a world class African city

Johannesburg Development Agency

ANNUAL REPORT 2011/12

2011/12 **1 July 2011 – 30 June 2012**

Company Information:

Registration Number:	2001/005101/07
Parent Municipality:	City of Johannesburg Metropolitan Municipality
Directors:	L Vutula (Chairperson) (Retired 24 April 2012) G Simelane (Chairperson) (Appointed 24 April 2012) T Mendrew (Acting Chief Executive Officer) L W Matlhape (Retired 24 April 2012) N V Lila D Naidu P Masilo D Lewis (Resigned 5 February 2012) B Majola (Appointed 24 April 2012) P Mashiane (Appointed 24 April 2012) A Rajah (Appointed 24 April 2012) W Thwala (Appointed 24 April 2012) P Kubu (Appointed 24 April 2012)
Registered Address:	3 President Street, Newtown, Johannesburg
Postal Address:	PO Box 61877, Marshalltown, 2107
Telephone Number:	+ 27 11 688-7850
Fax number:	+27 11 688-7899
Website:	www.jda.org.za
Bankers:	ABSA Bank Limited
Auditors:	The Auditor-General
Company Secretary:	Adam Goldsmith
JDA vision:	JDA builds a more welcoming and competitive Johannesburg that is a better city to live, work and play in.
JDA mission:	JDA is a city development agency of the City of Johannesburg that manages and facilitates developments in efficient and innovative ways to build an equitable, sustainable and resilient city.

Abbreviations and Acronyms

AG	Auditor General
BEE	Black Economic Empowerment
BRT	Bus Rapid Transit
CBD	Central Business District
CBO	Community Based Organisation
CEO	Chief Executive Officer
CID	Central Improvement District
CJP	Central Johannesburg Partnership
CoJ	City of Johannesburg
DED	Department of Economic Development
DevCo	Development Company
DPUM	Department of Development Planning & Urban Management (now known as the Department of Development Planning)
ED	Executive Director
EPWP	Expanded Public Works Programme
FIFA	FédérationInternationale de Football Association.
GDS	Growth and Development Strategy
GPG	Gauteng Provincial Government
HBY	Hillbrow, Berea, Yeoville
HR	Human Resources
IC	Inner City
ICDS	Inter City Distribution System
IDC	Industrial Development Corporation
IDP	Integrated Development Plan
IEMP	Integrated Environmental Management Policy
JDA	Johannesburg Development Agency
JPC	City of Joburg Property Company
KPA	Key Performance Area
KPI	Key Performance Indicator
LPTF	Lenasia Public Transport Facility
ME	Municipal entity
MFMA	Municipal Finance Management Act
MMC	Member of Mayoral Committee
MSA	Municipal Systems Act
MTC	Metropolitan Trading Company
NDPG	Neighbourhood Development Partnership Grant
NGO	Non-Governmental Organisation
OSHACT	Occupational Health & Safety Act
RSDF	Regional Spatial Development Framework
SEZ	Soweto Empowerment Zone
SHU	Shareholder Unit
SMME	Small Medium & Micro Enterprises
SPTN	Strategic Public Transport Network
TI	Taxi Industry
UDF	Urban Development Framework

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CHAPTER ONE: INTRODUCTION AND CORPORATE PROFILE

Section 1.1: Corporate profile and overview

The JDA was formed as part of the CoJ's iGoli 2002 re-engineering process and the iGoli 2010 framework. The iGoli 2010 framework established the basis for developing a long-term vision and strategy for the CoJ, which culminated in the Joburg 2030 strategy as the City's blueprint for economic development over three decades. The establishment of the JDA provided an agency dedicated to area-based regeneration, first in the inner city and later throughout the Johannesburg metropolitan area.

The Joburg 2040 GDS, which was launched in October 2011, responds to the multiple challenges and uncertain futures faced by the city. To cope with change, the City of Johannesburg aims to strengthen the adaptive capacity of the City and its citizens, so that it may become more resilient to potential and unpredictable futures. Rather than develop a blueprint plan for the future, the Joburg 2040 GDS lays the foundation for multi-level, integrated responses to the challenges the city faces.

> *The Joburg 2040 GDS is driven by the goal of capable and capacitated communities and individuals. With this realised, the City of Johannesburg will be able to achieve a more sustainable, inclusive future, in which communities and the individuals who live in them hold the potential and the means to imagine and grow their neighbourhoods, their communities and themselves. A balanced focus on the environment management and services, good governance, economic growth and human and social development will assist in achieving a resilient and sustainable city – and a city in which all aspire to live.*

The 2011-16 IDP contains four cluster plans which respond to the four key outcomes set out in the GDS. In terms of this process, the JDA is located in the cluster dealing with Sustainable Services, and has an interest in the cluster dealing with Economic Growth.

The JDA was established expressly for the purpose of facilitating area based developments that give effect to the strategic city development vision and objectives. Its cumulative and growing experience in the developments it manages represents a significant asset for the CoJ. As development manager of these initiatives, JDA coordinates and manages capital investment and other programmes involving both public and private sector stakeholders. In particular, the JDA has gained significant experience in the following areas:

- Inner city regeneration
- Development of economic areas
- Regeneration of historically marginalised areas
- Transit-oriented developments

The JDA continues to expand and enhance its competencies and meet the needs of the City of Johannesburg. Furthermore, the JDA continues to deepen the economic and social impacts of its work and ensure that environmental impacts are mitigated as far as possible.

Institutional Arrangements

The JDA receives its mandate from the CoJ, acting through the Executive Mayor and Council. It is contractually accountable to the Department of Development Planning and the Member of the Mayoral Committee (MMC) responsible for Development Planning, who exercises political oversight and to whom the JDA undertakes compliance reporting in respect of its performance scorecard. The JDA relies on the Department of Development Planning for service delivery direction in terms of its contractual obligations contained in the Service Delivery Agreement and on the MMC for its political mandate. The Shareholder Unit (SHU) provides corporate governance and related support such as financial sustainability and compliance reporting and review.

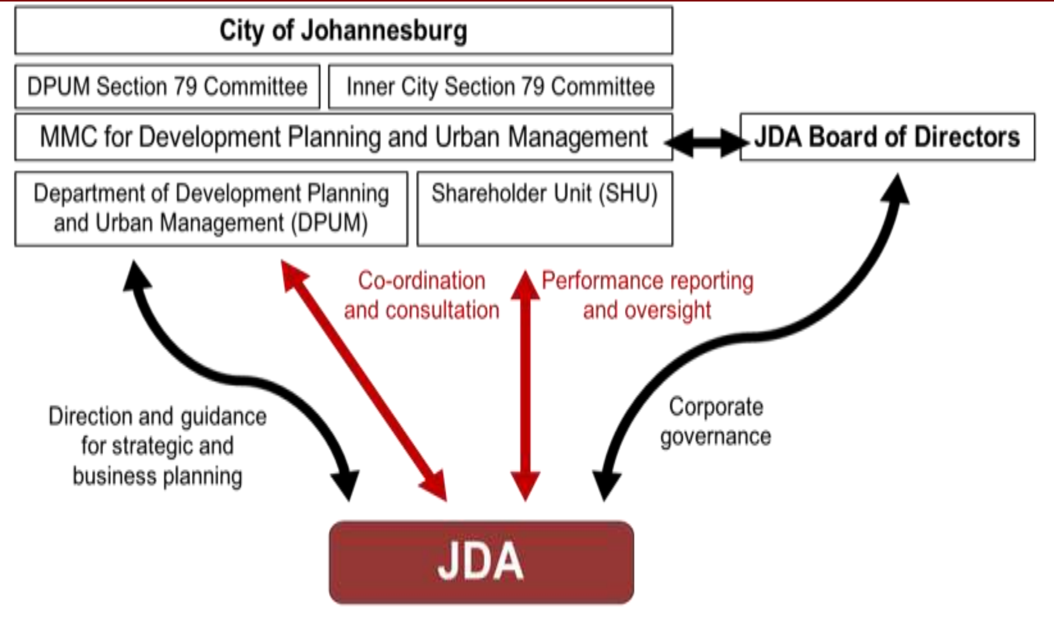
JDA also interacts with the Development Planning and Urban Management Section 79 oversight Council Committee for oversight of its activities and functions.

In respect of strategic and operational matters the JDA management is accountable to the JDA's Board of Directors which stands in a fiduciary relationship with the company.

JDA co-ordinates its area-based development activities and other catalytic interventions, with the Department of Development Planning.JDA also engages with client departments that take ownership of the infrastructure and assets created by the JDA. In 2010/11 these include the Department of Transportation (including the Johannesburg Roads Agency and Metro Trading Company);

the Department of Economic Development (including Johannesburg Property Company); City Power; Johannesburg City Parks; the Department of Community Development; and Johannesburg Social Housing Company.

Figure 1: JDA's relationship with the City of Johannesburg



As noted above, the JDA's capacity to focus on area-based development and to undertake its various functions, is dependent on the Sustainable Services Clusters' strategic leadership in respect of all of the CoJ's development activities. Further, the JDA has been appointed as the CoJ's implementing agent for the BRT and some of the NDPG funded programmes.

Key Functions

The JDA's service of development management involves the delivery of a range of developments and programmes aimed at achieving the goals of the GDS, within the framework of its mandate from the CoJ.
In the provision of a development management service, JDA stimulates and implements area-based initiatives involving both capital and non-capital developments. This service involves:

- Development and project packaging: This involves identifying strategic opportunities for responding to the CoJ's focus area by bringing together all the relevant stakeholders and parties to the initiative, and developing a plan for implementation.
- Development and project facilitation and co-ordination: This involves working with the various stakeholders and parties to an initiative and ensuring they are undertaking their roles as expected and required.
- Overall development implementation: This involves ensuring the development is implemented as planned. In this regard, the JDA may outsource specific project management functions within a development, while retaining its overall accountability as a development manager.
- Assessment of the impact of our developments: This is sought to analyse, review and quantify the private sector investment in the various intervention areas of the JDA and assess the socio-economic impacts of our interventions. This is undertaken, in the main, by analysing property market trends as well as the factors that influence investor interest in the JDA development areas.

The JDA promotes growth and development through the development and promotion of efficient urban environments in defined geographic areas. The JDA is mandated to work in all parts of the CoJ including historically marginalized areas of the city. This includes working on the regeneration of areas of the city that are either in decay or declining, in order to enhance their ability to contribute to the development of the city and the quality of life of its residents.

This also includes working in areas that require public investment in order to catalyse area-based regeneration and private sector investment. The assessment of private sector investments is guided in essence by the theory that public sector interventions (such as investment in infrastructure, urban environment upgrades, proper urban management, provision of tax incentives) in declining areas provides the necessary platform for private sector investment and re-investment into these areas.

Section 1.2: Strategic objectives

The objectives of the JDA were restated in 2011/12 in order to achieve greater alignment with the emerging strategic priorities of the CoJ. These 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 co-operation between all stakeholders in these areas.

JDA's Strategic Agenda, 2011/12

The restructuring of the space economy in Johannesburg will depend on achieving the following development outcomes:

a) The regeneration of key economic nodes such as the Johannesburg inner city, and the Randburg and Roodepoort CBDs to enable these areas to accommodate a greater agglomeration of economic activity and more intensity of land use.
b) The development of selected nodes in marginalised areas to stimulate local economies, increase competitiveness, and broaden access to markets and jobs.
c) The development of high-density movement corridors anchored by transit nodes to restructure city form, promote efficient land use and transport energy consumption.

IDP Programmes and Delivery Agenda

5-year IDP Programme	Key programme output 2011/12	Medium term programme output 2012/13 to 2013/14
Inner city regeneration programme	Johannesburg inner city upgrading projects	Johannesburg inner city upgrading projects
	Randburg CBD regeneration	Randburg CBD regeneration
		Roodepoort CBD regeneration
Upgrading of marginalised areas programme	Kliptown Development	Kliptown Development
	Orlando East Station precinct upgrading	Orlando East Station precinct upgrading
	Stretford Station precinct upgrading in Orange Farm	Stretford Station precinct upgrading in Orange Farm
	Diepsloot Development	Diepsloot Development
	Township retail partnership programme (Diepsloot)	Township retail partnership programme (Diepsloot, Orange Farm and Ivory Park)
		Ivory Park Development
Transit-oriented development programme	Rea Vaya BRT infrastructure for trunk route 1B	Rea Vaya BRT infrastructure for trunk route 2
	Westgate Station precinct upgrade	Westgate Station precinct upgrade
	Johannesburg Art Gallery Rea Vaya station precinct upgrade	Johannesburg Art Gallery Rea Vaya station precinct upgrade
	Randburg Transit Junction and Rea Vaya trunk route	Randburg Transit Junction and Rea Vaya trunk route
	Kazerne transit hub development	Kazerne transit hub development
		Soweto commuter railway station precinct developments

Section 1.3: MMC's foreword

Despite steady development gains over the last ten years including the regeneration of the inner city, and transformative investments in marginalised areas of the city, we must remain aware of the remaining challenges we face in Johannesburg. The poor struggle to tap into economic resources and opportunities and the question is how we start linking people to opportunities and opportunities to people. The City of Johannesburg launched its Growth and Development Strategy mayoral outreach process in 2011. This was the largest public participation ever undertaken by the City and sought the voices and opinions of residents throughout Joburg, who told us how they would want to live in the future. Through a comprehensive collaboration, inputs were formalised in to the GDS/Joburg 2040 strategy which sets a clear path for the coming decades. The Joburg 2040 vision is people-centred and also talks about achieving resilience, sustainability and liveability. From henceforth the Halala Joburg Awards should be aimed at highlighting those projects and programmes that speak directly to the Joburg 2040 vision. They should seek to celebrate efforts that are beginning to actualise the City's vision as outlined in the Integrated Development Programme (IDP) Key Flagship Projects:

- A shift to low carbon infrastructure and urban water management – I would like us to start recognising projects that introduce demand side initiatives as far as the use of energy and water sources are concerned within privately and publicly developed buildings, be it for commercial or residential use.

- As a city we encourage the rolling out of "separation at source" waste management initiatives, not only as a city-wide strategy but as something building owners must implement in their buildings. I see a partnership between the city and our stakeholders working towards an integrated waste management programme.

  The rollout of the Rea Vaya opens up new opportunities for development and investment. The City has identified Transit Oriented Development interventions as vital in the space economy. This will promote inclusionary development initiatives along public transit corridors, affordable housing and commerce into these nodes, in order to ensure that, we not only take people to jobs, but we bring jobs to people and connect people with jobs.

- In this endeavour to promote sustainability, the inner city is a key priority. With approximately half a million residents in the inner city the need for decent affordable housing is ever present and this despite investors and the city having made incredible strides in the provision of decent affordable housing. We will continue to recognise these initiatives.

- According to a UN Habitat study on *"Improving Income and Housing: Employment Generation in Low-Income Settlements"* there is an increasing recognition that the creation of income-generating opportunities must be a basic objective of national development policies in developing countries, many constraints to the implementation of specific measures to promote such opportunities still exist. This may be true, however economic growth is reliant on all of us to make it work in our context, the private sector, community based organisations, SMMEs as well as the city need to work together to ensure economic growth within the inner city that benefits all. We will have to recognise entrepreneurship and emerging enterprises operating in the inner city. As we all may be aware, beginning and sustaining SMME operations is always a challenge especially with the current national and global economic conditions. However, in the true spirit of Jozi, we always find young entrepreneurs against all odds are operating in the Inner City as the place is naturally conducive for entrepreneurship. We also continue to see partnerships between established and emerging enterprises to transfer skills and knowledge.

Talking about the GDS 2040, the Executive Mayor, in his state of the City address said "*resilience is about our ability to work together and support each other in times of need. It is also about our ability to adapt to difficult situations by recognising the strengths and assets and by having the capacity to mobilise them in times of need. Sustainability is about getting rid of inequalities and poverty as well as the creation of a better life for all. It is also about acknowledging that the city must continue; therefore we must harness our natural resources that can be sustained into the future. Whilst liveablility is about an environment that promotes civic engagement and a sense of place through safe, sustainable choices of socio-economic opportunities."*

As you reflect on the JDA's results for 2011/12, I challenge you to think about what we have achieved together, how we have done this, and how we can sustain these results and take Johannesburg into a bright new future.

Councillor Ros Greeff
Member of the Mayoral Committee for Development Planning

Section 1.4: Chairperson's foreword

There have been many changes at the JDA in 2011/12. At the Annual General Meeting in April 2012 the Executive Mayor appointed a new Board of Directors for the JDA. As the incoming Chairperson of the Board, first I need to acknowledge the outgoing Chairperson, Luthando Vutula, and non-executive director, Lesenyego Matlhape, for their dedicated service and leadership of the JDA.

For continuity we are grateful to have some members continuing to serve as non-executive directors. They are Nopasika Lila, Dayalan Naidu and Popo Masilo. The new members of the Board are Buyiswa Majola, Pam Mashiane, Wellington Thwala, Papi Kubu, and Boeta Rajah. I look forward to working with this team in order to maintain the JDA's track record of service delivery excellence and sound governance during this Mayoral term. We will also be focussing on deepening the social impact of the JDA's development programme, and the newly established Social and Ethics Committee will provide leadership on this issue.

One of the immediate priorities for the new Board of Directors is promote stability, recruit for senior management appointments and fill vacant funded posts. We recognise that the uncertainty associated with the institutional review that is underway may have had a destabilising effect on the JDA team, and we hope to see the rapid conclusion of some of the key decisions that will impact on the JDA operation and staff establishment.

This report provides an overview of the 2011/12 financial year. It tells a mostly positive story of good performance against targets. While project outputs were largely achieved, this was done without fully expending the capital budget that was allocated to the JDA at the beginning of the year. The BRT portfolio of projects has yielded the most significant savings. This is largely due to the impact of the shift in the route for the third trunk route. Instead of going from the inner city to Sandton via Oxford Road, the Rea Vaya service will now run from the inner city to Alexandra via Louis Botha Avenue. From a technical perspective this is an appropriate route, but as a result the planning and detailed design processes have been set back by about a year, and there are substantial savings on the BRT project budget.

Thanks must go to the Shareholder for cooperation and leadership; employees of the JDA; the committed and enthusiastic private partners who respond to JDA's development activities; and the public development partners and funders who have contributed to the JDA's success this year.

We trust that the JDA will be able to build on this foundation year for the Mayoral term and achieve the ambitious strategic objectives outlined in the Joburg 2040 Growth and Development Strategy and the Integrated Development Plan 2012. By positioning the JDA as an agency that is responsible for reshaping the space economy in order to create a more resilient, inclusive and sustainable city, the City of Johannesburg acknowledges the strategic importance of this institution and its dedicated employees. We will work together to build a better city for all.

Getty Simelane
Chairperson

Meet the Directors

At the Annual General Meeting, held on 23 April 2012, 3 directors were reappointed, and 6 new directors were appointed to serve on the JDA's Board.

Khangekile (Getty) Simelane is a certified Human Resources practitioner, social entrepreneur and governance panellist. She has qualifications from the University of Zululand, Wits Business School, Bath University (UK) and North Western University (USA). She sits on the Boards of the SA Post Office, SANBS and the Diepsloot Social Action Committee. Getty recently completed a term as a Director and Chairperson of City Power and takes over as Chairperson of the JDA.

Papi Kubu has had a wide-ranging career in the military, tourism, hospitality, and media industries. He has a BA qualification from the University of London, and diplomas in journalism, auctioneering and printing techniques. He is a member of professional and industry associations; and has held directorships with the National Tourism Forum, the National Museum Council and the Veterans Foundation. Papi is currently Chairman of PKX Capital, a financial services company.

Nopasika Lila continues as a member of the Board of Directors, and Chair of the Audit Committee, having first joined the JDA in 2008. She is a Chartered Accountant and Chief Financial Officer of the Eskom Pension and Provident Fund, and serves as a non-executive director of the JDA and Chair of the Audit Committee. She also serves as a member of the Audit Committee of the Department of International Relations and Cooperation (DIRCO) as well as the National Arts Festival. Nopasika has experience in the fields of financial management, corporate governance, strategy and training. She has run her own company, Astute Intellect, and she speaks and writes Mandarin.

Buyiswa Octavia Majola is a community activist with qualifications in law, public relations and business management. She has worked in various positions in the construction, security and hospitality industries; and has held leadership positions in political and community structures. Buyi's interests and causes include the elderly and the youth, and she is an active member of committees representing taxi stakeholders, women, commuters and developers amongst others.Buyi will Chair the new Social and Ethics Committee of the JDA.

Popo Masilo completed his BProc (law) degree at Unisa. He was admitted as an attorney in 2002, joining the firm R Masilo Attorney as a partner in 2007. He focuses mainly on civil litigation, commercial, family and labour law. He is an executive director of Morentho Hygiene Services, and continues to serve as a non-executive director of the JDA, a role he took up in 2008. Popo will Chair the HR and Remuneration Committee.

Dayalan Naiduhas a BPaed science degree from the University of Durban Westville, graduating in 1986. His career as an industrial engineer and operations manager has spanned the transport, retail and industrial sectors. He is currently owner and general manager responsible for market development and production management at World Class Industrial.
Dayalan will continue to apply his management skills and knowledge as a non-executive director and Chair of the Development and Risk Committee at the JDA.

Ashraf Alli (Boeta) Rajah was member of the negotiating team that established the first democratic local government structures in Johannesburg. He also served as a Councillor of the City of Johannesburg from 1994 to 2011. His responsibilities included sports, arts, culture and recreation; planning and development; housing and urbanisation; finance and services; and he served as Chair of the Inner City Committee. Boeta has qualifications in local government and project management and has experience in labour relations and dispute resolution from his work as a unionist.

Pamela Mashiane is founder and managing director of Segakweng Associates Strategy Consultants. She is a strategist with over ten years' experience in the chemical and banking and advertising industries. Pam has a BSc (Chemistry) and project management, marketing and business science qualifications, including an MBA. She is also a non-executive board member of the Kgosi Neighbourhood foundation, which is a non-profit organisation aimed at helping vulnerable children.

Wellington Didibhuku Thwala is an associate professor at the University of Johannesburg (UJ) in the Faculty of Engineering and the Built Environment. He has a PhD in Engineering from Wits University and his research focus includes the job creation impact of construction programmes. Wellington 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*.

In addition to the non-executive directors, three independent members have been appointed to the Audit Committee. These are Mr Krishna Govender; Ms Janine Vergotine; and Ms Nokuthula Selamolela.

Section 1.5: CEO's Report

The year that came to its end on 30 June 2012 was a year of much consolidation and change for the JDA. With more limited capital budgets to spend we had space to reflect on our impact and results over the last ten years and consider how to learn from and improve many of our urban development and construction practices. Through constructive discussions with stakeholders and partners, we reviewed our approach to development facilitation, our role in the informal city, our public art programme, and the impacts of our development projects for the hosting of the 2010 Fifa World Cup.

We also took some time to document some of our developments and the lessons we have learnt along the way. Case studies have been written up for Newtown, Kliptown, Ellis Park and the Stretford Station Precinct in Orange Farm; and we have worked with partners on projects like the story of the making of the Constitution, One Law for One Nation; and the story of the design impact of the World Cup, Reflections and Opportunities (which was published in both English and Portuguese so that it can be shared with colleagues in Brazil who are preparing to host the 2014 Fifa World Cup.

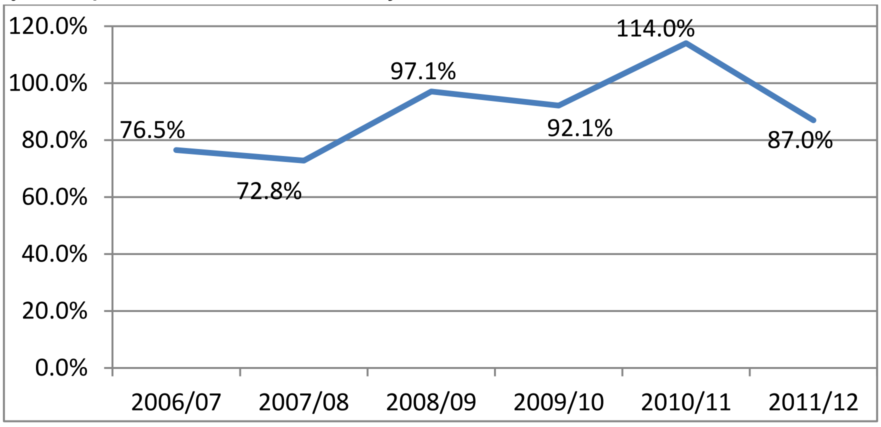
We faced a very uncertain year and much patience was required when the City of Joburg's institutional review process took much longer than expected to deliver clear guidance on institutional shifts, changes in mandate, and recruitment processes. As a result of the moratorium on recruitment of senior employees, the JDA ends the year with some key vacant posts. We look forward to seeing these posts being filled as a matter of urgency in the new year.

I have now completed two years as acting CEO, and would like to express my heartfelt thanks to the Board members you provided steady support and guidance during this very uncertain time; and to the dedicated employees of the JDA who worked alongside me to help deliver projects that the JDA can be proud of, and solve difficult problems to maintain the JDA's reputation of being a 'can do' organisation that makes Joburg great.

Performance Review

Project progress for the full portfolio of JDA projects is generally satisfactory at the end of the 4th quarter. The total JDA portfolio achieved a completion rate of 87% against project targets in 2011/12. This is disappointing in light of the JDA's performance in previous years but it is well within accepted construction management benchmarks. All over the world public construction projects take longer than anticipated. The graph shows JDA's project completion rates for the last 6 years. From this analysis it is clear that this is not the worst year on record, but it is also not the best. The reasons for delays in the completion of projects are discussed in more detail in this report, but there are also institutional reasons for the reduced performance.

JDA project completion rates at the end of each year from 2006/07 to 2011/12



During 2011/12 the JDA lost a key member of the Development team when the Chief Operating Officer resigned to take up a position in the private sector. Due to the moratorium on senior appointments we have not been able to recruit a new COO. While the Senior Development Managers have fulfilled the COO's responsibilities in terms of development and programme management, the role he played in resolving issues that might delay projects was invaluable to the JDA's performance.

The primary reason for delays in the completion of projects is related to the redesign of the Rea Vaya trunk route which has delayed implementation and expenditure in the portfolio of projects that dominates the JDA's programme of work. The marginalised areas portfolio achieved more than 100% of project outputs in 2011/12; and the inner city portfolio achieved 89%. I am very pleased that we managed to achieve these results under very difficult circumstances in a year when institutional transformation and uncertainty had an impact on all City of Joburg functions.

Organisational Review

In 2011/12 there were 4 resignations and 3 appointments at the JDA. We remain concerned that the on-going vacancies resulting from the moratorium on senior appointments continue to undermine the effectiveness of the institution. The number of vacant positions is a key risk to the achievement of our mandate and these posts should be filled as a matter of urgency.

In April 2012 a new Board of Directors was appointed for the JDA. I would like to take this opportunity to thank Luthando Vutula and Lesenyego Matlhape who served as Chairman and Director of the JDA for many years. They fulfilled their responsibilities to the JDA with diligence and care, and they should be given credit for the sound state of governance and accountability in the organisation. I look forward to working with the continuing and new members of the Board as we settle into the new Mayoral term of office.

Since their appointment, the new Board members have been going through an induction programme. A day has been spent developing an understanding of the roles and responsibilities of Board members and the management team in terms of the JDA mandate and operating model, legislative compliance requirements, and monitoring and reporting systems. We will also visit JDA projects and provide in depth briefings on financial management, supply chain management and other functions within the JDA operation.

Financial Review

For the financial year under review, JDA revenue was R43.9million against a budget of R46.5million. The negative variance of R2.6million is the net result of an under-recovery of R2.7million on the development management fees line item. The development management fees are lower than budgeted due to only 73% of the budgeted annual CAPEX expenditure having been utilised.

Overall, 73% of the total capital budget for 2011/12 has been spent. The CoJ, ICF, NDPG and other funded projects achieved an aggregate of 96% budget spent while BRT achieved a 69% overall budget spent.

This significant underspending in the Rea Vaya BRT portfolio of projects is due to a number of reasons. The two primary ones are:

- Firstly, there have been significant delays in the Rea Vaya implementation as a result of the Mayoral Committee decision in May 2011 to reroute the third trunk route of the BRT service. Instead of running on the planned route from the inner city to Sandton along Oxford Road, the trunk route will now run from the inner city to Alexandra along Louis Botha Avenue. This resulted in a number of complications in the project implementation plan including the need for a new phase of planning and detailed design along the new route; the need to cancel or renegotiate existing contracts with professional teams; and other unforeseen technical design requirements including the need for new integrated bus stations that can accommodate both low and high-floor buses.
- Secondly, budgets for other sections of the BRT were determined on the basis of previous construction costs. The construction pricing in 2011/12 was significantly lower than anticipated. We believe that this is due to a number of factors such as a better understanding of the technical aspects of the construction work, greater capacity in the construction industry now that the 2010 construction boom is over, and the generally negative economic outlook for the building industry resulting in keen competition for construction tenders. This resulted in significant savings against budgets although the construction outputs were all completed as targeted.

For the financial year under review the JDA's operating expenses were R45 million against a budget of R49.5million. The major variances arose in the line items of employee costs; IT related expense, planning and strategy, repairs and maintenance and telecommunication. The telecommunications line item is pure savings as a result of strict cost control measures implemented by management. The variance in the employee costs line item is due to some of the vacant positions budgeted for not being filled during the year under review due to a moratorium on the filling of vacant posts issued by the office of the City Manager.

Thanduxolo Mendrew
Chief Executive Officer

CHAPTER TWO: PERFORMANCE HIGHLIGHTS
Section 2.1: Highlights and achievements

Set out below is an analysis of the JDA's performance against its KPIs in 2011/12. The report analyses the performance of the JDA in terms of the performance scorecard (as approved in June 2011), measuring performance in terms of both the JDA's service delivery mandate and financial and other resource management processes.

Targets are agreed between the JDA management, Board and the CoJ acting through the Department of Development Planning. These are developed with the aim of improving the organisation's performance and efficiency and achieving longer-term goals that have been set for specific developments, such as area based revitalisation. A number of targets are also set by the Shareholder Unit in compliance with Auditor-General and MFMA requirements.

Key indicators such as jobs created and capital expenditure to date are measured and independently verified by professional team members such as quantity surveyors or project managers for each of the JDA developments. In regard to job opportunities created in terms of EPWP, CoJ's Economic Development Department undertakes independent verifications of the JDA's reported job numbers on a monthly basis.

Key to indicators:

- ● Target achieved (at least 75% rating)
- ◖ Target partially achieved (at least 50% rating)
- ○ Target not achieved (<50% rating)

Economic Development and Job Creation

This KPA is measured in three areas:

- Creation of short-term job opportunities
- BEE spend as a % of Total Procurement (OPEX and CAPEX)
- Procurement spend on SMME as a % of Opex Procurement.

Short-term Job Creation

This indicator measures the creation of new short term jobs attributable to JDA construction projects. In the JDA's scorecard this measure has been aligned to the definition of the Expanded Public Works Programme (EPWP) as adopted by the City's Department of Economic Development (DED) as being the number of individuals employed. The number of individuals employed is recorded each month, and the quarterly number is the total for the three months in the quarter.

During 2011/12 the JDA reported the creation of 3 571 short term job opportunities in construction across its portfolio of projects. This is higher than the target of 2 647 for the year.

	2010/11 Baseline	2011/12 Target	2011/12 Actual	% Achievement for year to date	Achievement of Target
Short-term jobs created	3 538	2647	3 571	135%	●

As this is a measure that is subject to various interpretations and time-scales, we have undertaken a comprehensive review of the jobs data collected by the JDA during 2011/12. This data includes that names, ID numbers, gender, nationality, disability status, age, amount of time worked, and remuneration received. The information is collected from the main contractor every month, and independent verification is provided by the Community Liaison Officer employed on each project.

From our analysis of the primary data for the year the following can be confirmed.

	Number of individuals employed	Number of person days worked
Quarter 1	877	22 664
Quarter 2	699	16 495
Quarter 3	871	17 306
Quarter 4	1 578	25 865
Total	**4 025**	**82 330**

This means that the JDA understated the number of job opportunities created and 152% of the job creation target was achieved in 2011/12.

While this total for the year is consistent with our reporting protocols, we can also now calculate the actual number of individuals employed in the year as a whole (many worked on JDA construction projects across more than one quarter).

In total 1 375 individuals worked on JDA projects in 2011/12. Of these 206 or 15% were female and 1 169 or 85% were male; and 45% were youths (aged 35 or younger).It should also be noted that 1 151 of the construction workers could be confirmed as being South African citizens with valid and verified ID numbers. As the construction work is physically challenging, there are limited opportunities for the employment of people with disabilities (fewer than 1%).

The key statistic is that the JDA created over 82 000 person days of work in 2011/12.

Procurement spend on SMME as a % of Total Procurement (OPEX only)

The 2011/12 target for SMME spend as a percentage of total operating expenditure (excluding employee costs, depreciation and amortisation) is 40%. In the year to 30 June 2012 the JDA's spend on contracts won by SMMEs was R 9.5 million (out of operating expenditure of R22.8 million).This constitutes an achievement of 41% of operating expenditure or 103% of the target for the period under review.

Key Performance Indicators	Baseline (2010/11)	2011/12 Target	Q1 Achievement score	Q2 Achievement score	Q3 Achievement score	2011/12 Target	2011/12 Actual	Actual / target	Achievement score
SMME procurement spend as a % of total OPEX Procurement	40%	**40%**	●	●	●	40%	41%	103%	●

Productive partnerships and stakeholder relations

This KPA is measured in terms of three indicators:

- The public perception of JDA and our development areas as expressed by positive media coverage
- The number of tours of JDA development areas
- The number of development events intended to attract public attention and communicate urban regeneration results

Key Performance Indicators	Baseline (2010/11)	2011/12 Target	2011/12 Actual	2011/12 Actual / target	Achievement score
Positive media reports as a % of the total number of media reports on JDA development areas	na	**>95% positive stories**	98%	103%	●
Number of tours hosted by JDA to promote development areas	na	**15**	20	133%	●
Number of development events hosted by the JDA or partners	na	**5**	6	120%	●

In 2011/12 the JDA was mentioned in 80 print and on-line media reports. The data is collected through a media monitoring service provided by an independent contractor called Meltwater News. Analysts from Meltwater News provide the rating of positive, neutral or negative as an opinion on the tone of the article and views expressed about the JDA. 98% of all stories in 2011/12 were positive (85%) or neutral (13%). Most of the media coverage was about the regeneration of the Johannesburg inner city.

JDA hosted 20 tours during 2011/12. This was more than the target of 15 tours for the year. The tours included investor tours in the inner city and Diepsloot, a tour of the Rea Vaya trunk route and transit oriented nodes in Soweto for colleagues in the Economies of Regions Learning Network. In all 404 people toured JDA developments in 2011/12. Of these 152 were development practitioners, 134 were educational partners from universities and other research agencies, and 23 were investors.

There were 6 development events in 2011/12, exceeding the target of 5 for the year. These included the Diepsloot public art festival, an event to celebrate the tree planting along the Rea Vaya trunk route 1B, and the launch of Atwell Gardens Park in the inner city.

In total the JDA managed to reach over 47 000 stakeholders directly through its full range of marketing and communication strategies in 2011/12.

Summary of stakeholders reached in 2011/12	**47 764**
Total number of people reached in person (attendees at JDA events)	6 487
Total number of people reached through tours	404
Total number of people reached through electronic media (website and social media)	40 191
Total number of people reached through printed and branding material (books and reports distributed)	682

Human Resources Management

This KPA is measured in five areas:

- Employment Equity
- Staff Turnover
- HIV/AIDS Policy Compliance
- Occupational Health & Safety Compliance
- Expenditure on training and development of staff

Employment Equity

In respect of employment equity the JDA's current targets are as follows:

- Black staff percentage - the target of 80% of total staff complement
- Female staff - target of 45% of total staff complement.
- Black females in management positions, target of 35% of total number of employees in management

Key Performance Indicators	Baseline (2010/11)	2011/12 Target	Q1 Achievement score	Q2 Achievement score	Q3 Achievement score	2011/12 Target	2011/12 Actual	Actual / target	Achievement score
Compliance in respect of the Employment Equity Plan:	100%	**100% compliance**	●	●	●	100%	100%	100%	●
% Black staff as % of total staff	80%	**80%**	●	●	●	80%	88%	110%	●
% Female staff as % of total staff	45%	**45%**	●	●	●	45%	64%	142%	●
% Black Female managers as % of total senior management	35%	**35%**	●	●	●	35%	56%	160%	●
% Staff Turnover	<10%	**<10%**	●	●	●	<10%	8%	100%	●

The JDA has been consistent in achieving its employment equity targets every year. In the period under review, all the targets were again exceeded by a significant margin. The JDA will continue to monitor its affirmative action and Employment Equity practices to ensure that it retains its status as one of the best employment equity employers within the City of Johannesburg.
Average staff turnover (measured as departing employees as a percentage of total staff complement) was 8% in the year under review as there were four resignations out of a staff complement of 50.

HIV and Aids Policy

The JDA's wellness day, which takes place every six months was delayed to September 2012 as a result of deadlines related to the end of the financial year in June, so the voluntary counselling and testing opportunity will be available to employees then.

