a world class African city

Johannesburg Development Agency

ANNUAL REPORT 2010/11

2010/11 1 July 2010 – 30 June 2011

Company Information:

Registration Number:	2001/005101/07
Parent Municipality:	City of Johannesburg Metropolitan Municipality
Directors:	L Vutula (Chairman) L I Bethlehem (Chief Executive Officer) (Resigned 16 July 2010) T M Mendrew (Acting Chief Executive Officer) L W Matlhape A R Roriston D Lewis P Masilo N V Lila D Naidu
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:	A world class, area-based, development agency for the City of Johannesburg, constantly striving towards developing best practice in its projects and operations.
JDA mission:	JDA is an agency of the City of Johannesburg, which stimulates and supports area-based development initiatives throughout the Johannesburg metropolitan area in support of the City's Growth and Development Strategy. As development manager of these initiatives, JDA coordinates and manages capital investment and other programmes involving both public and private sector stakeholders.

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
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
MOE	Municipal-owned 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 Johannesburg Development Agency (JDA) is a wholly owned agency of the City of Johannesburg Metropolitan Municipality (CoJ) which stimulates and supports area-based development initiatives throughout the Johannesburg metropolitan area.

The JDA was formed at a critical moment in Johannesburg's history as part of the CoJ'siGoli 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 acceptance of Joburg 2030 as the Johannesburg'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.

In June 2005, the CoJ formulated a new 5-year strategy, the Growth and Development Strategy (GDS) which charts the long term strategic course for CoJ's overall development. The GDS stipulates a long-term vision and development priorities and strategies and is accompanied by a 5-year IDP which sets out the short to medium term objectives and programmes to achieve the vision set out in the GDS. The IDP contains twelve sector plans which roughly correspond to portfolios of the Mayoral Committee. In terms of this process, the JDA is located in the sector dealing with spatial form and urban management, Development Planning and Urban Management. This report covers the 5th and final year of GDS implementation.

As a result of these initiatives, the City experienced very real shifts in the perceptions of private sector investors who identified Johannesburg as a positive site for investment. Their increased enthusiasm for the city represented and continues to represent an important opportunity for the JDA as it seeks to encourage partnerships and involve the private sector in the CoJ's capital developments.

The JDA was established expressly for the purpose of facilitating such developments and encouraging private sector confidence. 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

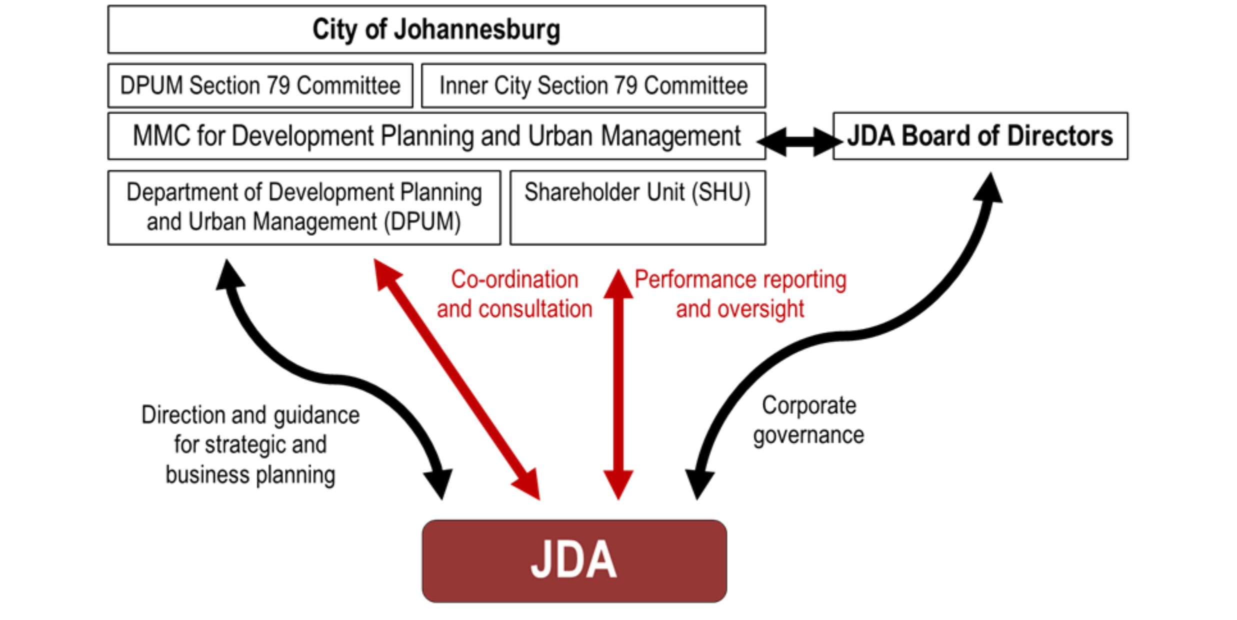
The JDA receives its mandate from the CoJ, acting through the Executive Mayor and Council. It is contractually accountable to the DPUM and the Development Planning and Urban Management, to whom it undertakes compliance reporting in respect of its performance scorecard. JDA relies on the DPUM for service 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 two Section 79 oversight Council committees: the Development Planning and Urban Management Committee, and the Inner City Committee.

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.

The JDA co-ordinates its area-based developments, and other catalytic interventions, with the DPUM. Additionally, the JDA engages with client departments that take ownership of the infrastructure and assets created by the JDA. In 2010/11 these included the Department of Transportation (including the Johannesburg Roads Agency); the Department of Economic Development (including Metropolitan Trading Company); the Infrastructure and Service Department (including City Power; City Parks; Johannesburg Water and Pikitup), Environmental Department (including City Parks) the Department of Community Development; and Housing Department (including 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 Planning Clusters' strategic leadership in respect of all of the CoJ's development activities. Further, the JDA has continued to be the CoJ's implementing agent for the BRT and some of the NDPG funded programmes.

Key Functions

The JDA's key functions involve 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 function includes:

- 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 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. 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 (investment in infrastructure, urban environment upgrades, proper urban management, provision of tax incentives etc) in declining areas provides the necessary platform for private sector investment and re-investment into these areas.

Section 1.2: Strategic objectives

The JDA Vision is to be,

a world class, area-based, development agency for the City of Johannesburg, constantly striving towards developing best practice in its developments and operations.

The JDA defines its Mission as follows:

JDA is an agency of the City of Johannesburg, which stimulates and supports area-based development initiatives throughout the Johannesburg metropolitan area in support of the City's Growth and Development Strategy. As development manager of these initiatives, JDA coordinates and manages capital investment and other programmes involving both public and private sector stakeholders.

In delivering on the Mayoral and City priorities the JDA adopted the seven defined Strategic Objectives to guide its interventions.

- To promote economic growth through the development and promotion of efficient business environments in defined geographic areas.
- Regenerate decaying areas of the city.
- Unlock public and private sector investment in historical areas.
- Undertake area-based regeneration projects in areas in the City not meeting their potential.
- To promote economic empowerment through the structuring and procurement of JDA developments.
- To promote productive partnerships and cooperation between all relevant stakeholders on area-based initiatives.
- To develop best practice and organisational expertise in respect of area-based development management.

Table 1: JDA's Strategic Agenda, 2010/11

5-Year Strategic Objectives	IDP Programme	2010/2011 Delivery Agenda
Spatial Form and Urban Management Sector Plan		

5-Year Strategic Objectives	IDP Programme	2010/2011 Delivery Agenda
Corridors and mobility routes planned, developed and managed in the way that supports the overall development framework ofhigh intensity nodes on a lattice of connecting routes	Mobility Routes Development Programme	• JDA045: BRT routes and stations • JDA055 ICF4: Commuter links upgrade • JDA056 ICF4: Art Gallery Precinct
Implementation of all public sector infrastructure investment to support priority nodal development, movement, urban renewal and other city priorities.	Integrated Public Investment Programme	• JDA036/2: Stretford Station Phase 2, Orange Farm • JDA048: Orlando East Station Precinct • JDA001:Constitution Hill refurbishment and restoration* • JDA065: Inner city reinstatements* • Bruma Lake refurbishment*
Increased investor confidence in declining and under-performing areas. Public investment in marginalized areas to facilitate crowding in of private sector spending.	Economic Area Regeneration Programme	• JDA010/1: Kliptown Renewal Precinct • JDA047: Bertrams Neighbourhood Development Programme
Increased investor confidence in declining and under-performing areas. Public investment in marginalized areas to facilitate crowding in of private sector spending.	Upgrading of marginalised Areas Programme	• JDA046: Diepsloot Renewal Precinct • JDA036/2: Stretford Station Phase 2, Orange Farm • JDA048: Orlando East Station Precinct • JDA010/1: Kliptown Renewal Precinct
Increased investor confidence in declining and under-performing areas. Public investment in marginalized areas to facilitate crowding in of private sector spending.	Inner City Regeneration Programme	• JDA002/1: Mary Fitzgerald Square • JDA 035 ICF3: Inner City Core • JDA035/2: Hillbrow, Berea sanitary lanes • JDA035/2 ICF4: Beyers Naude Square • JDA051 ICF4: Chinatown, Chancellor House • JDA 054 ICF4: Transitional Housing (Europa House)
Transportation Sector Plan		
Phase 1 of Rea Vaya BRT implemented Reduced average public transport travel times on selected BRT routes as measured by a five yearly survey or improvement on a mobility index to be finalized.	Rea VayaBRT infrastructure programme	• JDA045: BRT routes and stations

* New projects introduced after mid-year scorecard adjustment

Section 1.3: MMC's foreword

It is my pleasure to present the 2010/11 Annual Report for the JDA. Once again this is a testament to administrative excellence, sound corporate governance, and a tireless commitment to making a difference in the lives of ordinary Johannesburg citizens from each and every JDA employee.

Councillor Ruby Mathang
Member of the Mayoral Committee for Development Planning and Urban Management

Section 1.4: Chairman's foreword

Ten years ago, in April 2001, the Johannesburg Development Agency was registered as a company that is wholly-owned by the City of Johannesburg. The primary objective for the JDA initially was to promote economic development for the city (in the form of jobs and wealth creation).

In these ten years the Johannesburg metropolitan area, in general, and the inner city in particular, has been transformed. In the 1990's, the historic city centre was widely regarded as a no-go area for formal business and tourists alike, and for an economic hub of its size and importance, the inner city was painfully short on facilities, attractions and events. Visitors from other parts of the country and abroad, went out of their way to avoid South Africa's largest central business district. The City of Johannesburg was faced with an immense developmental challenge, compounded by severe financial constraints. To restore confidence in the inner city and arrest the decline, theCoJneeded to find proactive and responsive ways to encourage the private sector to invest in the future of Johannesburg. Urban regeneration became an important city's development strategy.

While many challenges remain, the overall urban regeneration results achieved are clearly evident and extremely positive. Investment in the inner city and Soweto has blossomed, and new transport networks have revolutionised our approach to public transport. Johannesburg has also asserted itself as the cultural hub of Southern Africa as new iconic public structures, buildings, squares and art-works have emerged from the urban landscape. The vibrant, confident and modern Johannesburg that hosted the FIFA World Cup in 2010; serves as an important reminder of all that has been achieved and what the City of Johannesburg should strive to sustain.

The JDA has played a critical role in facilitating and investing in the transformation of Johannesburg. Many of the landmark initiatives and buildings that characterise the new Johannesburgare a stark reminder of the efforts at transforming the City. The eland that graces Jan Smuts Avenue; the iconic Nelson Mandela Bridge that connects Braamfontein and the inner city; the award-winning Constitutional Court buildings; the Ellis Park sports precinct; Newtown cultural precinct; and the Rea Vaya bus system that brings the people of Johannesburg together. These and many more projects are all testament to the efforts of the JDA team, its partners and service providers.

All four inner city precincts, in which the JDA has researched investment impact, initially saw a substantial decline in vacancy rates for A and B grade office property. In Newtown and the High Court Precinct, vacancy rates fell by more than 60% between 2003 and 2008. In Braamfontein, the rate of decline was less dramatic, but this was largely because vacancy rates were already relatively low in 2003. Nevertheless, in this area, vacancy rates were pushed to below 10% by 2008. The global slowdown in 2009 and 2010 had an adverse impact on property demand across South Africa, as evident in the rising vacancy rates for the CBD. Whereas vacancy rates in Braamfontein and Newtown rose marginally over this period the Fashion District and High Court bucked this trend. The JDA investments in these areas have proved resilient even during times of economic crisis.

In line with improved vacancy rates, the Johannesburg CBD experienced a significant rise in A-grade rental rates, from R20/m^2 in 2003 to R75/m^2 in 2008. All four areas supported by the JDA experienced substantial improvements in rental rates over this same period. Deteriorating economic conditions in

2009 and 2010 have seen rental rates across the CBD fall to R56/m^2 in 2010, still over 180% higher than in 2003. But in Newtown, Braamfontein and the Fashion District, rental rates continued to rise, with the Fashion district seeing phenomenal growth over the past 7 years. Moreover, by 2010, rental rates in Newtown, Braamfontein and the High Court areas had risen to above the benchmark average CBD rate.

The achievements of the JDA over the last 10 years are best seen through the eyes and feet of city residents and visitors – the true value of the parks, entertainment, lighting, art-works, paving, museums and infrastructure that has been delivered over this period cannot be measured in numerical terms.

The City of Johannesburg has been transformed since 1994, and over the last decade, the JDA has played a key role in enhancing the image, efficiency and profitability of the City across key urban nodes throughout Johannesburg. The JDA does not and cannot work alone – but in working with public and private partners, and the people of Johannesburg, it has helped to develop areas that are greener, friendlier and more active than they were before the JDA got involved. All of this has been achieved at relatively low-cost and with relatively high impact.

In taking Johannesburg to its stated goal to be a World Class African City, the achievements of the past will need to be replicated, expanded and sustained; and many more obstacles will need to be overcome. The City of Johannesburg is fortunate to have at its disposal a team of experienced, skilled and committed development practitioners in the JDA.

Thanks must go to the City's political and administrative leadership, dedicated board members and 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 been part of the story of the JDA's success.

LuthandoVutula
Chairperson

LuthandoVutula

Board Chairpeson, Independent Non- Executive Director

LuthandoVutula has been on the board of the JDA for the last 9 years. He is the managing executive of Absa Home Loans, where he has a strategic responsibility for identifying new business and market opportunities for the company. He has specialist experience in housing development and management. His previous positions include executive manager of the National Housing Finance Corporation and the chief executive officer of the Cope Housing Association. Vutula has played an active role in implementing operational and policy issues relating to housing and economic development. He holds a Bachelor of Business Administration degree and a Master's degree in Development Finance from the University of Stellenbosch. He also has a Bachelor of Economics and Accounting degree from the University of Botswana.

Other directorships

Zanemvula Investments & Advisors, Royal Albatross Properties, Three Diamond 412, AmberfieldInvestments, ABSA DEVCO, Four Amberfair, and Freshco

Thanduxolo Mendrew

Acting Chief Executive Officer, Executive Director

Thanduxolo Mendrew is acting chief executive of the Johannesburg Development Agency. Before leading the agency, Mendrew was its Executive Manager for Risk and Compliance, a position he held since 2007. His contract as acting CEO will run for one year and expires at the end of November 2011.After receiving his LLB degree from Wits University, Mendrew started with legal firm Edward, Nathan &Friedland in Sandton as a commercial lawyer specialising in corporate law. Here he first sharpened his teeth on risk and legal compliance in the corporate world before extending his scope to commercial banking, gaining much experience in the legal compliance side of corporate finance and debt instruments. In 2004, he joined the City of Johannesburg as director of corporate governance, where he oversaw the group risk compliance and financial stability of the City's municipal-owned entities.

Other directorship

Newtown Development Company, Constitution Hill Development Company

Nopasika Lila

Independent Non Executive Director (Chairperson, Audit Committee)

Nopasika Lila is a Chartered Accountant and Chief Financial Officer of the Eskom Pension and Provident Fund and serves as the non-executive Director of the Johannesburg Development Agency and chairs its Audit Committee. Additionally, she serves as a member of the Audit Committee of the Department of International Relations and Cooperation (DIRCO) as well as the National Arts Festival. Her experience and areas of interest cover finances, corporate governance, management, retirement industry, strategic issues and training and development. She is also a business woman who ran her own company, Astute Intellect for a considerable period of time. Apart from being an effective communicator and trainer she speaks and writes Mandarin (Chinese principal dialect) with relative ease, having earned a qualification in Taipei, Taiwan in 2008.

Other directorship: Astute Intellect

David Lewis

Independent Non-Executive Director

An economist with experience in both academic and corporate environments, David Lewis is widely respected and recognised in the arena of economic policy issues. He was the Chairperson of the Competition Tribunal, with a career that has spanned trade union organisation, lecturing, research management and the public service. He has been actively involved in policy development in the Congress of South African Trade Unions – (Cosatu) – and is a founder member of the Economic Trends Research Group, a collective of economists and other social scientists established to advise unions on economic policy issues. He has served on numerous boards of directors including the Industrial Development Corporation of South Africa, South African Airways and the National Research Foundation.

Other directorships: African Communication, Research Institute

Dayalan Naidu

Independent Non-Executive Director

Dayalan Naidu has a BPaed science degree from the University of Durban Westville, graduating in 1986.He started his career with Haggie Rand in 1988, thereafter joining OK Distribution in 1990 as an Industrial Engineer. He spent four years at the retailer before moving to Spoornet, where he was an operations manager for two years.

Naidu later moved to SAB as an Operations Manager in charge of managing operational productivity and warehouse stock. In 1998, he joined World Class Industrial as a General Manager. He is currently responsible for market development and production management. Naidu has extensive management skills and knowledge and has been exposed to several industries.

Other directorship: World Class Industrial

LesenyegoMatlhape

Independent Non- Executive Director (Chairperson, HR and Remuneration Committee)

A seasoned businessman, LesenyegoMatlhape has held senior positions in various leading institutions including being the Executive Vice President: Human Resources of the Industrial Development Corporation. Starting his career at Mine Safety Appliance as a Labour Relations and Training Manager, Matlhape later joined SA Philips for two years before moving to Shell Africa as a Divisional Human Resources Manager. In addition to operating at senior management and executive level in numerous organisations, Mathlape has also chaired the Clinix Health Group board of directors and the Prilla board of directors.

