employees | **80%** | 93% | +13% | 94% | 80% | 95% | 80% | 95% | 80% | 93% |
| | % female employees | **45%** | 53% | +8% | 52% | 45% | 60.27% | 45% | 58% | 45% | 53% |
| | % black female senior managers | **35%** | 12.2% | 22.8% | 33% | 35% | 10.96% | 35% | 13.7% | 35% | 12.16% |
| | Staff turnover | **<10%** | 2.4% | -7.6% | 3% | 5% | 3.03% | 7% | 10.29% | <10% | 2.4% |
| | HIV voluntary testing opportunities | **0** | 1 | +1 | 0 | 1 | 1 | 0 | 0 | 1 | 1 |
| | Compliance with Occupational Health and Safety Act at the bus factory | **80%** | 90% | +10% | 82% | 80% | 84% | 80% | 89% | 80% | 90% |
| | Investment in training | **3%** | 1% | 2% | 2% | 3% | 2% | 3% | 1% | 3% | 1% |
| Programme 6: Financial management and corporate governance | Unqualified audit reports | **Unqualified** | | | - | - | - | - | - | - | - |
| | Overspending against operating budget | **0%** | 0% | 100% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| | IT network availability – external | **98%** | 100% | +2% | 100% | 98% | 100% | 98% | 100% | 98% | 100% |
| Programme 6: Economic development | BBBEE expenditure share as a % of total operating expenditure | **100%** | 67% | -33% | 110% | 100% | 95% | 100% | 85% | 100% | 67% |
| | SMME expenditure share as a % of total operating expenditure | **40%** | 45% | +5% | 9% | 40% | 8% | 40% | 29% | 40% | 45% |
| | Of which: Jozi@Work SMME expenditure share as a % of total contracted services and repairs and maintenance | **10%** | 0% | 10% | - | 0% | 0% | 10% | 0% | 10% | 0% |
| Programme 6: Operating expenditure | Programme 6: % of operating budget spent (cumulative for the year to date) | **100%** | 81% | 19% | 12% | 30% | | 60% | | 100% | |

## Programme 7: Development facilitation

## KPI definitions

| Integrated development plan programme | JDA programme objective | KPA | KPI | KPI definition | Reporting period |
|---|---|---|---|---|---|
| | Restructure the city by developing defined, strategic geographic areas around the city and the movement corridors that link them | Development Progress for Corridors of Freedom Naming and branding | % of Development progress achieved against the defined scope of work | % of Development progress achieved against the defined scope of work that includes design, manufacture and installation of gantry signs, street furniture and public art along 3 Corridors of Freedom. | Cumulative development progress targets are set for each quarter |
| | | Construction Progress for Corridors of Freedom strategic area frameworks and heritage plans | No of strategic area frameworks and heritage plans | 1 Strategic Area Framework per Corridor and 1 Heritage Plan per Corridor to be completed. 100% Achievement of target will be reported when these plans are approved by the client department. | Cumulative development progress targets are set for each quarter |
| | | Promote economic empowerment through the structuring and procurement of JDA developments | BBBEE expenditure share as a % of total capital expenditure | % of expenditure attributed to BBBEE level as certified by an accredited certification authority | % per quarter in quarterly reports and % per year in annual report |
| | | | SMME expenditure share as a % of total capital expenditure | % of expenditure attributed to SMME companies as certified by an accredited authority or confirmed by a certified accountant | % per quarter in quarterly reports and % per year in annual report |
| | | | Of which: Jozi@Work SMME expenditure share as a % of total capital expenditure | % of expenditure attributed to Jozi@Work SMME companies, as verified by CSA, appointed by the CoJ or the JDA in accordance with Jozi@Work principles | % per quarter in quarterly reports and % per year in annual report |

## Targets

| KPA | KPI | 2014/15 annual target | 2014/15 actual | 2014/15 variance | Q1 actual | Q2 target | Q2 actual | Q3 target | Q3 actual | Q4 target | Q4 actual |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Capital expenditure project for programme 7 | % of capital budget spent | **100%** | 20% | 60% | 0% | 0% | 21% | 30% | 0% | 100% | 20% |
| Development progress per project | % development progress against planned works | | | | | | | | | | |
| | Development progress for Corridors of Freedom naming and branding | **100%** | 50% | 50% | 0% | 0% | 0% | 30% | 0% | 100% | 0% |
| | Development progress for Corridors of Freedom strategic area frameworks and heritage plans | **100%** | 0% | 100% | 0% | 0% | 0% | 30% | 15% | 100% | 50% |
| Programme 7: Economic | BBBEE expenditure share as a % of total capital | **100%** | | | - | 100% | | 100% | | 100% | |

| KPA | KPI | 2014/15 annual target | 2014/15 actual | 2014/15 variance | Q1 actual | Q2 target | Q2 actual | Q3 target | Q3 actual | Q4 target | Q4 actual |
|---|---|---|---|---|---|---|---|---|---|---|---|
| empowerment | expenditure | | | | | | | | | | |
| | SMME expenditure share as a % of total capital expenditure | **30%** | | | - | 30% | | 30% | | 30% | |
| | Of which: Jozi@Work SMME expenditure share as a % of total capital expenditure | **5%** | | | - | 5% | 0% | 5% | 0% | 5% | 0% |

# Annexure 6: 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 III** | 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 |