The JDA's HIV and Aids policy is fully aligned with that of the City of Joburg. In the year under review, a total of 41 e-mails were circulated to all JDA staff from ICAS (the JDA's employee assistance programme service provider) each newsletter dealt with some topic related to HIV and Aids, including prevention strategies.

The HIV and Aids peer counsellors did not do a training session during the quarter. The JDA uses the services of the CoJ's Health Department for its peer counsellor training. The scheduled training for this quarter was cancelled as a result of the institutional review process currently underway.

Key Performance Indicators	Baseline (2010/11)	2011/12 Target	Q1 Achievement score	Q2 Achievement score	Q3 Achievement score	2011/12 Target	2011/12 Actual	Actual / target	Achievement score
Number of HIV and Aids VCT opportunities offered at JDA wellness days	na	**2**	●	●	●	2	1	50%	●
Number of HIV and Aids information shots sent to JDA officials	na	**4**	●	●	●	4	41	1200%	●
Number of peer counsellor training sessions	na	**2**	●	●	●	2	0	0%	●

OHSACT

The last occupational health audit certificate for the JDA's offices at the Bus Factory was issued in June 2012 and had put overall compliance at 78% for the quarter. This is up from 72% in the third quarter, showing progress achieving a better compliance rating. The JDA facilities manager continues to ensure that the JDA working environment is in line with the provisions of the Health and Safety Act, and that tenants at the Bus Factory are also informed of OHS Act provisions. One injury was reported at the Bus Factory in the fourth quarter (related to spilled cleaning fluid) and no injuries were reported on any of the JDA construction sites.

Key Performance Indicators	Baseline (2010/11)	2011/12 Target	Q1 Achievement score	Q2 Achievement score	Q3 Achievement score	2011/12 Target	2011/12 Actual	Actual / target	Achievement score
% compliance with Occupational Health and Safety Act at the Bus Factory	100%	**100%**	●	●	●	100%	78%	78%	●

Training and Development of Staff

The training expenditure target is a cumulative target for the year. By the end of the 4th quarter we had spent 3.04% of payroll on training and staff development activities.

Key Performance Indicators	Baseline (2010/11)	2011/12 Target	Q1 Achievement score	Q2 Achievement score	Q3 Achievement score	2011/12 Target	2011/12 Actual	Actual / target	Achievement score
% payroll invested in training (cumulative, annual)	3%	**3%**	●	●	●	3%	3%	101%	●

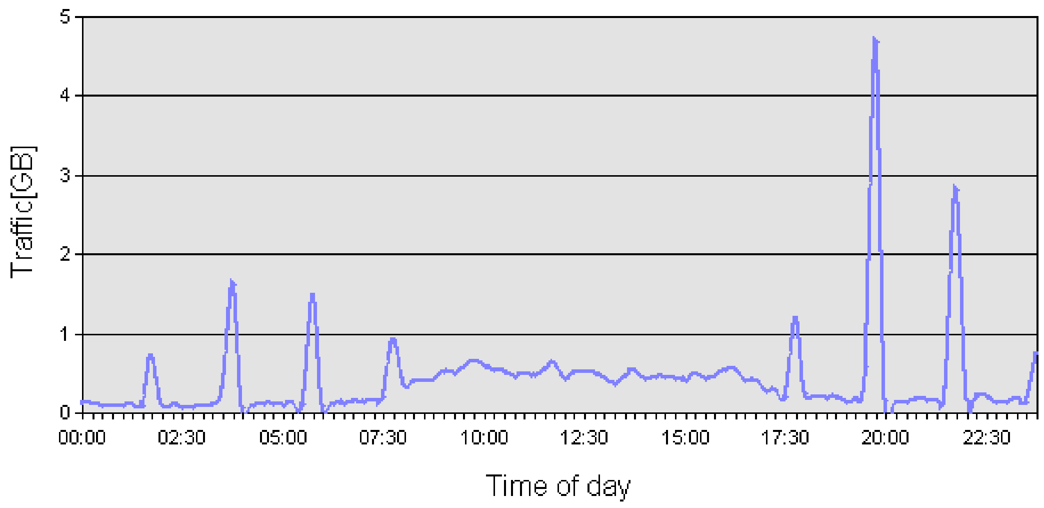
Financial Management & Corporate Governance

This KPA is measured in the following areas:

- ICT network availability
- Clean Audits
- Operating Budget Management
- Capital Budget Management
- GRAP Compliance
- Company Balances with MOEs
- Company Balances with CoJ
- Company Balances with Non-CoJ companies

ICT network availability

The JDA's local area network continues to perform well. The LAN therefore has been up 100% of the time against a target of 70%. Use is heaviest at night when the backups are done.



MTN performance has not been pleasing particularly in the month of April where they claim to have had problems connecting to London. This has disadvantaged the JDA. It must be noted that MTN only moved in to resolve the problem when the JDA threatened to terminate the relationship prematurely. However for the latter part of April to the end of June 2012, performance has improved.

Key Performance Indicators	Baseline (2010/11)	2011/12 Target	Q1 Achievement score	Q2 Achievement score	Q3 Achievement score	2011/12 Target	2011/12 Actual	Actual / target	Achievement score
IT network availability - local area network	na	**70%**	●	●	●	70%	100%	143%	●
IT network availability	na	**70%**	●	●	●	70%	99%	141%	●

Clean Audits

The 2011/12 annual external audit will commence on 01 August 2012. The JDA expects to obtain an unqualified audit report as has been the norm in previous financial years. The JDA's Audit Committee assisted by Internal Audit have continued to monitor the JDA's internal control environment and ensured that management continues to implement recommendations by Internal Audit in an effort to achieve clean audits for the organisation. JDA has put in place measures that seek to correct all the issues that were raised by the Auditor-General in the previous financial year's management letter.

Operating Budget Management

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

	2011/12 Budget	Target	Actual	% Achievement for Year to Date	Achievement of Target / Actual
Revenue R'000)	49 595	49 595	47 886	97%	●
Costs (R'000)	49 595	49 595	45 425	92%	●

During the period under review the JDA underachieved on the targeted revenue by 3%. This is mainly due to the variances that have arisen from the management fees on capital expenditure for development projects.

Capital Budget Management

This measures effective capital budget management, in particular expenditure against set targets for project delivery. Targets of 100% expenditure have been set in respect of all funding sources for the financial year.

Key Performance Indicators	Baseline (2010/11)	2011/12 Target	Q1 Achievement score	Q2 Achievement score	Q3 Achievement score	2011/12 Target	2011/12 Actual	Actual / target	Achievement score
% Capital budget spent:	**100%**	**100%**				**100%**	**73%**	**73%**	
CoJ budget	100%	**100%**				100%	100%	100%	
ICF budget	100%	**100%**				100%	96%	96%	
NDPG budget	100%	**100%**				100%	92%	92%	
EPWP budget	100%	**100%**				100%	100%	100%	
Transportation budget	100%	**100%**				100%	69%	69%	
Other capital budgets	na	**100%**				100%	98%	98%	
Of which									
Blue IQ budget	na	**100%**				100%	105%	105%	
Environment budget	na	**100%**				100%	90%	90%	
Health budget	na	**100%**				100%	99%	99%	
Housing budget	na	**100%**				100%	112%	112%	

Despite meeting expenditure targets in the first three quarters, the BRT portfolio ended the year with expenditure of 69% of the total budget for 2011/12.

The under-spending in the Rea Vaya BRT portfolio of projects is due to a number of reasons. The two primary ones are:

- Firstly, there have been significant delays in the Rea Vaya implementation as a result of the mayoral committee decision in May 2011 to reroute the third trunk route of the BRT service. Instead of running on the planned route from the inner city to Sandton along Oxford Road, the trunk route will now run from the inner city to Alexandra along Louis Botha Avenue. This resulted in a number of complications in the project implementation plan including the need for a new phase of planning and detailed design along the new route; the need to cancel or renegotiate existing contracts with professional teams; and other unforeseen technical design requirements including the need for new integrated bus stations that can accommodate both low and high-floor buses.
- Secondly, budgets for other sections of the BRT were determined on the basis of previous construction costs. The construction pricing in 2011/12 was significantly lower than anticipated. We believe that this is due to a number of factors such as a better understanding of the technical aspects of the construction work, greater capacity in the construction industry now that the 2010 construction boom is over, and the generally negative economic outlook for the building industry resulting in keen competition for construction tenders. This resulted in significant savings against budgets although the construction outputs were all completed as targeted.

With the other portfolios expenditure was accelerated in the fourth quarter and most projects were completed as planned by the end of June 2012. There were some minor variations due to construction pricing. Overall, the JDA achieved capital expenditure of 73% against budget.

GRAP Compliance

This target is determined annually as it pertains to the finance reporting of the entity at the end of the financial year. In the meantime, in order to improve the general skills of the JDA, the Chief Finance Officer, Finance Manager and Accountant attended a GRAP update course on March 12 2012 organised by the South African Institute of Chartered Accountants (SAICA). This will ensure that our employees are able to ensure continuous compliance by the entity with GRAP in its financial reporting processes.

Section 2.2: Performance against IDP and Scorecard

This indictor measures overall project implementation progress against project completion targets set for each quarter for all JDA projects.

Projects are grouped by the source of funding. The aggregate score is calculated as a weighted average based on the relative budget allocations for the projects in the group. For example, a small project with a relatively insignificant budget allocation will not affect the aggregate completion score as much as a large project with a significant budget.

JDA projects are weighted in the following way in 2011/12:

Project portfolio	**Weighting as % of budget**
CoJ Budget	**3%**
Of which:	
JDA010/1: Kliptown Renewal Precinct	52
JDA048: Orlando East Station Precinct	48
ICF Budget	**8%**
Of which:	
JDA055 ICF4: Commuter Links Upgrade (Art Gallery Rea Vaya Station Precinct)	31
JDA058 ICF5: Westgate Station Precinct upgrade	40
JDA059 ICF5: Transnet Land / Metro Park	29
NDPG Budget	**3%**
Of which:	
JDA037: Diepsloot Renewal Precinct	52
JDA036/2: Stretford Station / Greater Orange Farm Renewal Precinct	48
Transportation Budget	**83%**
Blue IQ (Constitution Hill)	**1%**
Environment (Bruma Lake)	**1%**
Health (Joburg Clinics)	**1%**

Programme performance is measured according to project completion against the predetermined quarterly targets.
The performance scorecard for the JDA has been restructured in 2011/12 to separate construction progress clearly from overall project completion rates.

The total JDA portfolio achieved a completion rate of 87% against project targets in 2011/12. The reasons for delays in the completion of projects are discussed in more detail in this report.

After lagging behind project progress targets right up until the last quarter, the portfolio of projects in marginalised areas was accelerated and overall this portfolio achieved 104% of target. The main reason is that the Orlando East and Orlando East (Noordgesig) projects were extended by more than 22% each using funds in the contingency reserve. Other projects that achieved completion include the Kliptown Development and Stretford Station Precinct upgrade. Only the Diepsloot Development has still got to be completed in July.

The inner city portfolio achieved an overall completion rate of 89%. This is due to largely to some delays in the commuter links and Transnet land projects, although both of these will be completed early in the new financial year.

The transportation portfolio ended the year on 85% complete as a result of delays in projects associated with the shift in the third trunk route, and some delays in the Dobsonville Depot construction and the Station Precinct Upgrading project.

Key Performance Indicators	Baseline (2010/11)	2011/12 Target	Q1 Achievement score	Q2 Achievement score	Q3 Achievement score	2011/12 Target	2011/12 Actual	Actual / target	Achievement score
% Construction progress against target	100%	**100%**				100%	87%	87%	
Inner city portfolio	100%	**100%**				100%	89%	89%	
Marginalised areas portfolio	100%	**100%**				100%	104%	104%	
Transportation portfolio	100%	**100%**				100%	85%	85%	

The following steps will be taken to improve construction progress results in 2012/13:
- Attention will be paid to ensure that procurement processes are carried out in a compliant and efficient way.
- A new Enterprise Development Programme will be implemented in 2012/13 to improve the pool of competent construction companies, especially small and medium sized companies who can bid for JDA tenders.

- Construction monitoring and management systems will be strengthened to ensure that there is early warning of delays in project progress, so that pre-emptive steps can be taken.

The detailed project progress measures for each project are presented below.

Key Performance Area	Key Performance Indicators	Baseline (2010/11)	2011/12 Target	Q1 Achievement score	Q2 Achievement score	Q3 Achievement score	Q4 Target	Q4 Actual	Q4 Actual / target	Q4 Achievement score
COJ FUNDED PROJECTS				🟢	🔴	🔴	100%	111%	111%	🔴
% progress achieved in project delivery against targets: **JDA010/1: Kliptown Development**	Detailed design completed and construction tender awarded	100%	100%	🔴	🟢	🟢				🟢
	Public environment upgrade in Kliptown (Phase 2.2)	100% of Phase 2.1	100%		🔴	🔴	100%	100%	100%	🟢
% progress achieved in project delivery against targets: **JDA048: Orlando East Phase 3**	Detailed design completed and construction tender awarded	100%	100%	🔴	🟢	🟢				🟢
	Public environment upgrading in Orlando East Station precinct (Phase 3)	100% of Phase 2	100%		🔴	🔴	100%	122%	122%	🟢
	Public environment upgrading in Noordgesig (Additional work)	na	100%			🔴	100%	121%	121%	🟢

There are two projects funded through the COJ Capital grant in 2011/12: the Kliptown Development and Orlando East Station Precinct. Construction contracts were awarded for both projects in January 2012. Although both projects were behind schedule in the third quarter, the construction works was accelerated and completed before the end of June. In fact, work on the Orlando East contracts was extended in order to spend all of the development contingency fees resulting in more than 120% completion against target.

As a whole this portfolio achieved a completion rate of 111% against the original scope of works for 2011/12.

INNER CTY FUND PROJECTS				🟢	🟢	🟢	100%	89%	89%	🟢
% progress achieved in project delivery against targets: **JDA056 ICF4: Art Gallery (Rea Vaya) Station Precinct Upgrade**	Detailed design completed and construction tender awarded	100%	100%	🟢	🟢	🟢				🟢
	Public environment upgrading in the Commuter links (Art Gallery) precinct (Phase 2)	100% of phase 1	100%	🟢	🟢	🟡	100%	82%	82%	🟢
% progress achieved in project delivery against targets: **JDA058 ICF5: Westgate Station Precinct upgrade**	Detailed design completed and construction tender awarded	na	100%	🟢	🟢	🟢				🟢
	Public environment upgrading (Phase 1)	na	100%	🟢	🟢	🟢	100%	100%	100%	🟢
% progress achieved in project delivery against targets: **JDA059: Transnet land / Metro Park**	Detailed design completed and construction tender awarded	na	100%	🔴	🟢	🟢				🟢
	Taxi facilities and public environment upgrading (phase 1)	na	100%	🟢	🔴	🔴	100%	95%	95%	🟢

In the set of inner city regeneration projects that are funded through the inner city upgrading allocation on the budget of the Department of Development Planning and Urban Management overall project completion was also accelerated in the 4th quarter after having slipped behind schedule on two of the key projects at the end of the 3rd quarter.

The 2011/12 phase of the Westgate Station Precinct project is was completed as planned in May 2012. This project will continue as a multi-year project with annual construction phases in 2012/13 and 2013/14. Signs of private investment that is responding to the public investment include the launch of Stimela Square, a mixed use property development by Abland and Standard Bank; and progress that is being made in the redevelopment of the Westgate railway station by Inkanyeli developments.

The Transnet Land project (which involves the construction of a temporary taxi holding facility) made up ground to achieve a completion rate of 95% by the end of June 2012. There is some finishing work to be done and the project should be 100% complete by no later than August 2012. In addition to the original scope of works, a further R2.5 million was allocated by the Department of Transportation for cooking facilities at the new taxi holding area. This is to accommodate the food vendors who make a living by cooking for the taxi drivers and commuters and improve health and safety standards for the preparation of food.

The Inner city commuter links project in the Art Gallery Rea Vaya Station Precinct was intended to be completed by 22 June, however an extension of time claim was granted to the contractor because of the complexity of the environment with high levels of traffic and pedestrian congestion making this a very difficult project. The construction work is 82% complete and the final work was completed by the end of July 2012. It should also be noted that the contractor did not meet the JDA standards of performance, and some of the delays were as a result of poor workmanship that had to be redone. As a result it was not possible to allocate additional work to expend the development contingency set-aside.

In addition to the three major projects in this portfolio, R1 million was set aside to complete the Chancellor House upgrade that was undertaken in 2010/11. This was intended specifically for finding a parking solution for the tenants of Chancellor House. The intended tenants (a non-profit organisation established by the legal profession under the leadership of Advocate George Bizos) have not been able to raise the necessary funds to take occupation of the building and begin running a law library and legal advisory service. As a result of this the parking project was not implemented. Alternative tenanting options are being explored, and a parking solution will be included in the Westgate Station Precinct upgrade that will continue to roll out in 2012/13 and 2013/14.

A further R1 million was also allocated to the preparation of the Kazerne parkade property for redevelopment. As a result of the complex negotiations with the taxi operators currently using this building, and the project sequencing related to the construction of the temporary taxi holding facility on the Transnet Land, there was no opportunity to spend this allocation. This project will continue in 2012/13 and both the Department of Transportation and the JDA have budgeted for aspects of the longer term project to redevelop the Kazerne property.

As a result of the delays in these two projects there are savings of R2 million in the inner city portfolio in 2011/12.

Key Performance Area	Key Performance Indicators	Baseline (2010/11)	2011/12 Target	Q1 Achievement score	Q2 Achievement score	Q3 Achievement score	Q4 Target	Q4 Actual	Q4 Actual / target	Q4 Achievement score
NDPG FUNDED PROJECTS				🟢	🔴	🟡	100%	97%	97%	🟢
% progress achieved in project delivery against targets: **JDA037: Diepsloot Development**	Detailed design completed and construction tender awarded	100%	**100%**	🟢	🟢					
	Completion of public space upgrading in district node in Diepsloot (phase 3)	100% of phase 2 completed	**100%**		🔴	🔴	100%	95%	95%	🟢
% progress achieved in project delivery against targets: **JDA036/2: Stretford Station / Greater Orange Farm Renewal**										
	Detailed design completed and construction tender awarded	100%	**100%**	🔴	🟢					
	Completion of public space upgrading in Stretford Station Precinct (phase 3)	100% of phase 2 completed	**100%**		🔴	🟡	100%	100%	100%	🟢

The two NDPG funded projects have lagged behind construction progress targets for most of the year. In the fourth quarter these projects were given special attention by the development managers and the Stretford Station Precinct development was completed in June. The Diepsloot Development is almost there at 95% complete, and work will be finished in July 2012.

During the fourth quarter we also saw indications of private sector investment interest in these areas. The shopping centre in Orange Farm is now under construction; and JDA hosted an investors seminar in Diepsloot that attracted some attention particularly from local business operators who would like to expand and formalise their property investments.

TRANSPORTATION FUNDED PROJECTS				🟢	🟢	🟢	100%	85%	85%	🟢
% progress achieved in project delivery against targets: **JDA045: Bus Rapid Transit**	Section 2 (4.25 kms construction)	100%	**100%**	🟢	🟢	🟢	100%	99%	99%	🟢
	Section 4 (0.26 kms construction)	80% of 10/11 busway complete	**100%**	🟢	🟢	🟢	100%	100%	100%	🟢
	Rissik and Harrison(0.50 kms construction)	100% of work in 2010/11	**100%**	🟢	🟢	🟢	100%	100%	100%	🟢
	Bus depot (Dobsonville civiils phase 2)	100% of civil works on bus depot complete	**100%**	🟢	🟢	🟢	100%	100%	100%	🟢
	Pat Mbatha (2.12 kms construction)	100%	**100%**	🟢	🟢	🟢	100%	100%	100%	🟢
	Road Underpass (construction)	100%	**100%**	🟢	🟢	🟢	100%	98%	98%	🟢
	Booysens Reserve pedestrian bridge	100%	**100%**	🟢	🟢	🟢	100%	100%	100%	🟢
	Pennyville pedestrian bridge	100%	**100%**	🟢	🟢	🟢	100%	100%	100%	🟢
	Bus depot (Dobsonville construction phase 2)	100%	**100%**	🟢	🟢	🟢	100%	80%	80%	🟢
	4 bus stations	100%	**100%**	🟢	🟢	🟢	100%	100%	100%	🟢
	New work (Lane colourisation)	na	**100%**			🟢	100%	100%	100%	🟢
	New work (Station precincts phase 1)	na	**100%**		🟢	🟢	30%	19%	62%	🟡

The multi-year Rea Vaya BRT projects have continued to perform relatively well against target and at the end of the financial year the portfolio as a whole is at 85% complete. Projects that were completed in the course of the year include busway construction on Section 4, Rissik and Harrison, and Pat Mbatha; and Section 2 of the busway is at 99% and will be completed in July 2012. The four bus stations that were targeted for construction have been completed as planned, as has the associated road and pedestrian infrastructure like the road underpass, and two pedestrian bridges.

The largest single construction project in this portfolio this year is the Dobsonville Bus Depot. This project was split into phases and the civil works phase is complete. The building works phase is at 80% complete, and as this is a multi-year project it will continue in 2012/13 and is scheduled to be handed over in October 2012. The project did experience some delays as a result of unanticipated soil conditions that affected the earthworks, but the roof is already on the building and its scale is now apparent.

The only BRT project that has been substantially delayed is the planning and design of the third trunk route. As a result of the Mayoral Committee decision to reroute the trunk route, planning work will have to be redone and professional team contracts will have to be renegotiated or cancelled. This means that some of the planning outputs that were anticipated for completion in 2011/12 will only be done in the new financial year.

In addition to the projects that were planned for this year, additional projects have been implemented ahead of plans. The station precinct development and lane colourisation projects are being funded through savings resulting from the change in the design of trunk route. The lane colourisation work is complete, and the station precinct project is at 19% complete against a target of 30% for the end of June. Delays have been due to changes in the scope of works as a result of the client Department, Transportation, wishing to include universal access to stations and new signage requirements in the specifications. The project should be completed in the new financial year however.

Projects funded through other sources

The JDA is implementing four other projects as technical assistance assignments on behalf of other Departments and Entities:

- The Constitution Hill refurbishment was completed in December 2011 on behalf of Blue IQ and the Constitution Hill Devco. In total R5.1 million was spent on upgrading and repairing various buildings, open spaces and the conference centre at Constitution Hill.

- The Bruma Lake rehabilitation project is being implemented on behalf of the Environment Infrastructure and Services Department. The design and project preparation has been completed and a first phase of rehabilitation work is underway. Construction work for Phase 1 was delayed until after the rainy season as hydrological engineering projects such as this cannot be implemented safely during periods of unpredictable run-off. As no funding has been allocated to this project over the medium term expenditure framework, this means that the initial construction work will be reduced in scope and the full project implementation plan will have to be delayed until funding is available. By the end of June R 4.4 million had been spent on this project.

- In addition to the projects on the 2011/12 scorecard, the JDA is implementing a multi-year project to upgrade municipal clinics for the CoJ Directorate of Health. Two clinics are being constructed (Petervale and Davidsonville) to full specifications, and the roof of the Rosettenville Clinic is being repaired. In 2011/12 JDA spent R7.3 million on this project. The funding allocation for 2012/13 has been confirmed by the Directorate of Health and JDA will continue to provide project management services to oversee the construction and upgrading of 5 clinics in total.

- Finally, the CoJ Department of Housing has appointed JDA to implement a road upgrade as part of the Sol Plaatjie human settlement development. Work has begun and R450 000 has been spent to initiate the works. This project will continue in 2012/13.

CHAPTER THREE: KEY PROJECT DETAILS

3.1. Kliptown Public Environment Upgrade

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

The Greater Kliptown Development Project was initiated in November 2001 with funding from the Gauteng Province and the JDA was appointed as implementing agent. The initial impetus for a Kliptown project was the idea of commemorating the 50th anniversary of the adoption of Freedom Charter in Kliptown. This commemoration would centre on the upgrading of Freedom Square. The first phase of the project involved an architectural competition for the design of Freedom Square in April 2002. (The square was renamed the Walter Sisulu Square of Dedication -WSSD).

During the period 2001-2006 the project deliverables included:

- The Walter Sisulu Square of Dedication (WSSD) was developed. At the end of August 2006, the Square was handed over to the managing agent with the City, the Johannesburg Property Company.
- A new taxi rank was constructed
- A portion of the K43, extending from Potchefstroom Road to Kliptown was built, providing direct access from Kliptown into the heart of Soweto.
- Various environmental initiatives were undertaken along the Klipspruit including clean up campaigns and rehabilitation of the wetlands. These programmes have been incorporated into the ongoing projects of the City's Department of Environmental Management
- A major upgrade to the sewer system was completed
- Human development and training programmes including environmental education programmes, a metalworking manufacturing project, a reed harvesting and craft making project, arts and crafts projects, and a women's support project were undertaken
- A community forum, the Greater Kliptown Development Forum (GKDF) was established.
- A business support centre was developed and sited within the WSSD
- A visitors' centre was established in the WSSD
- A community centre was established along Beacon Road
- A museum commemorating the Congress of the People held in 1955 was established.
- A traders market was developed within the square to accommodate hawkers trading in the square and along Union Street
- Businesses operating along the northern side of Union Street were relocated to newly constructed facilities along Klipspruit Valley Road, to make way for the construction of the south block of the WSSD
- An additional business strip was developed north of the square, alongside the taxi rank
- Beacon Road was upgraded
- A social housing complex was developed by JOSHCO, northern of the WSSD
- A subsidised housing development along the golf course was commenced
- A susbsidised housing development was developed in the Pimville buffer strip, north of the WSSD to house relocates from the Chris Hani informal settlement and this settlement was removed.

In 2009 the JDA commissioned an evaluation of the Kliptown Urban Development Framework. This report recommended that the impact of the catalytic investment over the last ten years should be extended to the surrounding areas, that further investment and facilitation is necessary to ensure that the use of the WSSD property and public open space is optimized, and that there are priority development needs identified by the local community that should be addressed.

In 2010 the JDA implemented the first phase of a new multi-year project to upgrade the public environment in order to facilitate a visibly improved public environment in Kliptown that will improve investor and community confidence in the area; and to provide pedestrian infrastructure in order to make the pedestrian experience safer and more pleasant.

In 2010/11 and 2011/12 work was carried out at a cost of R10m per year that included the upgrading of the existing Union Pedestrian Bridge and installation of new ramps; the creation of a new walkway along the Western Side of the Railway line; refurbishment of the Study Centre, Crèche, and Community Hall; upgrading of a number of local streets to ensure integration of economic activity; CCTV installation on the WSSD and around the square; refurbishment of the Youth Centre; construction of sports facilities; repair of tower mast lighting; and public art that is intended to strengthen the identity of the area.

The project was completed according to the defined and approved scope of works by 30 June 2012 and 59 local community members were employed as construction workers on the project.

The key lesson learnt during 2011/12 implementation is that training for unskilled labour should be implemented as early as possible in the project to optimise skills transfer during construction.

3.2. Orlando East Station Precinct (and Orlando East – Noordgesig upgrade)

Orlando East is a project that is being implemented by the JDA because of its significance from a heritage perspective, the location of the Orlando Stadium, its location on the Rea Vaya BRT route, its proximity Vilakazi Street and the OrlandoEkhaya projects. The Orlando East Station Precinct is of significance to the surrounding communities due to its good accessibility and range of public amenities. The area is undergoing major infrastructure changes through the introduction of the BRT system and redevelopment of the Orlando East railway station. These changes have dramatically altered the role and experience of the area.

As part of the Orlando East Urban Design Framework (UDF) the Orlando East Station Precinct was identified as a major project with the following broadly identified interventions:

- Public environment upgrades to improve pedestrian links between various transport modes in the Orlando Station / Mooki Street precinct as well as provision of robust, clear, flexible space that accommodates the various activities (i.e. market facility, pedestrian bridge upgrade).
- Public environment upgrades to improve pedestrian links from Mooki Street via Rathebe to Plantation square.
- Public environment upgrades to improve pedestrian links from Mooki to Mlamlankunzi Station and Noordgesig.

The objectives of the Orlando East Station Precinct project are:

- Integration of the area's local economy with that of other parts of Soweto
- Socio-economic improvements to the area
- To contribute to Soweto's economic development and revival
- To stabilize these areas of decline and urban decay
- To improve the quality of life of residents of Orlando East

In 2010/11, the JDA spent R9 million of the development of a public square, including a basketball court. In 2011/12 R5 million was spent upgrading Rathebe Street, a strategic pedestrian link to the Orlando East transit facilities. Project outputs include lighting (street and pedestrian), paving, landscaping, street furniture, street surfacing, storm water and trading facilities. In addition, a further R4.385m was made available in 2011/12 for public environment upgrading of pedestrian links between Mlamankunzi Station and the greater Orlando East / Noordgesig area.

Because of keen construction pricing it was possible to extend the original scope of works on the Orlando East development within the existing budget, resulting in a completion rate of 120% against target for 2011/12. Fifty four local community members were employed as general construction workers during the year.

The key lesson learnt during implementation in 2011/12 is the importance of on-going consultations with other municipal entities throughout the project life cycle to ensure project co-ordination and a smooth handover of the completed project outputs.

3.3. Commuter Links / Art Gallery (Rea Vaya) Station Precinct

The *Inner City Regeneration Charter*, signed by the Mayor and all inner city stakeholders in 2007, was a strategic agreement which outlined how all partners will address issues of urban regeneration and economic development in the inner city. To give effect to the Charter, Council approved the *Inner City Urban Design Implementation Plan (ICUDIP)* in 2009. The ICUDIP reflects the establishment of a walkable network of pedestrian friendly routes supported by good quality public open spaces that link people to the public transportation interchanges and the range of private and public amenities in the inner city as a priority.

Against this backdrop, the JDA, Johannesburg Roads Agency, and the City of Johannesburg's Departments of Transportation and Development Planning and Urban Management, agreed that an appropriate traffic and transport plan was required for the inner city. As a result, the *Johannesburg Inner City Traffic and Transport Study* was undertaken in 2010 and culminated in a vision for traffic and transportation that is framed within the ICUDIP and Integrated Transport Plan. This study presented an analysis of movement patterns, challenges and opportunities, and identified a set of strategic interventions that are required to achieve the strategic transport objectives for the inner city. These proposals serve as the basis of the Inner City Commuter Links project, which is focussed on the Art Gallery Rea Vaya Station Precinct and the pedestrian links that connect this precinct to the key mass public transit services.

The purpose of the project is to create a pedestrian friendly and walkable urban environment through the establishment of a network of public spaces, and improved circulation around and access to formal taxi, bus and rail facilities. The area experiences high levels of physical and social disorder as well as a variety of criminal activities on a daily basis, which are exacerbated by the high volumes of pedestrians, informal traders, and vehicles (both cars and taxis). The Johannesburg Safer City Programme has undertaken detailed analysis of the crime and social disorder issues in the area, and this is a further input to the JDA's design process. In an attempt to alleviate some of the issues in the area, JDA will implement the principles of Crime Prevention through Environmental Design (CPTED) as recommended.

The project is therefore intended to:

- Build an inner city that is functional and livable
- Create a safer and more walkable network in the inner city;
- Create continuity and connectivity for pedestrians towards and between places of work, public transport and other facilities in a legible and effective way
- Optimise the use of existing facilities
- Improve the quality of the public realm contributing to enhanced safety and enhanced perceptions of safety
- Complement urban management initiatives to clean up and maintain the inner city;

- Convey to inner city residents that the City of Joburg is intent on creating a safe and healthy urban environment in which they can live in dignified circumstances;
- Increase investor confidence demonstrating the CoJ's commitment to improving the inner city, and by showing that the Inner City is a viable investment location in which future value returns are not at risk.

The detailed design work and implementation of upgrade initiatives has been phased over several financial years commencing in 2010/11. In 2010/11 the JDA implemented the first phase of the three year project at a cost of R38.35 million. The second phase was completed in June 2012 at a cost of R15.8 million. Seventy four local community members were employed on the project.

An additional deliverable for 2011/12 was a precinct plan which provides a framework for implementation projects over the short, medium, and long term, the implementation of which will be subject to budget allocations by the City of Johannesburg.

3.4 Westgate Station Precinct

The Westgate Station precinct is located in the South-Western corner of the Johannesburg inner city and is characterized by a multimodal public transport interchange located centrally within the precinct. This includes the Westgate train station that is owned and operated by the Passenger Rail Agency (Prasa), two Rea Vaya (Bus Rapid Transit) stations, a mini-bus taxi rank and holding facilities for Metrobus as well as privately owned national long distance buses 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 Chinatown and Diagonal Street upgrades carried out by 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. Some of the owners are identified as Standard Bank for Ussher Site, iProp Limited for the land north east and west of the Crown Interchange, and the Johannesburg Land Company for the land to the west of Zurich Insurance Building.

The Westgate Station precinct offers a unique opportunity to create a visual and physical gateway to the Johannesburg inner city and to transform the precinct into a high intensity transit-oriented development node. Directly to the north and east of the Westgate Precinct, lie the renewed Newtown Precinct and the A-grade Main Street Mall precinct. The Westgate Station precinct has some of the last open and developable land within the inner city.

The main strategic focus of the Westgate Station precinct is:

a) To create a transit oriented hub for public transport users
b) To promote private property investment; and
c) To establish a gateway to the inner city of Johannesburg

The detailed design work and implementation of identified upgrade initiatives has been phased over three financial years from 2011/12 with final completion in 2013/14.

In 2011/12 the JDA implemented the first phase of the three year project which involved the following work at a cost of R19.2 million:

- A Traffic Impact Assessment (TIA) of the entire precinct, based on the SDF.
- A conceptual design of the entire precinct that identified design standards for the precinct.
- The design of a heritage trail through the precinct, in connection to the Newtown heritage walking trail.
- Phase 1 detailed design and implementation of identified initiatives.

Project outputs include paving of sidewalks, kerbing, resurfacing and road marking, stormwater inlets, installation of new street furniture (including benches, bins, bollards, and signage), planting of street trees, and installation and upgrading of street and pedestrian lighting and public art. 106 local labourers were employed on this project during the year.

The roll-out of the Westgate Station Precinct upgrade was without incident in 2011/12 mostly because of the absence of traffic and pedestrian congestion in this part of the inner city; and also because of the intensive and early consultation with stakeholders and implementation partners. This project also represents leading JDA practice in terms of internal processes to optimise administrative efficiencies, such as entering into multi-year contracts with professionals in order to develop consistency and institutional knowledge within the project.

3.5 Transnet Land / Metro Park

In June 2008 the *Park Station Precinct Urban Design Framework* was completed and identified that a key problem in the inner city of Johannesburg is the lack of ranking space for international buses and taxi's arriving from the southern African region. Park Station, which is the traditional ranking site for national and international buses no longer has sufficient space for the many buses that come in to Johannesburg. As a result, many buses are now ranking informally and illegally, both in Braamfontein and in the CBD.

The Metromall taxi rank is currently estimated to cater for only 50% of the demand and the overflow taxis park on the Transnet Land immediately to the north. The land is known as Portion 61 of the Farm Johannesburg 91 and is owned by Transnet

Properties. It is situated to the North of Metro Mall (Gwigwi Mrwebi), South of the railway tracks and between Queen Elizabeth Bridge and Ntemi Piliso Street.

The work completed during 2011/12 concentrated on creating a temporary taxi holding facility for the long distance taxis that are currently using the Kazerne 2 Parking Garage as a holding area and rank at the Park Station Taxi Rank on Wanderers Street in Joubert Park. However, the Transnet Land that was identified for this purpose was not sufficient and additional land needed to be found. Additional land was identified in order to meet the requirement of the taxis which are currently parking at the Kaserne 2 Parking garage. A lease agreement is to be entered into with the Post Office for Ptn 27 Johannesburg (the Post Office Land), which is a vacant property adjacent to the Kaserne 2 Parking facility. This facility will provide approximately 350 additional parking bays for long distance taxis as a holding facility. This property will also be incorporated into the long term vision for the area as an International Intermodal facility to be developed with the private sector as a Public Private Partnership through development facilitation. In addition to the development of additional holding facilities for long distance taxis a park will be developed on the land that has been procured from Transnet. This would be to service residents and children living in the Brickfields development as there is not much park space in the area.

The precinct development is intended to further the objectives of regenerating the inner city and reinforcing its role as a key transit node in the Gauteng City Region. More specifically, the aims and objectives for the redevelopment of the Kazerneparkade would be:

- To develop an integrated Long distance Taxi Facility on the Kazerne site, including all vehicular and pedestrian movements
- To cater for significant pedestrian movements across and alongside the site
- To capitalise on footfall to generate commercial uses
- To explore the viability of a mixed-use and Transit Orientated Development proposal
- Improve inter-modal interchange integration
- The development of a public green public open space – Metro Park.

The project created 70 jobs and involved the installation of 20 000m^2 of paving, 10 lights and an ablution block that uses solar lighting and geysers. Water points and permanent braai-stands were installed for a cooking facility to be managed by the MTC and greening was done through grass planted with a two-year maintenance agreement. The cooking facility will be monitored at this site with possible roll-out at other taxi and holding sites.