He has served as a director on numerous boards, including Hulett Aluminium, Siemens (South Africa), Saldanha Steel and SAMES.

Matlhape holds degrees from Fort Hare University, University of the Free State, University of Pennsylvania and University of the Witwatersrand.

Other directorship: Prilla

Alexander Robert Roriston

Independent Non-Executive Director (Chairperson, Development and Risk Committee)

Alexander Robert Roriston was appointed to the JDA board as a non-executive director in July 2005. He has a long and distinguished career with Standard Chartered Bank, where he is a director in the Real Estate Investments Division. Here he is responsible for developing, managing and maintaining the Standard Bank Group's property portfolio. Prior to that, he was a site agent for Murray and Roberts Construction.

Other directorships

Burnet Investments Limited, Charmond Investment, Elderberry Investments 49, Erf 224 Edenburg, FHP Managers, Gleneagles Retail Centre, Grand Central Shopping Centre, Image Ambassador (Republic of Botswana), Johannesburg Inner City Business Coalition, Main Street 9, Portion ¾ Erf 5495 Bryanston, S.B Arena Ellis Park, Standard Bank Properties, Standard Bank Properties (Cross Border), and Kingsmead Office Park Owners Association

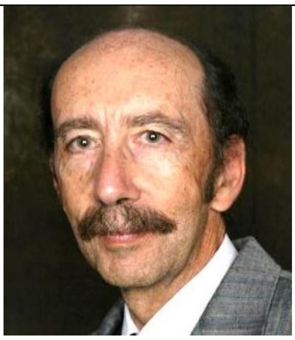
Popo Masilo

Independent Non-Executive Director

Popo Masilo completed his BProc 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 also an executive director of Morentho Hygiene Services.

Other directorships

Mmaditsela Road Construction, Morentho Hygiene,and Markalex.



Adam Goldsmith

Company Secretary

Adam Goldsmith is the company secretary of the JDA, previously having spent two decades – from 1981 to 2001 – in the City's housing and the inner city units. During this period, he was responsible for undertaking broad-based social science research and survey work in support of the council's housing strategy. He holds a Bachelor of Arts degree from the University of South Africa.

Section 1.5: CEO's Report

This has been a very important year in the history of the JDA. It marked the end of the second Mayoral term of Executive Mayor Cllr Amos Masondo; the tenth anniversary of the establishment of the JDA; and a record year for delivery. At the end of June 2011 JDA had achieved an unqualified audit, 94% expenditure of capital budgets, and, because of additional in-year capital budget allocations and savings achieved through keen construction pricing and careful contract management, the JDA was able to extend the targeted scope of work for the whole portfolio of projects.

2010/11 performance

The **Rea Vaya BRT** project, which is funded through the Public Transport Infrastructure and Systems grant from the National Department of Transport, received an unexpected additional allocation of R200 million after the mid-year scorecard and budget adjustments. This allowed the multi-year project delivery time-frames to be accelerated. The late budget confirmation affected the delivery programme for some of the sections particularly the Rissik and Harrison Street sections in the Inner City Distribution System (ICDS).The overall BRT project portfolio achieved 114% project completion, and 95% expenditure.

In this financial year, the structural repair and refurbishment of **Chancellor House** was completed, and introduced to the media by the Executive Mayor, Cllr Amos Masondo. Chancellor House is a place where the legal firm of Nelson Mandela and Oliver Tambo was located in the 1960s. This was the first firm of African lawyers in Johannesburg, and one of the few, willing to take cases on behalf of the majority of South African citizens who, at the time, were experiencing various forms of discrimination, oppression and repression. The intention of the City is to utilise this building for an organisation that can strengthen Chancellor House's strong association with legal services. A permanent exhibition has been installed as a shop-front display that can be viewed by members of the public from outside of the building. The exhibition is already attracting visitors in large numbers.
The public environment upgrading projects in the inner city, including the upgrading of pedestrian connections in the commuter links precinct and the inner city core; the refurbishment of Atwell Gardens Park, Mary Fitzgerald Square and Beyers Naude Square; and the repair of Gandhi Square, have all made a significant contribution to the continuing story of regeneration. The JDA launched a new book that tells the story of ten years of inner city regeneration in June. Written by Gerald Garner, the book is called Johannesburg Ten Ahead, and we hope that this well-illustrated book will help to spread the message of an exciting future in the inner city.

In June 2011 the JDA celebrated the 4th annual Halala Joburg Awards. Winners included South point Properties, who received the *Living Joburg* award for their growing student accommodation portfolio in Braamfontein; Sci Bono got the *Relaxing and Playing Joburg* award for their educational recreational offering in Newtown, Salisbury House received the *Conserving Joburg – The Collosseum* award for the sensitive and conscientious way in which this heritage building has been restored; and ABSA Towers West received the *Sustaining Joburg* award for their inclusion of Green initiatives in the construction and functionality of the building. Two winners were honoured in the *Caring Joburg* award, namely the Door of Hope Children's Mission and the School of Practical Philosophy. Gerald Olitzki was recognised for his long-running investment in turning the inner city around through the *Believing in Joburg – the Stan Nkosi Achievement* award. Our congratulations go to all of the nominees and winners who have all made a big contribution to inner city regeneration through innovative and exceptional property developments and business activities.

Organisational Review

In 2010/11 we had five resignations and three new employees, one of whom was seconded to the JDA following the dissolution of the 2010 office. The stability in the staff complement has been reinforced through significant training and development during this quarter.

Training Expenditure rose sharply as a result and reached the target of 3% of salary costs for the year. The stability of the JDA HR environment has greatly assisted the organisation's ability to deliver on its mandate and annual programme. It is a very humbling experience to work with a team of dedicated cadre of employees who share the vision of the organisation and regard themselves, at the foremost, as City development and regeneration activist.

Financial Review

In 2010/11 JDA revenue was R59.6million against a budget of R56.3million which represents an outcome of 106%. Although management fees came in slightly under-budget by approximately R317 573, the positive variance of R3.3 million between actual and budgeted income is as a result of the interest earned during the year under review. The interest is largely due to the BRT land acquisition funds at City Treasury which were transferred into the JDA's bank account. BRT land acquisitions have been slower than it was initially anticipated with approximately R17million having been transferred to attorneys for the purchase of land along sections 2, 3 & 5 of the BRT route. The timeous settlement of capital expenditure claims by the City has also had a positive impact on the bank balance of the JDA.

In the year the JDA's operating expenses were R52 million a saving of 2.4% against the budget of R53.3million. The major under spend of approximately R2 million arose in the planning and strategy line item due to non-responsive and overpriced RFQs for PPP transaction advisors for the feasibility studies in respect of the Karzene and Randburg civic nodes. Services could therefore not be procured and no appointment was made. At the same time there were savings in the salaries, marketing and consulting services line items. Although initially budgeted for, no interest expense was incurred in the current year due to a favourable bank balance maintained throughout the year. Furthermore, the JDA has continued to implement other cost cutting measures in line with the City's expenditure review management.

Thanduxolo Mendrew
Acting: 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 2010/11. The report analyses the performance of the JDA in terms of the performance scorecard (as amended in February 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 DPUM. 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 independentquantity 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 activities, mostly construction related work. In the revised approach 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).

In the quarter under review, the following was achieved:

	2010/11 Target	Year to Date Target	Year to Date Actual	% Achievement for year to date	Achievement of Target
Short-term jobs created	3 746	3 746	3 836	102%	●

In 2010/11 the JDA managed to provide 3 836 job opportunities across its portfolio of projects. The annual target for job creation has been exceeded by a small margin (102%). This is an indication that JDA strategies to sustain the share of local labour and labour-based construction methods are proving to be successful.

BEE spend as a % of Total Procurement (OPEX and CAPEX)

JDA's current targets in respect of BEE spend as a percentage of total expenditure is 70%. In the period under review the total BEE spend was **R578 929 510**out of total expenditure of R710 593 816.

	2010/11 Target	Year to Date Target	Year to Date Actual	% Achievement for Year to Date	Achievement of Target
BEE spend as a percentage of Total Procurement	70%	70%	81%	115%	●

This represents 81% BEE expenditure against the target of 70% in respect of total procurement spend for 2010/11. The JDA is pleased withthis improvement, which is due largely to implementation of the procurement strategy that ensures that most service providers are BEE compliant.

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

The annual target for SMME spend as a percentage of total operational expenditure (excluding employee costs, depreciation and amortisation) is 40%. In 2010/11 the JDA's spend for SMMEs was R 12 641 022. This constitutes an achievement of 61% of total operating expenditure.

	2010/11 Target	Year to Date Target	Year to Date Actual	% Achievement for Year to Date	Achievement of Target
SMME spend as a percentage of Opex	40%	40%	61%	152%	●

This is well in excess of the target of 40% SMME procurement and once again demonstrates the effectiveness of JDA's procurement strategies.

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

	2010/11 Target	Year to Date Target	Year to Date Actual	% Achievement for Year to Date	Achievement of Target
Compliance with JDA Employment Equity Plan	100%	100%	100%	100%	●
% Black Staff	80%	80%	88%	110%	●
% Female Staff	45%	45%	65%	144%	●
% Black Female Management	35%	35%	42%	119%	●

The JDA has been consistent in achieving its employment equity targets. In the period under review, all the targets were 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.

Staff Turnover

Average staff turnover (measured as departing employees as a percentage of total staff complement) was 9.8% in 2010/11 –just within the target of less than 10% staff turnover target. Five employees left the employ of the JDA during 2010/11.

HIV/AIDS Policy

In 2010/11 the JDA fully complied with and aligned its policy to the CoJ's HIV/AIDS policy. The JDA will continue to liaise with the CoJ Occupational Health Unit to ensure its compliance with the CoJ's progressive HIV/AIDS management practices. The JDA held employee staff wellness daysin December 2010 and June 2011 which focused overall health and emotional wellbeing of all members of staff and provided opportunities for voluntary counselling and testing.

OHSACT

The last occupational health audit of the Bus Factory Building which includes the JDA Head Offices and all the premises occupied by the tenants undertaken by end of June 2011 found a high number of areas of non-compliance throughout the building. The audit puts the Bus Factory compliance percentage at 41%. JDA's management has prioritised the correction of all areas of weakness and non-compliance in the workplace. We are certain that there will be a vast improvement in compliance when the JDA reports at the end of the first quarter of the new financial year.

JDA's construction sites are carefully monitored by OHS consultants to ensure high levels of compliance. Monthly OHS reports are prepared, and in the quarter under review, all construction sites achieved compliance scores of over 90%.

Training and Development of Staff

The cumulative target of 3% of opex spending on training for the year has been achieved.

	2010/11 Target	Year to date Target	Year to Date Actual	% Achievement for Year to Date	Achievement of Target
% Payroll Invested in Training	3%	3%	3%	100%	●

Financial Management & Corporate Governance

This KPA is measured in the following areas:

- Clean Audits
- Operating Budget Management
- Capital Budget Management
- GRAP Compliance
- Company Balances with MEs
- Company Balances with CoJ
- Company Balances with Non-CoJ companies

Clean Audit

The JDA attained an unqualified audit for 2009/10.The JDA's Audit Committee, assisted by the Internal Audit will continue to monitor JDA's internal control environment and management will implement the recommendations to ensure that an unqualified audit opinion is obtained in 2010/11 financial year as well.

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.

	2010/11 Budget	Target	Actual	% Achievement for Year to Date	Achievement of Target / Actual
Revenue R'000)	56 272	56 272	59 562	106%	●
Costs (R'000)	53 272	53 272	52,075	98%	●

The main source of revenue is development management fees earned from capex spend and operating grant from the City of Johannesburg. Although development management fees earned were slightly under budget, total revenue raised exceeded the target due to interest earned as a result of the positive bank balance maintained throughout the financial year. During the period under review the JDA continued to implement cost control measures to avoid over-expenditure. The cost management strategy of the JDA which focused on the reduction of controllable costs yielded positive results in the reduction of budgeted operating expenditure to R52 million against the budget of R53.3 million (see Annexure C for detailed financials). The reduction in operational expenditure did not have a negative impact inthe JDA's ability to deliver on its programmes. As indicated elsewhere in this report, the JDA's staff training and development programme continued apace and there was a continued stabilisation of the employee environment with limited resignation during the current financial year. However, it should be noted that one of the major contributing factors in the operational expenditure was our inability to spend on the Planning line items due to failure to appoint transaction advisors for our various Public Private Partnership initiatives. There was also a saving of in the interest expense line item due to a positive bank balance.

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.

Programme	2010/11 Budget	Target YTD	Target %	Actual YTD	%Actual/ Budget	% Actual YTD / Target YTD	Achievement of Actual vs target
	R' 000	*R' 000*	*%*	*R 000*	*%*	*%*	
CoJ budget	42 800	42 800	100%	40956	96%	96%	●
Inner City Fund budget	116300	116 300	100%	115 776	99,5%	99,5%	●
NDPG budget	56 908	56 908	100%	56472	99%	99%	●
Transportation budget (BRT)	578 030	578 030	100%	541 198	94%	94%	●
EPWP incentive grant budget	6 386	6 386	100%	6 386	100%	100%	●
Blue IQ budget	600	600	100%	336	56%	56%	◖
Total	**801 054**	**801 054**	**100%**	**760 878**	**95%**	**95%**	●

Since the mid-year budget and scorecard amendment, the JDA has been allocated R20 million in additional funding from the Neighbourhood Development Partnership Grant for Diepsloot; R6.4 million from the EPWP incentive grant that includes R4.4 million for non-motorised transport infrastructure in Diepsloot and R2 million for Region F reinstatements; and R600 000 from Blue IQ for restoration work on Constitution Hill. R6 million was also cut from the inner city upgrading allocation. This pushes the total capital budget up to R801 million.

In the year to June 2011, the JDA has spent 95% of this revised capital budget against a target of 100%.

The 5% of capex that has not been spent by 30 June 2011 is well within the normal variation range for capital projects at the scale of JDA's operations.Other savings were as a result of contracted amounts coming well below the budgeted amounts due to keener post 2010 contractor pricing.Thismeans that the under-spending is not an indication of under-delivery on the JDA's overall programme. In fact, an analysis of the project progress against delivery targets shows that the JDA over-delivered on some of its projects in 2010/11. An example of this is the Hillbrow Berea Sanitary lanes programme where the JDA managed to upgrade6 lanes more than its target of 12 lanes during the year.

GRAP Compliance

Although the JDA's financial statements are still being audited by the Auditor-General, we are confident that our reporting is to a very large extent in compliance with the reporting requirements in terms of GRAP statements. This I however still has to be confirmed by the Auditor-General

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. In previous performance reports the project completion indicator was aggregated as an average. In this report (and in future) 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 2010/11:

Project portfolio	**Weighting as % of budget**
CoJ Budget	**5%**
JDA002/1: Mary Fitzgerald Square	22
JDA010/1: Kliptown Renewal Precinct	33
JDA035/2: Hillbrow/Berea Upgrade (Sanitary lanes & Lighting)	14
JDA036/2: Stretford Station / Greater Orange Farm Renewal Precinct	9
JDA048: Orlando East Station Precinct	22
ICF Budget	**15%**
JDA035 ICF3: Inner City Core Projects	21
JDA035 ICF3: Beyers Naude Square refurbishment	4
JDA035 ICF3: Gandhi Square slab repair	11
JDA002/1: Mary Fitzgerald Square	7
JDA035/2: Hillbrow/Berea Upgrade (Sanitary lanes & Lighting)	5
JDA051 ICF4: Chinatown - Chancellor House	8
JDA054 ICF4: Europa House / Transitional Housing	11
JDA055 ICF4: Commuter Links Upgrade	22
JDA056 ICF4: Art Gallery (Rea Vaya) Station Precinct Upgrade	10
JDA058 ICF5: Westgate Station Precinct upgrade	1
NDPG Budget	**7%**
JDA037: Diepsloot Renewal Precinct	78
JDA036/2: Stretford Station / Greater Orange Farm Renewal Precinct	22
Transportation Budget	**71%**
Of which:	
5.5 km of reinforced busways	54
Civil works for 1 bus depot	9
Newclare road underpass and 2 bridges	5
10 bus stations	33
EPWP incentive grant	**1%**
Blue IQ (Constitution Hill)	**1%**

The full portfolio of JDA projects for 2010/11 is 114% complete against the target of 100%. This reflects the extended work undertaken as a result of (a) additional budgets and assignments carried out by the JDA (such as the additional work on the Diepsloot project, and new projects at Constitution Hill and in Region F); (b) extensions in scope of some projects that were achieved within the original budgets as a result of value for money achieved through the construction contracts (which may be explained by recessionary pricing by contractors); and the additional work undertaken by the BRT team that was not included in the scorecard as amended at mid-year due to late confirmation of the BRT allocation.