The completed facility has improved the view when crossing into the inner city over the Nelson Mandela Bridge. What was once an empty, unused and polluted plot is now servicing the people who use this space. Beyond the use as an intermodal hub the upgraded space can be used for events thanks to the ablution and cooking facilities built. During construction of this project the lessons learnt included the need for more in-depth geotechnical analysis before initiating construction. Although some trial pits were dug, the soil at the foundation of the ablution block was unsuitable for use and further funding was required for special raft foundations.

3.6 Diepsloot Development

The Diepsloot Township was established in 1994, as a relocation area for informally settled households from Zevenfontein. It was subsequently used to accommodate informal settlers removed from the Alexandra Far East Bank in 1995. Diepsloot covers approximately 5.18km^2; it is located on the northern edge of the metropolitan council area, some 40km from the Johannesburg Inner City and 20km north of Sandton. It is within close proximity to the Fourways Regional Node and the Midrand corridor. Diepsloot is bordered by the N14 highway to the north and William Nicol to the east. The Diepsloot area falls under Region A in the City of Johannesburg's administration, comprising of Ward 95 and 96.

The Diepsloot area has an estimated population of 150 000 consisting of an estimated 24 737 informal dwellings or shacks. Diepsloot society is characterised by high levels of multiple deprivation – Diepsloot Ward 95 is the thirteenth most deprived ward in the City of Johannesburg. The Region A Spatial Development Framework completed in 2008 estimates that 74% of the housing units in Diepsloot are informal structures. The key challenges in Diepsloot are:

- High levels of unemployment;
- High levels of informally settled households at very high densities;
- Inadequate infrastructure and insufficient good public open spaces;
- High levels of undocumented migrants in informal settlements (18% of the Diepsloot sample was of non-SA origin);
- Few formal economic development facilities.

The City of Johannesburg's Development Programme for Diepsloot intends to establish the area as a socially, economically and environmentally sustainable human settlement that is spatially integrated into the City of Johannesburg. The project's overall objectives are to:

- Support the development of a formal economy in Diepsloot;
- Create a safe and secure urban settlement which will attract investment and encourage sustainable development;
- Create quality public spaces to enhance the sense of community and to conserve environmental and cultural places of interest;
- Ensure the legibility and identity of the area;
- Identify and investigate opportunities for community interaction such as informal trading;

- Provide guidelines to ensure effective transport and land use integration and to assess multi-modal transport opportunities and existing infrastructure.

In 2007 the City of Johannesburg was allocated a multi-year capital grant through the National Treasury's Neighbourhood Development Partnership Grant (NDPG) for R10 million in 2009/10, R46 million in 2010/11; and R10 million in 2011/12.

The following initiatives have been implemented;

- In 2009/10, a public environment upgrade of a portion of Ingonyama Road was completed;
- In 2010/11 the public environment upgrading along Ingonyama Road was continued, two pedestrian bridges were constructed, and the taxi rank was upgraded. Pathways were also constructed as commuter links between the bridges and Ingonyama Road funded through the EPWP incentive grant;
- In 2011/12 the public environment upgrade along Ingonyama Road was completed to the end of the formal road, and the public art project was implemented in collaboration with local artists and recyclers. 149 local construction workers were employed in the year.

The project has already had a visible positive impact on people's lives in Diepsloot. Along Ingonyama Road there are people who have started improving and extending their houses; and there are new businesses that appear to be thriving. People can also now walk along Ingonyama Road more comfortably and safely at night because of the streetlights.

3.7. Stretford Station Precinct in Orange Farm

Stretford Station is situated in Orange Farm on the Johannesburg-Vereeniging boundary approximately 40km south of the Johannesburg CBD. It falls in the Administrative Region G and is classified as a District Node in the regional Spatial Development Framework. A District Node can serve a few neighbourhoods, but is mainly focused on fulfilling the needs of the local community. The most critical issue to address in a District Node is easy access and interconnected pedestrian movement. Due to the strategic position of Stretford Station in the node, it is envisaged to be a transport-based node which should be developed in line with the principles of transport-oriented development.

The objective for the development of this Node is to create an environment that will allow the station to function as an efficient public transport inter-modal facility and a local economic node. The thrust of the development is the creation of a node that not only benefits the immediate community but also plays a catalytic role in stimulating further economic and social investment in the area.

The project's specific objectives are:

- To contribute to Orange Farm's economic development and revival
- To stabilize these areas of decline and urban decay
- To optimise the potential of Orange Farm
- To improve the quality of life of residents of Orange Farm

The City of Johannesburg applied to the Neighbourhood Development Partnership Grant (NDPG), administered by the National Treasury, for funding for the project and was allocated R6.7 million in 2009/10 to construct the Ridge Walk. In 2010/11 the JDA spent a further R14.8 million on stormwater infrastructure and public environment upgrading to reinforce the pedestrian links around the Station. In 2011/12 the JDA spent R10 million on stormwaterinfrastructure and public environment upgrading along Orange Farm link road leading up to the station precinct. Project outputs included paving of sidewalks, storm water upgrade, kerbing and road surfacing for approximately 1.5km; installation of street lights and associated electrical cabling; landscaping and street furniture.

3.8. Rea Vaya Bus Rapid Transit (BRT) infrastructure

The City of Johannesburg has adopted an urban development policy centred on the need to create compact cities and limit urban sprawl in order to utilise urban infrastructure and land more efficiently and effectively.

One of the measures to support this policy involves the development of the Rea Vaya Bus Rapid Transit (BRT) system. BRT is simply the idea of creating a rail-like performance using road-based technologies that are affordable to most cities. The first phase of the Rea Vaya BRT project was approved by Council in 2007 and the JDA was appointed as the implementing agent for the construction of infrastructure (busways, bus stations and associated infrastructure such as bus depots and pedestrian bridges).

The City of Johannesburg has received funding from the National Department of Transport through the Public Transport Infrastructure and Systems Grant to fund the implementation of the Rea Vaya BRT.

The construction of the infrastructure for trunk routes 1a and 1b has been undertaken and the bus service on trunk route 1a has been completed and in full operation since 2009. Construction of trunk route 1b has been largely completed and the remainder of the work that needs to be undertaken is subject to confirmation of the launch of operations by the City of Johannesburg: Transportation Department. The planned commencement date for trunk route 1b is anticipated to be June or September 2013.

In 2011/12 the JDA completed the following projects within the BRT portfolio:

- Completion of Sections 2 and 4 along Trunk Route 1b (including busways and stations);
- Completion of the civil works for the Dobsonville Bus Depot, and construction of about 80% of the buildings;

- Construction of an underpass to improve vehicular connections that were disrupted by the bus way;
- Construction of two pedestrian bridges to improve access to BRT stations; and
- Station precinct improvements along Trunk Route 1a.

Overall, this amounts to 86% of the planned work for 2011/12; and R362.6 million (or 73% of the available budget). This significant underspending in the Rea Vaya BRT portfolio of projects is due to a number of reasons. The two primary ones are:

- Firstly, there have been significant delays in the Rea Vaya implementation as a result of the mayoral committee decision in May 2011 to reroute the third trunk route of the BRT service. Instead of running on the planned route from the inner city to Sandton along Oxford Road, the trunk route will now run from the inner city to Alexandra along Louis Botha Avenue. This resulted in a number of complications in the project implementation plan including the need for a new phase of planning and detailed design along the new route; the need to cancel or renegotiate existing contracts with professional teams; and other unforeseen technical design requirements including the need for new integrated bus stations that can accommodate both low and high-floor buses.
- Secondly, budgets for other sections of the BRT were determined on the basis of previous construction costs. The construction pricing in 2011/12 was significantly lower than anticipated. We believe that this is due to a number of factors such as a better understanding of the technical aspects of the construction work, greater capacity in the construction industry now that the 2010 construction boom is over, and the generally negative economic outlook for the building industry resulting in keen competition for construction tenders. This resulted in significant savings against budgets although the construction outputs were all completed as targeted.

We expect project implementation to continue without pause in 2012/13 and expect multi-year targets to be achieved to ensure that Trunk Route 1c from the inner city to Alex and Sandton is completed in the Integrated Development Plan implementation timeframe.

3.9. Bruma Lake rehabilitation

Bruma Lake has been experiencing, environmental problems of pollution and siltation with associated bad smells and health risks. This has had a negative impact on businesses around the lake. In recognition of the severity of the problem, the City of Johannesburg's Environmental Department has taken action to address the problems relating to silt, litter and pollution in the short term. But a longer term solution is required, and so they have developed a plan for sustainable restoration and rehabilitation of the lake.

Sediment surveys and the need to improve the hydrological functioning of the lake supported a design solution that uses the sediment in-situ to reshape of the basin of the lake. Initial funding of R4.9 million was allocated in 2011/12 to prepare a report that details an approach and methodology for the rehabilitation of Bruma Lake and the Queens Wetland, reclamation and reinstatement of a grassed channel with parkland on either side of the lake, and planning for the rehabilitation of the Queens Wetland. The capital works to build the grassed channel was delayed until the end of the rainy season, and as a result construction was at 80% on 30 June 2012. Construction was completed at the end of September 2012. This was achieved with expenditure of 89.6% of the project budget by the end of the financial year.

CHAPTER FOUR: DIRECTORS'S REPORT AND GOVERNANCE

Section 4.1: Corporate Governance Statement

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

Section 4.2: Assessment of Arrears on municipal taxes and service charges

Assessment of Municipal Taxes and Service Charges owed to JDA

Detail	0-30 days	31-60 days	61-90 days	91-180 days	181& over	Total
Not applicable	-	-	-	-	-	-

The JDA does not levy municipal taxes and services charges.

Amounts owed by 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 of Director/Senior Manager	Designation	Name of Municipality	Municipal Account Name/ Number	Status as at 30 June2012	Comments
S Lewis	Executive Manager: Strategy & Planning	City of Johannesburg	202365484	Nil	Account paid up
Z Mafata	Chief Finance Officer	City of Johannesburg	206944274	Nil	Account paid up
P Arnott-Job	Senior Development Manager	City of Johannesburg	402576355	Nil	Account paid up
T Mendrew	Acting Chief Executive Officer	City of Johannesburg	Hollyland (Pty) Ltd 201030171	Nil	Account paid up
V Voyi	Senior Development Manager	CoJ and Mangaung Municipality	1002979455 (Mangaung) 1983203459 (CoJ)	Nil	Account paid up
L Visagie	Senior Development Manager	City of Johannesburg	303385695	Nil	Account paid up
LN Matlhape (Retired 24 April 2012)	Non-Executive Director	City of Johannesburg	403059582	Nil	Account paid up
L Vutula (Retired 24 April 2012)	Non-Executive Director (Chairperson)	City of Tshwane	3320617299	Nil	Account paid up
AR Roriston (Resigned 1 October 2011)	Non-Executive Director	Ekurhuleni Municipality	2603833155	Nil	Account paid up
N Lila	Non-Executive Director	City of Johannesburg	8686144681	Nil	Account paid up
D Naidu	Non-Executive Director	City of Johannesburg	504011192	Nil	Account paid up
P Masilo	Non-Executive Director	Ekurhuleni Municipality	2603356925	Nil	Account paid up.
D Lewis (Resigned 5 February 2012)	Non-Executive Director	City of Johannesburg	403344639	Nil	Account paid up
P Mashiane	Non-Executive Director	Ekurhuleni Municipality	2603272804	Nil	Account paid up
A Rajah	Non-Executive Director	City of Johannesburg	201411723	Nil	Account paid up
G Simelane	Non-Executive Director	City of Johannesburg	401900792	Nil	Account paid up
W Thwala	Non-Executive Director	Ekurhuleni Municipality and Mogale City	800156046 1705254316 1705290930 008000356027018	Nil	Accounts all paid up

Name of Director/Senior Manager	Designation	Name of Municipality	Municipal Account Name/ Number	Status as at 30 June2012	Comments
B Majola	Non-Executive Director	*Does not own property*			
P Kubu	Non-Executive Director	*Undeclared*			

Section 4.3: Board of Directors

The Duties of the Board

The JDA Board:

- Provides effective, transparent, accountable and coherent oversight of the JDA's affairs;
- Ensures 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;
- Deals with the parent municipality in good faith and communicates openly and promptly on all pertinent matters requiring the attention of its shareholder;
- Determines and develops strategies that set out the purpose, and values in accordance with the shareholder mandate and strategic documents such as the IDP;
- Review and approve financial objectives including significant capital allocations and expenditure as determined by the parent municipality; and
- Consider and ensure that the entity's size, diversity and skills make up are efficient to ensure that the entity is able to achieve its strategic objectives.

Corporate Code of Conduct

The Johannesburg Development Agency is committed to:

- The highest standards of integrity and behaviour in all its dealings with its stakeholders and society at large;
- Carrying on business through fair commercial and competitive practices;
- Eliminating discrimination and enabling employees to realise their potential through continuous training and development of their skills;
- Being responsible toward environmental and social issues; and
- Ensuring that each of its directors declare any direct or indirect personal or business interest that might adversely affect such director in the proper performance of his/her stewardship of the entity

JDA Board of Directors

Board member	Capacity: Executive / Non-Executive	Race	Gender	Board Committee Membership
T Mendrew	Acting CEO (Executive)	Black	Male	▪ Development & Risk ▪ Human Resources & Remuneration ▪ Audit (by invitation)
L Matlhape(Retired 24 April2012)	Non-executive	Black	Male	▪ Human Resources & Remuneration (Chair)
L Vutula (Retired 24 April 2012)	Non-executive (Chairperson)	Black	Male	▪ Human Resources & Remuneration
AR Roriston (Resigned 1 October 2011)	Non-executive	White	Male	▪ Development & Risk
N V Lila	Non–executive	Black	Female	▪ Audit (Chair) ▪
P Masilo	Non–executive	Black	Male	▪ Audit ▪ Human Resources & Remuneration (Chair)
D Naidu	Non–executive	Black	Male	▪ Development & Risk (Chair)
D Lewis (Resigned 5 February 2012)	Non-executive	White	Male	▪ Development & Risk
G Simelane (Appointed 24 April 2012)	Non_Executive	Black	Female	• Development & Risk
B Majola (Appointed 24 April 2012)	Non-Executive	Black	Female	▪ Social & Ethics (Chair) ▪ Development & Risk
P Mashiane (Appointed 24 April 2012)	Non-Executive	Black	Fema;le	▪ Social & Ethics
P Kubu (Appointed 24 April 2012)	Non-Executive	Black	Male	▪ Development & Risk ▪ Socijal& Ethics
A Rajah (Appointed 24 April 2012)	Non-Executive	Indian	Male	▪ Human Resources and Remuneration ▪ Social & Ethics
W Thwala (Professor) (Appointed 24 April 2012)	Non-Executive	Black	Male	▪ Development & Risk ▪ Human Resources and Remuneration

Together, the JDA directors have a range of different skills and experience that they bring to bear for the benefit of the entity. These include accounting, finance, legal, business management, human resources and labour relations, marketing and construction & development management.

The Board meets regularly, retains full and effective control over the company and monitors the implementation of the company's strategic programmes by the executive management through a structured approach of reporting and accountability. It sets the strategic direction of the JDA and monitors overall performance. All JDA's Board Committees are chaired by independent non-executive directors. The Board meets not less than four times a year to consider matters specifically reserved for its attention.

The new JDA Board had a special meeting on 14 May 2012 to deal inter alia with

- The allocation of directors to the various Board committees
- The approval of the Board Charter
- Presentations on the projects currently being undertaken

Board and Board Committees Meetings

The Board meets not less than four times a year to consider matters specifically reserved for its attention. Indicated in the table below are the board meetings held during the period under review. Attendance at meetings held during the quarter under review was as follows:

Board and Board Committees Meetings & Attendance: –July 2011 to June 2012

Name	Board Meeting				Audit				Development & Risk				HR &Remco				Social & Ethics			
	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent
L Vutula (Retired 24 April 2012)	5	4	1	0	-	-	-	-	-	-	-	-	2	2	0	0				
L Matlhape (Retired 24 April 2012)	5	5	0	0	-	-	-	-	2	2	0	-	2	2	0	0				
AR Roriston (Resigned 1 Oct 2011)	5	2	0	0	-	-	-	-	2		2	0		-	-	-				
N V Lila	6	5	1	0	7	7	0	0	5	5	0	0		-		-				
P Masilo	6	5	1	0	7	7	0	0			-	-	2	2	0	0				
D Naidu	6	6	0	0	1	1	-	-	6	6		0		-						
D Lewis (Resigned 5 February 2012)	5	2	1	0	-		-	-	5	1	2			-		-				
G Simelane (Appointed 24 April '12)	1	1							1	1										
B Majola (Appointed 24 April 2012)	1	1							1	1							1	0	1	
P Mashiane (Appointed 24 April 2012)	1	1															1	1		
A Rajah (Appointed 24 April 2012)	1	1															1	1		
W Thwala (Appointed 24 April 2012)	1	1							1	1										
P Kubu (Appointed 24 April 2012)	1	1							1	1							1	1		
T Mendrew	6	6	0	0	7	5	2		6	5	1	0	2	1	1		1	1		
J Boggenpoel (Independent. Audit) Resigned July 2011							0	0												
K Moyo (Independent. Audit) (Retired 24 April 2012)					6	6	0													
J Vergotine (Independent Audit) (Appointed 24 April 2012)					1	1														
N Selamolela (Independent Audit) (Appointed 24 April 2012)					1			1												
K Govender (Independent Audit) (Appointed 24 April 2012)					1	1														

Section 4.4: Board Committees

The following committees have been formed; a non-executive director chairs each committee.

- Audit Committee
- Human Resources and Remuneration Committee
- Development and Risk Committee

- Social and Ethics Committee

Audit Committee

The Audit Committee, which consists of two non-executive directors and three independent members, meets not less than four times a year. Most members of this committee are financially literate: the Chairperson, Nopasika Lila, is a Chartered Accountant, Popo Masilo is a lawyer with a financial background, Krishna Govender is a businessman with an accounting practice, and Janine Vergotine and Nokuthula Selamolela are businesswomen. Below is a list of audit committee members:

N. Lila (Chairperson)
P Masilo
K Govender (Appointed 24 April 2012)(Independent Member)
J Vergotine (Appointed 24 April 2012) (Independent Member)
J. Boggenpoel (Independent Member) (Resigned July 2011)
K Moyo (Independent Member) (Retired 24 April 2012
N Selamolela (Appointed 24 April 2012) (Independent Member)

The committee has specific responsibility for ensuring that all activities of the JDA are subject to independent and objective review and financial performance oversight. The JDA Audit Committee has an Audit Committee Charter with clear terms of reference as guided by the provisions of Section 166 of the MFMA.

The Committee has the following responsibilities:

- Reviewing JDA's internal controls and published financial reports for statutory compliance and against standards of best practice, and recommending appropriate disclosure to the Board. The external and internal auditors attend these meetings, and have direct access to the Chairperson of the Committee and Chairperson of the Board;
- Reviewing reports from management, internal and external auditors, to provide reasonable assurance , but not absolute assurance that control procedures are in place and are being followed;
- Reviewing the half-yearly and annual financial statements before submission to the Board, focussing particularly on any changes in accounting policies and practices.

During the year under review the Audit Committee held 5 ordinary meetings and 2 special meetings.

Development and Risk Committee

The Committee is responsible for evaluating development proposals with a view to making recommendations for approval to the Board. This entails examining risks associated with the proposed projects such as the financing, returns and risk profiles. The Committee bears overall responsibility for evaluating the effectiveness of the risk management process in the organisation. It recommends to the Board risk strategies and policies that need to be set to ensure effective risk management for the entire organisation and the specific development projects. Below is a list of Development and Risk Committee members:

AR Roriston(Resigned w.e.f. 1 October 2011)
T Mendrew
N Lila (Moved from this committee at 14 May Board meeting)
D Naidu (Chairperson)
D Lewis (Resigned w.e.f. 5 February 2012)
L Matlhape (in a temporary capacity) (Retired 24 April 2012)
P Kubu (Appointed to this committee at 14 May Board meeting)
B Majola (Appointed to this committee at 14 May Board meeting)
G Simelane (Appointed to this committee at 14 May Board meeting)
W Thwala (Appointed to this committee at 14 May Board meeting)

Meetings are held on a bi-monthly basis or as required by the Chairperson. During the period under review this committee met 6 times to deliberate on matters focusing mainly on the new developments and the risks and challenges that these have on the mandate and the delivery of the various developments of the JDA.

Human Resources & Remuneration Committee

In line with the best practice of corporate governance, the Board maintains a Human Resources & Remuneration Committee (HR &RemCo), comprising 3 (three) non-executive directors and chaired by a non-executive Chairperson. It is responsible for directing human resources policies and strategies for the organisation and approving the remuneration for the Chief Executive Officer, senior executives and staff. Below is a list of names of the members of the committee.

L. Matlhape (Chairperson)(Retired 24 April 2012)
T Mendrew
L. Vutula (Retired 24 April 2012)
P Masilo (Appointed as Chairman at 14 May Board meeting)
A Rajah (Appointed to this committee at 14 May Board meeting)
W Thwala (Appointed to this committee at 14 May Board meeting)

The committee meets not less than 3 (three) times a year. The executive directors are excluded from the HR &RemCo when matters relating to their remuneration are discussed. The committee ensures that the remuneration of the Chief Executive Officer and senior management are within the upper limits as determined by the City of Johannesburg in accordance with the provisions of Section 89(a) of the MFMA.

The remuneration of the Chairperson, the non-executive directors and independent audit committee members is determined by the parent municipality. This committee met 3 times during 2011/12.

Social and Ethics Committee

In terms of the new Company Act this committee was created at the 14 May Board meeting consisting of Buyiswa Majola (Chair) Pam Mashiane, Boeta Rajah and Papi Kubu with the committee's first meeting being held on 20 June 2012.

The items for discussion at this meeting were inter alia:-

- The committee's Terms of Reference.
- Reputation Management
- Employee Development and Training
- Company Ethics including both Employee Code of Ethics and Directors Code of Conduct.

Section 4.5: Director's Remuneration

Board of Directors and senior management remuneration and allowances for year ended 30 June 2012

Name	Designation	Salary/Board Fees	Backpay	Bonus/Board Retention Fees	Travel allowance	Total
Executive Directors & Senior Management						
T. Mendrew	Acting CEO	1 194 984.56	5 734.96	167 024.88	-	1 367 744.40
L Bethlehem (Resigned 15 July 2010)				51 244,91		51 244,91
Z. Mafata	CFO	1 055 750.29	5 066.75	154 878.43	-	1 215 695.47
S. Lewis	EM: Strategy & Planning	868 017.38	13 785.91	89 540.10	-	971 343.39
P. Arnott-Job	Senior Development Manager	958 603.48	4 835.68	119 048.15	49 000.	1 131 487.31
V. Voyi	Senior Development Manager	712 322.98	3 977.33	94 200.00	78 000.	888 500.31
L. Visagie	Senior Development Manager	723 940.80	5 228.16	40 875	75 000.	845 043.96
N. Manzana (Resigned 15 November 2011)	Chief Operations Officer	412 004.88	Back pay5 734.96 Leave Pay 124 670.92	171 238.58	45 000.	758 649.34
N Gudhluza (Resigned 31 July 2010)				26 664.00		26 664.00
S Monyai (Appointed in Acting position 1 April 2012	Executive Manager: Marketing & Communication	107 015.70		18 600.81 (Paid to Zanele Mamba, the previous EM : Marketing & Communication)	12 600.	138 216.51
Sub-Total		**6 032 640.07**	**169 034.67**	**933 314.86**	**259 600**	**7 394 589.60**
Non-Executive Directors & Independent Audit Committee Members						
L.Vutula (Retired 24 April 2012)	Chairman	47 620	-	33 062.50	-	80 682.50
A.R. Roriston (Resigned 1 Oct 2011)	Board Member	15 872	-	-	-	15 872
L.W.J. Matlhape (Retired 24 April 2012)	Board Member	44 644	-	16 533.33	-	61 177.33
N. Lila	Board Member	64 480	-	19 840	-	84 320
D. Naidu	Board Member	104 170	-	19 840	-	124 010

Name	Designation	Salary/Board Fees	Backpay	Bonus/Board Retention Fees	Travel allowance	Total
P. Masilo	Board Member	67 460	-	19 840	-	87 300
D. Lewis (Resigned w.e.f 5 February 2012)	Board Member	13 890	-	-	-	13 890
G Simelane (Appointed 24 April 2012)	Board Member	13 890				13 890
P Mashiane (Appointed 24 April 2012)	Board Member	10 912				10 912
B Majola (Appointed 24 April 2012)	Board Member	8 930				8 930
B Rajah (Appointed 24 April 2012)	Board Member	8 930				8 930
W Thwala (Appointed 24 April 2012)	Board Member	8 930				8 930
P Kubu (Appointed 24 April 2012)	Board Member	12 900				12 900
J. Boggenpoel (Resigned July 2011)	Independent Audit Committee Member	-	-	-	-	-
K Moyo (Retired 24 April 2012)	Independent Audit Committee Member	39 680	-	19 840	-	59 520
J Vergotine (Appointed 24 April 2012)	Independent Audit Committee Member	4 960				4 960
N Selamolela (Appointed 24 April 2012)	Independent Audit Committee Member					
K Govender (Appointed 24 April 2012)	Independent Audit Committee Member	4 960				4 960
Sub-Total		**462 308**	**-**	**128 955.83**	**-**	**591 263.83**
TOTAL		**R6 494 948.07**	**169 034.67**	**R 1 062 270.69**	**R259 600**	**R7 985 843.43**

The directors' emoluments were taxed according to South African Revenue Services' guidelines. The performance bonuses for the Executive Committee and Senior Development Managers in respect of 2010/11 were paid in March 2012.

Loans and advances

In accordance with the provisions of the MFMA, the JDA implements a strict policy which prohibits any provisions of loans or advances to its all Directors and Employees. During the period under review, no loans or advances were made to any of the JDA's employees, members of the Board and the independent audit committee members. Further, the JDA has not provided any loans to any organisation or person outside the employ of the JDA.

Directors and employee declarations of interest

In accordance with its Code of Conduct which is consistent with Schedule1 of the Municipal Systems Act and the provisions of the City of Johannesburg Corporate Governance Protocol for Municipal Entities JDA maintains a register of Directors' Declarations. The Register of Declarations is updated annually and as and when each Director's declared interests have changed. The JDA ensures that a declaration register is also circulated at every Board and Board Committee meeting for the Directors to declare any interests in relation to every matter that is to be discussed at a particular meeting.

In terms of the JDA's Employee Code of Ethics and Terms and Conditions of Employment, 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.

Directors' declarations of interest for the current year have been done.

Section 4.6: Company Secretarial Function

The Company Secretary manages the processes that ensure the organisation complies with company legislation and regulations and keeps board members informed of their legal responsibilities. The Company Secretary is responsible for calling board meetings and ensuring the implementation of their decisions. It is also the responsibility of the Company Secretary to communicate with the shareholder on matters dealing with governance and shareholder reporting.

A Company Secretary's work covers a wide variety of functions and is partly dependent on the company for which they work. Typical work activities include:

- Organising, preparing agendas for, and taking minutes of meetings;

- Dealing with correspondence, collating information, writing reports, ensuring decisions made are communicated to the relevant people;
- Contributing to meeting discussions, as and when required
- Arranging the annual general meetings.

There were no matters that required liaison with the Registrar of Companies which the Company Secretary had to attend to.

Section 4.7: Risk Management and internal controls

The JDA Board monitors risk through the Development and Risk Committee. The Committee is responsible for evaluating development proposals with a view to making recommendations for approval to the Board. This entails examining risks associated with the proposed projects such as the risk financing, risk returns and risk profiles. Further, and primarily, the Committee bears accountability for ensuring that, there is an effective risk management process and system within the organisation. This approach does not relieve the JDA Board of its accountability and responsibility in ensuring that, an adequate and effective risk management system and process is in place, as the Board is expected to exercise the duty of care, skill, and diligence identifying, assessing and monitoring risks as presented by the Development and Risk Committee. It recommends to the Board risk strategies and policies that need to be set, implemented and monitored.

JDA's risk management strategy is guided by the principles of the enterprise-wide risk management system in terms of which all identified risk areas are managed systematically and continuously at the departmental level. The JDA has a risk register in place which is treated as a working risk management document of which the identified risks are constantly recorded and properly managed. The JDA's management monitors and evaluates the implementation and efficiency of management's controls and such actions identified as actions to improve current controls in the risk register.

The JDA provides its risk management reports to the City's Group Risk Management Committee (GRMC). The GRMC assesses all risk affecting the City and its municipal entities in a holistic manner and provides advice and recommendations to the City Manager and Council on the general effectiveness of risk management processes within the entire City.

During the period under review, the RCU undertook a risk assessment workshop. The workshop was attended by JDA Executive and Senior Managers. The strategic risk assessment report was tabled at the JDA Development and Risk Committee which was held on 02 August 2011. The Committee noted and approved the report for submission to the JDA Audit Committee and the JDA Board.

A Strategic Risk Profile was developed based on the previous financial year's Risk Register as amended throughout the financial year based on various Internal Audit reports and other proactive processes of Risk management. In total 12 Strategic Risks were identified and assessed by management during the workshops. During the risk assessment workshop one additional risk (risk number 5) was identified and risk number 4 was redefined at the strategic level.

During the period under review, the JDA updated the Strategic and Operational Risk Register in line with the mitigation plans undertaken by management to improve the Risk Management System. The Risk and Development Committee continually monitors the implementation of the Risk Tolerance Framework by management to ensure that the organisation operates within the acceptable tolerance levels. This graph compares the residual risk of the entity between August 2011and risks updated by end of June 2012. What is clear is that due to matters beyond JDA's control (such as budget cuts). Risks number 4, (sustainable operations), 7 (Fraudulent and corrupt activities) and 11 (Ability to deliver capital projects) and 12 (Inability to attract and retain skilled employees) have been reassessed as high risk areas that need immediate attention in order to bring them back to an acceptable level.

Inherent Risk vs. Residual Risk for August 2011 vs. Residual Risk for March 2012 VS June 2012 at Strategic Level

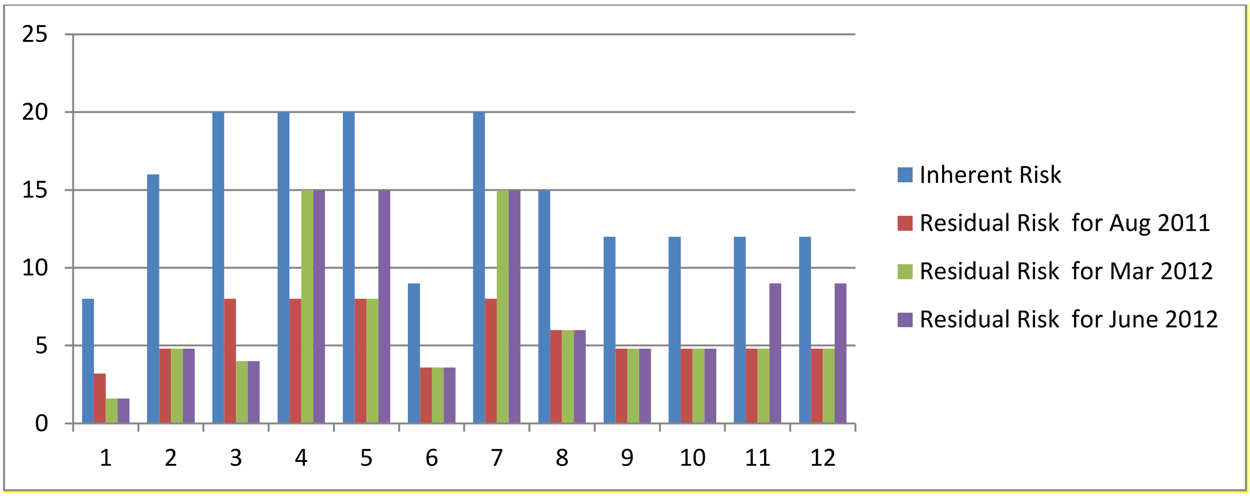

25
20
15
10
5
0
1
2
3
4
5
6
7
8
9
10
11
12
Inherent Risk
Residual Risk for Aug 2011
Residual Risk for Mar 2012
Residual Risk for June 2012

Table: JDA Top Strategic Risks

<table>
<tr><th>No</th><th>RC</th><th>Risk Description</th><th>Cause</th><th>Consequence</th><th>IR</th><th>Mitigate strategy as per original Risk Assessment</th><th>Progress made to mitigate the risk to an acceptable level to date</th><th>CE</th><th>Residual risk</th><th>Risk Owner</th><th>Future actions to improve management of the risk</th><th>Action Owner</th><th>Time scale</th></tr>
<tr><td colspan="14">KPA- Economic Development & Job Creation</td></tr>
<tr><td>1.</td><td>SD</td><td>Failure to create adequate number of short term jobs</td><td>• Non labour intensive projects
• Delay in implementation of capital projects.
• Use of undocumented labourers</td><td>• Failure to meet IDP goals of job creation.
• Negative political perception of JDA.
• Service delivery protests against JDA.</td><td>Amber (8)</td><td>• The Risk and Compliance Unit will continuously monitor the implementation of EPWP guideline in developments.</td><td>• Minimum Requirement for contractors to appoint local community for unskilled work is included in the tender documents.
• Monthly reporting for short term jobs created for the month.
• Use of labour intensive methods prioritised.
• A number of small contractors appointed for small scale projects</td><td>Excellent (0.20)</td><td>Green (1.6)</td><td>CEO</td><td>• The Risk and Compliance Unit will continuously monitor the implementation of EPWP guideline in developments.</td><td>Risk and Audit Officer, Development Managers</td><td>On-going</td></tr>
<tr><td>2.</td><td>Fin</td><td>Failure to meet the BEE/SMME procurement targets.</td><td>• Limited BEE business within the industry with skill and experience for big projects.
• Failure to identify PDI with specialized skills within the industry
• Restrictive Regulatory environment (CIDB,MFMA)
• Lack of enterprise development programme for emerging contractors</td><td>• Future funding might be jeopardised.
• Failure to create opportunity for small contractors leading to distrust by the community
• Inability to assist in transforming the construction industry.
• Reputational damage to the JDA and the City.
• Failure to create jobs.</td><td>Red (16)</td><td>• Working closely with the City SCM unit and DED on the implementation of new SMME guidelines from the City.
• Closely Monitor work allocated to SMME/BEE sub-contractors.
• Finalise the BEE and SMME audit by the first Quarter of 2011/2012
• Implementing the new Preferential Procurement Regulations effective from 07 Dec 2011
• DED to fund the Working Capital of emerging contractors.</td><td>• A minimum of 30% of the total contractor value is set aside for sub-contracting to BEE Companies.
• Efficient supply chain process in place.
• Skills audit of local contractors
• Appointments of clerks of work for projects management support for emerging contractors
• Priority given to SMME in Opex Projects.
• An awareness presentation about the Implementation of the new Preferential Procurement Regulations was done during the business training day</td><td>Good (0.40)</td><td>Green (4.8)</td><td>CFO</td><td>• Working closely with the SMME for, City SCM unit and DED on the implementation of new SMME guidelines from the City.
• Closely Monitor work allocated to SMME/BEE sub-contractors.
• DED to fund the Working Capital of emerging contractors.
• Implementing the new Preferential Procurement Regulations effective from 07 Dec 2011
SCM policy will be reviewed before the end of the current financial year</td><td>Supply Chain Manager</td><td>June-12</td></tr>
</table>

No	RC	Risk Description	Cause	Consequence	IR	Mitigate strategy as per original Risk Assessment	Progress made to mitigate the risk to an acceptable level to date	CE	Residual risk	Risk Owner	Future actions to improve management of the risk	Action Owner	Time scale
KPA: Effective Financial Management													
3.	Fin	Failure of financial management systems.	• Lack of awareness of update of Policies and Procedures • Human error • Non-implementation of approved business process	• Financial loss • Overspending of the budget • Irregular expenditure, fruitless expenditure and unauthorised expenditure • Unreliable financial information. • Bad reputation	Red (20)	• Further training on the revised policy will be undertaken after the approval of the policy by the Board. • Developing individual Development Plan for finance staff.	• Monthly Management account report • Greats Plain financial System • Staff at finance currently study for different financial management courses. • MFMA monthly compliance checklist has been done. • DMIS software upgrade • An awareness presentation on all approved policies was done during the monthly business training day • All financial transactions are reviewed by two senior officials	Excellent (0.20)	Green (4)	CEO	• The current controls are appropriate and we will continue to monitor them	CFO	30June 12
4.		Sustainable operation of the organisation	• Operating budget short fall • Recession and reduced city and national revenue • Change in city priorities • Unbalanced budget process from the City • JDA's funding model (Minimum capital budget required by the organisation to sustain itself) • Budget cut for implementation of Capital projects	• Loss of expertise due to resignation caused by lack of projects to be implemented • Lower staff morale • Lower impact of projects implemented by the JDA • Reduced service delivery • Failure to pay for operating expenditure including salaries. • Closure of the Entity	Red (20)	• Undertake further feasibility studies for more PPPs • Explore other national grant funding • Work with DPUM in accessing urban settlement grant. • Institutional strategy discussion document presented for Board approval. • Continue to seek technical assistance assignments such as implementation of capital projects on behalf of other CoJ departments	• Identification of other funding options including first allocation from USDG. • A pipeline of projects developed and *advanced.* • Other development facilitation functions, i.e. implementation of project on behalf of other COJ entities and providing technical assistance. • Institutional strategy discussion document approved by Board. • JDA acknowledged as implementing agent of choice for sustainable services cluster.	Fair (0.75)	Red (15)	CEO	• Secure funding for JDA developments from other govt grants (EPWP, Jobs Fund) • Submit applications for grants outside of intergovernmental system (Cities Alliance, DBSA, PPIAF) • Establish project preparation capacity through multi-year contract and develop pipeline of property development projects. • Get approval for new partnership programmes (inner city public places and township retail)	EM: Planning & Strategy	30 June 12

No	RC	Risk Description	Cause	Consequence	IR	Mitigate strategy as per original Risk Assessment	Progress made to mitigate the risk to an acceptable level to date	CE	Residual risk	Risk Owner	Future actions to improve management of the risk	Action Owner	Time scale
5.		• Institutional review of COJ and its entities	• New leadership within the group	• Loss of highly skilled personnel. • Lower staff moral • Organisation instability and uncertainty with of employees • Non-alignment of organisation mandate and political priorities • Change Management	Red (20)	• Analysis and recommendations discussed with Board and provided as input to the CoJ institutional review process • Analysis and recommendations on reporting lines provided to MMC DPUM • Institutional review process and implications for JDA communicated to staff • Evidence based briefing material prepared for incoming councilors and new city manager.	• Institutional review discussion document approved by Board and submitted to SHU and consultants as input to process. • Staff is continuously updated on the progress of Institutional review process and implications for JDA. • JDA champion appointed to the City's Institutional Review Forum • Briefing pack provided to new executive directors and board members.	Fair (0.75)	Red(15)	CEO	• Analysis and recommendations on implications of institutional review to be refined and updated as decisions are made. • Institutional review process and implications for JDA communicated to staff • New approach to measuring impact of JDA interventions to be developed and implemented.	EM: Planning & Strategy	
6.	MI	Ineffective Stakeholder management process within the organisation	• Ineffective consultation with different stakeholders before and after the completion of the projects • Poor or ineffective communication about the role of the JDA • Lack of formal Stakeholder management process within the organisation	• Bad reputation. • Non-implementation of decisions. • Damage to the infrastructure developed by JDA	Amber (9)	• We are planning to have media training for on the spot interviews of executives who interact with the media.	• EM: PS; CEO and COO are the designated spokespersons for JDA. • JDA represented in the Inner City Forum and CID's. • All JDA projects have a community consultant appointed. • Regular and timeous response to all media queries • JDA featured positively in electronic and print media in the last quarter, e.g. BBC	Good (0.40)	Green (3.6)	EM:PS	• Media training for on the spot interviews of executives who interact with the media. • Generation of more written evidence of impact and process	Manager: Marketing	On-going

No	RC	Risk Description	Cause	Consequence	IR	Mitigate strategy as per original Risk Assessment	Progress made to mitigate the risk to an acceptable level to date	CE	Residual risk	Risk Owner	Future actions to improve management of the risk	Action Owner	Time scale
7.	F&C	Fraudulent and corrupt activities.	• Weak internal control procedures • Collusion in tender fraud between employees and service providers • Lack of or Ineffective hotline reporting system • Failure to declare business interests • Submission of false supporting tender document by service providers • Internal Control Overriding by management • Dishonesty by employees responsible for projects and procurement	• Financial Loss to the organisation • Receiving poor quality goods and services • Legal challenges from unsuccessful bidders. • Negative publicity for the organisation • Appointment of unsuitable service providers. • Financial losses to the entity. • Poor service delivery • Harm or loss of life to communities as a result of poor quality work	Red (20)	• All tender documents will include the fraud hotline number in order to assist employees and stakeholders to report fraud and corruption. • Finalise the Detailed Fraud Risk Assessment report and thereafter implement the recommendations. • Increase the awareness of the new fraud hotline through workshop and posters around the JDA building	• There is an Anti-fraud Hotline number for every tender *advertisement* and tender document. • Annual declaration of business interest for all staff and during all Bid Committee meetings • Verification of key information on all new appointed companies. • Fraud and Corruption plan based in the detailed Fraud Risk assessment report in place • An awareness presentation on fraud and corruption was done during the annual break away • Investigations by Internal Audit of allegations received through hotline	Fair (0.75)	Red (15)	CEO	• The SCM policy will be reviewed before the end of the current financial year • Increase the awareness of the new fraud hotline through workshop and posters around the JDA building	Manager: Risk & Complianc e (internal audit)	30 June 12
8.	Com	Non–compliance with applicable laws and regulations	• Ineffective compliance monitoring • Lack of awareness of new laws or amendments • Lack of understanding of the requirement of the relevant law.	• Financial penalties • Criminal liability • Reputation damage for the organisation • Costly litigations. • Liability of Board members.	Red (15)	• Finalise the procurement of the Risk and Compliance software by the end of the Q1 of the 2011/2012 financial year. • Finalise the compilation of the Regulatory Universe which will assist management in prioritising the applicable legislation that JDA must comply with.	• Monthly MFMA compliance check list, monthly SCM regulation checklist including unauthorised, wasteful and fruitless expenditure confirmation certificate by the CFO. • Monthly conformation certificate by manager for payment with 30 days • The Regulatory Universe to be approved by the	Good (0.40)	Amber (6)	CEO	• A Compliance Audit on the top ten legislations will be conducted and it is anticipated to be completed by the end of June 2012.	All managers	30 June 12

No	RC	Risk Description	Cause	Consequence	IR	Mitigate strategy as per original Risk Assessment	Progress made to mitigate the risk to an acceptable level to date	CE	Residual risk	Risk Owner	Future actions to improve management of the risk	Action Owner	Time scale
							Development and Risk Committee • The procurement of Risk Management and Compliance Software has been completed.						
9.	KIM	Inadequate business management information.	• Inappropriate IT governance model. • Lack of information reporting framework. • Lack of quality assurance review	• Decisions may be based on unreliable / incomplete information (financial loss / reputational damage). • Adverse audit finding	Red (12)	To implement the performance information management framework during the next financial year.	• IT Governance model implemented through the IT governance Charter. • Adoption and implementation of the COBIT framework	Good (0.40)	Green (4.8)	CEO	• Continual review of the COBIT framework implementation to make sure it is improved.	All managers	30 June 12
10.	KIM	Collapse of ICT environment.	• Internal / External disasters (Natural. Hackers, etc.)	• Disruption of JDA business activities. • Loss of vital information	Red (12)	• To continue to test other backup information to ensure the successful restoring during disaster recovers.	Backup were done and continue to be done with users to confirm that data being backed up is done so successfully .The results are documented and signed off. The same procedure was done and continues to be done for servers, including server images	Good (0.40)	Green(4.8)	CEO	• To continue to test other backup information to ensure the successful restoring during disaster recovers. • The department continues to work with the service provider to come up with new improved ways of backing up	Manager: IT	On-going
11.	SD	Inability to delivery on Capital projects.	• Downward budget adjustments • Inadequate project management. • Lack of co-operation by stakeholders (e.g. MOE's). • Inappropriate project plan • Loss of critical staff at crucial points • Change in CoJ priorities.	• Reduced scope of projects. • Over/ under expenditure on budget. • Overrun on project time frames. • Negative publicity • Poor service delivery.	Red (12)	• Development Managers will continue to monitor implementation of the multi-year projects to ensure that these are completed on time and within budget.	• Monthly Area Management Meetings for three portfolios • Operations manual in place. • Stakeholder forums in place. • Adequate project management team and design capacity	Fair (0.75)	Amber (9)	CEO	• Development Managers will continue to monitor implementation of the multi-year projects to ensure that these are completed on time and within budget.	SDM	30 June 12

No	RC	Risk Description	Cause	Consequence	IR	Mitigate strategy as per original Risk Assessment	Progress made to mitigate the risk to an acceptable level to date	CE	Residual risk	Risk Owner	Future actions to improve management of the risk	Action Owner	Time scale
KPA: Human Resources													
12.	HR	Inability to attract and retain skilled employees.	• Inability to offer attractive market related salaries • Poor relationship between managers and employees • Lack of sufficient skills in the market • Fixed term contract and uncertainty • Poor succession and retention planning • Salary disparities within the City and determination of low salary limits • Reduction of budget, resulting in reductions in projects • CoJ institutional review process uncertainty • Absence of talent management philosophy • No benchmarking of internal skills with the market • Performance management policy not addressing skills retention	• Failure to deliver on the mandate. • Delay in completion of capital projects. • High staff turnover • High recruitment and training & development cost • Loss of talent • Rewards and compensation lagging behind market • Ad hoc non standardised practices aimed at dissuading employees from leaving. • Inconsistencies in recognising and appreciating talent.	Red (12)	• Management drafted an action list in view of the outcome of the climate survey. • The EE Plan was updated and communicated to staff. • Salary benchmarking was completed and will be submitted to HR and REMCO. • The Workplace Skills Plan was finalised and submitted to the SETA. • Training is taking place in terms of the plan. • JDA Champion appointed to the City's Institutional Review Forum	• Employee assistance program and annual organisational climate survey. • Performance incentives programme. • Ensuring good and productive work environment. • Salary benchmarking was completed approved by HR and REMCO. • The EE Plan was updated and communicated to staff. • The Workplace Skills Plan was finalised and submitted to the SETA which is supported by the budget amount equal to 3% of the total payroll. Training is taking place in terms of the plan. Two employees have been appointed in line with EE plan	Fair (0.75)	Amber (9)	CEO	• Management will be implementing an action list in view of the outcome of the climate survey. • Develop a talent management strategy • Categorise employees into (risk) profiles or categories • Yearly reviews of market vs JDA in terms of remuneration and employee engagement levels	HR Manager	On-going

Section 4.8: Sustainability Report

Urban Environmental management is an integral part of the urban regeneration projects that JDA implements as evidenced by the upgrading of parks, the construction, of storm water facilities and construction of public transport infrastructure and facilities. The Rea Vaya Bus Rapid Transit 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 34 000 people per day and this number will increase as other phases are completed.

The JDA complies with environmental impact regulations in all its projects. In this year, other than the BRT busways and the Bruma Lake rehabilitation project, there are no projects that require environmental impact assessments and no projects that require heritage approvals.

In 2007 the JDA produced a practice guideline document on green urban development approaches that is included in our operations manual. All professional teams involved in preparing detailed designs are required to consider the following environmental considerations:

- The design of more permeable ground surfaces, and soak-aways or swales to reduce the storm water run-off in areas upgraded by the JDA to achieve sustainable urban drainage standards;
- Indigenous and water-wise planting in all landscaping interventions in compliance with City Parks requirements;
- Environmental design for crime prevention guidelines as promoted by the City Safety Programme;
- Other environmental construction and infrastructure options such as energy efficient lighting and rainwater harvesting; and
- Environmental health regulations for informal trading where the JDA upgrades trading and taxi facilities.

The JDA has also achieved some social development impacts through its annual Corporate Social Investment (CSI) Programme. In 2011/12 the JDA made small grants amounting to almost R250 000 for projects ranging from rooftop food gardens in the inner city to upgrading of school buildings and facilities.

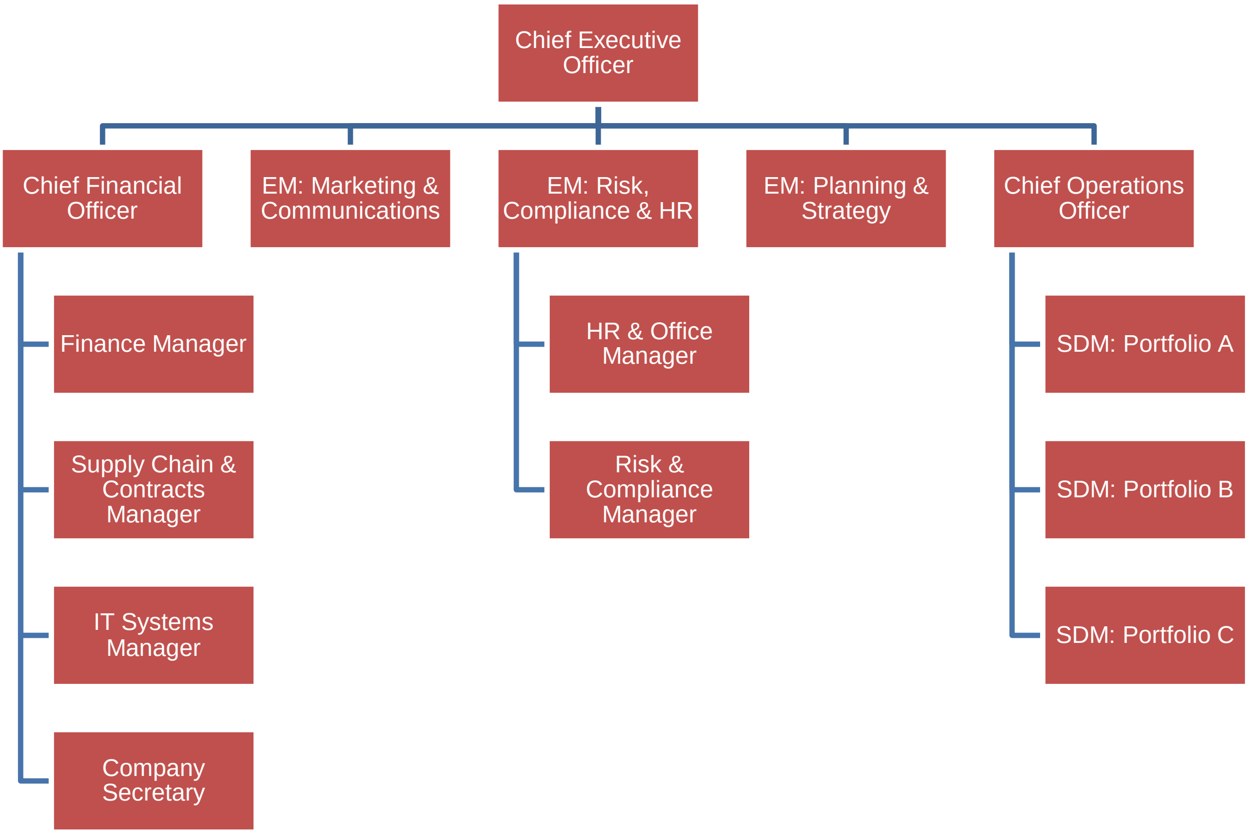
CHAPTER FIVE: HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT

JDA's organisational structure is based on the following principles:

- a flat, non-hierarchic structure
- a medium-sized agency, with a minimum specialist employee complement
- JDA operates as a matrix institution, with the CEO assisted in the functions by 5 (Five) executive managers interacting together in pursuit of both the entity's operational and development objectives.
- JDA operates with a COO and a number of development teams, each with a Senior Development Manager (SDM) who is responsible for overseeing the design and construction of developments and securing strategic input from the COO relating to specific developments.

Illustrated below is the current top structure and staffing of the JDA.

Current JDA Organisation Structure



The following senior positions remain either frozen or there is an acting person in the role:

- Chief Executive Officer: Thanduxolo Mendrew continues to act as the CEO. He has been in this acting capacity since July 2010.
- Chief Operating Officer: This position remains frozen since Nkosinathi Manzana resigned in November 2011. The three Senior Development Managers who used to report into this role now report directly to the CEO.
- Executive Manager: Risk, Compliance and Human Resources: Thanduxolo Mendrew vacated this position when he was appointed acting CEO in July 2010. The two managers continue to report directly to him in his role as acting CEO.
- Executive Manager: Marketing and Communications: The management responsibilities were fulfilled by the EM: Planning and Strategy in a care-taking role until March 2012. Since then one of the Marketing Managers has acted in the role.
- HR Manager: A temporary short-term consulting contract appointment was made to ensure that HR functions were fulfilled from February to June 2012.

The number of vacant positions at executive level for such a long time is unusual and poses a serious risk should the people in these acting positions resign. It is important to note that:

- While the people are appointed in acting positions, their primary jobs need to be taken care of, often resulting in shared responsibilities cascading down within the reporting lines placing everyone in the team under strain.

- The continued acting arrangements, whether on a month to month basis or for a defined period, beyond a period of six months is contrary to the JDA's and the CoJ's policies.
- It is hoped that with the CoJ high level institutional reform process drawing to its completion, the vacant positions will be filled to ensure the effective and efficient delivery of service.

Section 5.1: Human Resource Management

As at year end, the JDA's total full time staff was 50 employees. In terms of the organogram which was approved in the business plan, there are 15 vacancies at the JDA. However, as prompted by the City's call to departments and MOEs to reduce operational expenditure, the JDA resolved to freeze some of these vacancies.

The affected vacancies are:

- Chief Executive Officer
- Chief Operating Officer
- Executive Manager: Marketing and Communications
- HR Manager
- Accountant
- Development Managers (5 posts)
- Assistant Development Managers (2 posts)
- Development Coordinators (2 posts)
- Housekeeper / Cleaner

Three positions were filled during 2011/12: an IT and IS admin officer post was filled on 1 December 2011; and the facilities manager and a supply chain and contracts coordinator posts were filled on 1 January 2012. There were also two internal promotions.

Staff movement July 2011 to June 2012

Staff Movements	African		Coloured		Indian		Whites		Total
	Male	Female	Male	Female	Male	Female	Male	Female	
Appointments	0	0	1	0	2	0	0	0	**3**
Resignations	2	1	0	0	0	0	1	0	**4**
Dismissals	0	0	0	0	0	0	0	0	**0**
Retirements	0	0	0	0	0	0	0	0	**0**
Termination / Other	0	0	0	0	0	0	0	0	**0**
Total	**-2**	**-1**	**1**	**0**	**2**	**0**	**-1**	**0**	**-1**

Section 5.2: Employment Equity

The JDA is committed to the principles of equity, anti-discrimination and diversity as enshrined in the Constitution the Employment Equity Act (EEA). In this context, the JDA seeks to create an institution that reflects the diversity of South African society, and contributes to maximising the human resource potential of all our people.

JDA has implemented employment policies and practices designed to achieve the advancement and adequate protection of persons previously disadvantaged by unfair discrimination. In line with this, the JDA has adopted an Employment Equity Policy. In terms of this policy JDA plans its annual Employment Equity (EE) targets and reports to the Department of Labour in accordance with the provisions of the EEA.

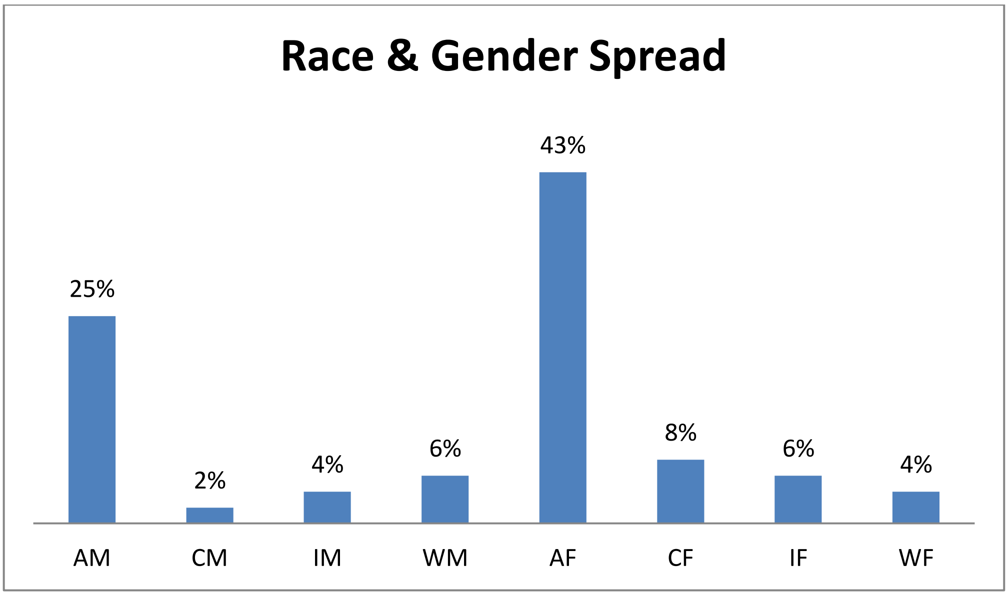
JDA's Employment Equity Plan (EEP) is driven by the Chief Executive Officer and supported by all managers. This is filtered down to all employees to ensure commitment throughout the organisation.

The overall goal at the JDA with regard to human resources practice and EE is to:

- Promote an environment and culture that supports open communication where everyone is encouraged to express one's views without fear of being victimised
- Ensure fair and consistent application and implementation of all employment practices and procedures
- Whilst the JDA has far exceeded its EE targets and prides itself with having a workforce that is truly representative of the country's demographics, the JDA continuously endeavours to improve equitable representation of people from designated groups in senior management positions.
- The JDA has also introduced affirmative mechanisms targeted at addressing the development needs of previously disadvantaged individuals by providing unique opportunities for career advancement, growth and training and development.

The following principles continue to guide our employment equity initiatives:

- Appropriate structures and adequate resources have been put in place to coordinate and monitor employment equity implementation across the organisation. The JDA undertakes an annual review of its EE process and general employment practices.
- The Employment Equity Statistics – are sourced to review progress and provide direction regarding progress in the implementation of the employment equity plan.
- To ensure focus, the Executive Committee and the Board's Human Resources and Remuneration Committee also provide regular input to the strategies and initiatives regarding EE and its implementation in the organisation.



EAP	AM	CM	IM	WM	AF	CF	IF	WF
GP EAP	44.60%	2.10%	1.40%	8.90%	33.30%	1.70%	0.80%	7.30%
RSA EAP	40.50%	6.00%	1.90%	6.70%	33.10%	5.00%	1.30%	5.40%

Source: Statistics South Africa, 2010

The thrust of the Employment Equity Act is for Organisations or businesses to reflect the demographics of the country or provinces where they operate. Organisations with a national footprint will use the national EAP figures.

With the exception of White females (WF) women are over represented in JDA in comparison to the current applicable EAP numbers. African males and White males are under-represented at JDA. It is a rare and indeed a unique reality in that women are exceeding both the regional and national EAP numbers as reported above. Males in all other national spheres dominate employment numbers.

One Black woman or 2% of Black females is classified as a foreign national.

Employment Equity Demographics Status as at 30June 2012

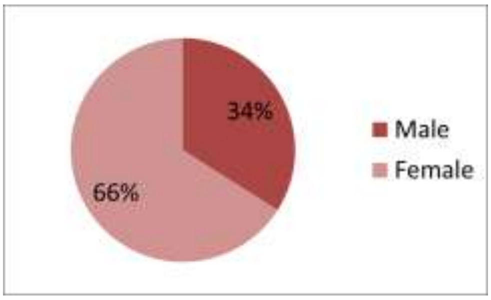
Employment Equity Status (Demographics)

Levels	African		Coloured		Indian		White		Total
	Male	Female	Male	Female	Male	Female	Male	Female	
Executive & Senior Management	1	3	1	1	0	1	1	1	9
Middle Management	4	4	1	3	1	0	2	1	16

Levels	African		Coloured		Indian		White		Total
	Male	Female	Male	Female	Male	Female	Male	Female	
Technical / Co-ordination / Administration	3	11	1	1	1	2	0	0	19
Housekeepers / Cleaners	1	5	0	0	0	0	0	0	6
Total	9	23	3	5	2	4	3	2	50
% of Total	18%	46%	6%	10%	4%	8%	6%	4%	100%
	African	62%	Coloured	16%	Indian	12%	White	10%	

Gender Equity

Levels	Black		White		Total
	Male	Female	Male	Female	
Executive & Senior Management	2	5	1	1	9
Middle Management	6	7	2	1	16
Technical /Co-ordination / Administration	5	14	0	0	19
Housekeepers / Cleaners	1	5	0	0	6
Total	14	31	3	2	50
% of Total	28%	62%	6%	4%	100%
	Black	90%	White	10%	
	Male	34%	Female	66%	
	Black Female Management		56%		



Management Level Demographics

Levels	Total	African	62%	Coloured	16%	Indian	12%	White	10%
		Male	Female	Male	Female	Male	Female	Male	Female
Executive & Senior Management	9	1	3	1	1	0	1	1	1
Middle Management	16	4	3	1	3	1	1	2	1
Total	25	5	6	2	4	1	2	3	2
% of Total	100%	20%	24%	8%	16%	4%	8%	12%	8%

Staff Turnover

Total Staff	50	
Movements (excl. Appointments)	4	8%

Levels	JDA Positions
Executive &Senior Management:	Chief Executive Officer, Chief Operations Officer, Chief Finance Officer, Executive Manager: Planning and Strategy, Executive Manager: Marketing & Communications; Executive Manager: Risk, Compliance and HR, Senior Development Managers, Human Resources and Office Manager, Supply Chain and Contracts Manager, Finance Manager and IT, Risk and Manager Compliance and Systems Manager.
Middle Management	Development Managers, Accountants, Audit & Risk Officer, Procurement Officer, Marketing Managers, Assistant Development Managers and Company Secretary.
Co-ordination/Administrative:	Coordinators, Receptionist, Personal Assistants, Accounts Payable Officer, Accounts Receivable Officer, IT Officers, Fixed Asset Register Officer, Messenger/Caretaker, Procurement Co-ordinator
Housekeeping	Housekeepers, Cleaners

- The JDA currently has 90% Black staff, which far exceeds the target of 80% provided in the Employment Equity Plan.
- The JDA currently has 56% Black females in management positions against a target of 35%.

The JDA currently employs 2 employees with physical disabilities. This constitutes 4% of the total JDA staff compliment. This exceeds the City's strategic target of ensuring that at least 2% of all CoJ employees should be people within disabilities.

Section 5.3: Skills Development and Training

JDA is committed to sustaining a continuous programme of training and development for its management and staff in order to advance with changing times and technology, and thus ensure professional delivery and a competitive edge.

Our vision is to provide an integrated learning experience to our employees that will strengthen their commitment to JDA's values, enhance the leadership capability and improve capacity to meet current and future business requirements. The learning strategy is based on four pillars:

- understanding the educational requirements of the organisation based on competency assessments;
- best practice learning design;
- timeous and appropriate learning delivery; and
- Assessment of the impact of learning interventions on overall company performance.

As at the end of June 2012, 82% (R698 699) of the budget of R850 000 has been spent on staff development. This figure may change as some invoices get captured after the last day of June 2012.

A Workplace Skills Plan has been finalised and submitted to the Local Government Sector Education and Training Authority (LGSETA) in accordance with the Skills Development Act and the Skills Development Levies Act. The JDA also submitted its Annual Training plan before the deadline of 30 June 2011.

JDA makes funds available for appropriate on-going training and development for programmes that are practical and outcomes based. JDA has created a culture of on-the-job and off-the job learning in the organisation and every single employee embraces this. Training is an on-going process of improving employees' knowledge, skills and attitude with the view to improve either job performance and/or competitiveness for growth, career advancement and internal promotions. The JDA supports the attainment of further educational qualifications by employees in order to improve their productivity.

Section 5.4: Succession Policy and Retention

Succession Planning
Due to the small size of the JDA, it is not possible to employ replacement staff for each critical position within the organisation. However, the training and development of staff is aimed at preparing them for positions above their own level.

Employee Retention Scheme
The JDA plans to formalise a retention scheme for the organisation. The annual salary benchmarking exercise is aimed at ensuring that the JDA pays market related salaries for its staff. The annual organisational climate survey is also of critical importance to the JDA to ensure that management is in touch with perceptions and expectations of staff. The 2011 climate survey indicated that the JDA staff was in general very committed to the organisational goals.

Section 5.5: HIV/AIDS on the Workplace

JDA provides an outsourced comprehensive Employee Assistant Programme administered by ICAS, which covers behavioural risk management, free trauma counselling, free legal and financial advice to all its employees.

ICAS provides a confidential, 24-hours a day, 365 days a year personal support and information service which each employee, his/her partner and immediate family may access by calling a toll free phone number to assist them to deal with everyday situations or more serious concerns. The service is provided by qualified, experienced counsellors either over the phone in the required language or face-to-face counselling if necessary. Issues which employees may need assistance with may include the following:

- Stress: work or personal
- Financial: money management; debt
- Legal: legal matters; maintenance; child custody; divorce law
- Relationships: family; work; partners; friends
- Substance abuse: alcohol; drugs
- Family matters: childcare and care of the elderly; education; state benefits and allowances
- Health issues: AIDS counselling, illness
- Work: stress management; career matters; maternity; harassment; dealing with a direct supervisor; managing others.

In order to monitor the sorts of issues which are of concern to employees, JDA receives statistical information on general usage to assist the organisation to focus on the provision of solutions to those issues raised. The identities of the people who made use of the programme are never disclosed.

The JDA held a wellness day on 1 December. Employees were offered the opportunity to have their basic health assessed with regards to blood pressure, blood sugar levels, cholesterol, body mass index, body fat percentage, general fitness and work stress. Employees received feedback on their assessments as well as guidance and counselling in terms of corrective measures. This initiative displays the keen assistance of the organisation towards a physically and mentally healthy workforce

The JDA is committed to maintaining the health and welfare of all its employees as well as providing a safe and hygienic working environment. The JDA's policy on HIV/AIDS ensures that no employee is discriminated against based on their HIV status. The JDA will not unfairly discriminate against an employee or an applicant for employment on the basis of HIV or other life threatening illness, as long as the person is capable of performing the inherent requirements of the job for an agreed reasonable length of time.

All managers and employees must respect the confidentiality of information regarding existing or potential employees with life threatening illness. An employee who divulges information without the employee's informed 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 performance becomes adversely affected as a result of their illness, or where an employee claims that working in certain situations will not be appropriate due to his/her illness. All employees are encouraged to know their HIV status and to remain healthy if they are infected by HIV.

Our HIV and AIDS programme covers awareness and educational campaigns, the provision of free condoms, videos and free help lines. JDA's HIV and AIDS Programme provides assistance to employees who may contract a life-threatening Illness; to provide consistent guidelines and to ensure fair and consistent treatment of all employees with life-threatening illnesses; to inform them of their rights and benefits; and to provide an education framework for HIV and AIDS. The JDA HIV and AIDS Coordinator attend regular meetings of the CoJ HIV and AIDS Committee of the CoJ. After these meetings the internal JDA HIV and AIDS Committee meets to discuss the CoJ programme and to plan and implement the relevant initiatives.

Section 5.6: Employee Benefits

All new JDA staff join the E-Joburg Retirement Fund. Existing staff were offered a 12 month window period in order to join the fund. Other benefits provided to staff are the following: Educational Grant Scheme and company cell phones for those determined by the JDA Exco.

Bonus payment and Performance management–
The performance management system (PMS) is designed to ensure that the JDA's business strategy is translated into measurable key performance areas and indicators (KPAs and KPIs) for employees. Each employee has concluded a performance management contract with a scorecard and a performance review will be finalised during the next month to determine employee's progress against the goals contained in their scorecards. Where areas of poor work performance have been identified, corrective actions were put in place to improve employee performance against the scorecard. This has increased employee awareness of their performance, which is highly relevant given that the incentives of employees are directly linked to their level of performance. The JDA paid performance bonuses during December 2011 to those employees who qualified.

CHAPTER SIX: FINANCIAL ASSESSMENT

Section 6.1: Statement of Financial Position

ASSETS	R'000 Actual 30 June 2012	R'000 Actual June 2011
Non-current assets	7 383	7 044
Property, plant and equipment	6 318	5 952
Intangible Assets	39	194
Deferred Tax	1 027	898
Current assets	187 999	372 394
Loans to Shareholders	57 303	102 457
Trade and other receivables	129 449	268 741
Cash and cash equivalents	1 247	1 196
Total assets	195 382	379 438
EQUITY AND LIABILITIES		
Capital and Reserves	50 770	46 778
Contribution from Owners	16 278	16 278
Accumulated Surplus (Deficit)	34 493	30 500
Non-current liabilities	13 000	19 719
Finance lease obligation	285	0
Deferred taxation	2 689	4 001
Project funds available	10 026	15 718
Current liabilities	131 611	312 942
Loans from shareholders	54 804	56 477
Trade and other payables	64 975	244 080
Net VAT payable	9 214	10 320
Provisions – bonus	2 477	2036
Finance lease obligations	141	29
Total equity and liabilities	195 382	379 438

Section 6.2: Statement of Financial Performance

STATEMENT OF FINANACIAL PERFORMANCE
For the year ended 30 June 2012

	2012 Actual R'000	2012 Budget R'000	2012 Variance R'000
Gross revenue	43 993	46 595	(2 602)
Operating costs	(45 254)	(49 495)	4 241
Gross (deficit)/surplus	**(1 261)**	**(2 900)**	**1 639**
Operating (deficit)/surplus	(1 261)	(2 900)	1 639
Interest Expense	(79)	(100)	21
Interest Income	3 892	3 000	892
Surplus /(Deficit)before tax	**2 552**	**0**	**2 461**
Deferred Taxation	1 441	0	1 687
Surplus/(Deficit) after tax	**3 993**	**0**	**4 148**

Overall Financial Performance

For the financial year under review, the JDA revenue was R43.9million against a budget of R46.5million. The negative variance of R2.6million is the net result of an under-recovery of R2.7million on the development management fees line item. The development management fees are lower than budgeted due to only 73% of the budgeted annual CAPEX expenditure having been utilised. The mayoral committee decision to prioritise the Alex/Louis Botha route over the scheduled Parktown to Sandton route resulted in the implementation of the Parktown to Sandton route being halted which then affected capital spending. This had a negative impact on the fee earning capacity of the JDA. Furthermore budgets on other sections of the BRT were set at higher levels given past experiences however aggressive bidding resulted in tender prices being far below what was expected which resulted in projects being completed at a far lower price than initially budgeted. The actual management fee earned was thus based on lower actual capital expenditure than initially budgeted. Interest earned is higher than budget due to positive bank balance maintained throughout the financial year due to prompt settlement of claims by City of Johannesburg and the balance of the BRT/Bertrams Priority Block land acquisition funds which were transferred into the JDA's bank account by the City of Johannesburg.

For the financial year under review the JDA's operating expenses were R45.3 million against a budget of R49.4million. The major variances arose in the line items of employee costs, IT related expense, planning & strategy, repairs &maintenance and telecommunication. The telecommunications line item is pure savings as a result of strict cost control measures implemented by management. The variance in the employee cost line item is due to some of the vacant positions that have not been filled Included in the operating costs.

Section 6.3: Cash Flow Statement

CASH FLOW STATEMENT
For the financial year ending 30 June 2012

	R'000 Actual 30 June 2012	R'000 Actual 30 June 2011
Cash flows from operating activities	**(36 946)**	**(36 205)**
Receipts		
Grants	24 110	21 637
Interest received	3 892	6 736
Cash receipts fromCapex funding	579 144	836 001
Other receipts	1 053	752
Payments		
Employee costs	(27 419)	(24 938)
Suppliers	(617 648)	(878 370)
Interest paid	(79)	(23)
Cash payments from CAPEX funding	0	0
Cash flows from investing activities	**(737)**	**(454)**
Expenditure to maintain operating capacity		
Property, plant and equipment acquired	(737)	(366)
Proceeds from sale of property, plant and equipment		
Purchase of intangible assets		(88)
Cash flows from financing activities	**37 734**	**36 710**
Movement in project funds payable	(5 692)	2 941
Movement in CAPEX VAT	0	(8 262)
Repayments of shareholders loan	43 481	42 072
Finance lease repayments	(54)	(42)
Net increase in cash and cash equivalents	51	50
Cash and cash equivalents at beginning of the year	1 196	1 146
Cash and cash equivalents at the end of the year	**1 247**	**1 196**

Section 6.4: Supply Chain Management

Supply Chain Management Policy

The JDA's Supply Chain Management Policy (SCM) uses committee systems for procurement of services and goods above specified limits. Existing committees include:

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

There are two Bid Adjudication Committees (BACs), one for CAPEX and the other for OPEX. The members for BAC are the Chief Financial Officer (Chair), Executive Manager: Risk and Compliance, two Senior Development Managers (whose bid is not being adjudicated on), and the Procurement Manager. The members for OPEX BAC are the Chief Financial Officer (Chair), the Procurement Manager, the Executive Manager: Marketing, and the Executive Manager: Risk and Compliance. Both BAC's are not authorised to make any procurement decisions above R10 million instead a recommendation to the Chief Executive Officer for procurement in excess of R10 million is made.

Section 6.6: Internal Audit and Auditor General Management Letter Issues

The JDA Internal Audit is a co-sourced function with an external service provider in accordance with the provisions of Section 165 of the MFMA. The JDA ensures an effective internal control system which is tested continuously in order to improve efficiencies and identify possible breaches on time.

Internal Audit provides objective and independent assurance, via the Audit Committees, to the Management and Board of Directors about Risk Management, Internal Control Environment and Corporate Governance. Internal Audit activities are governed through an internal audit charter, approved by the audit committee and reviewed annually. The charter defines the purpose, authority and responsibilities of the internal audit.

Internal Audit reports are presented at Audit Committee meetings. Internal Audit has a direct reporting line to the Chairperson of the Audit Committee. They operate independently of executive management but also have access to the Chief Executive Officer for administrative reporting.

Annually, Internal Audit develops a comprehensive risk-based audit plan which is derived from the approved Business Plan, Strategic and Operational Risk register. The risk-based audit plan is validated by executive management and approved by the Audit Committee. There is an on-going focus on identifying fraud risk given JDA's dependence on procurement management process. Internal Audit also liaises with the External Auditors and other assurance providers to enhance efficiencies in terms of combined assurance.