Key Performance Area	Key Performance Indicators	Baseline 2009/10	Target (2010/11)	Q4 Target	YTDActual	% of target achieved	Q1 Dashboard code
4. Project implementation and output delivery	% Project completed	92%	100%	99%	114%	115%	
	CoJ Budget	100%	100%	100%	113%	113%	
	ICF Budget	100%	100%	100%	103%	103%	
	NDPG Budget	100%	100%	100%	138%	138%	
	Transportation Budget	90%	100%	100%	116%	116%	
	EPWP incentive grant	na	100%	100%	86%	86%	
	Blue IQ budget	na	25%	25%	26%	104%	

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

Key Performance Area	Key Performance Indicators	Baseline (2009/10)	Target (2010/11)	Q4 Target	Q4 Actual	% of target achieved	Q4 Dashboard code
COJ FUNDED PROJECTS				100%	113%	113%	
% progress achieved in project delivery against targets: **JDA002/1: Mary Fitzgerald Square**	**Overall Progress**		**100% complete**	**100%**	**100%**	**100%**	
	Paving repair and refurbishment of Mary Fitzgerald Square	na	100% complete	100%	100%	100%	
% progress achieved in project delivery against targets: **JDA010/1: Kliptown Renewal Precinct**	**Overall Progress**		**100% complete**	**100%**	**104%**	**104%**	
	Public environment upgrade in Kliptown Renewal Precinct Phase 2.1	na	100% complete	100%	100%	100%	
	Public environment upgrade in Kliptown Renewal Precinct Phase 2.1 extension			100%	100%	100%	
% progress achieved in project delivery against targets: **JDA035/2: Hillbrow/Berea Upgrade (Sanitary lanes & Lighting)**	**Overall Progress**		**6 lanes completed**	**6 lanes completed**	**9 lanes completed**	**150%**	
	Cleaning, repair and upgrade of at least 6 sanitary lanes in Hillbrow and Berea. (Phase 2)	12 lanes upgraded in 2008/09	6 lanes completed	6 lanes completed	9 lanes completed	150%	
% progress achieved in project delivery against targets: **JDA047: Bertrams Neighbourhood Development**	**Overall Progress**		**100% complete**	**100%**	**100%**	**100%**	
	Demolitions and security in Bertrams priority block land assembly project	na	100% complete	100%	100%	100%	
% progress achieved in project delivery against targets: **JDA036/2: Stretford Station / Greater Orange Farm Renewal Precinct ***	**Overall Progress**		**100% complete**	**100%**	**119%**	**119%**	
	Public environment upgrading in Stretford station precinct Phase 2			100%	100%	100%	
	Public environment upgrading in Stretford station precinct Phase 2 extension			100%	100%	100%	
% progress achieved in project delivery against targets: **JDA048: Orlando East Station Precinct**	**Overall Progress**		**100% complete**	**100%**	**100%**	**100%**	
	Public environment upgrading in Orlando East Station Precinct Phase 2	na	100% complete	100%	100%	100%	

All projects in this portfolio have been completed, and the Hillbrow and Berea Sanitary lanes project delivered 150% of the targeted scope of work as 18 lanes were upgraded instead of the target of 12 The Stretford Station public environment upgrading project in Orange Farm project was extended through the addition of R900 000 from savings on the VilakaziStreet precinct upgrade completed in 2009/10.This extended scope represents a 19% variation over and above the original scope of work. The Kliptown Development was also extended by 4% over and above the original scope of work because of the addition of CCTV cameras on and around the Walter Sisulu Square of Dedication. This extension was funded through savings on the Bertrams priority block allocation.

Key Performance Area	Key Performance Indicators	Baseline (2009/10)	Target (2010/11)	Q4 Target	Q4 Actual	% of target achieved	Q1 Dashboard code
INNER CTY FUND PROJECTS				**100%**	**103%**	**103%**	
% progress achieved in project delivery against targets: **JDA035 ICF3: Inner City Core Projects**	**Overall Progress**		**100% complete**	**100%**	**100%**	**100%**	
	Public environment upgrading in the inner city core Phase 2	Phase 1 completed in 09/10	100% complete	100%	100%	100%	
% progress achieved in project delivery against targets: **JDA035 ICF3: Beyers Naude Square refurbishment**	**Overall Progress**		**100% complete**	**100%**	**95%**	**95%**	
	Upgrade of Beyers Naude Square	na	100% complete	100%	95%	95%	
% progress achieved in project delivery against targets: **JDA035 ICF3: Gandhi Square slab repair**	**Overall Progress**		**100% complete**	**100%**	**100%**	**100%**	
	Repair of Gandhi Square slab	na	100% complete	100%	100%	100%	
% progress achieved in project delivery against targets: **JDA002/1: Mary Fitzgerald Square**	**Overall Progress**		**100% complete**	**100%**	**100%**	**100%**	
	Paving repair and refurbishment of Mary Fitzgerald Square	na	100% complete	100%	100%	100%	
% progress achieved in project delivery against targets: **JDA035/2: Hillbrow/Berea Upgrade (Sanitary lanes & Lighting)**	**Overall Progress**		**6 lanes completed**	**6 lanes completed**	**9 lanes completed**	**150%**	
	Cleaning, repair and upgrade of at least 6 sanitary lanes in Hillbrow and Berea. (Phase 2)	12 lanes upgraded in 2008/09	6 lanes completed	6 lanes completed	9 lanes completed	150%	
% progress achieved in project delivery against targets: **JDA051 ICF4: Chinatown - Chancellor House**	**Overall Progress**		**100% complete**	**100%**	**100%**	**100%**	
	Structural repair and refurbishment of Chancellor House	na	100% complete	100%	100%	100%	
% progress achieved in project delivery against targets: **JDA054 ICF4: Europa House / Transitional House**	**Overall Progress**		**100% complete**	**100%**	**100%**	**100%**	
	Refurbishment of 3 Kotze Street as a night shelter	na	100% complete	100%	100%	100%	
	Refurbishment of Europa House for transitional housing (Phase 1)	na	100% complete	100%	100%	100%	
% progress achieved in project delivery against targets: **JDA055 ICF4: Commuter Links Upgrade**	**Overall Progress**		**100% complete**	**100%**	**100%**	**100%**	
	Public environment upgrading in the inner city commuter links project area Phase 1	na	100% complete	100%	100%	100%	
% progress achieved in project delivery against targets: **JDA056 ICF4: Art Gallery (Rea Vaya) Station Precinct Upgrade**	**Overall Progress**		**100% complete**	**100%**	**100%**	**100%**	
	Detailed designs for public environment upgrading in the Art Gallery Rea Vaya BRT station precinct Phase 1	na	100% complete	100%	100%	100%	
% progress achieved in project delivery against targets: **JDA058 ICF5: Westgate Station Precinct upgrade**	**Overall Progress**		**100% complete**	**100%**	**50%**	**50%**	
	Detailed designs for public environment upgrading in Westgate Station Precinct Phase 1	na	100% complete	100%	50%	50%	

In the set of inner city regeneration projects that are funded through the inner city upgrading allocation overall project completion was slightly above target for the year. Most projects were completed according to plan: on time and within budget. This is a good sign of JDA's growing experience and reflects an ability to budget appropriately and manage contracts very strictly.

Beyers Naude Square is the only project that faced significant delays, and this was due to unanticipated problems with the waterproofing of the slab over the basement parking. If it were not for the public environment upgrading work that exposed the leaking joints, there is a good chance that this structure would have continued to degrade. JDA therefore undertook waterproofing repairs that were not part of the original scope of work, and mitigated future risk of structural failure for which the City of Johannesburg would have been liable.

The Westgate allocation of R1 million was introduced in the mid-year scorecard adjustment in order to fund detailed design work ahead of implementation planned for 2011/12. The detailed designs are underway, but are not complete because there is a need to undertake meaningful consultation with stakeholders and development partners. This will not delay implementation of the project in the new financial year.

Key Performance Area	Key Performance Indicators	Baseline (2009/10)	Target (2010/11)	Q4 Target	Q4 Actual	% of target achieved	Q1 Dashboard code
NDPG FUNDED PROJECTS				100%	138%	138%	
Progress achieved in project delivery against targets: **JDA037: Diepsloot Renewal Precinct**	**Overall Progress**		**100% complete**	**100%**	**148%**	**148%**	
	Two pedestrian bridges across waterways	na	100% complete	100%	75%	75%	
	Public environment upgrading in civic node in Diepsloot Phase 1B	Phase 1A completed in 09/10	100% complete	100%	85%	85%	
	Public environment upgrading in civic node in Diepsloot Phase 1B extension		100% complete	100%	65%	65%	
% progress achieved in project delivery against targets: **JDA036/2: Stretford Station / Greater Orange Farm Renewal Precinct**	**Overall Progress**		**100% complete**	**100%**	**100%**	**100%**	
	Stretford stormwater upgrade	Ridge walkway completed in	100% complete	100%	100%	100%	

The Diepsloot Renewal Project received additional funding of R20 million from the Neighbourhood Development Partnership Grant after the mid-year budget adjustment. This took the budget from R26 million to R40 million with 6 months to spend the additional funds. By the June all sections of this project were only partially completed, and were only completed in July and August 2011. This was due to the fact that funding come from National Government and could be rolled over for two months.

Key Performance Area	Key Performance Indicators	Baseline (2009/10)	Target (2010/11)	Q4 Target	Q4 Actual	% of target achieved	Q1 Dashboard code
TRANSPORTATION FUNDED PROJECTS				100%	116%	116%	
% progress achieved in project delivery against targets: **JDA045: Bus Rapid Transit**	**Overall Progress**		**100% complete**	**100%**	**116%**	**116%**	
	5.5 km of reinforced busways	na	100% complete	100%	135%	135%	
	Civil works for 1 bus depot	na	100% complete	100%	70%	70%	
	Newclare road underpass and 2 bridges	na	100 % complete	100%	53%	53%	
	10 bus stations	na	100% complete	100%	105%	105%	

The Rea Vaya BRT projects have been completed to varying degrees by the end of 2010/11. The target of 10 bus stations has been exceeded as there are 11 bus stations that have been completed this year and the 12th one substantially completed by year end. The busway construction programme is on track. As these projects all involve multi-year construction contracts the completion rate is measured against the planned scope of work for the year. In 2010/11 the planned scope of work for busways was 5,5 kilometres and the JDA manage to complete 8,3 kilometres .

The civil works for the first bus depot was delayed due to unforeseen excessive unsuitable material on site which necessitated a slight redesign on the intervention. The civil works were only completed in August 2011. The construction of the 2 pedestrian bridges in Booysens Reserve and Pennyville was delayed by land ownership and an access issue both the bridges are on track for completion by end of September 2011.

Key Performance Area	Key Performance Indicators	Baseline (2009/10)	Target (2010/11)	Q4 Target	Q4 Actual	% of target achieved	Q1 Dashboard code
EPWP incentive grant budget				100%	86%	86%	
Progress achieved in project delivery against targets: **JDA037: Diepsloot Renewal Precinct**	**Overall Progress**		**100%**	**100%**	**86%**	**86%**	
	Diepsloot NMT project	na	100%	100%	72%	72%	
Progress achieved in project delivery against targets **JDA065/CN001 Region F: Repairs and Reinstatements**	Inner city repairs and reinstatements	na	100%	100%	99%	99%	

Additional funding to the value of R6.4 million was spent on non-motorised transport infrastructure in Diepsloot (R4.4 million) and on reinstatements and repairs to roads and sidewalks across Region F (R2 million). Both new assignments were started and completed within 6 months.

Additional funding was also made available by Blue IQ for restoration work at Constitution Hill. This is a two-year allocation that must be spent before the end of March 2012. Contracts have been awarded to professionals and a contractor and work is already underway.

CHAPTER THREE: KEY PROJECT DETAILS

3.1 JDA002/1: Newtown: Mary Fitzgerald Square

Nature of Development

Repair and refurbishment of Mary Fitzgerald Square in Newtown

Rationale for Development & Strategic Alignment

Mary Fitzgerald Square was paved and upgraded as part of the Newtown regeneration project in 2004/05. Since then, the Newtown precinct has seen increased investment in private properties and increased activity. In particular, Mary Fitzgerald Square is used more often for big events. The demands placed on this square (in terms of intensity of use and the weight of stages and trucks) were underestimated in the initial refurbishment. Some of the paving has been damaged, and the electrical and water connections are not adequate to serve the needs for big events. Finally, the space should be redesigned to also offer an outdoor venue for smaller events and for everyday use by office workers and passersby.

Objectives and Outcomes

Repair and upgrading of damaged paving to better accommodate large events. Redesign and refurbishment of parts of square to accommodate smaller events and improve daily use.

Region: F

2010/11Budget

- R 11.500 million

Source of Funding / Amount (R):

- CoJ: R 10.000 million
- ICF: R 1.500 million

GDS Priorities / Sector Plan:

- Enhancement of the intensity of existing well-functioning nodes and transformation of declining nodes, to enable mixed-use, mixed-income, high-density development. Planned development of three new economic nodes in selected marginalised areas
- Economic area regeneration programme

Overview

- To accommodate large outdoor events, a section of the East end of the square will be refurbished by improving layer works and limiting truck and stage access to the strengthened paving. Pop up electrical kiosks will be installed.
- To accommodate smaller outdoor events an amphitheatre or similar facility will be designed and implemented on the Western part of the square.
- To improve daily use of the square seating will be provided with trees for shade.

Delivery Programme

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

Deliverables in 2010/11

Repairs and improvements to paving and refurbishment of square including greening, street furniture, small event space and improvements to electrical and other infrastructure

Deliverable	Q1	Q2	Q3	Q4	Year
2010/11 Planned Progress per Quarter (%)					
Paving repair and refurbishment of Mary Fitzgerald square	10%	30%	60%	100%	**100%**
2010/11 Planned Short-Terms Jobs per Quarter (No. of Jobs)					
Short-Terms Jobs	5	10	16	36	**84**
Completion Schedule: 2010/2011 Actual Progress per Quarter (%)					**Year to date**
Paving repair and refurbishment of Mary Fitzgerald square	8%	10%	64%	100%	**100%**
Job Creation Schedule:2010/2011 Actual Short term Jobs per Quarter					
Short term Jobs	0	0	44	83	**127**

3.2JDA010/1: Kliptown Renewal Precinct

Nature of Development

Area-based regeneration of the Greater Kliptown area

Rationale for Development & Strategic Alignment

Region: D

2010/11 Budget:

- R 13.000 million

Source of Funding / Amount (R):

Kliptown, given its historical significance, is a celebrated site. The area-based regeneration programme undertaken in Greater Kliptownis intended to extend the economic and social benefits of the development to local residents and shop-owners in this area.	• City of Johannesburg: R13.000 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 should include 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 2010/11

Refurbishment of a building on the Union Street side of the square and improvements to the pedestrian bridge across the railway line. 2 Paving and planting and lighting along some of the promenade to the railway station.

Completion Schedule: 2010/11 Planned Progress per Quarter (%)

Deliverable	**Q1**	**Q2**	**Q3**	**Q4**	**Year**
Public environment upgrade in Kliptown Renewal Precinct Phase 2	10%	40%	60%	100%	100%

Job Creation Schedule: 2010/11 Planned Short-Terms Jobs per Quarter (No. Of Jobs)

	Q1	**Q2**	**Q3**	**Q4**	**Year**
Short-Terms Jobs	5	15	10	20	**49**

Completion Schedule: 2010/11 Actual Progress per quarter (%)					**Year to date**
Public environment upgrade in Kliptown Renewal Precinct Phase 2	0	0	75%	104%	**100%**

Completion Schedule:2010/11 Actual short term jobs per quarter

Short term Jobs	0	0	69	124	**193**

3.3 JDA035/2: Hillbrow, Berea Upgrade: Sanitary Lane rehabilitation

Nature of Development The upgrade of sanitary lanes in Hillbrow and Berea. **Rationale for Development & Strategic Alignment** The City of Joburgcreated the Inner City Fund in 2007/08 to deliver on the key areas outlined in the Inner City Regeneration Charter but also to create conditions conducive for additional private sector investment in the Inner City.	**Region: F** **2010/11 Budget:** • R 12.000 million **Source of Funding / Amount (R):** • City of Johannesburg : R 6.000 million • Inner city fund R6.000 million **GDS Priorities / Sector Plan:** • Economic development • Spatial form & urban management **5 Year Strategic Objectives addressed:** • Increase investor confidence in declining areas. **IDP Programmes addressed:** • Economic area based regeneration

Objectives & Outcomes							
The development targets the improvement of sanitary lanes in Hillbrow and Berea to support the overall public environment upgrades.							
Overview							
There are approximately 70 sanitary lanes in Hillbrow and Berea. These are in varying stages of disrepair and neglect. In 2008/09 and 2009/10 12 sanitary lanes were cleaned up and secured. Anecdotal evidence shows that this small project has had a big impact on the health and safety of residents in the areas affected. The JDA will continue this work in Hillbrow and Berea in 2010/11 and will seek to rehabilitate at least another 12 sanitary lanes.							
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 2008/09					
Upgrade of at least 12 sanitary lanes in Hillbrow and Berea.					
Completion Schedule: 2010/11 Planned Progress per Quarter (%)					
Deliverable	**Q1**	**Q2**	**Q3**	**Q4**	**Year**
Cleaning, repair and upgrade of at least 12 sanitary lanes in Hillbrow and Berea (phase 2).	10%	30%	60%	100%	**100%**
Job Creation Schedule: 2010/11 Planned Short-Terms Jobs per Quarter (No. of Jobs)					
Short-Terms Jobs	3	6	9	12	**30**
Completion Schedule: 2010/11 Actual progress per quarter					**Year to date**
Cleaning, repair and upgrade of at least 12 sanitary lanes in Hillbrow and Berea (phase 2).	7%	35%	40%	150%	**100%**
Jobs Creation schedule:2010/11 Actual short term jobs per quarter					
Short term jobs	0	0	47	24	**71**

3.4 JDA036/2: Stretford Station Precinct, Orange Farm

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 as per 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
- City of Johannesburg: R 4.700 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 2010/11

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 (%)					
Stretford storm water system upgrade	10%	40%	60%	100%	**100%**
Public environment upgrading in Stretford station precinct (Phase 2)	0%	40%	60%	100%	**100%**
2010/11 Planned Short-Terms Jobs per Quarter (No. of Jobs)					
Short-Terms Jobs	6	22	14	28	**69**
Completion schedule:2010/11 Actual progress per quarter					**Year to date**
1.Completion of storm water system	91%	97%	100%		**100%**
2.Completion of urban space upgrading	8%	10%	71%	119%	**100%**
Jobs created schedule: 2010/11 Actual short term per quarter					
Short term jobs	123	223	55	205	**604**

3.5 JDA048: Orlando East Phase 1

Nature of Development

The upgrading of Orlando station node

Rationale for Development & Strategic Alignment

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.

Region: D

2010/11 Budget:

- R 9.000 million

Source of Funding / Amount (R):

- City of Johannesburg: R 9.000 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.

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 2010/11

Parking for magistrate's court and churches upgraded to replace bays that were lost with the implementation of the BRT route.
Public space upgrading including new public square, planting, lighting and kerbs.

Deliverable	**Q1**	**Q2**	**Q3**	**Q4**	**Year**
2010/11 Planned Progress per Quarter (%)					
Public environment upgrading in Orlando East Station Precinct Phase 1	0%	30%	60%	100%	**100%**
2010/11 Planned Short-Terms Jobs per Quarter (No. of Jobs)					
Short-Terms Jobs	-	14	14	18	**45**

Completion Schedule: 2010/11 Actual Progress per quarter					**Year to date**
Public environment upgrading in Orlando East Station Precinct Phase 1	10%	50%	60%	100%	**100%**
Jobs creation schedule:2010/11 Actual short term jobs per quarter					
Short term jobs	0	51	40	128	**219**

3.6JDA035 ICF3: Inner City Core Projects

Nature of Development

Public environment upgrades in Region F in accordance with the Inner City Charter commitments.