The annual plan is reviewed regularly to ensure it remains relevant and responsive, given the changes in the operating environment. The Audit Committee approves any changes to the plan as necessary based on their risk assumptions. Internal Audit had successfully executed the audits as per the approved Risk-based Internal Audit Plan. There were no limitations placed on the scope of the work of the Internal Audit in the course of conducting its business. The audit findings in respect of each review, together with their recommendations for action to improve on the systems of internal controls and the management response were set out in our detailed reports, which have been presented to management and the Audit Committee during the course of the year. There are no significant unresolved differences of opinion between the Internal Audit and the Executive Management in respect of acceptance of residual risk. The table below contains all reports that were tabled and approved by the Audit Committee in terms of the approved plan.

The approved annual Internal Audit Plan for 2011/12 was successfully completed and three reports were submitted to the Audit Committee for approval during the July meeting.

Below is the summary of all internal audits completed during 2011/12

ANNUAL AUDIT PLAN (2011/12)		Month to start audit	Status	Overall Rating
1	Strategic Planning	Oct 2011 and Feb 2012	Audit postponed to the next financial year.	N/A
2	Contract Administration	Nov 2011	Completed	3
3	IT General Control Review	Nov 2011	Completed	1
4	Supply Chain Management	Apr 2012	Completed	2
5	Payroll	Feb 2012	Completed	3
6	Performance Payment	Nov 2011	Audit postponed to the next financial year.	N/A
7	Performance Against Objectives	Quarter 4- 2010/2011 (August 2011)	Completed	2

ANNUAL AUDIT PLAN (2011/12)		Month to start audit	Status	Overall Rating
8	Performance Against Objectives	Quarter 1 (Nov 2011)	**Completed**	**2**
9	Performance Against Objectives	Quarter 2 (Feb 2012)	**Completed**	**2**
10.	Performance Against Objectives	Quarter 3 (May 2012)	**Completed**	**2**
11	Follow-up Application Control Review	Oct 2011	**Completed**	**2**
12	Follow up Audit (Auditor General Audit Findings and Internal Audit Findings)	Nov 2011	**Completed**	**1**

The following rating system was used to formulate our overall audit opinion:

Audit Rating	Reporting Monitoring Results	Probable Risk
1	Audit objectives were **satisfactorily met** Evaluation of the Management Processes provides reasonable assurance that: ▪ Implementation of the business objectives is effective across the business and exceeds the present targets; ▪ Reporting of business information (i.e. financial) is accurate; ▪ Implementation of Preventative, Continuous Improvement; Risk Detection and Correction measures is effective.	**No**
2	Audit objectives were met, but there are **isolated or not material** incidents that need to be corrected Evaluation of the Management Processes provides reasonable assurance that: ▪ Implementation of the business objectives is effective, in some parts of the business process/(es); ▪ Reporting of business information (i.e. financial) is accurate, in some parts of the business process/(es); ▪ Implementation of Preventative, Continuous Improvement; Risk Detection and Correction measures is effective, in some parts of the business process/ (es).	**Possible**
3	Audit objectives were only partly met, as there are **significant exposures** that need to be corrected Evaluation of the Management Processes provides reasonable assurance that: ▪ Implementation of the business objectives is both effective and ineffective throughout the business process/(es); ▪ Reporting of business information (i.e. financial) is both accurate and inaccurate throughout the business process/(es); ▪ Implementation of Preventative, Continuous Improvement; Risk Detection and Correction measures is both effective and ineffective throughout the business process/ (es).	**Yes**
4	Audit objectives were **not met** Evaluation of the Management Processes provides reasonable assurance that: ▪ Implementation of the business objectives is poor and ineffective, in most parts of the business process/(es); ▪ Reporting of business information (i.e. financial) is inaccurate in most parts of the business process/(es); ▪ Implementation of Preventative, Continuous Improvement; Risk Detection and Correction measures is poor and ineffective in most parts of the business process/ (es).	**Yes**

Overall Internal Audit Opinion

In line with the International Standards for the Professional Practice of Internal Auditing, Internal Audit is required to provide an overall assurance assessment of the internal control environment within the JDA at the end of each financial year. This provides both Management and Board of Directors with an indication of the robustness of the internal control, Corporate Governance and Risk Management in environment. This provides assurance that the Annual Governance Statement can be signed.

On the basis of the audit work, the Internal Audit considers that JDA's governance, risk management and internal control arrangements are generally adequate and effective. Certain weaknesses and exceptions were highlighted by Internal Audit, only three of which was considered as fundamental. These matters have been discussed with management, to whom they have made a number of recommendations. All of these have been, or are in the process of being addressed.

The overall Internal Audit Opinion is outline under three categories as stated below:

Audit opinion on the environment		Adequacy / Effectiveness Rating
1	Control environment	Adequate and effective with improvements noted.
2	Risk Management	Adequate and effective
3	Corporate Governance	Adequate and effective with improvements noted

In order to understand the classification of rating between adequacy and effectiveness, the definitions of the two terms are:

Adequate *"Present if management has planned and organised (designed) in a manner that provides reasonable assurance that the organisation's risks have been managed effectively and that the organisation's goals and objectives will be achieved efficiently and economically."[1] The process has sufficient key controls in place to mitigate the risk".*

Effective "*The extent to which program outcome objectives have been met*.[2]" It is therefore when the process and system of internal controls is working as intended to achieve the stated goals and objectives and to ensure that the risks are mitigated.

Control environment

During the year under review, the JDA internal audit opined that, the internal control environment is partly adequate and partly effective for the areas reviewed. Certain significant matters and/or areas for improvement were identified within the two key processes reviewed, namely contract administration and payroll. Processes that were considered in the formulation of their opinion were inclusive of all the audits as per the internal audit plan for 2011/12. They opined further that they have also performed a follow-up review on the all the previous weaknesses noted and comfortable to say that the matters previously raised did received the necessary attention. In cases were significant matters were noted i.e. performance information, issues were corrected as far as possible in the next quarter.

Risk Management

On risk management, the function has assured the JDA that the risk management of JDA is adequate and effective. Great effort was made with the development of risk management within the company and by auditing the specific processes; they provided adequate assurance that risk management is effectively embedded in the day-to-day operations of the entity.

Governance Processes

A formal governance review was performed during the previous financial year and the 2011/12 follow-up did indicate that improvements were made to the identified matters in general. A follow up on the IT Governance was undertaken and were satisfied that all matters are adequately addressed. They further opined that governance process is partly adequate but effective as a result of the significant issue that is still to be concluded in relation to Business Continuity and Disaster Recovery process. Additional to the abovementioned, Internal Audit conducted an audit on the ten high risks laws and regulations applicable to the JDA. The overall result indicates that JDA achieved 97.8% compliance level. Based on the above results, the general control environment around the compliance processes are adequate in providing reasonable assurance that the high-risk laws and regulations are properly managed and controlled in order for JDA to achieve its business and operational goals.

In arriving at the overall Internal Audit Opinion, the following matters were taken into account:

- The results of all audits undertaken during the year ended 30 June 2012;
- The results of follow-up action taken in respect of audits from previous years;
- Whether or not any significant recommendations have not been accepted by management and the consequent risks;
- The effects of any material changes in the organisation's objectives or activities;
- Matters arising from previous reports to the Audit Committee and/or by the Auditor-General;
- Whether or not any limitations have been placed on the scope of internal audit; and
- Whether there have been any resource constraints imposed upon them which may have impinged on their ability to meet the full internal audit needs of the organisation.

The Internal Audit monitors implementation of all its recommendations and verifies the reported Implementation, where possible, during subsequent audit visits. Recommendations have been accepted positively by Executive Management, and the Internal Audit is generally satisfied with the overall disposition of the significant audit recommendations.

Management Letter issues (AG)

The JDA's external audit by the Auditor-General for 2010/11 was completed in November 2011.

Below is the JDA response to the AG's findings in the audit report 0f 2010/11.

Audit Issue Raised	Management's response	Deadline Date	Progress to Date
1. The normal procurement process was not followed to award a tender to Koor Dindaar Mothei for the Stretford Station Node Project for an amount of R376 905,56 (excluding VAT).	Management notes and acknowledges the finding. The classification of the expenditure as a ratification was due to misinterpretation of regulation 36(1)(b) of the supply chain regulations. The disclosure in annual financial statements will be updated to reflect the irregular expenditure.	On-going	At the November Training Day the contents of the AG's management letter were communicated to all staff members. Compliance with SCM process was particularly emphasised and the provisions of regulation 36(1)(b) and the correct interpretation thereof was further explained to employees. Employees were also notified that failure to adhere to SCM processes may result in disciplinary action taken against an employee. The financial statements were adjusted to show the disclosure of irregular expenditure. Internal audit has conducted a compliance exercise to track progress on compliance. The register will be implemented in the first month of the new financial year.
2. The contract between JDA and Gestetner Finance has existed for a period more than three years (from 26 November 2007 to 25 November 2010) and the contract is still active to date. There is no evidence that the contract was reviewed after the period of three years as required by Section 116(1)(iii) of MFMA.	The contract was reviewed and an extension for a period of 1 year was issued to the service provider and documentation will be made available to the AG. A tender process of appointing a new service provider is currently being finalized.	2010/2011	The contract with the new service provider (Ricoh) for provision of printing services commenced in January 2012. The SCM unit has developed a contract register which reflect the status quo of the contract (date to expire) on radar to ensure that tender processes for contracts that are coming to an end are initiated. Ricoh has been appointed as the new service provider for printing services. Furthermore guidelines on what constitutes irregular expenditure were formulated and communicated to the staff.
3.Contracts were amended or extended without tabling the reasons before council and/or notifying the public as required by the MFMA and in some instances to the extent that procurement processes were circumvented	<u>3 Fifteen</u> The approval for the extension of 3 Fifteen was approved at a BAC meeting held on 22 May 2009. The resolution was that the annual service level agreement be approved for renewal on a yearly basis. The AG was given a contract that was signed during March 2009 for a period of twelve months. A contract for 2010 will be made available to the AG. No contract was concluded for 2011 as the service provider was informed on the 4 May 2011 regarding termination of the contract. <u>Kiklo Risk Management Solutions</u> The approval for the extension of Kiklo was approved at a BAC meeting held on 22 May 2009. The resolution was that a	2010/2011	<u>3 Fifteen</u> The contract of services between 3 FiFteen was terminated on the 4th of June 2011, but was also appointed for DIMS support on the 21 December 2011. <u>Kiklo Risk Management Solutions</u> The contract of services between Kiklo and Jda was terminated on 10 April 2012. <u>Datacentrix</u> The contract of services between Datacentrix and Jda was terminated on 2 February 2012. <u>Metrofile</u> The metro file contract is still activity since the movement of documentation

Audit Issue Raised	Management's response	Deadline Date	Progress to Date
	2 year contract be concluded with Kiklo. For 2010 no contract was concluded as the initial contract included a duration clause which allows for the contract renewal on the anniversary for successive periods of twelve months subject to escalation in fees. During the year under review i.e. 2010/11 a letter of appointment was signed between JDA and the service provider for a period of twelve months with reference to the original contract's terms and conditions. Datacentrix An extension for a period of twelve months for 2010/11 was concluded with the service provider. For all of the above services two tender processes were undertaken in the year under review i.e. 2010/11. The responses from the first tender process were deemed to be non-responsive and a recommendation by BEC to BAC to go through under tender process was upheld. The second tender process was undertaken and the submissions are being evaluated. Metro file Moving of archives from one service provider to another service provider poses a risk of documents being lost and or misplaced. It is management's view that archive services cannot be chopped and changed from one year to the other. The original contract with Metro file was signed in 2006.		poses a risk of documents being lost and/ or misplaced. However the Jda will go out on tender to seek for a new service provider. Furthermore guidelines on what constitutes irregular expenditure were formulated and communicated to the staff.
4.The bonuses for the Johannesburg Development Agency (SOC) Ltd were disclosed as a contingent liability in the financial statements; however this meets the definition of a provision.	Although management notes the finding and will correct the annual financial statements accordingly by processing the recommended journals, management would like to point out that the treatment of accounting for bonuses as a contingent liability and not as a provision in terms of GRAP 19 was adopted by the JDA two financial years. This was after long discussions between the AG and management around the conditions under which the JDA bonuses became due and payable. Management hopes that there will not be any further confusion around the treatment of bonuses and that any future change of treatment will be guided by the GRAP standards	Year-End	The provision for bonuses will be raised at year end in order to comply with reporting requirements. Also by year end, there will be more clarity as to the recognition and measurement of the provision to be raised thereby decreasing estimation uncertainty.
5. During our audit of the cash flow statement, we noted misstatements within the cash flows from operating activities. Contrary to section 122(1) of the MFMA, we have determined by recalculation that the cash flow statement of the Johannesburg Development Agency (SOC) Ltd (JDA) does not fairly present the line items making up cash flow from operating activities. The net effect on the cash flow from operating activities is however, nil.	The reclassification of the suppliers' payments was correctly input at year end, but the effect on the employee costs was not taken into account (debit and credit) for the 3 months of the 4th quarter. The figures shown at year end (for the balances mentioned) were carried forward from the 3rd quarter Cash Flow Statement. The review carried out by management was performed, but due to the fact that	On-going	Finance team has continued to exercise due care in the preparation of financial statements for reporting. The financial information is compiled by the finance unit and checked prior to submission of a caseware file to the COJ monthly. COJ checks for completeness of the information and to ensure that the figures are captured correctly. The accuracy of financial information

Audit Issue Raised	Management's response	Deadline Date	Progress to Date
	the net effect was Rnil, this error was not picked up on the high-level review as the Cash Flow statement was in balance and the net effect was correct. The above differences have a net effect of Rnil on the Cash Flow information.		presented monthly, quarterly and annually is being checked thoroughly to ensure that such information is free of error. The quarterly reporting is vested with the EM: Planning & Strategy who collects information from various unit responsible for quarterly reporting. Once the report is compiled and complete the verification of the correctness of the information is done by the CEO, CFO, company secretary and Risk & Compliance Manager. This process is also applicable for the annual report as well.
6.Creditor's balances outstanding for more than 30days and invoices paid after 30 days	Management notes the finding by the AG and would like to point out that invoices were held back because the development manager was not happy with the work done by the service providers. Invoices are only paid when it is accepted by the JDA that the services rendered meet the required standards	27 October 2010.	A very strict policy of payment under 30 days has been implemented. Awareness of the seriousness of any contravention from this policy has been emphasised to all employees at various meetings and formal business training days. To date, a list of payments that were made in a period exceeding the 30 day window has been kept. These invoices have valid reasons for the JDA waiting to pay the suppliers. The February and March list indicates that there were no invoices paid after 30 days. Where balances have been carried forward from prior years due to system errors or disagreement with suppliers, a subsidiary ledger clean-up is being performed so as to eliminate incorrect long-outstanding balances being reflected.
7.In terms of GRAP 3 paragraph 05: When a standard of GRAP specifically applies to a transaction, other event or condition the accounting policy or policies applied to that item shall be determined by applying the standard and considering any relevant interpretations issued by the ASB for the Standard. There are two standards for revenue, namely, revenue from exchange transactions (GRAP 9) and revenue from non-exchange transactions (GRAP 23) which are both approved and effective. The revenue accounting policy in the financial statements for the year ended 30 June 2011 does not distinguish between the revenue from exchange transactions and revenue from non-exchange transactions and therefore the applicable standard for each revenue stream was not considered when determining the accounting policy.	Management acknowledges the finding. It must be emphasized that this was an oversight as due care was taken in ensuring the completeness of the annual financial statements from general information up to disclosure. The revenue accounting policy note in the annual financial statement will be adjusted to distinguish between the revenue from exchange transactions and revenue from non-exchange transactions	October 2011	The CFO together with the two accountants attended a GRAP update in March 2012. This will enhance their understanding of the standard and enlighten them on the correct treatment and disclosure of disclosable items in the annual financial statements. The financial statements will also be prepared using the Group Annual Financial Statements as a template for disclosure requirements.
8.During the audit of trade and other receivables the following were established: The amounts in the table below are refundable deposits paid by the Johannesburg Development Agency (SOC) Ltd (JDA). These amounts have been	Management notes the finding by the AG. These are however deposits that were paid for one or other reason. Some of these payments predate the current members in the finance department. Documentation pertaining to these transactions to determine what the	November 2011	Amounts that are likely to be recovered have been followed up and this has resulted in the amount of R150,000, held by Werksmans Attorney been recovered with interest of R32,851. Management is still in liaison with Nemai Consulting cc to recover the

Audit Issue Raised	Management's response	Deadline Date	Progress to Date
outstanding for more than a period of two years and their recoverability has not been assessed during the year under review. • Werksmans Attorneys R150 000 • Nemai Consulting CC R107 344 • City Power R11 000 • Ukhamba Property Investment R 7 879 Johannesburg Sewing Centre R 825	deposit was for can prove to be a challenge. Where practical, management will contact the client companies to follow up on the payment of these deposits.		R107,344 held by them. Additional information has been found which explains what the deposit was for. The City Power deposit of R11,000 will continue to be reflected as a deposit until the account is closed. The amounts paid to Ukhamba Property Investment and the Joburg Sewing Centre have been written off as efforts to get hold of these organisations have not been successful. The phone numbers dialled are no longer in existence.
9.In terms of paragraph 32 of the Johannesburg Development Agency (SOC) Ltd's (JDA) financial policies and procedures manual, accounting procedures (bank reconciliations): Review of reconciliation: If the reconciliation is not done by the Finance Manager but by a delegate, the reconciliation should be scrutinised and checked by the Finance Manager, who should initial/sign it as proof of review. Where the reconciliation is performed by the Finance Manager, the Chief Financial Officer should scrutinise and check the reconciliation and sign it off as reviewed. We have observed that the December 2010 bank reconciliation was not reviewed by the appropriate official. The reconciliation was prepared by the finance manager and also reviewed by her. There was therefore no proper segregation of duties.	Taking into account our reporting timelines to CoJ which is the 7th of each month following the month end and that most employees were on leave during the first week of January we still had to meet the submission deadline for the NT reports. Having one bank reconciliation not reviewed out of 12 does not mean that controls over the reviewing of reconciliations are not operating effectively	November 2011	In 2011/12 the bank reconciliations were prepared by one accountant and checked by another to ensure segregation. This was performed in early January 2012. The final review was performed by the CFO upon her return from leave in January

ANNEXURE A: JDA SCORECARD FOR 2011/12

Key Performance Area	Key Performance Indicators	Baseline (2010/11)	2011/12 Target	Q1 Target	Q1 Actual	Actual / target	Q1 Achievement score	Q2 Target	Q2 Actual	Q2 Actual / target	Q2 Achievement score	Q3 Target	Q3 Actual	Q3 Actual / target	Q3 Achievement score	Q4 Target	Q4 Actual	Q4 Actual / target	Q4 Achievement score	Evidence	Validation Methodology
1 .Economic empowerment through the structuring and procurement of JDA projects	Number of short-term EPWP job opportunities created in JDA projects (number of individuals employed per quarter)	3 538	**2 647**	798	843	106%		150	1 109	739%		794	875	110%		1 059	744	70%		Quarterly development progress reports	External confirmation by professional
	Number of short-term EPWP job opportunities created in JDA projects (per quarter cumulative)	3 538	**2 647**	798	843	106%		948	1 952	206%		1 588	2 306	145%		2 647	3 571	135%		Quarterly development progress reports	External confirmation by professional
	BEE procurement spend as a % of total procurement (cumulative)	70%	**70%**	70%	47%	67%		70%	61%	87%		70%	78%	111%		70%	81%	116%		SCM quarterly performance reports	JDA quarterly finance reports
	SMME procurement spend as a % of total OPEX expenditure (cumulative)	40%	**40%**	40%	62%	155%		40%	44%	110%		40%	40%	100%		40%	41%	103%		SCM quarterly performance reports	JDA quarterly finance reports

Key Performance Area	Key Performance Indicators	Baseline (2010/11)	2011/12 Target	Q1 Target	Q1 Actual	Actual / target	Q1 Achievement score	Q2 Target	Q2 Actual	Q2 Actual / target	Q2 Achievement score	Q3 Target	Q3 Actual	Q3 Actual / target	Q3 Achievement score	Q4 Target	Q4 Actual	Q4 Actual / target	Q4 Achievement score	Evidence	Validation Methodology
2. Productive partnerships and cooperation between all relevant stakeholders	Positive media reports as a % of the total number of media reports on JDA (per quarter)	na	**>95% positive stories**	>95%	100%	100%		>95%	98%	100%		>95%	98%	98%		>95%	100%	100%		Marketing and communications quarterly performance report	Media monitoring reports
	Positive media reports as a % of total media reports on JDA (cumulative)	na	**>95% positive stories**	>95%	100%	100%		>95%	99%	99%		>95%	98%	98%		>95%	98%	98%		Marketing and communications quarterly performance report	Media monitoring reports
	Number of tours hosted by JDA to promote development areas (per quarter)	na	**15**	3	3	100%		3	4	133%		5	4	80%		4	5	125%		Marketing and communications quarterly performance report	Signed attendance registers
	Number of tours hosted by JDA to promote development areas (cumulative)	na	**15**	3	3	100%		6	7	117%		11	11	100%		15	16	107%		Marketing and communications quarterly performance report	Signed attendance registers
	Number of development events hosted by the JDA or partners (per quarter)	na	**5**	3	3	100%		0	1	133%		0	0	100%		2	2	100%		Marketing and communications quarterly performance report	Photographic evidence of event
	Number of development events hosted by the JDA or partners (cumulative)	na	**5**	3	3	100%		3	4	133%		3	4	133%		5	6	120%		Marketing and communications quarterly performance report	Photographic evidence of event

Key Performance Area	Key Performance Indicators	Baseline (2010/11)	2011/12 Target	Q1 Target	Q1 Actual	Actual / target	Q1 Achievement score	Q2 Target	Q2 Actual	Q2 Actual / target	Q2 Achievement score	Q3 Target	Q3 Actual	Q3 Actual / target	Q3 Achievement score	Q4 Target	Q4 Actual	Q4 Actual / target	Q4 Achievement score	Evidence	Validation Methodology
3. Human Resources	*Compliance in respect of the Employment Equity Plan:*	100%	**100% compliance**	100%	100%	100%	🟢	100%	100%	100%	🟢	100%	100%	100%	🟢	100%	100%	100%	🟢	HR reports	Staff list
	% Black staff as % of total staff (year to date)	80%	**80%**	80%	88%	110%	🟢	80%	88%	110%	🟢	80%	88%	110%	🟢	80%	88%	110%	🟢	HR reports	Staff list
	% Female staff as % of total staff (year to date)	45%	**45%**	45%	66%	147%	🟢	45%	65%	144%	🟢	45%	57%	127%	🟢	45%	57%	127%	🟢	HR reports	Staff list
	% Black Female managers as % of total senior management (year to date)	35%	**35%**	35%	42%	120%	🟢	35%	40%	114%	🟢	35%	40%	114%	🟢	35%	40%	114%	🟢	HR reports	Staff list
	% Staff Turnover (per quarter)	<10%	**<10%**	2%	100%	100%	🟢	<10%	4%	100%	🟢	<10%	2%	100%	🟢	<10%	0%	100%	🟢	HR reports	Staff list
	% Staff Turnover (cumulative)	<10%	**<10%**	2%	100%	100%	🟢	<10%	6%	100%	🟢	<10%	8%	100%	🟢	<10%	8%	100%	🟢	HR reports	Staff list
	Number of HIV and Aids VCT opportunities offered at JDA wellness days (per quarter)	na	**2**	0	0	100%	🟢	1	1	100%	🟢	0	0	100%	🟢	1	0	0%	🔴	HR reports	Wellness day programme
	Number of HIV and Aids VCT opportunities offered at JDA wellness days (cumulative)	na	**2**	0	0	100%	🟢	1	1	100%	🟢	1	1	100%	🟢	2	1	50%	🟡	HR reports	Wellness day programme
	Number of HIV and Aids information shots sent to JDA officials (per quarter)	na	**4**	1	10	1000%	🟢	1	10	1000%	🟢	1	10	1000%	🟢	1	12	1200%	🟢	HR reports	Copies of e-mails
	Number of HIV and Aids information shots sent to JDA officials (cumulative)	na	**4**	1	10	1000%	🟢	2	20	1000%	🟢	3	30	1000%	🟢	4	42	1050%	🟢	HR reports	Copies of e-mails
	Number of peer counsellor training sessions (per quarter)	na	**2**	0	0	100%	🟢	1	0	0%	🔴	0	0	100%	🟢	1	0	0%	🔴	HR reports	Training workshop invitations
	Number of peer counsellor training sessions (cumulative)	na	**2**	0	0	100%	🟢	1	0	0%	🔴	1	0	0%	🔴	2	0	0%	🔴	HR reports	Training workshop invitations
	% compliance with Occupational Health and Safety Act at the Bus Factory (cumulative)	100%	**100%**	100%	58%	58%	🟡	100%	58%	58%	🟡	100%	72%	72%	🟡	100%	78%	78%	🟢	HR Quarterly reports	OHS survey report on the bus factory
	% payroll invested in training (cumulative)	3%	**3%**	0%	3%	300%	🟢	1%	3%	300%	🟢	2%	2%	100%	🟢	3%	3%	101%	🟢	Quarterly HR reports and Financial statements	Audited financial statements

Key Performance Area	Key Performance Indicators	Baseline (2010/11)	2011/12 Target	Q1 Target	Q1 Actual	Actual / target	Q1 Achievement score	Q2 Target	Q2 Actual	Actual / target	Q2 Achievement score	Q3 Target	Q3 Actual	Q3 Actual / target	Q3 Achievement score	Q4 Target	Q4 Actual	Q4 Actual / target	Q4 Achievement score	Evidence	Validation Methodology
4. Financial management and corporate governance	Unqualified audit reports	100%	**100%**	100%																Audit report	External Auditors & Audit Committee
	% Overspending against operating budget	0%	**0%**	0%	0%	100%	🟢	0%	0%	100%	🟢	0%	0%	100%	🟢	0%	0%	100%	🟢	Opex expenditure Report	Finance reports
	Written objections received to contract award as a % of all contracts awarded	na	**<5%**	<5%	0	100%	🟢	<5%	0%	100%	🟢	<5%	4%	100%	🟢	<5%	4%	100%	🟢	SCM quarterly performance reports	Written objections and contract register
	Fully GRAP-Compliant Asset Register	100%	**100%**	100%	100%	100%	🟢	100%	100%	100%	🟢	100%	100%	100%	🟢	100%	100%	100%	🟢	Compliant Asset Register	EXCO approved quarterly report
	IT network availability - local area network	na	**70%**	70%	90%	129%	🟢	70%	100%	143%	🟢	70%	100%	143%	🟢	70%	100%	143%	🟢	IT Quarterly report	Availability reports
	IT network availability	na	**70%**	70%	90%	129%	🟢	70%	99%	141%	🟢	70%	99%	141%	🟢	70%	98%	140%	🟢	IT Quarterly report	Availability reports

Key Performance Area	Key Performance Indicators	Baseline (2010/11)	2011/12 Target	Q1 Target	Q1 Actual	Actual / target	Q1 Achievement score	Q2 Target	Q2 Actual	Actual / target	Q2 Achievement score	Q3 Target	Q3 Actual	Q3 Actual / target	Q3 Achievement score	Q4 Target	Q4 Actual	Q4 Actual / target	Q4 Achievement score	Evidence	Validation Methodology
	% Construction progress against target	100%	**100%**	25%	25%	102%	🟢	35%	64%	184%	🟢	59%	72%	123%	🟢	100%	87%	87%	🟢	Development quarterly reports	External confirmation of source data by professional
	Inner city portfolio	100%	**100%**	0%	4%	360%	🟢	20%	22%	110%	🟢	56%	47%	83%	🟢	100%	89%	89%	🟢	Development quarterly reports	External confirmation of source data by professional
	Marginalised areas portfolio	100%	**100%**	0%	0%	100%	🟢	30%	0%	0%	🔴	60%	26%	43%	🔴	100%	104%	104%	🟢	Development quarterly reports	External confirmation of source data by professional
	Transportation portfolio	100%	**100%**	32%	32%	100%	🟢	38%	75%	198%	🟢	60%	79%	132%	🟢	100%	85%	85%	🟢	Development quarterly reports	External confirmation of source data by professional

Key Performance Area	Key Performance Indicators	Baseline (2010/11)	2011/12 Target	Q1 Target	Q1 Actual	Actual / target	Q1 Achievement score	Q2 Target	Q2 Actual	Actual / target	Q2 Achievement score	Q3 Target	Q3 Actual	Q3 Actual / target	Q3 Achievement score	Q4 Target	Q4 Actual	Q4 Actual / target	Q4 Achievement score	Evidence	Validation Methodology
COJ FUNDED PROJECTS				**0%**	**0%**	**100%**	🟢	**25%**	**0%**	**0%**	🔴	**60%**	**20%**	**33%**	🔴	**100%**	**111%**	**111%**	🔴		
% progress achieved in project delivery against targets: **JDA010/1: Kliptown Development**																					
	Detailed design completed and construction tender awarded	100%	**100%**	80%	0%	0%	🔴	100%	90%	90%	🟢	100%	100%	100%	🟢	100%	100%	100%	🟢	Development quarterly reports	Signed contract
	Public environment upgrade in Kliptown (Phase 2.2)	100% of Phase 2.1	**100%**	0%				25%	0%	0%	🔴	60%	20%	33%	🔴	100%	100%	100%	🟢	Development quarterly reports	External confirmation by professional
% progress achieved in project delivery against targets: **JDA048: Orlando East Phase 3**																					
	Detailed design completed and construction tender awarded	100%	**100%**	100%	0%	0%	🔴	100%	90%	90%	🟢	100%	100%	100%	🟢	100%	100%	100%	🟢	Development quarterly reports	Signed contract
	Public environment upgrading in Orlando East Station precinct (Phase 3)	100% of Phase 2	**100%**	0%				25%	0%	0%	🔴	60%	20%	33%	🔴	100%	122%	122%	🟢	Development quarterly reports	External confirmation by professional
	Public environment upgrading in Noordgesig (Additional work)	na	**100%**									30%	9%	30%	🔴	100%	121%	121%	🟢	Development quarterly reports	External confirmation by professional

Key Performance Area	Key Performance Indicators	Baseline (2010/11)	2011/12 Target	Q1 Target	Q1 Actual	Actual / target	Q1 Achievement score	Q2 Target	Q2 Actual	Actual / target	Q2 Achievement score	Q3 Target	Q3 Actual	Q3 Actual / target	Q3 Achievement score	Q4 Target	Q4 Actual	Q4 Actual / target	Q4 Achievement score	Evidence	Validation Methodology
INNER CTY FUND PROJECTS				0%	4%	376%		20%	22%	110%		56%	47%	83%		100%	89%	89%			
% progress achieved in project delivery against targets: **JDA056 ICF4: Art Gallery (Rea Vaya) Station Precinct Upgrade**	Detailed design completed and construction tender awarded	100%	**100%**	80%	30%	38%		100%	100%	100%		100%	100%	100%		100%	100%	100%		Development quarterly reports	Signed contract
	Public environment upgrading in the Commuter links (Art Gallery) precinct (Phase 2)	100% of phase 1	**100%**	0%	12%	1200%		25%	29%	114%		60%	30%	50%		100%	82%	82%		Development quarterly reports	External confirmation by professional
% progress achieved in project delivery against targets: **JDA051 ICF4: Chinatown - Chancellor House**	Parking solution for tenants of Chancellor House	100% of building refurbishment	**100%**	0%	0%	0%		0%	0%	0%		0%	0%	0%		100%	0%	0%		Development quarterly reports	External confirmation by professional
% progress achieved in project delivery against targets: **JDA052: Kazerne site redevelopment**	Feasibility study completed and preparation of property	na	**100%**	0%	0%	100%		0%	0%	0%		0%	0%	0%		100%	0%	0%		Development quarterly reports	Tender advertisement
% progress achieved in project delivery against targets: **JDA058 ICF5: Westgate Station Precinct upgrade**	Detailed design completed and construction tender awarded	na	**100%**	100%	98%	98%		100%	100%	100%		100%	100%	100%		100%	100%	100%		Development quarterly reports	Signed contract
	Public environment upgrading (Phase 1)	na	**100%**	0%	0%	100%		25%	34%	136%		60%	81%	135%		100%	100%	100%		Development quarterly reports	External confirmation by professional
% progress achieved in project delivery against targets: **JDA059: Transnet land / Metro Park**	Detailed design completed and construction tender awarded	na	**100%**	80%	10%	13%		100%	100%	100%		100%	100%	100%		100%	100%	100%		Development quarterly reports	Signed contract
	Taxi facilities and public environment upgrading (phase 1)	na	**100%**	0%	0%	100%		10%	0%	0%		55%	23%	42%		100%	95%	95%		Development quarterly reports	External confirmation by professional

Key Performance Area	Key Performance Indicators	Baseline (2010/11)	2011/12 Target	Q1 Target	Q1 Actual	Actual / target	Q1 Achievement score	Q2 Target	Q1 Actual	Actual / target	Q2 Achievement score	Q3 Target	Q3 Actual	Q3 Actual / target	Q3 Achievement score	Q4 Target	Q4 Actual	Q4 Actual / target	Q4 Achievement score	Evidence	Validation Methodology
NDPG FUNDED PROJECTS				0%	0%	100%		25%	0%	0%		60%	32%	53%		100%	97%	97%			
% progress achieved in project delivery against targets: **JDA037: Diepsloot Development**	Detailed design completed and construction tender awarded	100%	**100%**	80%	80%	100%		100%	95%	95%		100%	100%	100%		100%	100%	100%		Development quarterly reports	Signed contract
	Completion of public space upgrading in district node in Diepsloot (phase 3)	100% of phase 2 completed	**100%**	0%	0%	0%		25%	0%	0%		60%	29%	48%		100%	95%	95%		Quarterly Reports	External report and/or external sign-off
% progress achieved in project delivery against targets: **JDA036/2: Stretford Station / Greater Orange Farm Renewal**	Detailed design completed and construction tender awarded	100%	**100%**	80%	0%	0%		100%	95%	95%		100%	100%	100%		100%	100%	100%		Development quarterly reports	Signed contract
	Completion of public space upgrading in Stretford Station Precinct (phase 3)	100% of phase 2 completed	**100%**	0%	0%	0%		25%	0%	0%		60%	35%	58%		100%	100%	100%		Quarterly Reports	External report and/or external sign-off

Key Performance Area	Key Performance Indicators	Baseline (2010/11)	2011/12 Target	Q1 Target	Q1 Actual	Actual / target	Q1 Achievement score	Q2 Target	Q2 Actual	Actual / target	Q2 Achievement score	Q3 Target	Q3 Actual	Q3 Actual / target	Q3 Achievement score	Q4 Target	Q4 Actual	Q4 Actual / target	Q4 Achievement score	Evidence	Validation Methodology
TRANSPORTATION FUNDED PROJECTS				32%	32%	100%		38%	75%	198%		58%	79%	137%		100%	85%	85%			
% progress achieved in project delivery against targets: **JDA045: Bus Rapid Transit**	Section 2 (4.25 kms construction)	100%	**100%**	30%	51%	170%		45%	67%	149%		60%	85%	142%		100%	99%	99%		Quarterly Reports	External report and/or external sign-off
	Section 4 (0.26 kms construction)	80% of 10/11 busway complete	**100%**	100%	98%	98%		100%	100%	100%		100%	100%	100%		100%	100%	100%		Quarterly Reports	External report and/or external sign-off
	Rissik and Harrison(0.50 kms construction)	100% of work in 2010/11	**100%**	80%	88%	109%		90%	92%	102%		100%	100%	100%		100%	100%	100%		Quarterly Reports	External report and/or external sign-off
	Bus depot (Dobsonville civiils phase 2)	100% of civil works on bus depot complete	**100%**	100%	100%	100%		100%	100%	100%		100%	100%	100%		100%	100%	100%		Quarterly Reports	External report and/or external sign-off
	Pat Mbatha (2.12 kms construction)	100%	**100%**	70%	100%	143%		90%	100%	111%		100%	100%	100%		100%	100%	100%		Quarterly Reports	External report and/or external sign-off
	Road Underpass (construction)	100%	**100%**	70%	72%	102%		90%	87%	97%		100%	95%	95%		100%	98%	98%		Quarterly Reports	External report and/or external sign-off
	Booysens Reserve pedestrian bridge	100%	**100%**	100%	100%	100%		100%	100%	100%		100%	100%	100%		100%	100%	100%		Quarterly Reports	External report and/or external sign-off
	Pennyville pedestrian bridge	100%	**100%**	80%	80%	100%		100%	100%	100%		100%	100%	100%		100%	100%	100%		Quarterly Reports	External report and/or external sign-off
	Bus depot (Dobsonville construction phase 2)	100%	**100%**	0%	0%	100%		15%	50%	333%		50%	35%	70%		100%	80%	80%		Quarterly Reports	External report and/or external sign-off
	4 bus stations	100%	**100%**	0%	0%	100%		25%	35%	140%		60%	70%	117%		100%	100%	100%		Quarterly Reports	External report and/or external sign-off
	New work (Lane colourisation)	na	**100%**									0%	15%	150%		100%	100%	100%		Quarterly Reports	External report and/or external sign-off
	New work (Station precincts phase 1)	na	**100%**					50%	90%	180%		100%	100%	100%		30%	19%	62%		Quarterly Reports	External report and/or external sign-off

ANNEXURE B: HR TABLES

1. WORKFORCE PROFILE

1.1 Please report the total number of **employees** (including employees with disabilities) in each of the following **occupational levels**: Note: A=Africans, C=Coloureds, I=Indians and W=Whites

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
Senior management	0	1	0	1	3	1	1	1	0	0	8
Professionally qualified and experienced specialists and mid-management	4	1	1	2	3	3	0	1	0	1	16
Skilled technical and academically qualified workers, junior management, supervisors, foremen, & superintendents	2	1	1	0	9	1	1	0	0	0	16
Semi-skilled and discretionary decision making	1	0	0	0	2	0	1	0	0	0	4
Unskilled and defined decision making	1	0	0	0	5	0	0	0	0	0	6
TOTAL PERMANENT	9	3	2	3	22	5	3	2	0	1	50
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	**9**	**3**	**2**	**3**	**22**	**5**	**3**	**2**	**0**	**1**	**50**

1.2 Please report the total number of **employees with disabilities only** in each of the following occupational levels: Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	0	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	0	0	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	1	0	0	0	0	0	0	0	0	0	1
Unskilled and defined decision making	1	0	0	0	0	0	0	0	0	0	1
TOTAL PERMANENT	2	0	0	0	0	0	0	0	0	0	2
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	**2**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**2**

2. Recruitment

Please report the total number of new recruits, including people with disabilities. Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	0	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	0	1	2	0	0	0	0	0	0	0	3
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0	0	0
TOTAL PERMANENT	0	0	0	0	0	0	0	0	0	0	3
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	**0**	**1**	**2**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**3**

3. Promotion

Please report the total number of promotions into each occupational level, including people with disabilities. Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	0	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	1	0	0	0	1
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	1	0	0	0	0	0	0	0	0	0	1
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0	0	0
TOTAL PERMANENT	1	0	0	0	0	0	1	0	0	0	2
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	**1**	**0**	**0**	**0**	**0**	**0**	**1**	**0**	**0**	**0**	**2**

4. Termination

Please report the total number of terminations in each occupational level, including people with disabilities. Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	0	0	0	0	0	0	0	0	0	0
Senior management	1	0	0	1	1	0	0	0	0	0	3
Professionally qualified and experienced specialists and mid-management	1	0	0	0	0	0	0	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	0	0	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0	0	0
TOTAL PERMANENT	2	0	0	1	1	0	0	0	0	0	4
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	**2**	**0**	**0**	**1**	**1**	**0**	**0**	**0**	**0**	**0**	**4**

Please report the total number of terminations, including people with disabilities, in each **termination category** below. Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Terminations	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Resignation	2	0	0	1	1	0	0	0	0	0	4
Non-renewal of contract	0	0	0	0	0	0	0	0	0	0	0
retrenchment – Operational requirements	0	0	0	0	0	0	0	0	0	0	0
Dismissal - misconduct	0	0	0	0	0	0	0	0	0	0	0
Dismissal - incapacity	0	0	0	0	0	0	0	0	0	0	0
Retirement	0	0	0	0	0	0	0	0	0	0	0
Death	0	0	0	0	0	0	0	0	0	0	0
TOTAL	**2**	**0**	**0**	**1**	**1**	**0**	**0**	**0**	**0**	**0**	**4**

5. Skills Development

Please report the total number of people from the designated groups, including people with disabilities, who received training **solely** for the purpose of achieving the numerical goals, and not the number of training courses attended by individuals.
Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top management	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
TOTAL PERMANENT	0	0	0	0	0	0	0	0	0
Temporary employees	0	0	0	0	0	0	0	0	0
GRAND TOTAL	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Please report the total number of **people with disabilities only** who received training **solely** for the purpose of achieving the numerical goals, and not the number of training courses attended by individuals. Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top management	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
TOTAL PERMANENT	0	0	0	0	0	0	0	0	0
Temporary employees	0	0	0	0	0	0	0	0	0
GRAND TOTAL	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

6. Numerical goals

Please indicate the numerical goals (i.e. the workforce profile) you project to achieve for the total number of employees, including people with disabilities, at the end of your current employment equity plan in terms of occupational levels. Note: A=Africans, C=Coloureds, I=Indians and W=Whites:

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	0	0	0	1	0	0	0	0	0	1
Senior management	1	1	1	0	1	0	0	0	0	0	4
Professionally qualified and experienced specialists and mid-management	5	1	1	3	5	2	0	2	0	0	19
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	4	1	1	0	10	2	2	0	0	0	20
Semi-skilled and discretionary decision making	1	0	0	0	2	0	1	0	0	0	4
Unskilled and defined decision making	2	0	0	0	5	0	0	0	0	0	7
TOTAL PERMANENT	13	3	3	3	24	4	3	2	0	0	55
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	13	3	3	3	24	4	3	2	0	0	55

Please indicate the numerical goals (i.e. the workforce profile) you project to achieve for the total number of **employees with disabilities only** at the end of your current employment equity plan in terms of occupational levels.