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.

2010/11 Budget

- R 26 million

Source of Funding / Amount (R):

- City of Johannesburg ICF: R 26million

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 going forward 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 continue with area based interventions in the Inner City core; to address the public environments in the core CBD and elements in the Retail Improvement District 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 2010/11

Public environment upgrading in the Inner City core incorporating the RID, including upgrading and repair of paving, lighting and public spaces and redesign of sidewalks along Eloff, Joubert, Market and Commissioner Streets.

Deliverable	**Q1**	**Q2**	**Q3**	**Q4**	**Year**
2010/11 Planned Progress per Quarter (%)					
Public environment upgrading in the inner city core phase 2	10%	40%	60%	100%	**100%**
2010/11 Planned Short-Terms Jobs per Quarter (No. of Jobs)					
Short-Terms Jobs	**22**	**66**	**44**	**88**	**220**
Completion schedule: 2010/11 Actual progress per quarter					**Year to date**
Public environment upgrading in the inner city core phase 2	**13%**	64%	88%	100%	**100%**
Jobs creation schedule: 2010/11 Actual short term jobs per quarter					
Short term jobs	19	51	75	60	**205**

3.7JDA051 ICF4: Chinatown - Chancellor House refurbishment

Nature of Development

The redevelopment of a historic iconic site in the Johannesburg inner city core and the upgrade of the historic Chinatown in the inner city.

Rationale for Development & Strategic Alignment

Chancellor House was the site of the law offices from which former President Nelson Mandela and Oliver Tambo practiced. It is a historic site which has fallen into disrepair, has been vandalised and is currently illegally occupied. The need to conserve and enhance heritage development as well as to harness the developmental and potential tourist opportunities of the site is motivating this development.

The JDA has historically investigated the potential presented by the historic Chinatown in terms of area-based regeneration. This project will constitute a public environment upgrade as well as creating Chinatown as a destination place.

Region: F

2010/11 Budget:

- R10.000 million

Source of Funding / Amount (R):

- City of Johannesburg ICF: R 10.000 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

To undertake a redesign and refurbishment process for Chancellor House that suggests appropriate uses and possibilities for commemorating its history.

Overview

JDA has completed an architectural and structural assessment and has developed appropriate guidelines and designs for the redevelopment and use of the building. Work was also done to upgrade the public environment in Chinatown, the neighbourhood where Chancellor House is located. The JDA will now undertake a project that will focus on creating a destination place, and provide office space through a heritage-sensitive restoration.

Delivery Programme

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

Deliverables in 2010/11

Structural repair and refurbishment of Chancellor House.

Deliverable	**Q1**	**Q2**	**Q3**	**Q4**	**Year**
2010/11 Planned Progress per Quarter (%)					
Structural repair and refurbishment of Chancellor House	10%	40%	70%	100%	**100%**
2010/11 Planned Short-Terms Jobs per Quarter (No. of Jobs)					
Short-Terms Jobs	5	15	15	15	**50**
Completion schedule: 2010/11 Actual progress per quarter					**Year to date**
Structural repair and refurbishment of Chancellor House	25%	50%	75%	100%	**100%**
Jobs creation schedule:2010/11 Actual short term jobs per quarter					
Short-Terms Jobs	21	151	37	3	**212**

3.8 JDA054 ICF4: 3Kotze Street & Europa House / Transitional Housing

Nature of Development

Development of Homeless Shelters in terms of the Community Development commitments under the Inner City Charter

Rationale for Development & Strategic Alignment

The Inner City sees a large concentration of extremely vulnerable groups. These include street children, the aged, orphans and vulnerable children (including child headed households), the destitute and homeless, abused women, and the severely physically challenged.

The social support needs of these vulnerable groups are diverse, but there are also certain needs in common. In particular, the primary need of many of the individuals in these groups is for some form of shelter.

Formal shelters, and support programmes run through these shelters, is a key need. While many shelters do exist, run by churches, NGOs and other public-benefit organisations, they need a sustained support well above the levels currently being provided.

Region: F

2010/11 Budget:

- R 14.000 million

Source of Funding / Amount (R):

- City of Johannesburg ICF: R14 million

GDS Priorities / Sector Plan:
Human development

5 Year Strategic Objectives addressed:

- Increased number of City-run or supported poverty alleviation projects

IDP Programmes addressed:

- Vulnerable households support programme

Objectives & Outcomes

To create a space within the inner city that addresses the shelter requirements for homeless residents.

Overview						
In 2009/10 the Moth Building was refurbished for communal residential accommodation that creates a facility within the inner city that will provide assistance to homeless residents within the City of Johannesburg. 3 Kotze Street and Europa / Transitional House will be refurbished next.						
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 2010/11					
Complete upgrading and refurbishment of buildings(Europa House and 3 Kotze Street) for residential accommodation					
Deliverable	**Q1**	**Q2**	**Q3**	**Q4**	**Year**
2010/11 Planned Progress per Quarter (%)					
Refurbishment of 3 Kotze Street as a night shelter	10%	40%	60%	100%	**100%**
Refurbishment of Europa House for transitional housing (Phase 1)	10%	40%	60%	100%	**100%**
2010/11 Planned Short-Terms Jobs per Quarter (No. of Jobs)					
Short-Terms Jobs	**7**	**21**	**14**	**28**	**70**
Completion schedule:2010/2011 Actual progress per quarter					**Year to date**
Refurbishment of 3 Kotze Street as a night shelter	20%	24%	50%	100%	**100%**
Refurbishment of Europa House for transitional housing (Phase 1)	0%	0%	45%	100%	**100%**
Jobs creation schedule:2010/11 Actual short jobs per quarter					
Short term jobs	0	0	48	215	**263**

3.9 JDA055 ICF4: Commuter Links Upgrade

Nature of Development

Public space upgrading to allow better movement of pedestrians and commuters between public transport facilities and Park Station.

Rationale for Development & Strategic Alignment

The links between public transport facilities in the city centre and Park Station are not legible, safe or adequate to deal with the number of people walking between these transport hubs.

Objectives & Outcomes

To improve pedestrian and traffic links between Park Station and the inner city core.

2010/11Budget

- R 18.500 million

Source of Funding / Amount (R):

- City of Johannesburg ICF: R 18.500 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
- 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

In 2009/10 JDA commissioned a Traffic and Transport Study for the Inner city. This showed clearly that there is congestion and inefficiency in the flow of vehicular and pedestrian traffic between Park Station and the inner city.
The following priority interventions are proposed:

- Paving and lighting: Leyds street from Queen Elizabeth bridge to Park Station
- Paving and lighting: Biccard street from De Korte to Bree street (including widening of East side pavement for pedestrians)
- Paving and lighting: Smit and walmaras street between Biccard and Rissik street
- Replacement of old luminaries on as many streets as possible in Braamfontein

Delivery Programme *(to be shaded)*						
Development Stage	**08/09**	**09/10**	**10/11**	**11/12**	**12/13**	**13/14**
Business Plan						
Implementation						
Exit						
Evaluation						
Deliverables in 2010/11						
Repairs and improvements to paving and lighting along link roads from Park Station to the inner city: Including widening of sidewalk on East side of Biccard Street and across Queen Elizabeth Bridge						

Deliverable	**Q1**	**Q2**	**Q3**	**Q4**	**Year**
2010/11 Planned Progress per Quarter (%)					
Public environment upgrading in the inner city commuter links project area (phase 1)	10%	40%	60%	100%	**100%**
2010/11 Planned Short-Terms Jobs per Quarter (No. of Jobs)					
Short-Terms Jobs	17	34	49	66	**165**
Completion schedule:2010/11 Actual progress per quarter					**Year to date**
Public environment upgrading in the inner city commuter links project area (phase 1)	15%	55%	75%	100%	**100%**
Jobs creation schedule: 2010/11 Actual short term jobs per quarter.					
Short term jobs	0	0	115	182	**297**

3.10 JDA056 ICF4: Art Gallery (Rea Vaya) Station Precinct Upgrade

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

To improve pedestrian and traffic links to and from the Art Gallery BRT station.

2010/11Budget

- R 21.000 million

Source of Funding / Amount (R):

- City of Johannesburg ICF: R 21.000 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
- 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 the following interventions are proposed:

- Lighting and repairs to paving along Twist street from BRT station to Plein street; Von Brandis street from Plein street to Park City; Plein street from Twist street to Rissik street; De Villiers street and Noord street from Twist street to Rissik street; Kruis and Wanderers between Plein and Jeppe; King George street along Joubert Park
- Some improvements to Joubert Park and around the Gallery, especially access from the BRT station
- Improvements to the flow of taxis into and out of Jack Mincer and Park City taxi ranks

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 2010/11

Repairs and improvements to paving and lighting around the Art Gallery BRT station; Some upgrading of Joubert Park to improve access to the Art Gallery from the BRT station; and Access and egress improvements at Jack Mincer and Park City taxi ranks

Deliverable	**Q1**	**Q2**	**Q3**	**Q4**	**Year**
2010/11 Planned Progress per Quarter (%)					
Detailed designs for public environment upgrading in the Art Gallery Rea Vaya BRT station precinct (Phase 1)	10%	30%	60%	100%	**100%**
2010/11 Planned Short-Terms Jobs per Quarter (No. of Jobs)					
Short-Terms Jobs	**4**	**28**	**31**	**42**	**105**
Completion schedule: 2010/11 Actual progress per quarter					**Year to date**
Detailed designs for public environment upgrading in the Art Gallery Rea Vaya BRT station precinct (Phase 1)	0%	5%	48%	100%	**100%**
Job creation schedule: 2010/11 Actual short term jobs per quarter					
Short term jobs	0	**0**	**0**	**87**	**87**

3.11 JDA045: Bus Rapid Transit Routes and Stations

Nature of Development

Delivery of the Bus Rapid Transit System (BRT).

Rationale for Development & Strategic Alignment

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.

Region: Various

2010/11 Budget:

- R 578.030 million

Source of Funding / Amount (R):

- City of Johannesburg (NDoT): R578.030 million

GDS Priorities / Sector Plan:

- Spatial form & urban management
- Economic development
- Community development

5 Year Strategic Objectives addressed:

- Improved Public Transport System

IDP Programmes addressed:

- Transportation

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, with the following broad targets:
Phase 1A April 2009
Phase 1B December 2010
Phase 1C Beyond 2010

Delivery Programme

Development Stage	**08/09**	**09/10**	**10/11**	**11/12**	**12/13**	**13/14**
Implementation						
Evaluation						

Deliverables in 2010/11

1. 5.5 kilometres of dedicated busway
2. Civil works for 1 bus depot (Dbosonville Depot)
3. Newclare road underpass and other road infrastructure
4. 10 stations

Deliverable	**Q1**	**Q2**	**Q3**	**Q4**	**Year (R)**
2010/11 Planned Progress per Quarter (%)					
Busways (Sections 1B, 2, 3, 4, 5 and Rissik and Harrison)	20%	40%	70%	100%	**100%**
Bus stations	0%	20%	60%	100%	**100%**
Newclare road underpass	0%	0%	50%	100%	**100%**
Dobsonville depot	0%	50%	100%	100%	**100%**
2010/11 Planned Short-Terms Jobs per Quarter (No. of Jobs)					
Short-Terms Jobs	170	689	672	1 020	**2 550**
Completion schedule:2010/11 Actual progress per quarter					**Year to date**
Busways (Sections 1B, 2, 3, 4, 5 and Rissik and Harrison)	11%	30%	62%	135%	**135%**
Bus stations	0%	0%	31%	105%	**105%**
Newclare road underpass	0%	0%	21%	53%	**53%**
Dobsonville depot	0%	30%	45%	70%	**70%**
Jobs creation schedule:2010/11 Actual short term jobs					
Short term jobs	251	334	439	387	**1 411**

3.12 JDA046: Diepsloot Development

Nature of Development

Area-based regeneration of the Diepsloot area

Rationale for Development & Strategic Alignment

Region: A

2010/11 Budget:

- R 46.000 million

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.	**Source of Funding / Amount (R):** • National Treasury NDPG: R46.000 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 will include 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 2010/11

Construction of 2 pedestrian bridges and public space upgrading along Ngonyama Road (including upgrade of taxi rank)

Completion Schedule: 2010/11 Planned Progress per Quarter (%)					
Deliverable	**Q1**	**Q2**	**Q3**	**Q4**	**Year**
Pedestrian bridges across waterways	10%	40%	60%	100%	**100%**
Public space upgrading in Civic node in Diepsloot	10%	40%	60%	100%	**100%**
Job Creation Schedule: 2010/11 Planned Short-Terms Jobs per Quarter (No. of Jobs)					
Short-Terms Jobs	13	31	34	52	**130**
Completion schedule:2010/11 Actual progress per quarter					**Year to date**
Pedestrian bridges across waterways	40%	45%	75%	75%	**100%**
Public space upgrading in Civic node in Diepsloot	40%	45%	70%	148%	**100%**
Job Creation schedule:2010/11 Actual short term jos					
Short term jobs	0	3	54	150	**207**

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

Amounts owed by JDA for service charges

Name of Municipality	Amount Owed	Status	Comments
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 June 2011	Comments
S Lewis	Executive Manager: Strategy & Planning	City of Johannesburg	202365484	Current	Account paid up
Z Mafata	Chief Finance Officer	City of Johannesburg	206944274	Current	Account paid up
P Arnott-Job	Senior Development Manager	City of Johannesburg	402576355	Current	Account paid up
T Mendrew	Acting Chief Executive Officer	City of Johannesburg	Hollyland (Pty) Ltd 201030171	Current	Account paid up
N Manzana	Chief Operations Officer	City of Johannesburg	403090511	Current	Account paid up
L Visagie	Senior Development Manager	City of Johannesburg	303385695	Current	Account paid up
V Voyi	Senior Development Manager	City of Johannesburg	1002979455 (Mangaung) 1983203459 (coj)	Current	Account paid up
LN Matlhape	Non-Executive Director	City of Johannesburg	403059582	Current	Account paid up
L Vutula	Non-Executive Director (Chairperson)	City of Tshwane	3320617299	Current	Account paid up
AR Roriston	Non-Executive Director	Ekurhuleni Metropolitan Municipality	2603833155	Current	Account paid up
N Lila	Non-Executive Director	City of Johannesburg	8686144681	Current	Account paid up
D Naidu	Non-Executive Director	City of Johannesburg	504011192	Current	Account paid up
P Masilo	Non-Executive Director	Ekurhuleni Metropolitan Municipality	2603356925	Current	Account paid up.
D Lewis	Non-Executive Director	City of Johannesburg	403344639	Current	Account paid up

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 (Appointed 19 July 2010)	Acting CEO (Executive)	Black	Male	▪ Development & Risk ▪ Human Resources & Remuneration ▪ Audit (by invitation)
L Matlhape	Non-executive	Black	Male	▪ Human Resources & Remuneration (Chair)
L Vutula	Non-executive (Chairperson)	Black	Male	▪ Human Resources & Remuneration
AR Roriston	Non-executive	White	Male	▪ Development & Risk (Chair)
N V Lila	Non–executive	Black	Female	▪ Audit (Chair) ▪ Development & Risk
P Masilo	Non–executive	Black	Male	▪ Audit ▪ Human Resources & Remuneration
D Naidu	Non–executive	Black	Male	▪ Development & Risk
D Lewis	Non-executive	White	Male	▪ Development & Risk

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 & 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.

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 2010 to June 2011

Name	Board Meeting				Audit				Development & Risk				Marketing				HR& Remuneration			
	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	5	4	1														3	2	1	0
L Matlhape	5	5	0														3	3	0	0
AR Roriston	5	3	2						6	6		0								
T Mendrew	5	5	0	0	7	4	3	0	6	4	2	0					3	3	0	0
N Lila	5	4	1	0	7	7	0	0	6	5	1	0								
P Masilo	5	5	0	0	7	7	0	0									3	3	0	0
D Lewis	5	4	1	0					6	5	1	0								
D Naidu	5	5	0	0					6	6	0	0								
J Boggenpoel (Independent)					7	6	1	0												
J Behr (resigned 18 August 2010) (Independent)					7	0	0	0												
K Moyo(Independent)					7	6	1	0												

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

Audit Committee

N. Lila (Chairperson) (Non-executive Director)
P. Masilo (Non–executive Director)
J. Boggenpoel (Independent Member)
J. Behr (Independent Member) (resigned on 18 August 2010)
K Moyo (Independent Member)

The Audit Committee, which consists of two non-executive directors and three independent members, meets not less than four times a year. All members of this committee are financially literate. It has specific responsibility for ensuring that all activities of the JDA are subject to independent and objective review and audit, and for monitoring – on behalf of the Board and other stakeholders – the Company‘s relationship with its auditors. 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 and approved by the City of Johannesburg.

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 and the internal and external auditors, to provide reasonable assurance that control procedures are in place and working as intended;
- Considering the appointment of both the internal and external auditors, the audit fee and any questions of resignation or dismissal of auditors;
- 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 meeting

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:

A.R. Roriston (Chairperson) (Non-executive Director)
T Mendrew (Executive Director) *
N. Lila (Non–executive Director)
D Naidu (Non-executive Director)
D Lewis (Non-executive Director)

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) (Non-Executive Director)
T Mendrew (Executive Director)
L. Vutula (Non-Executive Director)
P Masilo (Non-Executive Director)

In line with the best practice of corporate governance, the Board maintains a Human Resources & Remuneration Committee (HR & REMCO), comprising of three Non-Executive Directors and chaired by a Non-Executive Chairperson. It is responsible for directing human resources strategy, policy and approving the compensation arrangements for the Chief Executive Officer, Senior Executives and staff, and meets not less than 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.
This committee met 3 times during the 2010/11 financial year.

Section 4.5: Director's Remuneration

Board of Directors and Senior Management Remuneration and Allowances for 2010/11

Name	Designation	Salary/Board Fees	Backpay/ Leave pay	Bonus / Board Retainer	Travel allowance	Total
Executive Directors & Senior Management						
L. Bethlehem (resigned on 15 July 2010)	CEO (resigned 15 July 2010)	54,126	-	102,505	5 000	161,131
Z. Mafata	CFO	943,680	11,366	69 763		1,024,779
T. Mendrew	A/CEO i July 2010	1,104,600	27,300	62,403		1,194,303
P. Arnott-Job	Senior Development Manager	779,707	11,510	42,221	84 000.00	922,437
N. Gudhluza	Senior Development Manager(Resigned 31 July 2010)	19,785	63,590	53,336	14,055	150,767
N. Manzana	COO	996,600	27,300	70,832	108 000.00	1,202,732
S Lewis	EM: Strategy & Planning) (appointed Jan'10)	766,176	9,352	23,981		799,510
Vuyiswa Voyi	Senior Development Manager	530,250			58,500	588,750
Leonard Visagie	Senior Development Manager	312,976			31,250	344,226
Z. Mamba	EM Marketing & Communication (Resigned 31 October 2010)	191,602	66,416	37,207	50,000	345,225
Sub-Total		**5,699,502**	**216,834**	**467,249**	**350,806**	**6,734,361**
Non-Executive Directors & Independent Audit Committee Members						
L. Vutula	Chairman	57,540	-	39,675	-	**97,215**
A.R. Roriston	Board Member	50,592	-	19,840	-	**70,432**
L.W.J. Matlhape	Board Member	42,656	-	19,840	-	**62,496**
N. Lila	Board Member	124,010		19840		**143,850**
D. Naidu	Board Member	48,620		19,840		**68,460**
P. Masilo	Board Member	71,430		19,840		**91,270**
D. Lewis	Board Member	39,690		19,840		**59,530**
J. Boggenpoel	Independent Audit Committee Member	34,720	-	19,840	-	**54,560**
J. Behr (resigned 18 August 2010)	Independent Audit Committee Member			NiL		
K Moyo (appointed 26 Jan 2010)	Independent Audit Committee Member	29,760		19,840		**49,600**
Sub-Total		**499,018**	**-**	**198,395**	**-**	**697,413**
TOTAL		**6,198,520**	**216,804**	**665,644**	**350,806**	**7,431,774**

The directors' emoluments were taxed according to South African Revenue Services' guidelines. The bonus payments related to the 2009/2010 financial year, thus the former CEO and the two executives are indicated in the table above.

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 Directors and Employees. During the period under review, no loans or advances were made to any of the JDA's employees and 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 risks through a Development & 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 Developments & 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 whole City.

All risk financing activities are managed holistically for the entire group by the City of Johannesburg. Key to this is ensuring that all risk financing activities are consolidated and managed centrally taking into account the City's business requirements and processes. CoJ maintains a combined third party insurance cover and self-insurance funding as one of the appropriate risk financing mechanism.

The JDA ensures effective internal controls. This is undertaken through various functional divisions across the organisation. These functional division, where practically possible, maintain strict segregation of duties. These include the various Development Units, Supply Chain Management Unit, Risk & Compliance Unit and Finance Department.

Table 1: JDA Top Strategic Risks

	RC	Risk Description	Cause	Consequence	IR	Mitigate strategy	CE	Residual risk	Risk Owner	Future actions to improve management of the risk	Action Owner
1. 1	SD	Failure to create adequate number of short term jobs	• Non labour intensive projects • Delay in implementation of capital projects.	• Failure to meet IDP goals of job creation. • Negative publicity	Amber (8)	Consultation with the City EPWP unit on the definition of a short term job Structure JDA projects to deliver maximum number of jobs City EPWP Unit continuously audits JDA job creation numbers	Good (0.40)	Green (3.2)	COO	The Risk and Compliance Unit will continuously monitor the implementation of EPWP guideline in developments.	Risk and Audit Officer, Development Managers
2. 2	Fin	Failure to meet the BEE/SMME procurement targets.	• 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)	• Future funding might be jeopardised. • Failure to create opportunity for small contractors leading to distrust by the community • Inability to transform the construction industry.	Red (16)	• Ensuring that main contractors sub contract work to local SMME/BEE contractors. • Working closely with the SMME fora, City SCM unit and DED. • Closely Monitor work allocated to SMME/BEE sub-contractors • Prescribe 30% SMME component in identified JDA projects.	Good (0.40)	Amber (4.8)	CFO	•Working closely with the SMME fora, 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	Supply Chain Manager
3. 4	Fin	Inadequate financial management systems.	• Inadequate and ineffective business processes (Policies and Procedures) • Lack of skills to effectively apply and implement the established	• Negative audit opinion. • Financial loss • Overspending of the budget	Red (20)	• Improve internal control processes • Annual update of policies & procedures relating to finance & supply chain reviewed by Internal Audit; • Maintain compliance with Finance & SCM policies;	Good	Amber (8)	CEO	Further training on the revised policy will be undertaken after the approval of the policy by the Board.	CFO

	RC	Risk Description	Cause	Consequence	IR	Mitigate strategy	CE	Residual risk	Risk Owner	Future actions to improve management of the risk	Action Owner
			business processes.			• Encourage continuous training of Finance and SCM personnel; and • Monitor compliance and adhere to monthly reporting timelines as prescribed by the CoJ.					
4. 6	Fin	Reduction of Capital budget by CoJ.	• Lack of sufficient financial resources by CoJ. • Recession and reduced city and national revenue. • Change in city priorities	• Failure to pay for operating expenditure including salaries. • Loss of expertise due to resignation caused by lack of projects to be implemented • Reduced service delivery	Red (20)	Undertaken feasibility studies to build a pipeline of PPPs (Randburg, Kazerne and Township Retail Partnership Programmes) Exploring other national grant funding options such as Housing grants Canvass other City departments to appoint JDA as their implementing agents Seek increase in operating grant for development facilitation function	Fair	Amber (8)	CEO	UDF being developed for Ivory Park. Undertake further feasibility studies for more PPPs Explore other national grant funding for Randburg development and small scale retail programme Work with DPUM in accessing urban settlement grant. Institutional strategy discussion document presented for Board approval	EM: Planning & Strategy.
5. 8	F&C	Fraudulent and corrupt activities.	• Weak internal control procedures • Colluding in tender fraud with service providers • Ineffective hotline reporting system • Failure to properly declare business	• Financial Loss to the organisation • Receiving poor quality goods and services • Legal challenges from unsuccessful bidders • Negative publicity for the	Red (20)	• Appointment of independent fraud hotline service provider • Develop new declaration forms and perform search at CIPRO for all executive managers and Bid Committee members • Perform verification process to	Fair	Amber (8)	CEO	• All tender documents will include the fraud hotline number. • Finalise the Detailed Fraud Risk Assessment report.	Manager: Risk & Compliance (internal audit)

	RC	Risk Description	Cause	Consequence	IR	Mitigate strategy	CE	Residual risk	Risk Owner	Future actions to improve management of the risk	Action Owner
			interests • Submission of false supporting tender document by service provider	organisation • Adverse audit findings. • Appointment of unsuitable service providers.		validatinginformation submitted by bidders					
6. 10	Com	Non–compliance with applicable laws and regulations	• Ineffective compliance monitoring • Lack of awareness of new laws or amendments • Lack of understating of the requirement of the relevant law.	• Financial penalties • Criminal liability • Negative Publicity • Adverse audit opinion • Legal breaches	Red (15)	• The Risk and Compliance unit will be procuring compliance software in order to assist with monitoring • A risk awareness workshop for all managers..	Good	Amber (6)	Manager: Risk & Compliance	• Finalise the procurement of the Risk and Compliance software by the end of the Q1 of the 2011/2012. • Finalise the compilation of the Regulatory Universe.	All managers
7. 11	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 develop an information reporting and quality assurance review framework	Good	Green (4.8)	EM: Planning & Strategy	To implement the performance information management framework during the next financial year.	All managers
8.	KIM	Collapse of ICT environment.	Internal / External disaster s (Natural. Hackers, etc.)	• Disruption of JDA business activities. • Loss of vital information	Red (12)	• Maintain an efficient and effective off site backup system. • Continuous updating of the disaster recovery and IT security policies for review by Internal Audit.	Good	Green(4.8)	CFO	• To continue test other backup information to ensure successfully restoring during disaster recover.	Manager: IT

	RC	Risk Description	Cause	Consequence	IR	Mitigate strategy	CE	Residual risk	Risk Owner	Future actions to improve management of the risk	Action Owner
9. 15	SD	Inability to delivery on Capital projects.	• Downward budget adjustments • Inadequate project management • Inadequate project management • Lack of co-operation by stakeholders (e.g. MOE's). • Inappropriate project plan • Loss of critical staff at crucial points of the project. • 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)	• Appoint additional technical capacity at JDA (DM). • Streamlined Reporting Systems. • Monitor DMIS controls on Variation Orders. • Continuously improve current controls	Good	Green (4.8)	COO	Developments Managers will continue to monitor implementation of the multi-year projects to ensure that these are completed on time and within budget.	SDM
10. 18	HR	Inability to attract and retain skilled employees.	• Inability to offer attractive and market related salaries (Upper Limits). • Poor relationship between managers and employees • Lack of sufficient skills in the market.	• Failure to deliver on the mandate. • Delay in completion of capital projects. • High staff turnover • High recruitment and training & development cost	Red (12)	The current controls in place are effective and no additional control will be added	Good	Green (4.8)	CEO	Management will consider the outcome of the employee survey on the action to be taken going forward.	HR Manager

Section 4.8: Sustainability Report

Urban Environmental management is an integral part of the urban regeneration projects that JDA implements as evidenced by theupgrading of parks, the constructionof storm water facilities andconstruction 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.

In support of the neighbourhood level sustainability objectives relating to greening the city, the JDA has upgraded parks and planted trees in these parks and along public streets in the inner city, Soweto, Diepsloot and Orange Farm. In 2010/11 Atwell Gardens Park was upgraded and substantial planting was carried out on Mary Fitzgerald Square in Newtown and Beyers Naude Square in the inner city.

The JDA has also adopted the Sustainable Urban Drainage System guidelines and all designers are instructed to apply these towards achieving run-off neutral developments. In 2010/11 these principles were applied in Diepsloot where permeable paving was used around the pedestrian bridges.

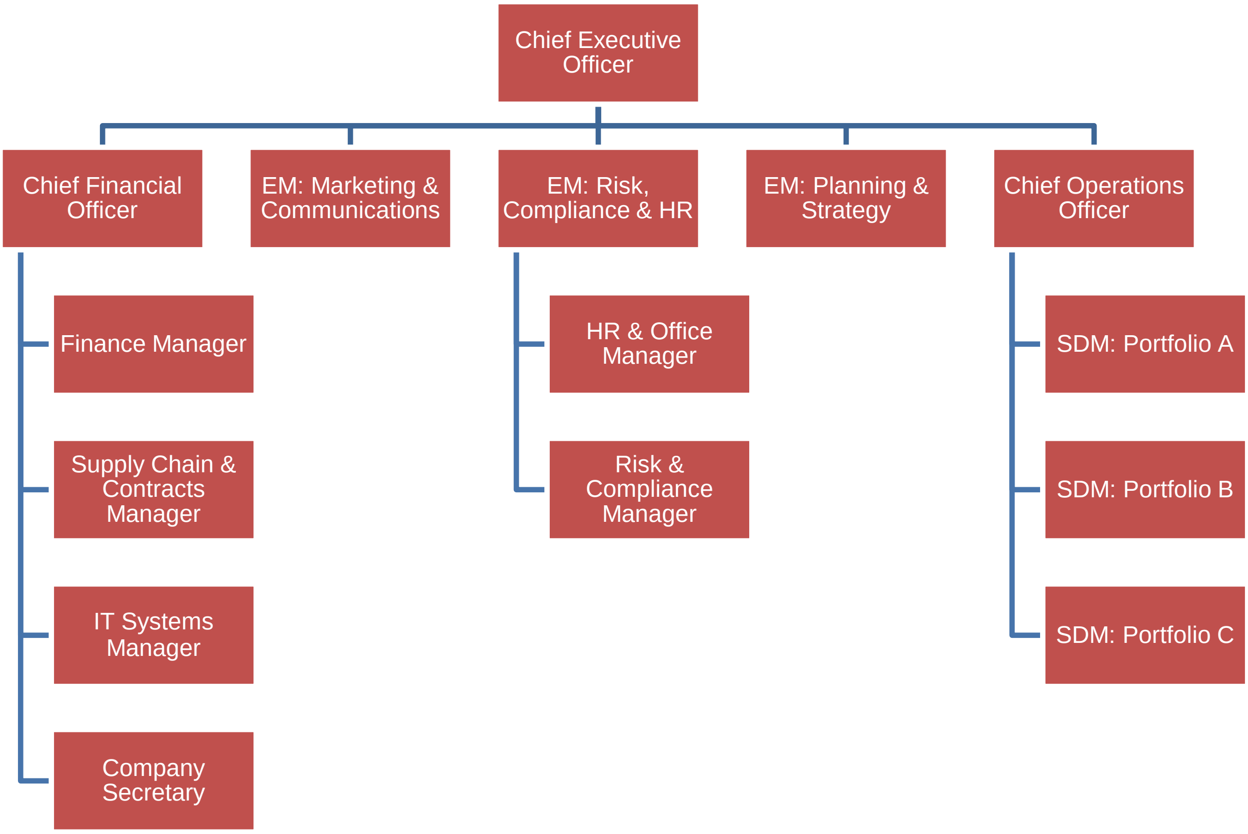
CHAPTER FIVE: HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT

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



Section 5.1: Human Resource Management

As at year end, the JDA's total full time staff was 51 employees. In terms of the organogram which was approved in the business plan, there are 14 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:

- 1 x Chief Executive Officer
- 1x Executive Manager: Marketing and Communications
- 1 x Procurement and Contracts Coordinator
- 1 x Procurement and Contracts Officer
- 2 x Development Coordinators
- 4 x Development Managers
- 2 x Assistant Development Managers

- 1 x IT Systems Officer
- 1x Housekeeper/Cleaner

Two positions were filled during 2010/11: one Senior Development Manager, and one Development Manager were recruited and started working for the JDA on 1 January 2011. One further Development Manager joined the JDA on 1 June 2011 as a secondment from the 2010 office.

Staff movement July 2010 to June 2011

Staff Movements	African		Coloured		Indian		Whites		Total
	Male	Female	Male	Female	Male	Female	Male	Female	
Appointments	0	2	0	0	0	0	0	1	**3**
Resignations	2	2	0	0	0	0	0	1	**5**
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**	**4**	**0**	**0**	**0**	**0**	**0**	**2**	**8**

Section 5.2: Employment Equity

The JDA is committed to the principles of equity, anti-discrimination and diversity as enshrined in the Constitution and 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.

Employment Equity Demographics Status as at 30June 2011

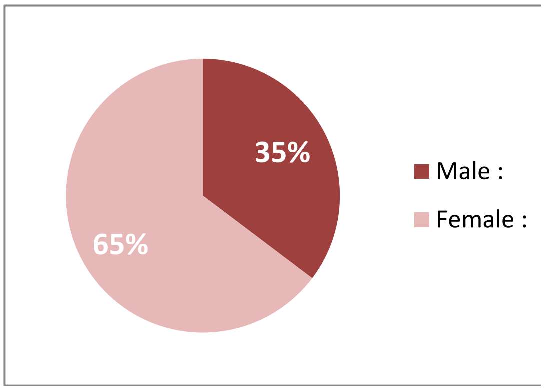
Employment Equity Status (Demographics)

Levels	African		Coloured		Indian		White		Total
	Male	Female	Male	Female	Male	Female	Male	Female	
Executive & Senior Management	3	5	1	0	0	0	2	1	**12**
Middle Management*	5	4	0	3	0	1	2	1	**16**
Co-ordination / Administration	4	10	0	1	0	2	0	0	**17**
Housekeepers / Cleaners	1	5	0	0	0	0	0	0	**6**
Total	**13**	**24**	**1**	**4**	**0**	**3**	**4**	**2**	**51**
% of Total	**25%**	**47%**	**2%**	**8%**	**0%**	**6%**	**8%**	**4%**	**100%**
	African :	**73%**	**Coloured :**	**10%**	**Inidian :**	**6%**	**White :**	**12%**	

*The JDA employs one foreign national in a middle management position, reported as an African female on this table. See Annex B

Gender Equity

Levels	Black		White		Total
	Male	Female	Male	Female	
Executive &Snr Management	4	5	2	1	**12**
Middle Management	5	8	2	1	**16**
Co-ordination / Administration	4	13	0	0	**17**
Housekeepers / Cleaners	1	5	0	0	**6**
Total	**14**	**31**	**4**	**2**	**51**
% of Total	**27%**	**61%**	**8%**	**4%**	**100%**
	Black :	88%	White :	12%	
	Male :	35%	Female:	65%	
	Black Female Management		42%		



Management Level Demographics

Levels	Total	African	65%	Coloured	12%	Indian	4%	White	19%
		Male	Female	Male	Female	Male	Female	Male	Female
Executive & Senior Management	**12**	3	5	1	0	0	0	2	1
Middle Management	**16**	5	4	0	3	0	1	2	1
Total	**28**	**8**	**9**	**1**	**3**	**0**	**1**	**4**	**2**
% of Total	**100%**	**29%**	**32%**	**4%**	**11%**	**0%**	**4%**	**14%**	**7%**

Levels	**JDA Positions**
Senior & Executive Management:	Chief Executive Officer, Chief Operation Officer, Chief Finance Officer, Executive Manager: Planning and Strategy, Executive Manager: Marketing & Communications; Executive Manager: Risk, Compliance and HR, Senior Development Managers, Human Resource 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 88% Black staff, which far exceeds the target of 80% contained in the JDA Employment Equity Plan. The target has been exceeded by 8%.
- The JDA currently has 65% black female staff against the EE target of 45%.
- The JDA currently has 42% 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.

For the year under review an amount of R800 000 was budgeted for training and development which equals to 3% of the JDA's total annual salary budget expenditure. By the end of the fourth quarter, 95% of that budget was spent. Most of the training budget was spent on short courses and ad hoc training for mostly junior middle management employees..

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, for the training conducted within past financial year.

JDA always 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 wellness days on 1 December 2010 and 15 June 2011. 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 2010 to those employees who qualified. Senior executives were paid 66,67% of their performance bonus for 2009/2010 financial year at the end of June 2011.