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	0	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	0	0	1	0	0	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	0	0	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	1	0	0	0	0	0	0	0	0	0	1
Unskilled and defined decision making	1	0	0	0	0	0	0	0	0	0	1
TOTAL PERMANENT	2	0	0	0	1	0	0	0	0	0	3
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	**2**	**0**	**0**	**0**	**1**	**0**	**0**	**0**	**0**	**0**	**3**

7. Numerical targets

Please indicate the numerical targets (i.e. the workforce profile) you project to achieve for the total number of employees, including people with disabilities, at the end of the next reporting in terms of occupational levels. Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	0	0	0	1	0	0	0	0	0	1
Senior management	1	1	1	0	1	0	0	0	0	0	4
Professionally qualified and experienced specialists and mid-management	5	1	1	3	5	2	0	2	0	0	19
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	4	1	1	0	10	2	2	0	0	0	20
Semi-skilled and discretionary decision making	1	0	0	0	2	0	1	0	0	0	4
Unskilled and defined decision making	2	0	0	0	5	0	0	0	0	0	7
TOTAL PERMANENT	13	3	3	3	24	4	3	2	0	0	55
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	**13**	**3**	**3**	**3**	**24**	**3**	**2**	**2**	**0**	**0**	**55**

Please indicate the numerical targets (i.e. the workforce profile) you project to achieve for the total number of **employees with disabilities only** at the end of the next reporting period in terms of occupational levels. Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	0	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	0	0	1	0	0	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	0	0	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	1	0	0	0	0	0	0	0	0	0	1
Unskilled and defined decision making	1	0	0	0	0	0	0	0	0	0	1
TOTAL PERMANENT	2	0	0	0	1	0	0	0	0	0	3
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	**2**	**0**	**0**	**0**	**1**	**0**	**0**	**0**	**0**	**0**	**3**

ANNEXURE C: ANNUAL FINANCIAL STATEMENTS

a world class African city

Johannesburg Development Agency (SOC) Ltd
(Registration number 2001/005101/07)
Annual Financial Statements
for the year ended 30 June 2012

Auditor-General of South Africa
Registered Auditors

Johannesburg Development Agency (SOC) Ltd

(Registration number 2001/005101/07)
Annual Financial Statements for the year ended 30 June 2012

General Information

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	Regenerating the City of Johannesburg through facilitating and/or investing in development projects.
MAYORAL COMMITTEE	
Executive Mayor	P Tau (Chairperson)
Councillors	D Bovu (Housing) R Greeff (Development Planning and Urban Management) S Lemao (Public Safety) G Makhubo (Finance) R Mathang (Economic Development) M Mfikoe (Environment and Infrastructure Services) N Molwele (Health) M Mokoena (Corporate and Shared Services) R Moosajee (Transport) C Vondo (Community Development)
DIRECTORS	G Simelane (Chairperson) T Mendrew (Acting Chief Executive Officer) P Kubu N Lila B Majola P Mashiane P Masilo D Naidu A Rajah W Thwala
REGISTERED OFFICE	The Bus Factory 3 President Street Newtown Johannesburg 2000
BUSINESS ADDRESS	The Bus Factory 3 President Street Newtown Johannesburg 2000

Johannesburg Development Agency (SOC) Ltd
(Registration number 2001/005101/07)
Annual Financial Statements for the year ended 30 June 2012

General Information

POSTAL ADDRESS	P O Box 61877 Marshalltown Johanneburg 2001
CONTROLLING ENTITY	The City of Johannesburg Metropolitan Municipality incorporated in South Africa
AUDITORS	Auditor-General of South Africa Registered Auditors
SECRETARY	A Goldsmith
COMPANY REGISTRATION NUMBER	2001/005101/07

Johannesburg Development Agency (SOC) Ltd

(Registration number 2001/005101/07)
Annual Financial Statements for the year ended 30 June 2012

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

Abbreviations

CJMM	City of Johannesburg Metropolitan Municipality
COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MMC	Member of the Mayoral Committee
MFMA	Municipal Finance Management Act
BAC	Bid Ajudication Committee

Johannesburg Development Agency (SOC) Ltd
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Directors' Responsibilities and Approval

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

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

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

The directors acknowledge that they are ultimately responsible for the system of internal financial 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 year to 30 June 2013 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 City Of Johannesburg Metropolitan Municipality for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the City Of Johannesburg Metropolitan Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

Although the directors are primarily responsible for the financial affairs of the entity, they are supported by the entity's external auditors.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on page 7 to 10.

The annual financial statement set out on pages 11 to 62, which have been prepared on the going concern basis, were approved by the directors on 30 November 2012 and were signed on its behalf by:

T Mehlarew (Acting Chief Executive Officer)	N Lila (Audit Committee Chairperson)

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Audit Committee Report

INTRODUCTION

We are pleased to present our report for the financial year ended 30 June 2012.

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet at least 4 times per annum as per its approved terms of reference. During the current year 5 scheduled and 2 special meetings were held.

Name of member	Number of meetings attended
Ms N Lila (Chairperson)	7
Ms J Boggenpoel (Independent Member-Resigned 3 July 2011)	0
Mr K Govender (Independant Member-Appointed 24 April 2012)	1
Mr P Masilo (Non-Executive Director)	7
K Moyo (Independant Member-Retired 24 April 2012)	6
Ms N Selamolela (Independant Member-Appointed 24 April 2012)	0
Ms J Vergotine (Independant Member-Appointed 24 April 2012)	1

Audit committee responsibility

We report that we have adopted appropriate formal terms of reference in our charter in line with the requirements of section 166(2)(a) of the MFMA,have conducted our affairs in compliance with this charter and have discharged our responsibilities accordingly. The terms of reference are set out in the Audit Committee Charter, which have been approved by the Board and continuously reviewed and updated for changes in legislation and corporate governance practices.

The effectiveness of internal control

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 committee and management with reasonable assurance that the internal controls are appropriate and effective. This is achieved by means of the risk based audit process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was adequate and effective.

We are satisfied with the quality of management quarterly reports submitted in terms of the MFMA.

We are satisfied with the content and quality of quarterly reports prepared and issued by the internal auditors of the entity during the year under review.

Evaluation of annual financial statements

The audit committee has:

- reviewed and discussed the audited annual financial statements 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 thereto;
- reviewed changes in accounting policies and practices and;
- reviewed the entities compliance with legal and regulatory provisions.
- reviewed significant adjustments resulting from the audit.

Johannesburg Development Agency (SOC) Ltd
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Audit Committee Report

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 one year operational and three year strategic internal audit plan and monitored Internal Audit's adherence to 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 as a consequence of the audit findings.

- Reviewed the follow-up audit report for the determination and satisfaction pertaining to the corrective actions implemented by management as a consequence of the audit findings.

N Lila
(Chairperson of the Audit Committee)

Date: 30 / 11 / 2012

REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE AND THE COUNCIL OF THE CITY OF JOHANNESBURG METROPOLITAN MUNICIPALITY ON JOHANNESBURG DEVELOPMENT AGENCY SOC LTD

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Johannesburg Development Agency SOC Ltd set out on pages … to …, which comprise the statement of financial position as at 30 June 2012, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Companies Act of South Africa, 2008 (Act No. 71 of 2008), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 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 and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Johannesburg Development Agency SOC Limited as at 30 June 2012, and its financial performance and cash flows for the year then ended, in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the MFMA.

Emphasis of matter

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

Restatement of corresponding figures

8. As disclosed in note xx to the financial statements, the corresponding figures for June 2011 have been restated as a result of an error discovered during 2012 in the financial statements of the Johannesburg Development Agency SOC Ltd for the year ended 30 June 2011.

Additional matters

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

Unaudited supplementary schedule

The supplementary information set out on pages ... to ... does not form part of the financial statements and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion thereon.

Other reports required by the Companies Act

10. As part of our audit of the financial statements for the year ended 30 June 2012, I have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports, I have not identified material inconsistencies between the reports and the audited financial statements. I have not audited the reports and accordingly do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

PAA REQUIREMENTS

11. In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

12. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages ... to ... of the annual report.

13. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National *Treasury Framework for managing programme performance information* (FMMPI).

    The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

14. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

Compliance with laws and regulations

15. I performed procedures to obtain evidence that the entity had complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations, as set out in the *General Notice* issued in terms of the PAA, are as follows:

Annual financial statements

16. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements relating to cash flow statement, project funds payable and assets identified by the auditors were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

17. Money owing by the municipal entity was not always paid within 30 days of receiving an invoice or statement, as required by section 99(2)(b) of the MFMA.

18. The accounting officer did not take reasonable steps to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA.

Internal control

19. I considered internal control relevant to my audit of the financial statements, performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

20. The accounting officer did not adequately exercise oversight responsibility regarding financial reporting and compliance with applicable laws and regulations.

Financial and performance management

21. Management did not prepare accurate and complete financial reports as material misstatements were identified during the audit and corrected by management.

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

Auditor General

Johannesburg

30 November 2012

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Johannesburg Development Agency (SOC) Ltd

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Annual Financial Statements for the year ended 30 June 2012

Directors' Report

The directors submit their report for the year ended 30 June 2012.

1. INCORPORATION

The entity was incorporated on 07 March 2001 and obtained its certificate to commence business on the same day.

2. REVIEW OF ACTIVITIES

Main business and operations

The company is a Municipal Entity. The principal activity of the company is the regeneration of the City of Johannesburg through facilitating and/or investing in development projects that are geared towards sparking optimism and renewing confidence in the viability of all sectors of the city, thereby attracting commercial, retail, manufacturing, residential and creative industries to the city, with a view to strengthening its position as the economic hub of South Africa and positioning the city as a premier national and international destination for investments.

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

During the year under review parent municipality initiated an Institutional Review process which was aimed at improving the City's governance model. This also entailed the rationalisation of the number of municipal entities owned by the City together with a re-definition of the mandates and roles of the municipal entities. In regard to the Johannesburg Development Agency (SOC) Ltd, the Parent Municipality resolved to extend the mandate to include the responsibility of facilitation and implementation of all City's capital projects expect for specialist projects such as those of City Power Johannesburg (SOC) Ltd, Johannesburg Water (SOC) Ltd, Pikitup Johannesburg (SOC) Ltd, Johannesburg City Parks and Zoo (SOC) Ltd and the Johannesburg Roads Agency (SOC) Ltd. To facilitate the implementation of the resolution of the parent municipality, the entity would have to undertake a service delivery review process as contemplated by Section 78 of the Municipal Systems Act and develop a feasibility study for adoption by the Board of Directors and Council of the Parent Municipality.

The operating results and state of affairs of the entity are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Net surplus of the entity was R 3 993 492 (2011: surplus R 9 071 408).

On 11 July 2011 the JDA instituted a new anti-fraud and corruption strategy by introducing a new "tip-off" Hotline for reporting of any incidents of fraud, corruption or mal-administration. For the period under review the JDA Hotline received 4 separate anonymous tip-offs. All of these allegations have been thoroughly investigated by the JDA attorneys and Internal Auditors. No financial loss was suffered by the organisation however, investigations are still on-going to determine whether there would be a need to institute disciplinary processes in instances where indications of employee negligence have been found. Management will be implementing the recommendations contained in the finding reports of the lawyers and Internal Auditors.

3. GOING CONCERN

The company is substantially dependant on the City of Johannesburg Metropolitan Municipality for funds for its operations.

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. POST STATEMENT OF FINANCIAL POSITION EVENTS

There were no known post statement of financial position events requiring disclosure at the time of preparing the annual financial statements.

Johannesburg Development Agency (SOC) Ltd
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Directors' Report

5. ACCOUNTING POLICIES

The annual financial statements are prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

6. EXPLANATORY NOTE ON THE NEW COMPANIES ACT

The Companies Act, 2008 (Act 71 of 2008) became effective on 1 May 2011 as per proclamation R. 32 published in Government Gazette 34239 on 26 April 2011. The Companies Act, 2008 repealed the whole of the Companies Act, 1973 (Act 61 of 1973), except for Chapter 14 in as far as it deals with the liquidation and winding-up of insolvent companies.

In terms of Item 4(1)(c) of Schedule 5 (Transitional Arrangements) to the Companies Act, 2008, the company is deemed to have amended its Memorandum of Incorporation as of the general effective date to have changed its name in so far as required to comply with section 11(3). Therefore, as from 1 May 2011, the name of the company is Johannesburg Development Agency (SOC) Ltd.

All references to the Companies Act in these annual financial statements are to the Companies Act, 2008, unless otherwise indicated.

7. CONTRIBUTION FROM SHAREHOLDER

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

8. DIVIDENDS

No dividends were declared or paid to the shareholder during the year under review.

9. DIRECTORS' PERSONAL FINANCIAL INTEREST

The directors of the company did not have personal financial interest in contracts entered into by the company.

10. DIRECTORS

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

Name	Nationality	Changes
L Vutula (Chairperson)	South African	Resigned 24 April 2012
G Simelane (Chairperson)	South African	Appointed 24 April 2012
T Mondrew (Acting Chief Executive Officer)	South African	
P Kubu	South African	Appointed 24 April 2012
N Lila	South African	
D Lewis	South African	Resigned 05 February 2012
B Majola	South African	Appointed 24 April 2012
P Mashiane	South African	Appointed 24 April 2012
P Masilo	South African	
L Matlhape	South African	Resigned 24 April 2012
D Naidu	South African	
A R Roriston	South African	Resigned 01 October 2011
A Rajah	South African	Appointed 24 April 2012
W Thwala	South African	Appointed 24 April 2012

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Directors' Report

11. SECRETARY

The secretary of the entity is A Goldsmith of:

Business address	The Bus Factory 3 President Street Newtown Johannesburg 2000
Postal address	P O Box 61877 Marshalltown Johannesburg 2001

12. CORPORATE GOVERNANCE

General

The directors are committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the directors supports the highest standards of corporate governance and the ongoing development of best practice.

The entity confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King III Report on Corporate Governance for South Africa 2009. The directors discuss the responsibilities of management at Board meetings and monitor the entity's compliance with the code on a quarterly basis.

The salient features of the entity's adoption of the Code is outlined below:

Board of directors

The Board:
- retains full control over the entity, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, 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 (2011: 7 non-executive directors), all of whom are independant directors as defined in the Code; and
  - 1 executive director.
- has established a Board directorship training programme through the annual induction programme and attendance of applicable courses for directors with the Institute of Directors.

Chairperson and chief executive

The Chairperson is a non-executive and independent director (as defined by the King Code).

The roles of Chairperson and Chief Executive are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion.

Board meetings

The board has met on 6 separate occasions during the financial year. The directors are scheduled to meet at least 4 times per annum. The following board committees were effective during the year under review:
- Audit Committee
- Human Resource and Remuneration Committee
- Development and Risk Committee
- Social and Ethics Committee

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

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Directors' Report

Name	Board meeting	Audit committee meeting	Development & Risk committee meeting	Social and Ethics committee meeting	HR and Remuneration committee meeting
Total number of meetings held	6	7	6	1	2
G Simelane (Chairperson)	1		1		
L Vutula (Ex-Chairperson)	4				2
P Masilo	5	7			2
A Rajah	1			1	
P Mashiane	1			1	
P Kubu	1		1	1	
A R Rorlston	2		1		
B Majola	1		1		
W Thwala	1		1		
L Matlhape	5		2		2
T Mendrew (Acting Chief Executive Officer)	6	5	5	1	
N Lila	5	7	5		
D Naidu	6	1	6		

Audit committee

The members of the audit committee are: Ms N Lila, Mr P Masilo, Mr K Govender, Ms J Vergotine and Ms N Selamolela. The chairperson of the audit committee is Ms N Lila, who is a non-executive director. The committee has 3 independent members i.e: Mr K Govender (1 meeting attended); Ms J Vergotine (1 meeting attended) and Ms N Selamolela (no meetings attended). Ms J Boggenpoel (resigned 03 July 2011 - no meetings attended). Mr K Govender, Ms J Vergotine and Ms N Selamolela were appointed on 24 April 2012. Mr K Moyo (retired in 24 April 2012 - 6 meetings attended). The audit committee has met on 7 scheduled meetings which were held during the 2011/2012 financial year to review matters necessary to fulfill its role including the approval of financial statements.

Development and Risk committee

The members of the development and risk committee are: Mr D Naidu, Ms G Simelane, Mr P Kubu, Mr W Thwala, Mr T Mendrew and Ms B Majola. The chairperson of the development and risk committee is Mr D Naidu, who is a non-executive director. The members attended 6 scheduled meetings during the 2011/2012 financial year 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.

HR and Remuneration Committee

The members of the remuneration committee are Mr P Masilo, Mr A Rajah and Mr W Thwala. The chairperson of the human resource and remuneration committee is Mr P Masilo who is a non-executive director.

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 City of Johannesburg Metropolitan Municipality.

Social and Ethics Committee

The members of the social and ethics committee are Mr P Kubu, Mr A Rajah, Ms B Majola , Mr T Mendrew and Ms P Mashiane. The chairperson of the social and ethics committee is Ms B Majola who is a non-executive director.

Internal audit

The entity has co-sourced its internal audit function with Gobodo Forensic and Investigative Accounting (Pty) Ltd (GFIA) and an internal resource constituting the internal audit function of the entity. This is in compliance with the Municipal Finance Management Act, 2003. During the period under review GFIA sold and transferred its internal audit division to SekelaConsulting (Pty) Ltd (Sekela) with effect from November 2011. The entity sought and obtained legal advice on the implications of sale and transfer of the GFIA division on the service contract with the entity. Having analysed the impact on the JDA the entity determined that there would be minimum impact on the quality of service expected from the service providers as the team members, their skills and experience provided remained the same as they were prior to the tansfer.

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Directors' Report

13. CONTROLLING ENTITY

The entity's controlling entity is The City of Johannesburg Metropolitan Municipality.

14. SPECIAL RESOLUTIONS

None.

15. BANKERS

ABSA Bank Limited

The management of the treasury function within the Company is managed under the auspices of the City of Johannesburg Metropolitan Municipality's Treasury department and Assets and Liabilities Committe.

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 Municipal Finance Management Act No 56 of 2003 and section 90 of the Companies Act.

17. FUNDS HELD BY THE CITY OF JOHANNESBURG METROPOLITAN MUNICIPALITY

During the 2008/2009 financial year, the Johannesburg Development Agency (SOC) Ltd held money in the Attorney's Trust account for the purchase of land for roads widening for the Bus Rapid Transit and the Bertrams Priority Block. At the end of the 2008/2009 financial year, these funds were transferred to the City of Johannesburg Metropolitan Municipality and then subsequently transferred back into the Johannesburg Development Agency's sweeping account.

	BRT Land Acquisition	Northern Gateway BRT Troyeville	Bertrams Priority Priority Block	Total
Balance at the beginning of the year	34,993,203	2,789,472	18,694,923	56,477,598
Movement through the year	(41,491)	-	(1,632,141)	(1,673,632)
Balance at the end of the year	34,951,712	2,789,472	17,062,782	54,803,966

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Company Secretary's Certification

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

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended 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.

A Goldsmith
Company Secretary

Johannesburg
30 November 2012

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Statement of Financial Position

Figures in Rand	Note(s)	2012	2011
ASSETS			
Current Assets			
Loans to shareholders	2	57 302 510	102 456 897
Trade and other receivables from exchange transactions	3	129 448 787	268 741 227
Cash and cash equivalents	4	1 247 473	1 196 081
		187 998 770	**372 394 205**
Non-Current Assets			
Property, plant and equipment	5	6 317 574	5 952 294
Intangible assets	6	38 572	193 748
Deferred tax	7	1 027 308	897 964
		7 383 454	**7 044 006**
Total Assets		**195 382 224**	**379 438 211**
LIABILITIES			
Current Liabilities			
Loans from shareholders	2	54 803 966	56 477 598
Finance lease obligation	8	140 707	28 815
Trade and other payables from exchange transactions	9	64 974 717	244 079 811
Net VAT payable	10	9 214 154	10 320 436
Provisions - bonus	11	2 477 939	2 035 695
		131 611 483	**312 942 355**
Non-Current Liabilities			
Finance lease obligation	8	285 143	-
Deferred tax	7	2 689 288	4 000 985
Project Funds payable	12	10 025 500	15 717 553
		12 999 931	**19 718 538**
Total Liabilities		**144 611 414**	**332 660 893**
Net Assets		**50 770 810**	**46 777 318**
NET ASSETS			
Contribution from shareholder	13	16 277 624	16 277 624
Accumulated surplus		34 493 186	30 499 694
Total Net Assets		**50 770 810**	**46 777 318**

Johannesburg Development Agency (SOC) Ltd

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Statement of Financial Performance

Figures in Rand	Note(s)	2012	2011
Revenue			
Rendering of services	14	18 800 216	30 437 427
Government grants	15	24 110 000	21 637 000
Tender fee income		360 942	332 839
Bus factory income		411 048	376 127
Bad debts previously written off		-	29 480
Sundry income		311 079	426 264
Interest received - investment	16	3 892 280	6 736 027
Total Revenue		**47 885 565**	**59 975 164**
Expenditure			
Employee related costs	17	(27 483 616)	(26 988 839)
Administration	18	(264 734)	(413 776)
Depreciation and amortisation	19	(1 013 345)	(1 162 325)
Finance costs	20	(78 847)	(22 685)
Allowance for impairment of current receivables	22	(107 344)	-
Repairs and maintenance		(353 863)	(737 778)
Loss on disposal of assets		(23 697)	(8 275)
General Expenses	21	(16 007 667)	(22 741 282)
Total Expenditure		**(45 333 113)**	**(52 074 960)**
Deferred Taxation	23	1 441 040	1 584 165
Surplus for the year		**3 993 492**	**9 484 369**

Johannesburg Development Agency (SOC) Ltd

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Statement of Changes in Net Assets

Figures in Rand	Note(s)	Share capital	Share premium	Total share capital	Accumulated surplus	Total equity
Balance at 01 July 2010 as restated		**60**	**16 277 564**	**16 277 624**	**21 015 326**	**37 292 949**
Changes in net assets						
Surplus for the year		-	-	-	9 484 369	9 484 369
Total changes		-	-	-	9 484 369	9 484 369
Opening balance as previously reported		60	16 277 564	16 277 624	30 086 733	46 364 357
Adjustments						
Prior year adjustments	32	-	-	-	412 961	412 961
Balance at 01 July 2011 as restated		**60**	**16 277 564**	**16 277 624**	**30 499 694**	**46 777 318**
Changes in net assets						
Surplus for the year		-	-	-	3 993 492	3 993 492
Total changes		-	-	-	3 993 492	3 993 492
Balance at 30 June 2012		**60**	**16 277 564**	**16 277 624**	**34 493 186**	**50 770 810**

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Cash Flow Statement

Figures in Rand	Note(s)	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Grants		24 110 000	21 637 000
Interest income		3 892 280	6 736 027
Other receipts		1 053 336	751 749
Cash receipts from capex funding		579 144 322	836 000 985
		608 199 938	865 125 761
Payments			
Employee costs		(27 418 708)	(24 938 083)
Suppliers		(617 648 358)	(876 370 463)
Interest paid		(78 847)	(22 685)
		(645 145 913)	(901 331 251)
Net cash flows from operating activities	27	**(36 945 975)**	**(36 205 490)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	(736 945)	(366 224)
Purchase of other intangible assets	6	-	(88 200)
Net cash flows from investing activities		**(736 945)**	**(454 424)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Movement in project funds payable		(5 692 053)	2 941 456
Movement in capex vat		-	(8 261 946)
Movement in shareholders loan		43 480 755	42 071 836
Finance lease payments		(54 390)	(41 547)
Net cash flows from financing activities		**37 734 312**	**36 709 799**
Net increase/(decrease) in cash and cash equivalents		**51 392**	**49 884**
Cash and cash equivalents at the beginning of the year		1 196 081	1 146 197
Cash and cash equivalents at the end of the year	4	**1 247 473**	**1 196 081**

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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) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

These accounting policies are consistent with the previous period.

The following GRAP standards have been approved and are effective:

GRAP 1 - Presentation of financial statements
GRAP 2 - Cashflow statements
GRAP 3 - Accounting policies, changes in accounting estimates and errors
GRAP 4 - The effects of changes in foreign exchange rates
GRAP 5 - Borrowing costs
GRAP 6 - Consolidated and separate financial statements
GRAP 7 - Investments in associates
GRAP 8 - Interest in joint ventures
GRAP 9 - Revenue from exchange transactions
GRAP 10 - Financial reporting in hyperinflationary economies
GRAP 11 - Construction contracts
GRAP 12 - Inventories
GRAP 13 - Leases
GRAP 14 - Events after the reporting date
GRAP 16 - Investment property
GRAP 17 - Property, plant and equipment
GRAP 19 - Provisions,contingent liabilities and contingent assets
GRAP 100 - Non-current assets held for sale and discontinued operations
GRAP 101 - Agriculture
GRAP 102 - Intangible assets

The following GRAP statements have been approved but are not yet effective:

GRAP 18 - Segment reporting
GRAP 21 - Impairment of non-cash generating assets
GRAP 23 - Revenue from non-exchange transactions
GRAP 24 - Presentation of budget information
GRAP 25 - Employee benefits
GRAP 26 - Impairment of cash-generating assets
GRAP 103 - Heritage assets
GRAP 104 - Financial instruments
GRAP 105 - Transfer of functions between entities under common control
GRAP 106 - Transfer of functions between entities not under common control
GRAP 107 - Mergers

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Accounting Policies

1.1 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:

Bonus provision

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 11 - Provisions.

Projects payable

This represents funds received in advance from COJ and other funders. The funds are to be used for the identified projects. Refer to note 12 for details.

1.2 Relationship with majority shareholder and classification as agent

The Johannesburg Development Agency (SOC) Ltd (JDA) is an agent of the City of Johannesburg Metropolitan Municipality (COJ) as a municipal entity. The JDA implements capital projects as part of the City's infrastructure programme. The City 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 COJ. The COJ then reimburses the JDA, after the invoices have been submitted and scrutinised as correct.

Since the JDA does not get any reward for this work, because COJ capitalises all 'Work in Progress', 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, COJ does not recognise this as an expense paid to the JDA or grant. COJ 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. As far as risks are concerned, the risk ultimately lies with COJ because if the JDA was to experience difficulty, COJ would have to assist as it is the sole shareholder. The JDA's only assets are computer equipment, furniture and improvements to the office building. All these are paid from the operational funding and capitalised in the statement of financial position.

1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one 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 at no cost, or for a nominal cost, 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.

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Accounting Policies

1.3 Property, plant and equipment (continued)

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

The residual value and useful life of property, plant and equipment are reviewed at every reporting date.

At each reporting date all items of property, plant and equipment are reviewed for any indication that it may be impaired. An impairment exists when an asset's carrying amount is greater than its recoverable amount. The recoverable amount of an asset or cash generating unit is the higher of its fair value less costs to sell and its value in use. If there is an indication of impairment, the asset's recoverable amount is calculated. An impairment loss is recognised in the Statement of Financial Performance and the depreciation charge relating to the asset is adjusted for future periods.

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 property	20 years
Furniture and fixtures	10 years
Motor vehicles	5 years
Office equipment	10 years
Computer Equipment	5 years
Printers, network and servers	6 years
Leased Assets - Printers	3 years

The residual value and the useful life 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.

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Accounting Policies

1.4 Intangible assets

An asset is identified as an intangible asset when it:
- 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, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the entity or from other rights and obligations.

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.

Intangible assets are initially recognised at cost.

An intangible asset acquired at no or nominal cost, the cost shall be its fair value as at the date of acquisition.

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 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.

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

Item	Useful life
Computer software, internally generated	3 years

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Accounting Policies

1.5 Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially when the entity becomes a party to the contractual provisions of the instruments.

The entity classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the entity establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Impairment of financial assets

At each end of the reporting period the entity assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the entity, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in surplus or deficit.

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

Reversals of impairment losses are recognised in surplus or deficit except for equity investments classified as available-for-sale.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such assets 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.

Loans to (from) group companies

These include loans to and from controlling entities, fellow controlled entities, controlled entities, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to economic entities are classified as loans and receivables.

Loans from economic entities are classified as financial liabilities measured at amortised cost.

Loans to shareholders, directors, managers and employees

The loan to shareholder is classified as loans and receivables. The entity does not provide loans to directors, managers and employees.

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Accounting Policies

1.5 Financial instruments (continued)

Receivables from exchange transactions

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.

Payables from exchange transactions

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits. These are initially and subsequently recorded at fair value through profit and loss.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the entity's accounting policy for borrowing costs.

1.6 Tax

Current tax assets and liabilities

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

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

Deferred tax assets and liabilities

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

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

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

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Accounting Policies

1.6 Tax (continued)

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

Tax expenses

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

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

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

1.7 Leases

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

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.

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.

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1.8 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 follows:

- Identification

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

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

Irrespective of whether there is any indication of impairment, the entity also 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.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

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Accounting Policies

1.8 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.

1.9 Impairment of non-cash-generating assets

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

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

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

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 service amount is the higher of a non-cash-generating asset's 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 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.

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 an asset is the present value of the asset's remaining service potential.

- 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.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

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Accounting Policies

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

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

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.

1.10 Contribution from shareholder

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

1.11 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

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 expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

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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 an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

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.

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.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 29.

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Accounting Policies

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.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date.

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.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

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1.14 Revenue from non-exchange transactions

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

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

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

Measurement

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

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 or when the Act becomes effective, which-ever is earlier.

Capital grants are funds due from the City of Johannesburg Metropolitan Municipality 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 City of Johannesburg Metropolitan Municipality.

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.

Other grants and donations

Other grants and donations 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.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

1.15 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

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

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1.16 Related Parties

A party is related to an entity if:

1. Directly or indirectly through one or more intermediaries, the party:
a) Controls, is controlled by , or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
b) Has an interest in an entity that gives it significant influence over the entity; or
c) Has joint control over the entity.
2. The party is an associate of an entity;
3. The party is a joint venture in which the entity is a venture;
4. The party is a member of the key management personnel of the entity or its parents;
5. The party is a close member of the family of an individual referred to in (1) and (4);
6. The party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred in (4) or (5), or
7. The party is a post employment benefit plan for the benefit of employees of entity, or of any entity, or of any entity that is related party of the entity.

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.

1.17 Budget Information

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

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

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the annual financial statements.

The Statement of comparative and actual information have been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

1.18 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.

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1.19 Irregular expenditure

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

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

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

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

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the Council or the Board of Directors 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.

1.20 Unauthorised expenditure

Unautorised expenditure means overspending of the approved budget or a main activity within the budget.

Unautorised expenditure is expenditure not in accordance with the approved annual budget or in the main activity, not in accordance with the purpose of the main activity.

1.21 Financial risk management

The financial risk management is under the control of the two sub-committees of the board, the development risk committee and the audit committee.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

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.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a small customer base. Management evaluated credit risk relating to customers on an ongoing basis. Credit guarantee insurance is purchased when deemed appropriate.

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Accounting Policies

1.22 Transfer of functions between entities under common control

Definitions

An acquirer is the entity that obtains control of the acquiree or transferor.

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

Control is the power to govern the financial and operating policies of another entity so as to benefit from its activities.

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving an entity's objectives, either by providing economic benefits or service potential.

A merger is the establishment of a new combined entity in which none of the former entities obtains control over any other and no acquirer can be identified.

Transfer date is the date on which the acquirer obtains control of the function and the transferor loses control of that function.

A transfer of functions is the reorganisation and/or the re-allocation of functions between entities by transferring functions between entities or into another entity.

A transferor is the entity that relinquishes control of a function.

Common control - For a transaction or event to occur between entities under common control, the transaction or event needs to be undertaken between entities within the same sphere of government or between entities that are part of the same economic entity. Entities that are ultimately controlled by the same entity before and after the transfer of functions are within the same economic entity.

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving an entity's objectives, either by providing economic benefits or service potential. A function consists of inputs and processes applied to those inputs that have the ability to create outputs. A function can either be a part or a portion of an entity or can consist of the whole entity. Although functions may have outputs, outputs are not required to qualify as a function. The three elements of a function are defined as follows:

- Input: Any resource that creates, or has the ability to create, outputs when one or more processes are applied to it.
- Process: Any system, standard, protocol, convention or rule that when applied to an input or inputs, creates or has the ability to create outputs.
- Output: The result of inputs and processes applied to achieve and improve efficiency. This may be in the form of achieving service delivery objectives, or the delivery of goods and/or services.