CHAPTER SIX: FINANCIAL ASSESSMENT

Section 6.1: Statement of Financial Position

ASSETS	R'000 Actual 30 June 2011	R'000 Actual 30 June 2010
Non-current assets	7,044	6,862
Property, plant and equipment	5,952	6,596
Intangible assets	194	266
Deferred tax	898	
`		
Current assets	372,394	435,381
Loans to shareholders	102,457	162,790
Trade and other receivables	268,741	271,446
Cash and cash equivalents	1,196	1,146
Total assets	379,438	442,243
EQUITY AND LIABILITIES		
Capital and Reserves	46,364	37,292
Contribution from Owner	16,277	16,277
Accumulated Surplus	30,087	21,015
Non-current liabilities	4,001	4,716
Finance lease obligation	-	29
Deferred taxation	4,001	4,687
Current liabilities	329,073	400,235
Loans from shareholders	56,477	74,739
Trade and other payables	244,080	264,578
Net VAT payable	10,320	39,816
Finance lease obligation	29	64
Provisions - bonus	2,036	-
Project funds payable	15,718	12,776
CAPEX VAT	413	8,262
Total equity and liabilities	379,438	442,243

Section 6.2: Statement of Financial Performance

Statement of Financial Performance Johannesburg Development Agency (Pty) Ltd
For the year ended-30 June 2011

	2011 Actual R'000	2011 Budget R'000	2011 Variance R'000
Gross revenue	52,826	53,272	(446)
Operating costs	(52,052)	(51,029)	(1,023)
Gross Profit	**774**	**2,243**	**(1,469)**
Operating surplus	774	2,243	(1,469)
Interest Expense	(23)	(2,243)	2,220
Interest Income	6,736	3,000	3,736
Surplus before tax	**7,487**	**3,000**	**4,487**
Deferred taxation	1,584	0	1,584
Surplus after tax	**9,071**	**3,000**	**6,071**

Overall Financial Performance

For the period under review the JDA revenue was R52.8million against a budget of R53.3million. As the JDA earns its fees from the capital spent on projects, the negative variance of R446k between actual and budgeted income is as a result of savings made on some projects as well as a reduction R6million in the ICF budget which was only confirmed towards the end of the 3rd Quarter. The R3.7million positive variance in interest income is largely due to BRT land acquisition funds which City Treasury transferred into the JDA's account at the beginning of the 2009/10 financial year. Unfortunately the transactions on BRT land acquisitions have taken place at a slower pace than it was expected with only R17million of the total R53million having been transferred to attorneys for the acquisition of properties along sections 3, 4 and 5 of the BRT routes. The City Treasury also transferred Bertrams priority block funds of R18million into the JDA's bank account. These funds are to be utilised for Bertrams relocations and other related matters. The City's timeous settlement of capex claims has also had a positive effect resulting in the JDA earning interest income due to a favourable bank balance.

In the year to date, the JDA's operating expenses were R52 million representing a saving of 2% against the budget of R51million. There was also a saving of R2million in the interest expense line item. This saving was achieved because the JDA managed to maintain a favourable bank balance throughout the financial year thus earned interest income instead of incurring interest expense. Furthermore, the JDA has continued to implement other cost cutting measures in line with the City's expenditure review management.

Section 6.3: Cash Flow Statement

CASH FLOW STATEMENT
For the year ended 30 June 2011

	2011 Actual R'000	2010 Actual R'000
Cash flows from operating activities	**(36,573)**	**266,593**
Receipts		
Grants	21,637	20,450
Cash receipts from capex funding	836,001	1,566,679
Other receipts	752	1,959
Interest income	6,736	2,318
Payments		
Employee costs	(26,989)	(24,341)
Suppliers	(874,710)	(1,296,142)
Interest paid	0	(4,330)
Cash flows from investing activities	**(454)**	**(474)**
Expenditure to maintain operating capacity		
Property, plant and equipment acquired	(366)	(482)
Proceeds from equipment disposed	0	8
Purchase of other intangible assets	(88)	0
Cash flows from financing activities	**37,077**	**(266,057)**
Movement in project funds payable	2,941	(5,338)
Movement in CAPEX VAT	(7,849)	0
Repayments of shareholders loan	42,072	(260,639)
Finance lease repayments	(87)	(80)
Net increase in cash and cash equivalents	50	62
Cash and cash equivalents at beginning of the year	1,146	1,084
Cash and cash equivalents at the end of the year	**1,196**	**1,146**

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.

There were only a few new contracts awarded in the fourth quarter. These were largely for the professionals working on the Westgate Station Precinct design project, and are multi-year contracts.

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.

	ANNUAL AUDIT PLAN (2010/11)	Month to start audit	Status	Overall Rating
1	Contract Management	August 2010	Completed	2
2	Area Development (Projects and Project development)	November 2010	Completed	2
3	IT Governance	November 2010	Completed	3
4	Business Continuity and Disaster	November 2010	Completed	3

	ANNUAL AUDIT PLAN (2010/11)	**Month to start audit**	**Status**	**Overall Rating**
	recovery			
5	Supply Chain Management	November 2010	Completed	**2**
6	Financial Discipline Review	April 2011	Completed	**2**
7a	Performance Against Objectives	Quarter 1	Completed	**3**
7b	Performance Against Objectives	Quarter 2	Completed	**2**
7c	Performance Against Objectives	Quarter 3	Completed	**2**
7d	Performance Against Objectives	Quarter 4	Completed	**2**
8	Human Resources	March 2011	Completed	**2**
9	Asset Management	Jan 2011	Completed	**2**
10	Corporate Governance	April 2011	Completed	**n/a**
11	Follow up Audit	On-going	Completed	**n/a**

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

Audit Rating	**Reporting Monitoring Results**	**Probable Risk**
1	Audit objectives were **satisfactorilymet** 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**

Audit Rating	Reporting Monitoring Results	Probable Risk
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 partly effective
2	Risk Management	Adequate and effective
3	Corporate Governance	Partly adequate and effective

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 adequate and partly effective for the areas reviewed. Only housekeeping matters and/or areas for improvement were identified in most cases. Processes that were considered in the formulation of their opinion were inclusive of all the audits as per the internal audit plan for the past financial year. 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 needed to be corrected as far as possible in the first quarter of the financial year..

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 2010/2011 follow-up did indicate that improvements were made to the identified matters in general. The area of concern is the IT Governance and management advice to give more attention to the issues raised. Significant issues that were identified related to the inadequacy of Business Continuity and Disaster Recovery of the JDA.

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 2011;
- 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;
- 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; and

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)

JDA received unqualified Audit opinion for 2009/2010 financial year from the Auditor General. Below is the JDA response to the AG's findings in the audit report.

Audit Issue Raised	Management's response	Deadline Date	Progress to Date
According to section 65(2) (e) of MFMA, the accounting officer of a municipal entity is responsible for the management of the expenditure of the municipal entity. The accounting officer must take all reasonable steps to ensure that all money owing by the municipal entity be paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure During the audit of capital expenditure, it was noted that the following payments were not made within 30 days of receipt of the relevant invoice	Management acknowledge the finding however there were cash flow problems that were encountered by the City of Johannesburg during the month of July up to and including November 2010. City Treasury instructed us not to pay our suppliers until further notice. However there were letters written by the CEO, CFO and the Chairperson of the Audit Committee notifying the City of Johannesburg and the Group Audit Committee about the non-compliance with the MFMA. All documentations were made available to AG.	On-going	JDA is currently monitoring payment of invoice on a monthly basis for any late payment of invoices

ANNEXURE A: JDA SCORECARD FOR THE 4TH QUARTER: 30 JUNE 2011

Key Performance Area	Key Performance Indicators	Baseline 2009/10	Target 2010/11	Q4 Target	Q4 Actual	% of target achieved	Q4 Dashboard code
1. Economic development and job creation	Number of new short-term jobs attributable to JDA activities	**3 599**	**3 746**	1 535	1 614	105%	
	BEE procurement spend as a % of total procurement	**70%**	**70%**	70%	81%	116%	
	SMME procurement spend as a % of total OPEX Procurement	**55%**	**40%**	40%	61%	153%	

Key Performance Area	Key Performance Indicators	Baseline 2009/10	Target 2010/11	Annual Target	Annual Actual	% of target achieved	Q1 Dashboard code
2. Human Resources	Compliance with JDA's 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%	65%	144%	
	% Black Female managers as % of total senior management	35%	**35%**	35%	42%	119%	
	% Staff Turnover	<10%	**<10%**	<10%	2%	100%	
	% compliance to CoJ HIV/AIDS Policy	100%	**100%**	100%	100%	100%	
	% compliance to OHSACT	100%	**100%**	100%	89%	89%	
	% payroll invested in training (cumulative, annual)	3%	**3%**	3%	3%	100%	

Key Performance Area	Key Performance Indicators	Baseline (2009/10)	Target (2010/11)	Q4 Target	Q4 Actual	% of target achieved	Q1 Dashboard code
3. Effective Financial Management & Good Corporate Governances	% Overspending against operating budget	0%	**0%**	0%	0%	100%	
	% Capital budget spent	na	**100%**	**100%**	**95%**	**95%**	
	CoJ Budget	na	**100%**	100%	98%	98%	
	ICF Budget	na	**100%**	100%	100%	100%	
	NDPG Budget	na	**100%**	100%	99%	99%	
	Transportation Budget	na	**100%**	100%	94%	94%	
	EPWP incentive grant	na	**100%**	100%	100%	100%	
	Blue IQ (Constitution Hill)	na	**100%**	100%	56%	56%	

Key Performance Area	Key Performance Indicators	Baseline 2009/10	Target (2010/11)	Q4 Target	Q4 Actual	% of target achieved	Q1 Dashboard code
4. Project implementation and output delivery	% Project completed	**92%**	**99%**	**99%**	**114%**	**115%**	
	CoJ Budget	100%	**100%**	100%	113%	113%	
	ICF Budget	100%	**100%**	100%	103%	103%	
	NDPG Budget	100%	**100%**	100%	138%	138%	
	Transportation Budget	90%	**100%**	100%	116%	116%	
	EPWP incentive grant	na	**100%**	100%	86%	86%	
	Blue IQ budget	na	**25%**	25%	26%	104%	

Key Performance Area	Key Performance Indicators	Baseline (2009/10)	Target (2010/11)	Q4 Target	Q4 Actual	% of target achieved	Q4 Dashboard code
COJ FUNDED PROJECTS				100%	113%	113%	●
% progress achieved in project delivery against targets: **JDA002/1: Mary Fitzgerald Square**	**Overall Progress**		**100% complete**	**100%**	**100%**	**100%**	
	Paving repair and refurbishment of Mary Fitzgerald Square	na	100% complete	100%	100%	100%	●
% progress achieved in project delivery against targets: **JDA010/1: Kliptown Renewal Precinct**	**Overall Progress**		**100% complete**	**100%**	**104%**	**104%**	
	Public environment upgrade in Kliptown Renewal Precinct Phase 2.1	na	100% complete	100%	100%	100%	●
	Public environment upgrade in Kliptown Renewal Precinct Phase 2.1 extension			100%	100%	100%	●
% progress achieved in project delivery against targets: **JDA035/2: Hillbrow/Berea Upgrade (Sanitary lanes & Lighting)**	**Overall Progress**		**6 lanes completed**	**6 lanes completed**	**9 lanes completed**	**150%**	
	Cleaning, repair and upgrade of at least 6 sanitary lanes in Hillbrow and Berea. (Phase 2)	12 lanes upgraded in 2008/09	6 lanes completed	6 lanes completed	9 lanes completed	150%	●
% progress achieved in project delivery against targets: **JDA047: Bertrams Neighbourhood Development**	**Overall Progress**		**100% complete**	**100%**	**100%**	**100%**	
	Demolitions and security in Bertrams priority block land assembly project	na	100% complete	100%	100%	100%	●
% progress achieved in project delivery against targets: **JDA036/2: Stretford Station / Greater Orange Farm Renewal Precinct ***	**Overall Progress**		**100% complete**	**100%**	**119%**	**119%**	
	Public environment upgrading in Stretford station precinct Phase 2			100%	100%	100%	●
	Public environment upgrading in Stretford station precinct Phase 2 extension			100%	100%	100%	●
% progress achieved in project delivery against targets: **JDA048: Orlando East Station Precinct**	**Overall Progress**		**100% complete**	**100%**	**100%**	**100%**	
	Public environment upgrading in Orlando East Station Precinct Phase 2	na	100% complete	100%	100%	100%	●

Key Performance Area	Key Performance Indicators	Baseline (2009/10)	Target (2010/11)	Q4 Target	Q4 Actual	% of target achieved	Q1 Dashboard code
NDPG FUNDED PROJECTS				100%	138%	138%	●
Progress achieved in project delivery against targets: **JDA037: Diepsloot Renewal Precinct**	**Overall Progress**		**100% complete**	**100%**	**148%**	**148%**	
	Two pedestrian bridges across waterways	na	100% complete	100%	75%	75%	●
	Public environment upgrading in civic node in Diepsloot Phase 1B	Phase 1A completed in 09/10	100% complete	100%	100%	100%	●
	Public environment upgrading in civic node in Diepsloot Phase 1B extension		100% complete	100%	65%	65%	◐
% progress achieved in project delivery against targets: **JDA036/2: Stretford Station / Greater Orange Farm Renewal Precinct**	**Overall Progress**		**100% complete**	**100%**	**100%**	**100%**	
	Stretford stormwater upgrade	Ridge walkway completed in	100% complete	100%	100%	100%	●

Key Performance Area	Key Performance Indicators	Baseline (2009/10)	Target (2010/11)	Q4 Target	Q4 Actual	% of target achieved	Q1 Dashboard code
INNER CTY FUND PROJECTS				**100%**	**103%**	**103%**	
% progress achieved in project delivery against targets: **JDA035 ICF3: Inner City Core Projects**	**Overall Progress**		**100% complete**	**100%**	**100%**	**100%**	
	Public environment upgrading in the inner city core Phase 2	Phase 1 completed in 09/10	100% complete	100%	100%	100%	
% progress achieved in project delivery against targets: **JDA035 ICF3: Beyers Naude Square refurbishment**	**Overall Progress**		**100% complete**	**100%**	**95%**	**95%**	
	Upgrade of Beyers Naude Square	na	100% complete	100%	95%	95%	
% progress achieved in project delivery against targets: **JDA035 ICF3: Gandhi Square slab repair**	**Overall Progress**		**100% complete**	**100%**	**100%**	**100%**	
	Repair of Gandhi Square slab	na	100% complete	100%	100%	100%	
% progress achieved in project delivery against targets: **JDA002/1: Mary Fitzgerald Square**	**Overall Progress**		**100% complete**	**100%**	**100%**	**100%**	
	Paving repair and refurbishment of Mary Fitzgerald Square	na	100% complete	100%	100%	100%	
% progress achieved in project delivery against targets: **JDA035/2: Hillbrow/Berea Upgrade (Sanitary lanes & Lighting)**	**Overall Progress**		**6 lanes completed**	**6 lanes completed**	**9 lanes completed**	**150%**	
	Cleaning, repair and upgrade of at least 6 sanitary lanes in Hillbrow and Berea. (Phase 2)	12 lanes upgraded in 2008/09	6 lanes completed	6 lanes completed	9 lanes completed	150%	
% progress achieved in project delivery against targets: **JDA051 ICF4: Chinatown - Chancellor House**	**Overall Progress**		**100% complete**	**100%**	**100%**	**100%**	
	Structural repair and refurbishment of Chancellor House	na	100% complete	100%	100%	100%	
% progress achieved in project delivery against targets: **JDA054 ICF4: Europa House / Transitional House**	**Overall Progress**		**100% complete**	**100%**	**100%**	**100%**	
	Refurbishment of 3 Kotze Street as a night shelter	na	100% complete	100%	100%	100%	
	Refurbishment of Europa House for transitional housing (Phase 1)	na	100% complete	100%	100%	100%	
% progress achieved in project delivery against targets: **JDA055 ICF4: Commuter Links Upgrade**	**Overall Progress**		**100% complete**	**100%**	**100%**	**100%**	
	Public environment upgrading in the inner city commuter links project area Phase 1	na	100% complete	100%	100%	100%	
% progress achieved in project delivery against targets: **JDA056 ICF4: Art Gallery (Rea Vaya) Station Precinct Upgrade**	**Overall Progress**		**100% complete**	**100%**	**100%**	**100%**	
	Detailed designs for public environment upgrading in the Art Gallery Rea Vaya BRT station precinct Phase 1	na	100% complete	100%	100%	100%	
% progress achieved in project delivery against targets: **JDA058 ICF5: Westgate Station Precinct upgrade**	**Overall Progress**		**100% complete**	**100%**	**50%**	**50%**	
	Detailed designs for public environment upgrading in Westgate Station Precinct Phase 1	na	100% complete	100%	50%	50%	

Key Performance Area	Key Performance Indicators	Baseline (2009/10)	Target (2010/11)	Q4 Target	Q4 Actual	% of target achieved	Q1 Dashboard code
TRANSPORTATION FUNDED PROJECTS				**100%**	**116%**	**116%**	
% progress achieved in project delivery against targets: **JDA045: Bus Rapid Transit**	**Overall Progress**		**100% complete**	**100%**	**116%**	**116%**	
	5.5 km of reinforced busways	na	100% complete	100%	135%	135%	
	Civil works for 1 bus depot	na	100% complete	100%	70%	70%	
	Newclare road underpass and 2 bridges	na	100 % complete	100%	53%	53%	
	10 bus stations	na	100% complete	100%	105%	105%	

Key Performance Area	Key Performance Indicators	Baseline (2009/10)	Target (2010/11)	Q4 Target	Q4 Actual	% of target achieved	Q1 Dashboard code
EPWP incentive grant budget				**100%**	**86%**	**86%**	
Progress achieved in project delivery against targets: **JDA037: Diepsloot Renewal Precinct**	**Overall Progress**		**100%**	**100%**	**86%**	**86%**	
	Diepsloot NMT project	na	100%	100%	72%	72%	
Progress achieved in project delivery against targets **JDA065/CN001 Region F: Repairs and Reinstatements**	Inner city repairs and reinstatements	na	100%	100%	99%	99%	

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	1	0	0	0	1	0	0	0	0	0	2
Professionally qualified and experienced specialists and mid-management	5	1	0	3	5	2	0	2	0	1	20
Skilled technical & academically qualified workers, junior management, supervisors, foremen, and superintendents	4	0	0	0	10	2	2	0	0	0	18
Semi-skilled and discretionary decision making	0	0	0	0	2	0	1	0	0	0	3
Unskilled and defined decision making	2	0	0	0	5	0	0	0	0	0	7
SUB TOTAL	13	1	0	3	25	4	3	2	0	0	50
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	**13**	**1**	**0**	**3**	**24**	**4**	**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**

SECTION C: WORKFORCE MOVEMENT

2. Recruitment

2.1 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	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	0	0	0	0	0	0	0	0	0	0	0
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

3. Promotion

3.1 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	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	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	0	0	0	0	0	0	0	0	0	0	0
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

4. Termination

4.1 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	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	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	1	0	0	0	0	0	1
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	0	0	0	0	1	0	0	0	0	0	1

4.2 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	0	0	0	0	1	0	0	0	0	0	1
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	0	0	0	0	1	0	0	0	0	0	1

ANNEXURE C: AUDITED 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 2011

Auditor-General of South Africa
Registered Auditors
Issued 29 November 2011

General Information

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

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

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

ABBREVIATIONS

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act

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 Accepted 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 cash flow forecast for the year to 30 June 2012 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

Although the 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 6.