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.

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1.22 Transfer of functions between entities under common control (continued)

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.

Assets acquired [transferred] and liabilities assumed [relinquished]

The recognition of assets and liabilities, is subject to the following conditions:

The assets acquired and the liabilities assumed are part of what had been agreed in terms of the binding arrangement (if applicable), rather than the result of separate transactions.

Determining what is part of the transfer of functions transaction

Where the entity and the transferor have a pre-existing relationship before or when negotiations for a transfer of functions began, or where a binding arrangement is entered into during the negotiations that are separate from a transfer of functions, any amounts that are not part of what were transferred in a transfer of functions are identified. This policy only applies to the consideration transferred and the assets acquired and liabilities assumed in a transfer of functions as governed by the terms and conditions of the binding arrangement.

The following factors are considered, which are neither mutually exclusive nor individually conclusive, to determine whether a transaction is part of a transfer or function or whether the transaction is separate:

- the reasons for the transaction
- the timing of the transaction

Effective settlement of a pre-existing relationship between the entity (as acquirer) and transferor in a transfer of functions

A pre-existing relationship between the entity (as acquirer) and the transferor may be contractual or non-contractual. If a transfer of functions in effect settles a pre-existing relationship, the entity (as acquirer) recognises a gain or loss, measured as follows:

- for a pre-existing non-contractual relationship, fair value.
- for a pre-existing contractual relationship, the lesser of the following:
  - the amount by which the binding arrangement is favourable or unfavourable from the perspective of the entity (as acquirer) when compared with terms for current market transactions for the same or similar items.
  - the amount of any stated settlement provisions in the binding arrangement available to the counterparty to whom the contract is unfavourable.

If the latter is less, the difference is included as part of a transfer of functions accounting. The amount of gain or loss recognised may depend in part on whether the entity (as acquirer) had previously recognised a related asset or liability, and the reported gain or loss therefore may differ from the amount calculated by applying the above requirements.

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2. LOANS TO/FROM SHAREHOLDERS

City of Johannesburg Metropolitan Municipality - Sweeping account	57 302 510	102 456 897
City of Johannesburg Metropolitan Municipality - BRT Land and Bertrams Priority Block Acquisition Fund	(54 803 966)	(56 477 598)
	2 498 544	**45 979 299**

Sweeping account

The company has a sweeping arrangement with the City of Johannesburg Metropolitan Municipality whereby all cash is swept on a daily basis to the City of Johannesburg Metropolitan Municipality's bank account. Interest is paid and earned on this account at the Treasury rate. In previous years, this amount has been disclosed as part of cash and cash equivalents.

The loan has no terms and conditions and bears interest at the treasury rate.

BRT Land and Bertrams Priority Block Acquisition Funds

During the 2008/2009 financial year, the Johannesburg Development Agency (SOC) Ltd held money in the Attorney's Trust account for the purchase of land for roads widening for the Bus Rapid Transit and the Bertrams Priority Block. At the end of the 2008/2009 financial year, these funds were transferred to the City of Johannesburg Metropolitan Municipality. Subsequently the funds were transferred back into the Johannesburg Development Agency's sweeping account administered by the City of Johannesburg Metropolitan Municipality.

The loan has no terms and conditions and bears interest at the treasury rate.

Current assets	57 302 510	102 456 897
Current liabilities	(54 803 966)	(56 477 598)
	2 498 544	**45 979 299**

3. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

Other deposits	237 852	278 864
Sundry debtor	816 657	187 374
Related party debtors	128 394 278	268 274 989
	129 448 787	**268 741 227**

Related party debtors relate to funds owed by the City of Johannesburg Metropolitan Municipality for expenditure incurred on capital projects.

Sundry debtors are made up of outstanding tenant rentals, prepaid expenses and outstanding fees for use of JDA space.

Trade and other receivables pledged as security

No trade and other recievables were pledged as security at the end of the year.

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Trade and other receivables are non-interest bearing and are generally repayable between 30 and 60 days.

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3. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)

Trade receivables past due but not impaired

Trade receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2012, R5,690,063 (2011: R409,338) were past due but not impaired because the debtor is the City of Johannesburg Metropolitan Municipality and the possibility of default is remote.

	2012	2011
+3 months past due	5 690 063	409 338

Trade receivables impaired

Outstanding deposits considered irrecoverable were impaired/written off in the year under review.

	2012	2011
Nemai Consulting	107 344	-

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2012	2011
Cash on hand	3 874	3 576
Ring-fenced bank balance	1 243 599	1 192 505
	1 247 473	**1 196 081**

Ring-fenced balance relate to money received from funders who have requested separate bank accounts for their funds. This account is a current account held at ABSA.

The company's bank account is held at ABSA, which is swept on a daily basis in terms of an agreement with the City of Johannesburg Metropolitan Municipality in order to facilitate better cashflow management on an entity wide basis. The cash owed by the City of Johannesburg Metropolitan Municipality is reflected as an amount due from the shareholder. The balance at 30 June 2012 was R57,302,510 (refer to note 2).

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5. PROPERTY, PLANT AND EQUIPMENT

	2012			2011		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	1 100 375	(528 297)	572 078	1 058 327	(427 677)	630 650
Motor vehicles	136 013	(83 549)	52 464	136 013	(56 348)	79 665
Office equipment	93 220	(40 146)	53 074	67 612	(33 360)	34 252
Computer Equipment	2 531 752	(2 090 814)	440 938	2 291 767	(1 847 336)	444 431
Leasehold improvements	5 177 883	(881 565)	4 296 318	5 177 883	(615 303)	4 562 580
Computer Equipment 5 years - Servers	851 831	(358 287)	493 544	648 116	(447 400)	200 716
Leased assets	491 943	(82 785)	409 158	162 230	(162 230)	-
Total	**10 383 017**	**(4 065 443)**	**6 317 574**	**9 541 948**	**(3 589 654)**	**5 952 294**

Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	630 650	42 049	-	(100 621)	572 078
Motor vehicles	79 665	-	-	(27 201)	52 464
Office equipment	34 252	25 609	-	(6 787)	53 074
Computer Equipment	444 431	263 255	(4 845)	(261 903)	440 938
Leasehold improvements	4 562 580	-	-	(266 262)	4 296 318
Computer Equipment 6 years - Servers	200 716	435 765	(18 852)	(124 085)	493 544
Leased assets	-	480 467	-	(71 309)	409 158
	5 952 294	**1 247 145**	**(23 697)**	**(858 168)**	**6 317 574**

Reconciliation of property, plant and equipment - 2011

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	669 848	65 675	-	(104 873)	630 650
Motor vehicles	106 867	-	-	(27 202)	79 665
Office equipment	39 393	1 500	-	(6 641)	34 252
Computer Equipment	590 602	296 790	(445)	(442 516)	444 431
Leasehold improvements	4 828 663	-	-	(266 083)	4 562 580
Computer Equipment 5 years - Servers	338 415	2 259	(7 830)	(132 128)	200 716
Leased assets	22 542	-	-	(22 542)	-
	6 596 330	**366 224**	**(8 275)**	**(1 001 985)**	**5 952 294**

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5. PROPERTY, PLANT AND EQUIPMENT (continued)

The following leased assets are included in Property, Plant and Equipment listed above

	2012			2011		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Leased assets - Electronic Equipment	491 943	(82 785)	409 158	162 230	(162 230)	-

Assets subject to finance lease (Net carrying amount)

	2012	2011
Leasehold improvements	4 296 318	4 562 580
Leased assets	409 158	-
	4 705 476	**4 562 580**

Leasehold improvements

Leasehold improvements are carried at historical cost. The title deeds are registered in the name of the City of Johannesburg Metropolitan Municipality.

6. INTANGIBLE ASSETS

	2012			2011		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, internally generated	1 297 413	(1 258 841)	38 572	1 297 413	(1 103 665)	193 748

Reconciliation of intangible assets - 2012

	Opening balance	Amortisation	Total
Computer software, internally generated	193 748	(155 176)	38 572

Reconciliation of intangible assets - 2011

	Opening balance	Additions	Amortisation	Total
Computer software, internally generated	265 889	88 200	(160 341)	193 748

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7. DEFERRED TAX

Deferred tax asset / (liability)

	2012	2011
Provisions	908 070	889 896
Leases	119 238	8 068
Property, Plant and Equipment & Intangibles	(1 408 171)	(1 222 607)
Temporary difference - S24C Allowance	(1 281 117)	(2 778 378)
	(1 661 980)	(3 103 021)

	2012	2011
Shown in Statement of Financial Position as follows:		
Deferred tax asset	1 027 308	897 964
Deferred tax liability	(2 443 782)	(4 000 985)
	(1 416 474)	(3 103 021)

Reconciliation of deffered tax asset / (liability)

	2012	2011
At beginning of the year	(3 103 021)	(4 687 186)
Originating temporary difference on tangible fixed assets	(185 564)	(1 472 230)
Movement in temporary differences	1 515 435	3 078 619
Leases	111 170	(22 224)
	(1 661 980)	(3 103 021)

The deferred tax liability arose out of the implementation of the S24C allowance. According to the South African Revenue Service, entities were never set up to make profit. In the case of the Johannesburg Development Agency (SOC) Ltd, although the subsidy from the City of Johannesburg Metropolitan Municipality does not cover the operational expenditure, we were able to generate sufficient management fees to end up in a surplus position. The surplus is viewed as unspent allocation by the South African Revenue Service. The South African Revenue Service then allows a S24C allowance which gives rise to deferred tax.

8. FINANCE LEASE OBLIGATION

	2012	2011
Minimum lease payments due		
- within one year	210 324	39 899
- in second to fifth year inclusive	333 011	-
	543 335	39 899
less: future finance charges	(117 485)	(11 084)
Present value of minimum lease payments	425 850	28 815

	2012	2011
Finance lease payable		
Opening balance	28 815	93 047
Lease obligation current year	484 670	(5 913)
Lease payments	(87 635)	(58 319)
	425 850	28 815

	2012	2011
Non-current liabilities	285 143	-
Current liabilities	140 707	28 815
	425 850	28 815

The JDA had leased 3 photocopier machines from Gestetner Finance (Pty) Ltd for a period of 3 years. The lease agreement provides for monthly payments of R5,944 in advance and no residual value. The contract with Gestetner Finance (Pty) Ltd came to an end and the contract to provide printing services has since been awarded to a new service provider. A new lease agreement was signed with Motswako Office Solutions (Pty) Ltd.

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8. FINANCE LEASE OBLIGATION (continued)

The JDA has leased 24 photocopier machines from Motswako Office Solutions (Pty) Ltd for a period of 3 years. The lease agreement provides for monthly payments of R17,527 in advance and no residual value.

The JDA had leased 2 fax machines from Gestetner Finance (Pty) Ltd for a period of 3 years. The lease agreement provided for monthly payments of R426 in advance and residual value.

9. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

	2012	2011
Trade payables	7 142 689	171 168 337
Deposits received	76 698	47 160
Accrued expenses	1 897 079	3 168 515
Retentions	54 790 407	65 374 146
Sundry Creditors	1 067 586	4 319 091
Related party creditor	258	2 562
	64 974 717	**244 079 811**

10. VAT PAYABLE

	2012	2011
Net VAT payable	9 214 154	10 320 436

11. PROVISIONS - BONUS

Reconciliation of provisions - bonus - 2011

	Opening Balance	Additions	Utilised during the year	Total
Performance bonus	2 035 695	2 477 939	(2 035 695)	2 477 939

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. Each employee concluded a performance management contract with a scorecard and a performance review in respect of the 2011/12 financial year will be completed during August 2012. Bonus payments to qualifying employees will be paid after the finalisation of the 2011/12 audit and upon receipt of an unqualified audit report from the Auditor General.

12. PROJECT FUNDS PAYABLE

Project Funds	2012	2011
Balance beginning of year	15 717 554	12 776 097
Income for the year	461 556 851	767 976 185
Expenditure for the year	(467 248 905)	(765 034 728)
	10 025 500	**15 717 554**

Funds Payable	2012	2011
Jewel City	13 130	13 130
Constitution Hill	76 692	4 811 893
Kelvin Power	220 002	220 002
Johannesburg Water	1 558 673	1 558 673
Non-BRT (Transportation)	7 168 350	7 398 010
Industrial Development Corporation	988 653	988 653
Bruma Lake Rehabilitation	-	727 193
	10 025 500	**15 717 554**

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13. CONTRIBUTION FROM SHAREHOLDER

Authorised		
100 Ordinary Type A shares of R1 each	100	100

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 the City of Johannesburg. The City of Johannesburg 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.

14. REVENUE

Development management fee	18 800 216	30 437 427
Government grants	24 110 000	21 637 000
	42 910 216	**52 074 427**

The amount included in revenue arising from exchanges of goods or services are as follows:

Development management fees	18 800 216	30 437 427

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

Transfer revenue		
Government Grant	24 110 000	21 637 000

Basis on which fair value of inflowing resources was measured

Transfers
Transfer of office equipment from the 2010 Office

Office furniture was transferred from the 2010 department when one of the employees was transferred to the BRT project team. The fair value was determined to be the same as the carrying value of transferred assets as the time of the transfer.

15. GOVERNMENT GRANTS AND SUBSIDIES

Other grants and subsidies	24 110 000	21 637 000

Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

16. INVESTMENT REVENUE

Interest revenue		
Bank	3 806 276	6 723 453
Interest charged on trade and other receivables	86 004	12 574
	3 892 280	**6 736 027**

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17. EMPLOYEE RELATED COSTS

	2012	2011
Basic	24 186 020	22 003 989
Provision for bonuses	2 477 939	2 035 695
UIF	132 670	147 244
WCA	207 053	213 348
SDL	231 689	222 388
Group life benefit	395 672	395 075
Leave pay provision charge	(147 427)	202 097
SDM/EXCO bonuses paid	-	1 769 005
	27 483 616	**26 988 839**

Included in the employee related costs are the following key management personnel (as referred to in note 30):

Remuneration of Chief Executive Officer (Resigned 15 July 2010)

	2012	2011
Annual Remuneration	-	54 126
Performance Bonuses	-	102 505
Allowances	-	5 000
	-	**161 631**

Remuneration of Acting Chief Executive Officer (Appointed 1 July 2010)

	2012	2011
Annual Remuneration	1 200 720	1 131 900
Performance Bonuses	144 086	62 403
	1 344 806	**1 194 303**

Remuneration of Chief Finance Officer

	2012	2011
Annual Remuneration	1 060 817	955 016
Performance Bonuses	127 298	69 763
	1 188 115	**1 024 779**

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17. EMPLOYEE RELATED COSTS (continued)

Remuneration of Chief Operating Officer (Resigned 15 November 2011)

Annual Remuneration	542 411	1 023 900
Performance Bonuses	-	70 832
Allowances	45 000	108 000
	587 411	**1 202 732**

Remuneration of other Executive Managers

Annual Remuneration	988 819	1 033 546
Performance Bonuses	153 663	61 188
Allowances	12 600	50 000
	1 155 082	**1 144 734**

Remuneration of Senior Development Managers

Annual Remuneration	2 408 908	1 717 818
Performance Bonuses	317 920	100 557
Allowances	202 000	187 806
	2 928 828	**2 006 181**

18. ADMINISTRATIVE AND MANAGEMENT FEES

Administration and management fees	264 734	413 776

19. DEPRECIATION AND AMORTISATION

Property, plant and equipment	858 168	1 001 984
Intangible assets	155 177	160 341
	1 013 345	**1 162 325**

20. INTEREST PAID

Bank overdraft	49 805	-
Finance leases	29 042	22 685
	78 847	**22 685**

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21. GENERAL EXPENSES

Advertising	923 770	1 014 525
Auditors remuneration	1 971 466	1 920 556
Bank charges	22 178	18 733
Chief Executive officer's special projects	30 000	38 720
Computer expenses	1 862 606	1 578 335
Consulting and professional fees	1 231 122	869 716
Project co-ordination fees	60 000	-
Hygiene and office plant services	194 273	205 530
Insurance	482 295	901 170
Legal fees	786 042	913 864
Marketing	2 413 424	2 764 585
Motor vehicle expenses	12 861	9 455
Operational expenditure	566 136	531 489
Placement fees	145 485	415 817
Planning and strategy	1 873 898	1 076 495
Postage and courier	8 059	893
Printing and stationery	466 490	434 323
Project maintenance costs	61 948	6 293 172
Security (Guarding of municipal property)	615 843	1 113 871
Staff welfare	416 658	579 283
Telephone and fax	550 694	698 017
Training	727 340	744 330
Travel - local	2 939	40 538
Utilities	582 140	477 865
	16 007 667	22 741 282

22. DEBT IMPAIRMENT

Bad debts	107 344	-

The amount written off relates to an uncollectable deposit that was paid to Nemai Consulting (Pty) Ltd.

23. TAXATION

Major components of the tax income

Deferred		
Originating and reversing temporary differences	(1 441 040)	(1 584 165)

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	(33,44)%	(32,00)%
Add: Tax effect of non-deductible expenses	5,44 %	4,00 %
	- %	- %

No provision has been made for 2012 tax as the entity has no taxable income. The estimated tax loss available for set off against future taxable income is R 52 427 490 (2011: R 52 427 490).

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24. AUDITORS' REMUNERATION

	2012	2011
External audit fees	1 271 308	1 130 479
Internal audit fees	700 158	790 077
	1 971 466	**1 920 556**

25. OPERATING LEASE

Operating leases - as lessor (income)
Minimum lease payments due

	2012	2011
- within one year	411 915	408 335
- in second to fifth year	486 229	687 785
	898 144	**1 096 120**

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.

26. DIRECTORS' EMOLUMENTS

Executive

2012

	Emoluments	Performance bonus	Total
T Mendrew (Acting Chief Executive Officer)	1 200 720	144 086	1 344 806

2011

	Emoluments	Performance bonus	Total
T Mendrew (Acting Chief Executive Officer)	1 131 900	62 403	1 194 303
L Bethlehem (Chief Executive Officer-Resigned 15 July 2010)	59 126	102 505	161 631
	1 191 026	**164 908**	**1 355 934**

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26. DIRECTORS' EMOLUMENTS (continued)

Non-executive

2012

	Directors' fees	Retainer fees	Total
L Vutula (Chairman-Retired 24 April 2012)	47 620	33 062	80 682
G Simelane (Chairman-Appointed 24 April 2012)	13 890	-	13 890
P Kubu (Appointed 24 April 2012)	12 900	-	12 900
D Lewis (Resigned 24 April 2012)	13 890	-	13 890
N Lila	104 170	19 840	124 010
B Majola (Appointed 24 April 2012)	8 930	-	8 930
P Mashiane (Appointed 24 April 2012)	10 912	-	10 912
P Masilo	67 460	19 840	87 300
L Matlhape (Retired 24 April 2012)	44 644	16 533	61 177
D Naidu	64 480	19 840	84 320
A Rajah (Appointed 24 April 2012)	8 930	-	8 930
A R Roriston (Resigned 24 April 2012)	15 872	-	15 872
W Thwala (Appointed 24 April 2012)	8 930	-	8 930
K Moyo (Independent Audit Committee member)	29 760	19 840	49 600
J Vergotine (Independent Audit Committee member)	4 960	-	4 960
K Govender (Independent Audit Committee member)	4 960	-	4 960
	462 308	**128 955**	**591 263**

2011

	Directors' fees	Retainer fees	Total
L Vutula (Chairperson)	57 540	39 675	97 215
J Boggenpoel (Independent Audit Committee member)	34 720	19 840	54 560
	39 690	19 840	59 530
N Lila	124 010	19 840	143 850
P Masilo	71 430	19 840	91 270
L Matlhape	42 656	19 840	62 496
D Naidu	48 620	19 840	68 460
A R Roriston	50 592	19 840	70 432
K Moyo (Independent Audit Committee member)	29 760	19 840	49 600
	499 018	**198 395**	**697 413**

27. CASH USED IN OPERATIONS

	2012	2011
Surplus	3 993 492	9 484 369
Adjustments for:		
Depreciation and amortisation	1 013 345	1 162 325
Loss on disposal of assets	23 697	8 275
Debt impairment	107 344	-
Movements in provisions	442 244	2 035 695
Annual charge for deferred tax	(1 441 040)	(1 584 165)
Donations received	(29 734)	-
Interest on finance leases	(29 040)	(22 685)
Changes in working capital:		
Trade and other receivables from exchange transactions	139 292 440	2 704 381
Consumer debtors	(107 344)	-
Trade and other payables from exchange transactions	(179 105 097)	(20 498 586)
VAT	(1 106 282)	(29 495 099)
	(36 945 975)	**(36 205 490)**

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28. COMMITMENTS		
Commitments in respect of capital expenditure:		
Authorised and not yet contracted for		
• Kliptown Renewal Project	10 000 000	10 000 000
• Orlando East Station Precinct	10 386 000	13 772 000
• Nancefield Station Precinct	20 000 000	-
• Randburg	1 000 000	-
• Jabulani	1 000 000	-
	42 386 000	23 772 000
Authorised and contracted for		
• Contractual costs committed	74 054 299	171 927 076

The contractual costs committed arise from the related construction work which was contracted for but not yet completed on 30 June 2012.

	2012	2011
This expenditure will be financed from:		
Government Grants	116 440 299	195 699 076

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29. CONTINGENCIES

2011

In 2005, the JDA entered into a contract for the construction of Baragwanath Public Transport Facility, the supplier had FIGB provide a financial guarantee for the contract. On 13 February 2006, the JDA cancelled the contract because the supplier had defaulted. The JDA then turned to the FIGB demanding an amount of R1,400,000. The matter was taken to courtui, and then judgement was granted in favour of the JDA. In August 2007, FIGB appealed and lost the appeal. The court issued a writ of execution for the judgement of debt but the Sheriff returned the writ with an explanation that she could not find any FIGB assets to meet the judgement. JDA has investigated the location of FIGB assets but was unsucessful and is now considering abandoning the matter. Therefore, the chances of recovering the R1,400,000 are non-existent at this stage. Legal confirmation has subsequently confirmed that the amount of this claim is R1,754,279 plus interest at a rate of 15.5% per annum from 9 March 2006 to date of payment plus costs.
Progress made in 2012 - Due to the improbability of ever recovering on the writ of execution the Accounting Officer has resolved to abandon the writ.

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 in 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.

The JDA was served with a summons from Leaf Security (Pty) Ltd for services rendered for the period of December 2010 to January 2011. The JDA had contracted Leaf Security for security services at a construction site in Bertrams. The JDA has subsequently filed an intention to defend the matter at the Magistrates Court.
Progress made in 2012 - Negotiations to settle the matter out of court are at an advanced stage and will be finalised by end of October 2012.

On the 12 July 2011, the Johannesburg Development Agency (SOC) Ltd, received a summons from an applicant, Gillian Anne Frost, claiming compensation for bodily injuries she sustained at one of the JDA's development sites. In the case of an adverse finding against the JDA, the JDA will be liable for an amount of R405,108. The City of Johannesburg has filed its intention to defend the matter on behalf of all the cited respondents.
Progress made in 2012 - The matter has not advanced since the City's filing of their legal papers.

The JDA has initiated arbitration proceedings with one of its contractors to determine whether a claim for extension of time rejected by the JDA is reasonable. In the event, that the finding is against the JDA, the JDA will have to pay the contractor an estimated amount of R1,5 million (including costs and disbursements).
Progress made in 2012 - The matter was determined and an agreement was concluded with contractor.

Letters of demand received in the 2010/11 financial year and the intentions of certain parties to sue against the JDA that was received included:

- Total South Africa (Pty) Limited for loss of income as a result of JDA BRT construction works - R275 034.29. The matter is still being negotiated. Progress made in 2012 - The matter has no progress and no court action initiated.
- EasiHold (Pty) Ltd trading as Easipark for parking management services at 1 and 2 Central Place - R498 526.02. Blue IQ Holdings (SOC) Limited, on whose behalf Easipark provided services, settled the amount in full. Progress made in 2012 - Matter has not moved.

2012

The City of Johannesburg 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. We are still awaiting trial dates.

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29. CONTINGENCIES (continued)

Up to May 2008, there was a thinking that the JDA was regarded as an agent and not the principal and thus was not allowed to account for Output and Input Value Added Tax on capital expenditure funded by the City of Johannesburg on projects rolled out by the JDA. This view was upheld in a ruling issued by the South African Revenue Service dated February 2008, with reference number TCS01/2008.

Subsequent to the said ruling, and further engagement with the South African Revenue Service through Deloitte, a second ruling by SARS dated 13 May 2008, stated the following: "The JDA acted as a principal and not an agent on behalf of the COJ. Further, the payments received by JDA constituted of consideration for a taxable supply which is subject to VAT at the standard rate in terms of section 7 (1) (a) of the VAT Act. Furthermore, JDA should have accounted for output tax on the receipt of the consideration for those services and could have been permitted to claim the VAT incurred on goods and services, pertaining to the agreement, as input tax." SARS requested the JDA to recalculate VAT for all the periods starting with the 2002 year through to 30 June 2007.

Deloitte were appointed by the JDA to calculate the net Value Added Tax payable/ receivable to / from the South African Revenue Service for the periods 2002 to 2007.

A provision for Value Added Tax payable of R8,261,946 was raised in the financial statements.

During the 2011 financial year, an amount of R7,848,985 was paid over to SARS based on calculations prepared by Deloitte. In June 2012, SARS conducted an audit of the work performed by Deloitte after which an assessment will be issued. A final assessment has still not been issued by the South African Revenue Service.

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30. RELATED PARTIES

Relationships	
Controlling entity	The 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 NPC Johannesburg Development Agency (SOC) Ltd Johannesburg Metropolitan Bus Services (SOC) Ltd Johannesburg Roads Agency (SOC) Ltd The Johannesburg Tourism Company NPC Johannesburg Water (SOC) Ltd The Metropolitan Trading Company (SOC) Ltd Pikitup Johannesburg (SOC) Ltd Roodepoort City Theatre NPC The Johannesburg Civic Theatre (SOC) Pty Ltd The Johannesburg Fresh Produce Market (SOC) Ltd The Johannesburg Zoo NPC
Members of key management (included in employee costs)	Refer to note 18

Related party balances

	2012	2011
Amounts included in Loans, Trade and other receivables regarding related parties		
City of Johannesburg Metropolitan Municipality - Projects	6 882 065	14 157 467
Department of Transportation, Planning and Management - Projects	81 076 290	191 944 586
Inner City Funding - Projects	21 427 385	46 632 250
Department of Transportation, Planning and Management - Trade	3 363 866	9 888 104
Inner City Funding - Trade	1 071 369	2 331 613
City of Metropolitan Municipality - Trade	344 103	715 080
Johannesburg Water (SOC) Ltd - Projects	405 547	1 776 889
Department of Environment Management Services - Projects	4 793 230	829 000
Department of Health - Projects	7 853 434	-
City of Johannesburg Housing - Projects	482 391	-
Johannesburg Water (SOC) Ltd - Trade	28 500	-
Department of Environment Management Services - Trade	239 661	-
Department of Health - Trade	392 672	-
City of Johannesburg Housing - Trade	33 767	-
	128 394 280	**268 274 989**

	2012	2011
Amounts included in Loans, Trade and other payables regarding related parties		
City of Johannesburg Metropolitan Municipality	258	2 562

Related party transactions

	2012	2011
City of Johannesburg Metropolitan Municipality - Interest received	3 806 276	6 673 648
City of Johannesburg Metropolitan Municipality - Grant	24 110 000	21 637 000
City of Johannesburg Metropolitan Municipality - Interest paid	(49 805)	-
	27 866 471	**28 310 648**

	2012	2011
Payments to related parties		
City of Johannesburg Metropolitan Municipality	800 498	1 825 012

Purchases from related parties are listed above.

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30. RELATED PARTIES (continued)

These services were supplied by the related parties and the City of Johannesburg Metropolitan Municipality 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 arm's length basis.

31. CHANGE IN ESTIMATE

Property, plant and equipment

The useful life of computer equipment was estimated in 2011 to be 3 years. In the current period management have revised their estimate to 5 years. The effect of this revision has decreased the depreciation charges for the current and future periods by R 68 574

The impact on deferred tax is R19,201.

The impact on the cash flow statement is Rnil.

Computer Equipment - 5 years

The useful life of the printers and servers was estimated in 2011 to be 5 years. In the current period management have revised their estimate to 6 years. The effect of this revision has decreased the depreciation for the current and future periods by R 22 906

The impact on deferred tax is R6,414.

The impact on the cash flow statement is Rnil.

32. PRIOR PERIOD ERRORS

	2012	2011
Statement of financial position		
Project Funds Paybable - current liabilities	(10 025 500)	(15 717 553)
Project Funds Paybable - non-current liabilities	10 025 500	15 717 553
CAPEX VAT - reversal of provision	-	(412 961)
	-	(412 961)
Statement of financial performance		
CAPEX VAT - reversal of provision	-	412 961

The correction of the error(s) results in the restatement of comparative figures as follows - 2012

Project funds payable - reclassification from current liability to non-current liability
CAPEX VAT - reversal of provision raised in prior years

33. RISK MANAGEMENT

Financial risk management

The entity's overall risk management strategy is done in conjunction with the central treasury department within the City of Johannesburg Metropolitan Municipality. The treasury department identifies, evaluates and hedges financial risk in co-operation with the company.

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33. RISK MANAGEMENT (continued)

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

At 30 June 2012	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	(64 974 712)	-	-	-

At 30 June 2011	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	(244 079 808)	-	-	-

Interest rate risk

The company has significant interest-bearing assets. This has a direct bearing on the company's income and operating cash flows. The asset subject to the above is the sweeping account with the City of Johannesburg Metropolitan Municipality. The following table highlights the likely cashflow risk to the company in the event of an interest rate fluctuation. The current interest rate is 5.59%.

Interest rate - Sweeping account	2012	2011
4.59%	573 025	1 024 569
6.59%	(573 025)	(1 024 569)
	-	-

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprises of a small customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. With the City of Johannesburg Metropolitan Municipality being the sole debtor of the Johannesburg Development Agency, credit risk on trade receivables is considered minimal.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2012	2011
Loans from shareholders - refer to note 2	2 498 544	45 979 299
Trade and other receivables - refer to note 3	129 519 131	268 741 227

34. 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.

35. FRUITLESS AND WASTEFUL EXPENDITURE

Reconciliation of fruitless and wasteful expenditure	2012	2011
Opening balance	20 520	-
Unauthorised expenditure current year	-	20 520
Approved by Council or condoned	(20 520)	-
	-	20 520

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35. FRUITLESS AND WASTEFUL EXPENDITURE (continued)

During the 2010/2011 financial year a legitimate looking email was sent to the JDA purporting to be from an authenic supplier requesting changes to their existing bank details. It was later discovered after funds had been transferred that the email was fraudulent. Gobodo Forensic And Investigative Accounting (Pty) Ltd (GFIA) were appointed to investigate the fraudulent diversion of the supplier payment into the unauthorised bank account. The amount being investigated was R20,520. The GFIA concluded that as a result of the Supply Chain Co-ordinator's and IT Officer's negligence and some weaknesses in JDA's internal controls the entity suffered financial losses to the amount of R20,520. GFIA further concluded that there was no proof that the implicated employees benefitted financially from the fraud. They also recommended that disciplinary action be taken against the implicated individuals for negligence. GFIA's recommendation was upheld by management and disciplinary charges were labelled against the two individuals on the grounds of negligence in the discharge of their duties. Both employees were issued with written warning letters. The case has also been reported to the SAPS and it is with the commercial crimes unit. There has not been any feedback from SAPS since the case was reported.

36. IRREGULAR EXPENDITURE

Reconciliation of irregular expenditure	2012	2011
Opening balance	888 592	-
Movement for the year	923 647	888 592
Reported to the Council and condoned	(1 812 239)	-
	-	888 592

Details of irregular expenditure – 2011

Appointment of supplier without following SCM process		376 906
Contract not reveiwed after 3 years		222 182
Contract extensions	- Kiklo Risk Management Solutions	22 774
	- 3 Fifteen	237 360
	- Metrofile	29 370
		888 592

Details of irregular expenditure - 2012

Contract extensions	- Kiklo Risk Management Solutions	158 144
	- Ricoh	63 110
	- Metrofile	10 675
	- Arcus Gibb	691 718
		923 647

2011

Appointment of supplier without following SCM process

On completion of the Ridgewalk project, the JDA commenced with the planning for the storm water upgrade project, the implementation of which started in April 2010 and the project was completed by the end of October 2010. The Department of Planning and Urban Management (DPUM) office approved the Neighbourhood Development Partnership Grant (NDPG) funding for the additional project during February 2010 and the funding had to be spent end June 2010.

Due to time contraints the then JDA Development Manager extended the appointment of the quantity surveyor as a contractor had to be appointed by April 2010. The quantity surveyor's services were required to compile the bill of quantities and assist with the finalising the tender document. It was not practical to go out on tender for the consultant and contractor at the same time as there was a need for quantity surveyor to prepare the tender for a contractor.

At the meeting of the 23 November 2010, the JDA Bid Adjudication Committee resolved to the JDA Chief Executive Officer (CEO) to ratify the extension of the appointment of Koor Dindaar Mothei for the Stretford Station Node Project for an amount of R376,905.56 (excluding VAT).

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36. IRREGULAR EXPENDITURE (continued)

Contract not reviewed after 3 years

The contract between the JDA and Gestetner Finance was signed on 25 September 2007, with effective date on 26 November 2007. The contract has existed for a period of more than three years (from 26 November 2007 to 25 November 2010) and the contract is still active to date.

An extension for a period of 1 year was issued to the service provider while a tender process of appointing a new service provider is being carried out.

Contract extensions

Kiklo Risk Management Solutions
The approval for the extension of Kiklo was approved at a BAC meeting held on 22 May 2009. The resolution was that a 2 year contract be concluded with Kiklo. For the year 2010 no contract was concluded as the initial contract included a duration clause which allows for the contract renewal on the anniversary for successive periods of twelve months subject to an escalation in fees. During the year under review, a letter of appointment was signed between JDA and the service provider for a period of twelve months with reference to the original contract's terms and conditions. A tender process of appointing a new service provider is being carried out.

3 Fifteen
The approval of the extension of 3 Fifteen was approved at a BAC meeting held on 22 May 2009. The resolution was that the annual service level agreement be approved for renewal on a yearly basis. No contract was concluded for 2011 as the service provider was informed on 4 May 2011 regarding the termination of the contract. A tender process of appointing a new service provider is being carried out.

Metrofile
Moving of archives from one service provider to another service provider poses a risk of documents being lost and/or misplaced. It is management's view that archive services cannot be chopped and changed from one year to the other. The original contract with Metrofile was signed in 2006.

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36. IRREGULAR EXPENDITURE (continued)

2012

Contract extensions:

Kiklo Risk Management Solutions

At the BAC meeting held on 13 December 2011, an amount of R158,143.83 (excl. VAT) paid to Kiklo for back-up services for a period of five months from July 2011 to November 2011 was recommended to the CEO for ratification in order to regularise the irregular expenditure in terms of the Auditor General's findings.

Ricoh

At the BAC meeting held on 13 December 2011, an amount of R63,109.67 (excl. VAT) paid to Ricoh for printer services for a period of five months from July 2011 to November 2011 was recommended to the CEO for ratification in order to regularise the irregular expenditure in terms of the Auditor General's findings.

Metrofile

At the BAC meeting held on 09 December 2011, an amount of R10,674.51 (excl. VAT) paid to Metrofile for archive services for a period of five months from July 2011 to November 2011 was recommended to the CEO for ratification in order to regularise the irregular expenditure in terms of the Auditor General's findings.

Arcus Gibb

Work to the value of R691,718.46 (excl. VAT) for scope increase to Arcus Gibb for lane colourisation design and implementation for the BRT project was recommended to the CEO for ratification. Arcus Gibb's additional scope had not been approved by the BAC.

37. ACTUAL OPERATING EXPENDITURE VERSUS BUDGETED OPERATING EXPENDITURE

Refer to note 37 for the comparison of actual operating expenditure versus budgeted expenditure.

In the Statement of Comparative and Actual Information, the narrative explainations on major variances are as follows:

Investment Revenue - The positive variance of R892,280 relates to interest earned over the financial year on a favourable bank balance. The favourable bank balance was largely due to BRT land acquisition funds which City Treasury transferred into the JDA's bank account at the beginning of the 2009/10 financial year. The timeous settlement of capex claims by City of Johannesburg's Transportation Department has also had a positive effect on our favourable bank balance and has contributed to the interest earned.

Other own revenue - The negative variance of R2,601,665 was as a result of an under recovery of development management fees. Developmment management fees are lower than budgeted due to only 73% of the annual capital budget has been utilised i.e. 69% BRT and 96% on other funded projects. The BRT capital budget was underspent mainly due to two reasons i.e. The Mayoral Committee's decision to reroute a trunk route of the BRT service and the lower than expected construction pricing costs that were received.

Employee costs - The negative variance is due to funded positions that were vacant during the year. The filing of these positions were withheld due to the moratorium on the filing of vacant posts by the office of the City Manager.

Other expenditure - The negative variance of R2,844,432 arose from variances in the IT expenses, repairs & maintenance, planning & strategy and telecommunications line items. The timing of expenditure relating to some of the IT related services resulted in amounts being classified as payments in advance and not accounted for in the current year under review. Some of the planned feasibility studies were not undertaken and this resulted in the under-spending in the Planning & Strategy line item. The telecommunicatons as well as other expenditure line items were pure savings as a result of strict cost control measures implemented by management

38. ACTUAL CAPITAL EXPENDITURE VERSUS BUDGETED CAPITAL EXPENDITURE

Refer to note 37 for the comparison of actual capital expenditure versus budgeted expenditure.

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Figures in Rand	2012	2011

39. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the directors and includes a note to the annual financial statements.

Buses and gym equipment were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the directors who considered them and subsequently approved the deviation from the normal supply chain management regulations.

	2012	2011
University of Witswatersrand	-	150 000
TriStar POD	-	171 000
Arcus Gibb	-	185 000
	-	506 000

Deviations - 2012
There were no deviations from normal supply chain management regulations in the current year.

Deviations - 2011

At the recommendation of the Bid Adjudication Committee, the Accounting Officer approved a deviation from normal procurement process for the appointment of the University of Witswatersrand Department of History as the historian for the continuation and finalisation of the Vilakazi Street Precinct Oral History Project.

At the recommendation of the Bid Adjudication Committee, the Accounting Officer approved the deviation from the normal procurement processes to appoint TriStar POD as a sole service provider to supply and install a screen structure at the OR Tambo Airport for advertising space.

At the recommendation of the Bid Adjudication, the Accounting Officer approved the deviation from normal procurement process for the appointment of Arcus Gibb for the implementation of the pedestrian bridge project in accordance with the Kliptown Project.

At the recommendation of the Bid Adjudication Committee, the Accounting Officer approved the deviation from the normal procurement processes to shorten the tender advertising period from fourteen calendar days to seven calendar days, inviting contractors to tender for the reinstatement and repairs of sidewalks in the Inner City Area.

At the recommendation of the Bid Adjudication Committee, the Accounting Officer approved the deviation from the normal procurement processes to approach service providers from the JDA database to submit proposals without advertising on the website for seven days for the design, layout and print of exhibition material, event management services as well as to supply branding material for the Halala Joburg Awards.

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40. STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION

2011

	Original budget	Adjusted Budget (i.t.o. s28 and s31 of the MFMA)	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Financial Performance							
Investment revenue	5 928 400	3 000 000	3 000 000	3 892 280	(892 280)	130 %	66 %
Transfers recognised - operational	22 866 000	24 110 000	24 110 000	24 110 000	-	100 %	105 %
Other own revenue	25 848 600	22 484 950	22 484 950	19 883 285	2 601 665	88 %	77 %
Total revenue (excluding capital transfers and contributions)	**54 643 000**	**49 594 950**	**49 594 950**	**47 885 565**	**1 709 385**	**97 %**	**88 %**
Employee costs	(27 607 000)	(28 851 251)	(28 851 251)	(27 483 616)	(1 367 635)	95 %	100 %
Debt impairment	-	-	-	(107 344)	107 344	DIV/0 %	DIV/0 %
Depreciation and asset impairment	(1 340 000)	(1 149 306)	(1 149 306)	(1 013 345)	(135 961)	88 %	76 %
Finance charges	(1 000 000)	(100 000)	(100 000)	(78 847)	(21 153)	79 %	8 %
Other expenditure	(24 696 000)	(19 494 393)	(19 494 393)	(16 649 961)	(2 844 432)	85 %	67 %
Total expenditure	**(54 643 000)**	**(49 594 950)**	**(49 594 950)**	**(45 333 113)**	**(4 261 837)**	**91 %**	**83 %**
Surplus/(Deficit)	**-**	**-**	**-**	**2 552 452**	**(2 552 452)**	**DIV/0 %**	**DIV/0 %**

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40. STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION (continued)

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Taxation	-	-	-	1 441 040	(1 441 040)	DIV/0 %	DIV/0 %
Surplus/(Deficit) for the year	**-**	**-**	**-**	**3 993 492**	**(3 993 492)**	**DIV/0 %**	**DIV/0 %**

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40. STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION (continued)

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Capital expenditure and funds sources							
Total capital expenditure	-	-	-	1 247 145	(1 247 145)	DIV/0 %	DIV/0 %

Refer to note 37 for narrative reasons for variances.

ANNEXURE D: CONTRACT SCHEDULE FOR 2011/12

Project or portfolio	Contractor's Name	% Black Equity	Contract value (R)
BRT			
	Hlanganani Engineers & Project Management		2,097,324
	Walutana Engineering and Services	100	14 887
	Seco Project Management (PTY) ltd		1,077,634
	EmpowerRisk	60	27 886
	Nemai Consulting	100	64 400
	Nemai Consulting	76	14 849
	SSI Engineers & Environmental consultants	57	127 557
	Ikemeleng Architects CC		3,233,876
	Brgstan SA Consulting &DevEng.ineers		500,257
	WSP SA Civil and Structural Engineers		3,047,451
	Theba& KDM QS JV		1,628,611
	Arup		4,500,000
	Aecom Davis Langdon		1,063,418
	WSP SA Civil & Structural Engineers / KYD Consulting		740,000
	Superway Consortium		3,777,821
	Vela VKE (PTY) ltd		608,952
	LesoleCivils CC		5,171,378
	EmpowerRisk	57	9 220
	Vesi Safety and General Services	100	1 725
	Nemai Consulting	100	26 400
	Nemai Consulting	94	54 946
	Vesi Safety and General Services	100	47 280
	RSG Engineering	100	82 688
	BluePrint Landscape Architecture	0	130 000
	NMA Effective Social Strategists (Pty) Ltd	97	68 885
	Kopano Lesego Consulting	100	56 700
	RSG Engineering		122,513
	Nemai Consulting		92,160
	NMA Effective Social Strategists (Pty) Ltd		129,105
	Nemai Consulting CC		25,275
	Marina Landscaping PTY / Tswllapelle		3,500,000
	Life Landscapes A Division of Ukhamba Green Services		3,309,719
	Selanya Consulting Engineers PTYltd		162,250
	ND KUverjee Consulting Engineers CC T/a ND Kuverjee		519,125
	Ikemeleng Architects		420,301
	Archway Projects CC		210,000
	Nemai Consulting		37,225
	SSI Engineers and Environmental Consultants		1,089,598
	AECOM Davis Langdon	38	626 768
	Bophelong Joint Venture	59	645 895
	Archway Projects cc	51	326 727
	Arcus Gibb (Pty)Ltd	100	1 583 659
	Lonerock/Maziya JV	30	24 890 000
	AECOM Davis Langdon	39	531 928
	Arcus Gibb (Pty)Ltd	48	1 021 133
	Development & Engineering Consultants (Pty) Ltd	86	913 907
	Lonerock/Khathide JV	43	27 351 937
	Aecom Davis Langdon	39	1 063 418
	Arup (PTY) Ltd	66	6 553 777
	Bophelong Joint Venture	42	10 073 052

Project or portfolio	Contractor's Name	% Black Equity	Contract value (R)
	Diagonal Project Africa	100	2 198 079
	Dipcivils (Pty) Ltd	46	61 630 565
	Group Five / ENZA JV	54	22 941 362
	Group Five / Enza JV	54	37 173 442
	Group Five / Enza JV	54	12 511 444
	King Civil Ludonga JV	35	7 328 457
	MajuMafani Construction	80	2 804 193
	Theba and KoorDindarMothei	63	1 868 060
	WSP SA Civil and Structural Engineers	43	4 836 180
	Goba (PTY) Ltd	100	1 400 000
	Marina Landscaping (PTY) Ltd JV Group	51	5 078 388
	Nemai Consulting	100	25,275
	Yikusasa Building Contractors SA cc	100	72 123 452
	NBGM Landscape Architecture JV	42	2,105,000
	Kingsway / City Markings JV	100	9,446,418
	Diagonal Projects Africa (PTY) Ltd	100	1,000,000
	Ayob Ismail &Mahomedy	100	299,787
	Turner & Townsend	100	42,322
	Murray & Roberts	33	9,862,124
	Nemai Consulting	100	38,646
	LesoleCivils cc	100	5,216,598
	Nemai Consulting	96.40	115,200
Tansnet Land / metro Park			
	Archway Projects CC		165,000
	Phakamile Engineering		49,500
	Bergstan SA Consulting &DevEng		437,374
	The Creative Axis		81,956
	Kopano Lesego Consulting CC		25,200
	RSG Engineering		159,657
Kliptown			
	Hoboyi and Associates	100	558 054
	Ikemeleng Architects	92	199 685
	Dihlase Consulting Engineers (PTY)LTD	100	1000,000
	NMA Effective Safety Health and Environmental Training Services CC	100	725,200
	Marutleng Safety Health and Environmental Training Services CC	83	155,940
	Walker Mare Johannesburg (PTY) LTD	100	100,000
Diepsloot Development			
	Bergstan, Bergstan South Africa Consulting and Development Engineers (Pty) Ltd	100	499 200
	EmpowerRisk	100	51 518
	Hlanganani Consortium	67	3 392 918
	Masande Environmental Health and Safety Consultants cc	52	64 545
	Phakamile, Phakamile Engineering cc	100	82 500
	Axton Matrix Construction CC	89	9,110,847
Rehabilitation of Bruma Lake			
	CBA and Associates		1 976 300
	Vela VKE Consulting Engineers PTY LTD Bruma	18	365,000
	Chris Broker and Associates		245,436
	John Drummond Landscape Architects CC		95,000

Project or portfolio	Contractor's Name	% Black Equity	Contract value (R)
	Chris Broker and Associates	0	1,976,300
	Rich Construction		2,851,759
Temporary Taxi Holding Facility			
	Archway Projects cc	100	165 000
	NarreshMiistry Architects T/A the Creative Axis	100	81,956
	Axton Matrix	100	10,930,546
	Kopano Lesego	100	25,200
	RSG Engineering	100	159,657
Constitution Hill			
	Dryden Projects cc	100	3 262 390
	HMJ Prins Architects	0	497 607
Orlando East Station Precinct Upgrade			
	Badat Developments	100	415 520
	Badat Developments	100	98,894
	Nemai Consulting	84	200 820
	Lebone Engineering (PTY) LTD	93	361,725
	Bergstan SA	62	1,010,123
	LesoleCivils CC	100	2,752,847
	Empowerisk		51,518
Westgate Station Precinct			
	Archway Projects cc	62	1 111 000
	GAPP Architect and Urban Designers Pty Ltd	20	1 558 000
	Goba (Pty) Ltd	51	1 355 055
	KoorDindarMothei Quantity Surveyors Pty Ltd	20	919 120
	NMA Effective Social Strategists (Pty) Ltd	93	639 985
	Selanya Consulting Engineers	100	1 053 168
	Selanya Consulting Engineers	100	265,100
	Kingsway Civil CC	100	14,751,365
COJ Clinics			
	Spoormaker& Partners – Electrical & Mechanical Engineers	20	137,700
	Vesi Safety & General Services OHS Consultants	100	33,450
	Seco Project Management		215,232
	Nemai Consulting Community Participation Consultants	94	99,520
	Dryden Projects	100	4,581,783
	Themba Consultants		186,445
	BRamgoolan and Associates Inc		194,304
	Ntsika Architects		249,191
	Thaba QS Surveyors t/a Thaba Consulting		95,000
	Badat Development CC		110,000
	Vesi Safety & General Services OHS Consultants		39,900
	HMJ Prins Architects		497,608
	Dihlase Consulting Engineers (PTY) LTD	100	1000,000
	Ikemeleng Architects CC	100	199,686
	Hoboyi& Associates CC	100	558,054
	NMA Effective Social Strategists (PTY) LTD	100	725,200
	Marutleng Safety Health and Environmental Training Services CC	83	155,940
	Walker Mare Johannesburg (PTY) LTD	100	100,000
Diepsloot			
	Bergstan SA Consulting & Dev. Engineers		499,200
	Phakamile Engineering		82,500

Project or portfolio	Contractor's Name	% Black Equity	Contract value (R)
	EmpowerRisk		51,518
	Masande Consultants		64,545
	Axton Matrix Construction cc		9,110,847
Stretford Station Node			
	Kingsway Civil CC	100	7,644,483
	Marutleng Safety Health and Environmental Training Services CC	100	40,300
	BKS (PTY) LTD	5	376,469
	Phakamile Engineering consultants		127,188
	Development & Engineering Consultants		188,,8800
	NMA Effective Social Strategists		213,740
Orlando East/Noordgesig			
	Themba Consultants	44	378,413
	Badat Development CC	100	147,972
	Gudlhuza Development Solutions	100	43,420
	Viirtual Consulting Engineers LVB	26	114,375
	Vesi Safety & General Services OHS Consultants	100	19,200
	Easyway Tarmac	100	2,922,832
Innercity Commuter Links Phase 2			
	RSG Engineering	85	140,050
	Moseme Road Construction (PTY) ltd	100	8,870,964
	Zizwe General Services		4,609,394
	Alex Ginton Associates PTY LTD		41,150
	NT GemetricsGauteng		25,789
	Ayob Ismail Mahomedy		124,866
	Akweni Construction and Project Management		163,548
	PH BagaleInc		480,444
	Arcus Gibb		93,975
	IyerRothaung Collaborative t/a Iyer Urban Design		383,650
	Selanya Consulting Engineers		253,299
	Kopano Lesego Consulting CC		41,600
Bertrams Mixed Use Development Security Services			
	Bathlokomedi / Mothibatlha JV	100	487,221

ANNEX E: PROJECT DETAILS

JDA010/1: Kliptown Renewal Precinct (Phase 2.2)

Nature of Development

Area-based regeneration of the Greater Kliptown area

Rationale for Development & Strategic Alignment

Kliptown, given its historical significance, is a celebrated site. The area-based regeneration programme undertaken in Greater Kliptown is intended to extend the economic and social benefits of the development to local residents and shop-owners in this area.

Region: D

2011/12 Budget:

- R 10.000 million

Source of Funding / Amount (R):

- City of Johannesburg: R10.000 million

GDS Priorities / Sector Plan:

- Economic development
- Spatial form & urban management

5 Year Strategic Objectives addressed:

- Economic base of underdeveloped areas of the City increased over five years

IDP Programmes addressed:

- Area-based economic development programme

Objectives & Outcomes

The development will serve to improve the sustainability of the WSSD, the Kliptown Hotel and the neighbourhood as a whole.

Overview

The Walter Sisulu Square of Dedication (WSSD) was built to commemorate the Congress of the People that adopted the Freedom Charter in 26 June 1955. The square was successfully completed and opened by the State President of South Africa on 26 June 2005. The Greater Kliptown Regeneration Development is a major urban regeneration initiative in Soweto and the goal of the development is the sustainable and integrated development of the area. In 2008/09 a basement parking facility was completed to serve the newly opened Hotel on the square and to accommodate the parking needs of the area-based facilities such as the museum, community centre and visitors' centre.

Despite this investment, there is still a disconnect between the square and the neighbouring businesses on Union Street and the pedestrian links across the railway line and from the railway station remain degraded. In 2010/11 the new phase of regeneration in Kliptown included upgrading of at least one of the heritage buildings on the Union Street side of the square; and some improvements to the pedestrian bridge across the railway line and the promenade along the railway line to the station.

Delivery Programme

Development Stage	07/08	08/09	09/10	10/11	11/12	12/13	13/14
Business Plan							
Implementation							
Exit							
Evaluation							

Deliverables in 2011/12

Completion of walkway to station, and public art installation. Further implementation of public environment upgrading including streets and sidewalks, and drainage.

Completion Schedule: 2011/12 Planned Progress per Quarter (%)

Deliverable	Q1	Q2	Q3	Q4	Year
Public environment upgrade in Kliptown Renewal Precinct Phase 2.2	0%	25%	60%	100%	100%

Job Creation Schedule: 2011/12 Planned Short-Terms Jobs per Quarter (No. Of Jobs)

	Q1	Q2	Q3	Q4	Year
Short-Terms Jobs	3	9	12	14	**38**

Completion Schedule: 2011/12 Actual Progress per quarter (%)

	Q1	Q2	Q3	Q4	Year to date
Public environment upgrade in Kliptown Renewal Precinct Phase 2.2	0%	0%	20%	100%	**100%**

Completion Schedule:2011/12 Actual short term jobs per quarter

	Q1	Q2	Q3	Q4	Year
Short term Jobs	0	0	28	53	**81**

JDA048: Orlando East Station Precinct (Phase 3)

Nature of Development

The upgrading of Orlando station node

Rationale for Development & Strategic Alignment

Region: D

2011/12 Budget:

An urban development framework has been completed for Orlando East and Noordgesig. This has established a number of intervention areas to improve community spaces and increase efficiency, density and rationalise development. A first intervention is the upgrading of the Orlando station node which hosts the Orlando railway station and a number of civic uses as well as two BRT stations. The node is a critical transit interchange point, an important pedestrian environment and a crucial institutional node in Orlando East. It is also the point of arrival for visitors to Orlando stadium. A number of improvements are recommended for Noordgesig. A small intervention that will have significant impact is the reinstatement of a pocket park located centrally within the suburb. A key link between Orlando East and Noordgesig and a key node on the BRT system is the intersection of Mooki Street and Soweto highway where increased density and mixed use is proposed. The establishment of guidelines and encouragement of redevelopment in this node is a priority.

- R 5.000 million
- R 4.386 million

Source of Funding / Amount (R):

- City of Johannesburg: R 5.000 million
- EPWP incentive grant R4.386 million

GDS Priorities / Sector Plan:

- Spatial Form and Urban Management

5 Year Strategic Objectives addressed:

- Public investment in marginalised areas to facilitate crowding in of private sector spending

IDP Programmes addressed:

- Economic area based regeneration

Objectives & Outcomes

To optimise the potential of Orlando East given its strategic location and historical significance.

Overview

Detailed design was completed in 2009/10. To implement the plan for this node, the JDA will focus on upgrading the link between the BRT service in Mooki Street and the Orlando East railway station and other public environment upgrading to improve pedestrian links.

Delivery Programme

Development Stage	**08/09**	**09/10**	**10/11**	**11/12**	**12/13**	**13/14**
Initial Investigation						
Detailed Investigation						
Business Plan						
Implementation						
Exit						
Evaluation						

Deliverables in 2011/12

Extension of public environment upgrading along pathway linking station forecourt and Mooki Street, and public art installation.

Deliverable	**Q1**	**Q2**	**Q3**	**Q4**	**Year**
2010/11 Planned Progress per Quarter (%)					
Public environment upgrading in Orlando East Station Precinct Phase 2	0%	25%	60%	100%	**100%**
Public environment upgrading in Orlando East Noordgesig (EPWP)	0%	25%	60%	100%	**100%**
2010/11 Planned Short-Terms Jobs per Quarter (No. of Jobs)					
Short-Terms Jobs	2	6	8	9	**25**
Completion Schedule: 2010/11 Actual Progress per quarter					**Year to date**
Public environment upgrading in Orlando East Station Precinct Phase 2	0%	0%	20%	122%	**122%**
Public environment upgrading in Orlando East Noordgesig (EPWP)	0%	0%	9%	121%	**121%**
Jobs creation schedule:2010/11 Actual short term jobs per quarter					
Short term jobs	0	0	64	233	**297**

JDA056 ICF4: Commuter links / Art Gallery (Rea Vaya) Station Precinct Upgrade (Phase 2)

Nature of Development

Public space upgrading to allow better movement of commuters to and from the Art Gallery BRT station (one of the busiest BRT stations in the inner city) and strengthen links with other modes of transport.

Rationale for Development & Strategic Alignment

The BRT service is proving to be an efficient and popular public transport option. Great care has been taken to make the BRT stations appealing and user-friendly, but now there is a need to improve the pedestrian access to and from these stations and the quality of the public environment in their vicinity. The Art Gallery BRT station is one of the busiest ones in the inner city.

Objectives & Outcomes

2011/12 Budget

- R 15.800 million

Source of Funding / Amount (R):

- City of Johannesburg ICF: R 15.800 million

GDS Priorities / Sector Plan:

- Economic area regeneration programme
- Increased use by people with disabilities (PWDs) of the public transport system. Improved accessibility to private and public transport in marginalised areas
- Design and implement codes to create safer communities, legibility, functionality and aesthetics of the urban environment

To improve pedestrian and traffic links to and from the Art Gallery BRT station.	• Corridors and mobility routes planned, developed and managed in the way that supports the overall development framework of high intensity nodes on a lattice of connecting routes

Overview

The Art Gallery BRT station is close to a number of key public transport facilities. It is within easy walking distance of Park Station, and the Jack Mincer and Park City taxi ranks. It is also within close proximity to high density residential areas in Hillbrow. To improve access to the Art Gallery BRT station, and to increase pedestrian safety, and reduce congestion the following interventions are proposed:

- Repairs and / or new paving along Twist street from Smit Street to Plein street, along Plein Street between Klein and Quartz streets; and along Edith Cavell between Plein and Bree streets
- Street lighting improvements throughout the precinct
- Improvements to the flow of taxis into and out of Jack Mincer taxi rank
- Pedestrian deterrent along Twist Street from BRT station towards Hancock Street

Delivery Programme *(to be shaded)*

Development Stage	08/09	09/10	10/11	11/12	12/13	13/14
Detailed Investigation						
Business Plan						
Implementation						
Exit						
Evaluation						

Deliverables in 2011/12

Repairs and improvements to paving and lighting around the Art Gallery BRT station; Street lighting throughout the precinct; and Access and egress improvements at Jack Mincer taxi rank

Deliverable	Q1	Q2	Q3	Q4	Year
2011/12 Planned Progress per Quarter (%)					
Detailed designs for public environment upgrading in the Art Gallery Rea Vaya BRT station precinct (Phase 2)	0%	25%	60%	100%	**100%**
2011/12 Planned Short-Terms Jobs per Quarter (No. of Jobs)					
Short-Terms Jobs	4	19	25	28	**76**
Completion schedule: 2011/12 Actual progress per quarter					**Year to date**
Detailed designs for public environment upgrading in the Art Gallery Rea Vaya BRT station precinct (Phase 1)	12%	30%	30%	100%	**100%**
Job creation schedule: 2011/12 Actual short term jobs per quarter					
Short term jobs	34	56	27	116	**233**

JDA058 ICF5: Westgate Station Precinct

Nature of Development

Public environment upgrade in the South Western part of the inner city in accordance with the Inner City Charter commitments for year 5.

Rationale for Development & Strategic Alignment

There is increasing evidence that the City's interventions are revitalising the inner city and leading to increased private sector confidence and investment. In support of the Inner City Charter the CoJ continues to commit money to the Inner City Fund in order to undertake key infrastructure and other projects that will continue to promote the redevelopment of the inner city and attract private investors.

2011/12 Budget

- R 19.2 million

Source of Funding / Amount (R):

- City of Johannesburg ICF: R 19.2million

GDS Priorities / Sector Plan:

- Economic development
- Spatial form & urban management

5 Year Strategic Objectives addressed:

- Increase investor confidence in declining & under-performing areas.

Objectives & Outcomes

The challenge is to continue intensive regeneration efforts to ensure more rapid, even and sustained positive impacts on the entire Inner City, without having a detrimental effect on Inner City communities. The Charter proposes that all stakeholders envisage the future Inner City as a place:

- That will be developed in a balanced way in order to accommodate all people and interests;
- Which remains as the vibrant business heart of Johannesburg as a whole, but which balances future commercial, retail and light manufacturing development with a large increase in residential density;
- Which works, as many other cities do elsewhere in the world as, a key residential node where a diverse range of people from different income groups and backgrounds can have their residential needs met. Our Inner City will not be a dormitory for the poor, nor an exclusive enclave of loft apartments, galleries and coffee shops;
- Of first entry into Johannesburg, but also a place where people want to stay because it offers a high quality urban environment with available social and educational facilities, generous quality public open space, and ample entertainment opportunities;
- Which serves as both the key transportation transit point for the entire Gauteng Global City Region, but also as a destination point where people want to walk in the streets;
- Where the prevailing urban management, safety and security concerns are a thing of the past.

Overview

To begin area based interventions in the Westgate Station Precinct in the inner city; to address the quality of the public environment to both respond to and stimulate private sector investment in this area.

Delivery Programme						
Development Stage	**08/09**	**09/10**	**10/11**	**11/12**	**12/13**	**13/14**
Detailed Investigation						
Business Plan						
Implementation						
Exit						

Deliverables in 2011/12

Public environment upgrading in the Westgate Station Precinct, including upgrading and repair of paving, lighting and public spaces and redesign of sidewalks along Market, Commissioner, Fox, Main, Marshall, Alexander, Miriam Makeba, Gerard Sekoto and NtemiPiliso. This will include the development of new public places, and infrastructure for a heritage trail.

Deliverable	**Q1**	**Q2**	**Q3**	**Q4**	**Year**
2011/12 Planned Progress per Quarter (%)					
Public environment upgrading in the Westgate station precinct phase 1	0%	25%	60%	100%	**100%**
2011/12 Planned Short-Terms Jobs per Quarter (No. of Jobs)					
Short-Terms Jobs	8	23	32	37	**100**
Completion schedule: 2011/12 Actual progress per quarter					**Year to date**
Public environment upgrading in the Westgate station precinct phase 1	0%	34%	81%	100%	**100%**
Jobs creation schedule: 2011/12 Actual short term jobs per quarter					
Short term jobs	0	49	99	31	**179**

JDA059Transnet land / Metro park (Phase 1)

Nature of Development

The development of land previously owned by Transnet along the railway line in Northern Newtown to include a large scale park for the inner city.

Rationale for Development & Strategic Alignment

The JDA has investigated various development options for the vacant land previously owned by Transnet along the railway line in Newtown North. The Newtown North Urban Development Framework proposed an International Transit and Shopping Centre on the Kazerne property, and the feasibility of this project has been investigated to some extent. There are also plans to develop a new phase of the Brickfields housing project. A design competition was also run by JDA in 2009 to identify the best concept for a large metro park. Finally, the decking project initiated by the JDA has been developed into a business plan to guide long term implementation plans.

All of these options will be taken into account in developing a multiyear public environment upgrading project, and a PPP project to develop the Kazerne property.

Region: F

2010/11 Budget:

- R13.000 million

Source of Funding / Amount (R):

- City of Johannesburg ICF: R 13.000 million

GDS Priorities / Sector Plan:

- Spatial form and urban management

5 Year Strategic Objectives addressed:

- Increase investor confidence in declining and under-performing areas

IDP Programmes addressed:

- Economic area based regeneration

Objectives & Outcomes

The challenge is to continue intensive regeneration efforts to ensure more rapid, even and sustained positive impacts on the entire Inner City, without having a detrimental effect on Inner City communities. The Charter proposes that all stakeholders envisage the future Inner City as a place:

- That will be developed in a balanced way in order to accommodate all people and interests;
- Which remains as the vibrant business heart of Johannesburg as a whole, but which balances future commercial, retail and light manufacturing development with a large increase in residential density;
- Which works, as many other cities do elsewhere in the world as, a key residential node where a diverse range of people from different income groups and backgrounds can have their residential needs met. Our Inner City will not be a dormitory for the poor, nor an exclusive enclave of loft apartments, galleries and coffee shops;
- Of first entry into Johannesburg, but also a place where people want to stay because it offers a high quality urban environment with available social and educational facilities, generous quality public open space, and ample entertainment opportunities;
- Which serves as both the key transportation transit point for the entire Gauteng Global City Region, but also as a destination point where people want to walk in the streets;
- Where the prevailing urban management, safety and security concerns are a thing of the past.

Overview

To improve and develop the vacant land previously owned by Transnet in order to stimulate private investment in new property developments in line with the City's development vision for Newtown North.

Delivery Programme						
Development Stage	**08/09**	**09/10**	**10/11**	**11/12**	**12/13**	**13/14**
Business Plan						
Implementation						

Exit						
Evaluation						

Deliverables in 2011/12					
Public environment upgrading on Transnet land and strategic property developments					
Deliverable	**Q1**	**Q2**	**Q3**	**Q4**	**Year**
2011/12 Planned Progress per Quarter (%)					
Transnet land investment phase 1	0%	25%	60%	100%	**100%**
2011/12 Planned Short-Terms Jobs per Quarter (No. of Jobs)					
Short-Terms Jobs	4	7	27	27	**65**
					Year to date
Transnet land investment phase 1	0%	0%	23%	100%	**100%**
Jobs creation schedule:2011/12 Actual short term jobs per quarter					
Short-Terms Jobs	0	0	0	70	**70**

JDA046: Diepsloot Development (Phase 3)

Nature of Development

Area-based regeneration of the Diepsloot area

Rationale for Development & Strategic Alignment

Diepsloot is a relatively new residential neighbourhood on the Northern periphery of the City of Johannesburg. It is a very underdeveloped area. It contains a mix of informal housing, RDP housing and bonded housing, with very little commercial land use and few community facilities. Population densities are high and public infrastructure and services are limited and of a poor quality. This is a key area for public investment to support improved quality of life and economic development.

Region: A

2011/12 Budget:

- R 10.000 million

Source of Funding / Amount (R):

- National Treasury NDPG: R10.000 million

GDS Priorities / Sector Plan:

- Economic development
- Spatial form and urban management

5 Year Strategic Objectives addressed:

- Economic base of underdeveloped areas of the City increased over five years

IDP Programmes addressed:

- Area-based economic development programme

Objectives & Outcomes

The development will serve to improve the sustainability of Diepsloot both in social and economic terms.

Overview

Preliminary planning work was done for the activity zone in 2009, and an urban development framework was done for the Diepsloot area (in 2010), that identified priority projects along an activity street, in a government precinct, around a business zone and around the taxi rank that serves the area. First phases of public space upgrading projects were implemented around the government precinct (Ngonyama Street) during 2009/10. In 2010/11 interventions included construction of at least two pedestrian bridges across the river, and some public space upgrading across the area, but especially in the business zone.

Delivery Programme

Development Stage	**07/08**	**08/09**	**09/10**	**10/11**	**11/12**	**12/13**	**13/14**
Detailed Investigation							
Business Plan							
Implementation							
Exit							
Evaluation							

Deliverables in 2011/12					
Completion of Ngonyama Road upgrading and investment in Ndimatseloni Road					
Completion Schedule: 2011/12 Planned Progress per Quarter (%)					
Deliverable	**Q1**	**Q2**	**Q3**	**Q4**	**Year**
Public environment upgrading on Ngonyama Road	0%	25%	60%	100%	**100%**
Job Creation Schedule: 2011/12 Planned Short-Terms Jobs per Quarter (No. of Jobs)					
Short-Terms Jobs	4	17	22	25	**68**
Completion schedule:2011/12 Actual progress per quarter					**Year to date**
Public environment upgrading on Ngonyama Road	0%	0%	29%	95%	**95%**
Job Creation schedule:2011/12 Actual short term jobs					
Short term jobs	0	0	38	171	**219**

JDA036/2: Stretford Station Precinct, Orange Farm (Phase 3)

Nature of Development

Develop the station node in order to attract private investment in the area.

Rationale for Development & Strategic Alignment

Stretford Station is situated in Orange Farm on the Johannesburg-Vereeniging boundary, approximately 40km to the south of the Johannesburg CBD.

It falls under Region G in terms of the RSDF and Stretford is classified as a District Node. A district node can serve a few neighbourhoods but is mainly focused on the local community. The most critical issue to address in a District Node is easy and interconnected pedestrian movement. Due to the strategic location of the Stretford Station in the node, the node is envisaged as a transportation–based node to be developed in line with the principles of transport-oriented development.

Region: G

Source of Funding / Amount (R):

- NDPG: R10.000 million

GDS Priorities / Sector Plan:

- Spatial form & urban management
- Economic development
- Community development

5 Year Strategic Objectives addressed:

- Public investment in marginalised areas to facilitate crowding in of private sector spending

Objectives & Outcomes

The attraction of new private sector investment to complement and enhance the facilities already available in the Stretford Node. The overall purpose for the development of this node is to create an environment that will allow the station to efficiently function as a public transport inter-modal facility and to support the development of a local economic node.

Overview

In 2008/09 an Urban Development Framework and construction work began on the ridge walkway in the Stretford Station node. This work focused on the crucial pedestrian connection from the body of the Orange Farm settlements to Streford station. The walkway across the ridge leading to the station is being upgraded and the public environment surrounding the existing and proposed facilities in the node will be addressed with focus enhancing the linkages between facilities and ensuring comfortable and safe pedestrian movement. The ridge walkway was completed in 2009/10 and anecdotal evidence suggests that it has made a very big difference in commuters' and residents' lives.

During the last rainy season, high and sustained rainfall showed up weaknesses in the storm-water drainage system in Orange Farm. This has resulted in flooding that caused damage to roads, paths and other infrastructure.

Delivery Programme

Development Stage	08/09	09/10	10/11	11/12	12/13	13/14
Initial Investigation						
Detailed Investigation						
Business Plan						
Implementation						
Exit						

Deliverables in 2011/12

Storm water system designed and implemented including an attenuation dam and drainage channels and pipes.

Urban space upgrading including paving and parking at Stretford Station.

Deliverable	Q1	Q2	Q3	Q4	Year
2010/11 Planned Progress per Quarter (%)					
Public environment upgrading in Stretford station precinct (Phase 3)	0%	25%	60%	100%	**100%**
2010/11 Planned Short-Terms Jobs per Quarter (No. of Jobs)					
Short-Terms Jobs	4	12	16	18	**50**
Completion schedule:2011/12 Actual progress per quarter					**Year to date**
Public environment upgrading in Stretford station precinct (Phase 3)	0%	0%	35%	100%	**100%**
Jobs created schedule: 2011/12 Actual short term per quarter					
Short term jobs	0	0	37	141	**178**

3.8 JDA045: Bus Rapid Transit Routes and Stations

Nature of Development

Delivery of the Bus Rapid Transit System (BRT).

Rationale for Development & Strategic Alignment

Region: Various

2011/12 Budget:

The City of Johannesburg (COJ) has adopted an urban development policy which aims to create compact cities and limit urban sprawl. The COJ has decided to implement the Rea Vaya – Bus Rapid Transit (BRT) system. BRT is simply the idea of creating a rail-like performance using road-based technologies that are affordable to most cities. It refers to a high quality bus based transit system that delivers fast, comfortable, and cost-effective urban mobility through the provision of segregated right-of-way infrastructure, rapid and frequent operations, and excellence in marketing and customer service.

- R 529 000 million

Source of Funding / Amount (R):

- City of Johannesburg (NDoT PTIS):R380.000 million

GDS Priorities / Sector Plan:

- Spatial form & urban management
- Economic development
- Community development

5 Year Strategic Objectives addressed:

- Improved Public Transport System

Objectives & Outcomes

The development targets the improvement of public transport in the City of Johannesburg for the 2010 World Cup and beyond.

Overview

The project is to be delivered in Phases as funding allows. In 2011/12 the second trunk route infrastructure will be completed and planning and preparation will be undertaken for the 3rd trunk route.

Delivery Programme

Development Stage	08/09	09/10	10/11	11/12	12/13	13/14
Implementation						
Evaluation						

Deliverables in 2010/11

1. 7.3 kilometres of dedicated busway
2. Construction works for 1 bus depot (Dobsonville Depot)
3. Newclare road underpass and other road infrastructure
4. 4 stations

Deliverable	Q1	Q2	Q3	Q4	Year
2011/12 Planned Progress per Quarter (%)					
Section 2 (4.25 kms construction)	30%	45%	60%	100%	**100%**
Section 4 (0.26 kms construction)	100%	100%	100%	100%	**100%**
Rissik and Harrison(0.50 kms construction)	80%	90%	100%	100%	**100%**
Bus depot (Dobsonville construction phase 2)	100%	100%	100%	100%	**100%**
Pat Mbatha (2.12 kms construction)	70%	90%	100%	100%	**100%**
Road Underpass (construction)	70%	90%	100%	100%	**100%**
Booysens Reserve pedestrian bridge	100%	100%	100%	100%	**100%**
Pennyville pedestrian bridge	80%	100%	100%	100%	**100%**
Bus depot (Dobsonville construction phase 2)	0%	15%	50%	100%	**100%**
4 bus stations	0%	15%	50%	100%	**100%**
Section 6 and 8 design work	0%	0%	50%	100%	**100%**
2011/12 Planned Short-Terms Jobs per Quarter (No. of Jobs)					
Short-Terms Jobs	765	43	425	383	**2 125**
Completion schedule:2011/12 Actual progress per quarter					**Year to date**
Section 2 (4.25 kms construction)	51%	67%	85%	99%	99%
Section 4 (0.26 kms construction)	98%	100%	100%	100%	100%
Rissik and Harrison(0.50 kms construction)	88%	92%	100%	100%	100%
Bus depot (Dobsonville construction phase 2)	100%	100%	100%	100%	100%
Pat Mbatha (2.12 kms construction)	100%	100%	100%	100%	100%
Road Underpass (construction)	72%	87%	92%	98%	98%
Booysens Reserve pedestrian bridge	100%	100%	100%	100%	100%
Pennyville pedestrian bridge	80%	100%	100%	100%	100%
Bus depot (Dobsonville construction phase 2)	0%	28%	35%	80%	80%
4 bus stations	0%	35%	70%	100%	100%
Station environments	0%	0%	0%	19%	19%
Lane colourisation	-	0%	15%	100%	100%
Section 6 and 8 design work	0%	0%	0%	10%	10%
Jobs creation schedule:2011/12 Actual short term jobs					
Short term jobs	288	1 004	582	716	2 590

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