The annual financial statements set out on pages 9 to 55, which have been prepared on the going concern basis, were approved by the directors on 29 November 2011 and were signed on its behalf by:

T Mendrew
(Acting Chief Executive Officer)

N Lila
(Audit Committee Chairperson)

Audit Committee Report

INTRODUCTION

We are pleased to present our report for the financial year ended 30 June 2011.

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet 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)	6
Mr P Masilo (Non-Executive Director)	7
Mr K Moyo (Independent Member)	6
Mr J Behr (Independent Member) (Resigned 18 August 2010)	0

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 assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management letter 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 there from. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

We are satisfied with the quality of management and monthly/quarterly reports submitted in terms of the MFMA and the Division of Revenue Act.

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

Evaluation of annual financial statements

We have:

- Reviewed and discussed the audited annual financial statements to be included in the annual report;
- Reviewed and discussed with the Auditor-General and Chief Executive Officer the audited financial statements;
- Reviewed changes in accounting policies and practices;
- Reviewed the Auditor-General's management letter and management's response thereto;
- Reviewed the entities compliance with legal and regulatory provisions; and
- Reviewed significant adjustments resulting from the audit.

The Audit Committee has therefore, recommended the adoption of the annual report by the Board at their meeting on the 29 November 2011.

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 of the company's internal control environment, systems and process.

- 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: 29 NOVEMBER 2011

REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE AND THE COUNCIL ON THE JOHANNESBURG DEVELOPMENT AGENCY (SOC) LTD

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Johannesburg Development Agency (SOC) Ltd, which comprise the statement of financial position as at 30 June 2011, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory information, and the accounting officer's report, as set out on pages xx to xx.

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 the Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act, 2003 (Act No.56 of 2003) (MFMA), and Companies Act, 2008 (Act No.71 of 2008), and for such internal control as management determines 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. As required by section 188 of the Constitution of the Republic of South Africa, 1996 and section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.

4. I conducted my audit in accordance with International Standards on Auditing and General Notice *1111 of 2010* issued in Government Gazette *33872 of 15 December 2010*. 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.

5. 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.

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

Opinion

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Johannesburg Development Agency (SOC) Ltd as at 30 June 2011, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) and the Companies Act, 2008 (Act No.71 of 2008).

Emphasis of matter

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

Irregular expenditure

9. As disclosed in note 35 to the financial statements the entity incurred irregular expenditure of R888 592 as a result of non-compliance with the MFMA and Supply Chain Management Regulations (SCM).

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

10. In accordance with the PAA and in terms of *General notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010,* I include below my findings on the annual performance report as set out on pages xx to xx and material non-compliance with laws and regulations applicable to the municipal entity.

Predetermined objectives

11. There were no material findings on the report on predetermined objectives as set out on pages xx to xx

Compliance with laws and regulations

Procurement and contract management

12. In certain instances contracts were extended or modified to the extent that competitive bidding processes were being circumvented contrary to the requirement of a fair supply chain management system in terms of section 112 of the MFMA.

13. In a certain instance a contract for longer than three years was not periodically reviewed, as per the requirements of section 116(1)(iii) of the MFMA.

14. In a certain instance goods and services of a transaction valued above R200 000 were procured without inviting competitive bids as per the requirements of SCM regulations 19(a) and 36(1).

Annual financial statements

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

Expenditure management

16. The accounting officer did not take reasonable steps to prevent irregular expenditure, as required by section 95(d) of the MFMA.

INTERNAL CONTROL

17. In accordance with the PAA and in terms of General notice *1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the findings on compliance with laws and regulations included in this report.

Leadership

18. In some instances the accounting officer did not exercise adequate oversight to ensure compliance with all laws and regulations and preparation of financial statements.

Financial and performance management

19. In some instances management did not exercise adequate oversight to ensure compliance with all laws and regulations and preparation of financial statements.

Governance

20. No matters to report.

OTHER REPORTS

Investigations

21. An investigation was conducted into alleged corruption implicating four current employees and a former employee. The investigations aim is to establish if there was collusion between contractors, quantity surveyors and Johannesburg Development Agency (SOC) Ltd's employees. The investigation was still on-going at reporting date.

22. A forensic investigation was conducted on the change of banking details which resulted in a loss of R20 520 for the entity. The investigation resulted in written warning letters to the employees implicated as the investigation results indicated that there was no intent to defraud the entity. A case of fraud was reported to the South African Police Services and the matter is being investigated by the commercial crimes unit.

Auditor - General

Johannesburg
30 November 2011

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Directors' Report

The directors submit their report for the year ended 30 June 2011.

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 financial 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 tourists and business travellers.

Johannesburg Development Agency (Pty) Ltd manages its resources judiciously, adhering to the prescripts of the Supply Chain Management and Procurement policies. In the course of its activities, it had to address various suppliers and their particular funding needs and survival. To that end, the Johannesburg Development Agency (Pty) 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 (Pty) Ltd, ensuring value for money is received.

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

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 9 071 408 (2010: surplus R 1 207 218).

Contract cost escalations: BRT Sections 3 & 5

BRT sections 3 & 5 were awarded as design and construct contracts to Superway Consortium and Luntek Consortium respectively. The appointed consortia were required to review preliminary designs which had been prepared for SPTN implementation and amend these designs for BRT. At the appointment stage, it was envisaged that there will not be significant changes from the SPTN designs in as far as the road cross section was concerned. However, changes brought by the BRT operational plan in the configuration of the bus specifications resulted in significant increases in the scope of works. This had an knock on effect on the number and extent of underground services that needed to be relocated or protected. The additional costs incurred came in two forms namely re-measurable items and unforeseen items.

Consequently at the recommendation of the Bid Adjudication Committee (BAC) the Accounting Officer and the Board approved a ratification of additional contract amounts as follows:

- BRT Section 3 - an additional contract amount of R83.3 million excluding VAT for Superway Consortium to R141.3 million excluding VAT from R58 million excluding VAT for the design and construction of the BRT Section 3;
- BRT Section 5 - an additional contract amount of R115.7 million excluding VAT for Luntek Consortium to R237.9 million excluding VAT from R83.7 million excluding VAT for the design and construction of the BRT Section 5.

The changes that brought the additional costs only became apparent post award of the sections to the consortia and resulted in a significant client initiated change of scope. As these were turn key appointments the options to either terminate the contract or curtail the scope were considered legally very risky to the JDA. It should be noted that at all relevant times adequate budget was appropriately allocated from the PTIS Fund.

3. GOING CONCERN

The company is wholly 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.

Directors' Report

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.

5. ACCOUNTING POLICIES

The annual financial statements 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 OWNERS

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.

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 Bethlehem (Chief Executive Officer)	South African	Resigned 16 July 2010
L Vutula (Chairman)	South African	
D Lewis	South African	
A R Roriston	South African	
L Matlhape	South African	
P Masilo	South African	
N Lila	South African	
D Naidu	South African	
T Mendrew (Acting Chief Executive Officer)	South African	Appointed 16 July 2010

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 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 three monthly 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, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the entity;
- is of a unitary structure comprising:
  - 7 non-executive directors, all of whom are independent directors as defined in the Code; and
  - 1 executive director.
- has established a Board directorship continuity programme.

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.

Executive meetings

The board has met on 5 separate occasions during the financial year. The directors are scheduled to meet at least 4 times per annum. The Audit Committee members have met on 7 occasions, the Development and Risk Committee met on 6 occasions and the Human Resource and Remuneration Committee met on 3 occasions.

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

Directors' Report

Name	Board meeting	Audit committee meeting	Development & Risk committee meeting	HR and Remuneration committee meeting
Total number of meetings held	5	7	6	3
L Vutula (Chairman)	4			2
L Matlhape	5			3
P Masilo	5	7		3
T Mendrew (Acting Chief Executive Officer)	5	4	4	3
D Lewis	4		5	
A R Roriston	3		6	
D Naidu	5		6	
N Lila	4	7	5	

Audit committee

The members of the audit committee are: Ms N Lila, Ms J Boggenpoel, Mr P Masilo and Mr K Moyo. The chairperson of the audit committee is Ms N Lila, who is a non-executive director. The committee has 2 independent members i.e: Ms J Boggenpoel (6 meetings attended); Mr K Moyo (6 meetings attended) and Mr J Behr who resigned in August 2010 (no meetings attended). The audit committee has met on 5 scheduled and 2 special meetings which were held during the 2010/2011 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 A R Roriston, Ms N Lila, Mr D Naidu and Mr D Lewis. The chairperson of the development and risk committee is Mr A R Roriston, who is a non-executive director. The members attended 6 scheduled meetings during the 2010/2011 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 LW Matlhape and Mr L Vutula. The chairperson of the human resource and remuneration committee is Mr LW Matlhape.

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.

Internal audit

The entity has co-sourced its internal audit function to Gobodo Forensic and Investigative Accounting (Pty) Ltd (GFIA). This is in compliance with the Municipal Finance Management Act, 2003.

13. CONTROLLING ENTITY

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

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 Assets and Liabilities Committee and Treasury department.

Directors' Report

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 (Pty) 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	53,306,633	2,789,472	18,642,588	74,738,693
Movement through the year	(18,313,430)	-	52,335	(18,261,095)
Balance at the end of the year	34,993,203	2,789,472	18,694,923	56,477,598

Company Secretary's Certification

Declaration by the company secretary in respect of Section 268G (d) of the Companies Act

In terms of Section 268G (d) of the Companies Act, Act 61 of 1973 (as amended), section 88(2)(e) of the Companies Act, Act 71 of 2008 (as amended) and Municipal Finance Management Act, Act 56 of 2003, I certify that, to the best of my knowledge and belief, the company has lodged and/or filed, for the financial year ended 30 June 2011, all such returns and notices as required and that all such returns are true, correct and up to date.

Goldsmith

29 November 2011

Statement of Financial Position

Figures in Rand	Note(s)	2011	2010
ASSETS			
Current Assets			
Loans to shareholders	2	102 456 897	162 789 828
Trade and other receivables from exchange transactions	3	268 741 227	271 445 608
Cash and cash equivalents	4	1 196 081	1 146 197
		372 394 205	**435 381 633**
Non-Current Assets			
Property, plant and equipment	5	5 952 294	6 596 330
Intangible assets	6	193 748	265 889
Deferred tax	13	897 964	-
		7 044 006	**6 862 219**
Total Assets		**379 438 211**	**442 243 852**
LIABILITIES			
Current Liabilities			
Loans from shareholders	2	56 477 598	74 738 693
Finance lease obligation	7	28 815	64 232
Trade and other payables from exchange transactions	8	244 079 808	264 578 396
Net VAT payable	9	10 320 436	39 815 535
Provisions - bonus	10	2 035 695	-
Project funds payable	11	15 717 553	12 776 097
CAPEX VAT	12	412 961	8 261 946
		329 072 866	**400 234 899**
Non-Current Liabilities			
Finance lease obligation	7	-	28 815
Deferred tax	13	4 000 985	4 687 186
		4 000 985	**4 716 001**
Total Liabilities		**333 073 851**	**404 950 900**
Net Assets		**46 364 360**	**37 292 952**
NET ASSETS			
Contribution from owners	14	16 277 624	16 277 624
Accumulated surplus		30 086 736	21 015 328
Total Net Assets		**46 364 360**	**37 292 952**

Statement of Financial Performance

Figures in Rand	Note(s)	2011	2010
Revenue			
Rendering of services	15	30 437 427	44 709 802
Government grants	16	21 637 000	20 450 000
Tender fee income		332 839	546 433
Bus factory income		376 127	370 805
Bad debts previously written off		29 480	-
Sundry income		13 303	1 042 002
Other revenue	17	-	50 000
Interest received - investment	18	6 736 027	2 318 556
Total Revenue		**59 562 203**	**69 487 598**
Expenditure			
Employee related costs	19	(26 988 839)	(24 341 482)
Administration	20	(850 424)	(1 025 907)
Depreciation and amortisation	21	(1 162 325)	(1 404 148)
Net impairment losses		-	(5 089)
Finance costs	22	(22 685)	(4 391 863)
Repairs and maintenance		(1 091 208)	(1 402 167)
General Expenses	23	(21 951 204)	(31 002 948)
Total Expenditure		**(52 066 685)**	**(63 573 604)**
(Loss)/gain on disposal of property, plant and equipment		(8 275)	(19 590)
Deferred Taxation	24	1 584 165	(4 687 186)
Surplus for the year		**9 071 408**	**1 207 218**

Statement of Changes in Net Assets

Figures in Rand	Note(s)	Share capital	Share premium	Total share capital	Accumulated surplus	Total equity
Opening balance as previously reported		60	16 277 564	16 277 624	19 893 843	36 171 467
Adjustments						
Prior year adjustments	31	-	-	-	(85 733)	(85 733)
Balance at 01 July 2009 as restated		**60**	**16 277 564**	**16 277 624**	**19 808 110**	**36 085 734**
Changes in net assets						
Surplus for the year		-	-	-	1 207 218	1 207 218
Total changes		-	-	-	1 207 218	1 207 218
Opening balance as previously reported		60	16 277 564	16 277 624	21 101 061	37 378 685
Adjustments						
Prior year adjustments	31	-	-	-	(85 733)	(85 733)
Balance at 01 July 2010 as restated		**60**	**16 277 564**	**16 277 624**	**21 015 328**	**37 292 952**
Changes in net assets						
Surplus for the year		-	-	-	9 071 408	9 071 408
Total changes		-	-	-	9 071 408	9 071 408
Balance at 30 June 2011		**60**	**16 277 564**	**16 277 624**	**30 086 736**	**46 364 360**

Cash Flow Statement

Figures in Rand	Note(s)	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Grants		21 637 000	20 450 000
Interest income		6 736 027	2 318 556
Other receipts		751 749	1 959 240
Cash receipts from capex funding		836 000 985	1 566 679 065
		865 125 761	1 591 406 861
Payments			
Employee costs		(26 988 839)	(24 341 482)
Suppliers		(874 710 004)	(1 296 141 841)
Interest paid		-	(4 330 243)
		(901 698 843)	(1 324 813 566)
Net cash flows from operating activities	27	**(36 573 082)**	**266 593 295**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	(366 224)	(481 896)
Proceeds from sale of property, plant and equipment	5	-	8 342
Purchase of other intangible assets	6	(88 200)	-
Net cash flows from investing activities		**(454 424)**	**(473 554)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Movement in project funds payable		2 941 456	(5 337 712)
Movement in capex vat		(7 848 985)	-
Repayment of shareholders loan		42 071 836	(260 639 492)
Finance lease payments		(86 917)	(80 363)
Net cash flows from financing activities		**37 077 390**	**(266 057 567)**
Net increase/(decrease) in cash and cash equivalents		**49 884**	**62 174**
Cash and cash equivalents at the beginning of the year		1 146 197	1 084 023
Cash and cash equivalents at the end of the year	4	**1 196 081**	**1 146 197**

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the effective 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 except for the following:

- Revenue from non-exchange transactions
- Budget Information

The following GRAP standards have been approved and are effecive:

GRAP 1 - Presentation of financial statements
GRAP 2 - Cashflow statements
GRAP 3 - Accouting 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 on non-cash generating assets
GRAP 23 - Revenue from non-exchange transactions
GRAP 24 - Presentation of budget information in the financial statements
GRAP 25 - Employee Benefits
GRAP 26 - Impairment on cash-generating assets
GRAP 103 - Heritage assets
GRAP 104 - Financial instruments

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:

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 if 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.

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 10 for details.

1.2 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.

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

Accounting Policies

1.2 Property, plant and equipment (continued)

The residual value, useful life and the depreciation method of property, plant and equipment are reviewed at least 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.

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

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

Item	Average useful life
Leasehold property	20 years
Furniture and fixtures	10 years
Motor vehicles	5 years
Office equipment	10 years
Computer Equipment	3 years
Computer software	3 years
Printers, network and servers	5 years
Leased Assets	3 years

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.Repairs and maintenance are generally charged to expenses during the financial period in which they are incurred.

Accounting Policies

1.3 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

Accounting Policies

1.4 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

These financial assets are classified as loans and receivables.

Accounting Policies

1.4 Financial instruments (continued)

Trade and other receivables

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.

Trade and other payables

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.

1.5 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.

Accounting Policies

1.5 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.

1.6 Leases

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

Finance leases - lessee

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

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

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

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.

Accounting Policies

1.7 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

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

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

Identification

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

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

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

Value in use

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

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

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

Accounting Policies

1.7 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.

1.8 Impairment of non-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.

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.

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.

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.

Accounting Policies

1.8 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.

1.9 Contribution from owners

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

1.10 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.

Accounting Policies

1.11 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.

Accounting Policies

1.12 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.

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.

1.13 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.

Accounting Policies

1.14 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.

1.15 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

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

1.16 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.

Accounting Policies

1.17 Irregular expenditure

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

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

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 74 to 76 of the MFMA requires the following (effective from 1 April 2008):

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

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

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

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

1.18 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.

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

2. LOANS TO/FROM SHAREHOLDERS

City of Johannesburg Metropolitan Municipality - Sweeping account	102 456 897	162 789 828
City of Johannesburg Metropolitan Municipality - BRT Land Acquisition Fund	(56 477 598)	(74 738 693)
	45 979 299	**88 051 135**

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 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	102 456 897	162 789 828
Current liabilities	(56 477 598)	(74 738 693)
	45 979 299	**88 051 135**

3. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

Other deposits	278 864	278 864
Sundry debtor	187 374	889 361
Other debtors	-	7 060 000
Related party debtors	268 274 989	263 217 383
	268 741 227	**271 445 608**

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

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.

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

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

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2011, R 409,338 (2010: R22,514,156) were past due but not impaired because the debtor is the City of Johannesburg Metropolitan Municipality and the possibility of default is remote.

1 month past due	-	50 000
2 months past due	-	174 508
3 months past due	409 338	22 289 648

Trade and other receivables impaired

No trade and other receivables are regarded as impaired.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash on hand	3 576	2 879
Ring-fenced bank balances	1 192 505	1 143 318
	1 196 081	**1 146 197**

Petty cash is reflected as being cash in hand.

Ring-fenced balances relate to money received from funders who have requested separate bank accounts for their funds.

Cash and cash equivalents consists of cash on hand. Cash and cash equivalents included in the cash flow statement comprises the above Statement of Financial Position amounts. The company operates a current account with ABSA Limited.

The company's bank account is swept on a daily basis in terms of an agreement with the City of Johannesburg Metropolitan Municipality in order to facilitate better cashflow management on 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 2011 was R102,456,897 (refer to note 2).

5. PROPERTY, PLANT AND EQUIPMENT

	2011			2010		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	1 058 327	(427 677)	630 650	992 652	(322 804)	669 848
Motor vehicles	136 013	(56 348)	79 665	136 013	(29 146)	106 867
Office equipment	67 612	(33 360)	34 252	66 112	(26 719)	39 393
Computer Equipment	2 291 767	(1 847 336)	444 431	2 010 427	(1 419 825)	590 602
Leasehold improvements	5 177 883	(615 303)	4 562 580	5 177 883	(349 220)	4 828 663
Computer Equipment 5 years	648 116	(447 400)	200 716	671 428	(333 013)	338 415
Leased assets	162 230	(162 230)	-	199 630	(177 088)	22 542
Total	**9 541 948**	**(3 589 654)**	**5 952 294**	**9 254 145**	**(2 657 815)**	**6 596 330**

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	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**

Reconciliation of property, plant and equipment - 2010

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Furniture and fixtures	482 418	299 769	(24 212)	(83 038)	(5 089)	669 848
Motor vehicles	139 437	-	(3 720)	(28 850)	-	106 867
Office equipment	46 005	-	-	(6 612)	-	39 393
Computer Equipment	1 084 770	51 167	-	(545 335)	-	590 602
Leasehold improvements	5 066 780	25 370	-	(263 487)	-	4 828 663
Computer Equipment 5 years	358 492	105 590	-	(125 667)	-	338 415
Leased assets	89 085	-	-	(66 543)	-	22 542
	7 266 987	**481 896**	**(27 932)**	**(1 119 532)**	**(5 089)**	**6 596 330**

5. PROPERTY, PLANT AND EQUIPMENT (continued)

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

	2011			2010		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Electronic Equipment	162 230	(162 230)	-	162 230	(147 999)	14 231
Office equipment	-	-	-	37 400	(29 089)	8 311
Total	**162 230**	**(162 230)**	**-**	**199 630**	**(177 088)**	**22 542**

Assets subject to finance lease (Net carrying amount)

	2011	2010
Leasehold improvements	4 562 580	4 828 663
Leased assets	-	22 542
	4 562 580	**4 851 205**

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

	2011			2010		
	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	(1 103 665)	193 748	1 209 213	(943 324)	265 889

Reconciliation of intangible assets - 2011

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

Reconciliation of intangible assets - 2010

	Opening balance	Amortisation	Total
Computer software, internally generated	550 505	(284 616)	265 889

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

7. FINANCE LEASE OBLIGATION

Minimum lease payments due		
- within one year	39 899	86 916
- in second to fifth year inclusive	-	32 693
	39 899	119 609
less: future finance charges	(11 084)	(26 562)
Present value of minimum lease payments	**28 815**	**93 047**

Finance lease payable		
Opening balance	93 047	111 790
Lease obligation current year	(5 913)	133 224
Lease payments	(58 319)	(151 967)
	28 815	**93 047**

Non-current liabilities	-	28 815
Current liabilities	28 815	64 232
	28 815	**93 047**

The JDA has leased 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. Ownership of the machines will not pass to the JDA at the end of the lease period.

The JDA has leased photocopier machines from Gestetner Finance (Pty) Ltd for a period of 3 years. The lease agreement provides for monthly payments of R5,400 in advance and no residual value. Ownership of the machines will not pass to the JDA at the end of the lease period.

The JDA had leased 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 no residual value. Ownership of the machines did not pass to the JDA at the end of the lease period. In the current financial year the lease with Gestetner Finance (Pty) Ltd came to an end and was not subsequently renewed.

The JDA had leased coffee machines from The Frontier Beverage Company (Pty) Ltd for a period of 3 years. The lease agreement provided for monthly payments of R4,115 in advance and no residual value. Ownership of the machines did not pass to the JDA at the end of the lease period. In the current financial year the lease with Frontier Beverage Company (Pty) Ltd came to an end and was not subsequently renewed.

8. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables	171 168 334	162 748 610
Payments received in advance	47 160	27 160
Accrued leave pay	1 142 505	1 079 402
Accrued expenses	1 791 935	4 648 116
Pay As You Earn accrual	234 075	230 883
Retentions	65 374 146	75 186 713
Sundry Creditors	4 319 091	8 009 856
Related party creditor	2 562	12 647 656
	244 079 808	**264 578 396**

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

9. VAT PAYABLE

	2011	2010
Net VAT payable	10 320 436	39 815 535

The net VAT payable amount consists of the following:

	2011	2010
Total VAT receivable	-	184,763
Total VAT payable	(10,320,436)	(40.000.298)
	(10,320,436)	(39,815,535)

10. PROVISIONS - BONUS

Reconciliation of provisions - bonus - 2011

	Opening Balance	Additions	Total
Performance bonus	-	2 035 695	2 035 695

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 2010/11 financial year was completed during August 2011. Bonus payments to qualifying employees will be paid after the finalisation of the 2010/11 audit and upon receipt of an unqualified audit report from the Auditor General.

11. PROJECT FUNDS PAYABLE

	2011	2010
Project Funds		
Balance beginning of year	12 776 097	17 113 809
Income for the year	767 976 185	1 128 293 397
Expenditure for the year	(765 034 728)	(1 132 631 109)
	15 717 554	**12 776 097**

	2011	2010
Funds Payable		
Jewel City	13 130	154 256
Constitution Hill	4 811 893	-
Kelvin Power	220 002	1 895 649
Johannesburg Water	1 558 673	-
Non-BRT (Transportation)	7 398 010	9 737 539
Industrial Development Corporation	988 653	988 653
Bruma Lake Rehabilitation	727 193	-
	15 717 554	**12 776 097**

12. CAPEX VAT

	2011	2010
CAPEX VAT	412 961	8 261 946

The amount relates to a ruling by SARS, dated 13 May 2008, which states 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 has requested that the JDA recalculate VAT for all the periods starting with the 2002 year through to the present, which has been accounted for retrospectively. The above amount relates to the calculation for the prior years.

During the current year, an amount of R7,848,985 was paid over to SARS based on calculations prepared by Deloitte and Touche. All relevant documentation has been submitted to SARS. An asssessment has not been received as yet.

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

13. DEFERRED TAX

Deffered tax asset / (liability)

Provisions	889 896	-
Leases	8 068	-
Property, Plant and Equipment & Intangibles	(1 222 607)	-
Temporary difference	(2 778 378)	(4 687 186)
	(3 103 021)	**(4 687 186)**

Deffered tax asset / (liability)

At beginning of the year	(4 687 186)	-
Originating temporary difference on tangible fixed assets	(1 472 230)	249 623
Movement in temporary timing differences	3 078 619	(4 967 101)
Leases	(22 224)	30 292
	(3 103 021)	**(4 687 186)**

Deferred Tax Summary

Deferred tax assets	897 964	-
Deferred tax liability	(4 000 985)	(4 687 186)
	(3 103 021)	**(4 687 186)**

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.

14. CONTRIBUTION FROM OWNERS

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.

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

15. REVENUE

Development management fee	30 437 427	44 709 802
Government grants	21 637 000	20 450 000
	52 074 427	**65 159 802**

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

Development management fees	30 437 427	44 709 802

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

Transfer revenue		
Government Grant	21 637 000	20 450 000

16. GOVERNMENT GRANTS AND SUBSIDIES

Other grants and subsidies	21 637 000	20 450 000

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.

17. OTHER INCOME

Marketing income	-	50 000

18. INVESTMENT REVENUE

Interest revenue		
Bank	6 723 453	2 316 319
Interest charged on trade and other receivables	12 574	2 237
	6 736 027	**2 318 556**

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

19. EMPLOYEE RELATED COSTS

Basic	22 003 989	22 916 594
Bonus	3 804 700	-
UIF	147 244	148 773
WCA	213 348	213 469
SDL	222 386	232 247
Group life benefit	395 075	383 886
Leave pay provision charge	202 097	446 513
	26 988 839	**24 341 482**

Included in the employee related costs are the following key management personnel:

Remuneration of Chief Executive Officer (Resigned 15 July 2010)

Annual Remuneration	54 126	1 221 251
Performance Bonuses	102 505	106 728
Allowances	5 000	60 000
	161 631	**1 387 979**

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

Annual Remuneration	1 131 900	-
Performance Bonuses	62 403	-
	1 194 303	**-**

Remuneration of Chief Finance Officer

Annual Remuneration	955 016	832 000
Performance Bonuses	69 763	72 638
Allowances	-	40 000
	1 024 779	**944 638**

Remuneration of Chief Operating Officer

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

Remuneration of other Executive Managers

Annual Remuneration	1 033 546	1 835 178
Performance Bonuses	61 188	163 846
Allowances	50 000	271 500
	1 144 734	**2 270 524**

Remuneration of Senior Development Managers

Annual Remuneration	1 717 818	2 133 553
Performance Bonuses	100 557	360 666
Allowances	187 806	214 140
	2 006 181	**2 708 359**

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

20. ADMINISTRATIVE AND MANAGEMENT FEES

Administration and management fees	850 424	1 025 907

21. DEPRECIATION AND AMORTISATION

Property, plant and equipment	1 001 984	1 119 529
Intangible assets	160 341	284 619
	1 162 325	**1 404 148**

22. INTEREST PAID

Finance leases	22 685	61 620
Bank overdraft	-	4 330 243
	22 685	**4 391 863**

23. GENERAL EXPENSES

Advertising	1 014 525	915 127
Auditors remuneration	1 130 479	930 716
Bank charges	18 733	16 642
Computer expenses	1 578 335	1 865 280
Consulting and professional fees	969 716	1 185 623
Insurance	901 170	869 348
Constitution Hill subsidy	-	2 882 947
Hygiene and office plant services	205 530	338 782
Legal fees	913 864	1 803 354
Marketing	2 764 585	3 230 244
Motor vehicle expenses	9 455	12 019
Placement fees	415 817	590 781
Postage and courier	893	3 040
Printing and stationery	434 323	542 702
Project maintenance costs	6 293 172	5 190 375
Security (Guarding of municipal property)	1 113 871	2 042 091
Staff welfare	579 283	532 355
Telephone and fax	698 017	849 189
Training	744 330	839 448
Travel - local	40 538	51 953
Utilities	477 865	647 750
Operational expenditure	234 181	744 366
Chief Executive officer's special projects	38 720	170 729
Planning and strategy	1 076 495	4 729 764
Other expenses	297 307	18 323
	21 951 204	**31 002 948**

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

24. TAXATION

Major components of the tax (income) expense

	2011	2010
Deferred		
Originating and reversing temporary differences	(1 584 165)	4 687 186

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

	2011	2010
Applicable tax rate	28,00 %	28,00 %
Tax effect on permanent differences	(32,00)%	(38,00)%
Add: Tax effect of non-deductible expenses	4,00 %	10,00 %
	- %	**- %**

No provision has been made for 2011 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 (2010: R 52 427 490).

25. AUDITORS' REMUNERATION

	2011	2010
Fees	1 130 479	930 716

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

26. DIRECTORS EMOLUMENTS

The emoluments paid to the directors and non-executive directors of the Board Committees is reflected hereunder.

Executive directors

2011	Emoluments	Pension paid or receivable	Compensation for loss of office	Gain on exercise of options	Total
L Bethlehem (Resigned 16 July 2010)	161 631	-	-	-	161 631
T Mendrew (Appointed 1 July 2010)	1 194 303	-	-	-	1 194 303
	1 355 934	**-**	**-**	**-**	**1 355 934**

2010	Emoluments	Pension paid or receivable	Compensation for loss of office	Gain on exercise of options	Total
L Bethlehem	1 285 666	-	-	-	1 285 666

Non executive directors

The non-executive directors of the entity and their remuneration are as follows:

	2011	2010
Services rendered as director of company		
L Vutula (Chairman)	97 215	128 357
LWJ Matlhape	62 496	77 723
P Masilo	91 270	120 805
D Naidu	68 460	74 321
N Lila	143 850	169 636
D Lewis	59 530	74 058
R Roriston	70 432	71 552
J Boggenpoel (Independent Audit Committee member)	54 560	53 266
K Moyo ((Independent Audit Committee member)	49 600	24 800
	697 413	**794 518**

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

27. CASH (USED IN) GENERATED FROM OPERATIONS

	2011	2010
Surplus	9 071 408	1 207 218
Adjustments for:		
Depreciation and amortisation	1 162 325	1 404 156
Loss on disposal of assets	8 275	19 590
Finance costs - Finance leases	22 685	61 620
Impairment deficit	-	5 089
Movements in provisions	2 035 695	(1 906 195)
Annual charge for deferred tax	(1 584 165)	4 687 186
Changes in working capital:		
Trade and other receivables from exchange transactions	2 704 380	438 385 668
Other assets	-	445 130
Trade and other payables from exchange transactions	(20 498 586)	(199 655 637)
VAT	(29 495 099)	21 939 470
	(36 573 082)	**266 593 295**

28. COMMITMENTS

Commitments in respect of capital expenditure:

	2011	2010
Authorised and not yet contracted for		
• Mary Fitzgerald Square	-	10 000 000
• Kliptown Renewal Project	10 000 000	13 000 000
• Hillbrow/Berea upgrade (sanitary lanes)	-	6 000 000
• Stretford Station II	-	3 800 000
• Bertrams	-	1 000 000
• Orlando East	13 772 000	9 000 000
	23 772 000	**42 800 000**

	2011	2010
Authorised and contracted for		
• Contractual costs committed	171 927 076	118 223 882

The contractual costs committed arise from the related construction work which was contracted for but not yet completed on the 30 June 2011.

	2011	2010
This expenditure will be financed from:		
Government Grants	195 699 076	161 023 882

29. CONTINGENCIES

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. JDA is awaiting Board approval for abondoning the writ of execution.

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.

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.

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 liabile for an amount of R405,108. The JDA's insurance company will be filing an intention to defend the matter High Court on behalf of the JDA and the City of Johannesburg.

The JDA has initiatied 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).

Letters of demand and intention of certain parties to sue against the JDA have been received which include:
- Total South Africa (Pty) Limited for loss of income as a result of JDA BRT construction works - R275 034.29
- Tembu Convienience Centre cc trading as convinience store and Engen Fuel Dealership for loss of income as a result of BRT construction works- R17 830 000.56
- EasiHold (Pty) Ltd trading as Easipark for parking management services at 1 and 2 Central Place - R498 526.02

Notes to the Annual Financial Statements

Figures in Rand	2011	2010

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) Ltd The Johannesburg Fresh Produce Market (SOC) Ltd The Johannesburg Zoo NPC
Members of key management	Refer to note 19

Related party balances

	2011	2010
Amounts included in Loans,		
Trade and other receivables regarding related parties		
City of Metropolitan Municipality - Projects	14 157 467	13 692 323
Department of Transportation, Planning and Management - Projects	191 944 586	199 484 228
Inner City Funding - Projects	46 632 250	10 632 257
Department of Economic Development	-	2 397
City of Johannesburg 2010 - Projects	-	28 311 446
Department of Transportation, Planning and Management - Trade	9 888 104	7 901 101
Inner City Funding - Trade	2 331 613	533 019
City of Johannesburg 2010 - Trade	-	1 775 362
City of Metropolitan Municipality - Trade	715 080	756 031
Constitution Hill Development Company (Pty) Ltd	-	129 218
Johannesburg Water (SOC) Ltd	1 776 889	-
Department of Economic Management Services - Projects	829 000	-
	268 274 989	**263 217 382**

	2011	2010
Amounts included in Loans,		
Trade and other payables regarding related parties		
City of Johannesburg Metropolitan Municipality	2 562	8 493
Pikitup Johannesburg (SOC) Ltd	-	5 154
City Power Johannesburg (SOC) Ltd	-	2 879 880
City of Johannesburg Property Company (SOC) Ltd	-	9 748 183
Johannesburg Roads Agency (Pty) Ltd	-	5 945
	2 562	**12 647 655**

Related party transactions

	2011	2010
City of Johannesburg Metropolitan Municipality - Interest	6 673 648	2 252 455
City of Johannesburg Metropolitan Municipality - Grant	21 637 000	20 450 000
	28 310 648	**22 702 455**

	2011	2010
Payments to related parties		
City of Johannesburg Metropolitan Municipality	1 825 012	2 685 769

30. RELATED PARTIES (continued)

Purchases from related parties are listed above.

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. PRIOR PERIOD ERRORS

	2011	2010
Statement of financial position		
Decrease in improvements carrying value	(85 733)	(85 733)
Statement of financial performance		
Increase in depreciation on improvements	85 733	85 733

The correction of the error(s) results in the restatement of comparative figures as follows - Economic entity - 2011

Adjustment to the accumulated depreciation of property, plant and equipment - 2010: R85,733 (2009: R85,733)
The prior year accumulated depreciation on improvement were previously understated. The prior year figures have been restated to reflect these adjustments.

32. 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.

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 2011	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	(244 079 809)	-	-	-

At 30 June 2010	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	(264 578 396)	-	-	-

Figures in Rand	2011	2010

32. RISK MANAGEMENT (continued)

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 5.24%.

Interest rate - Sweeping account	**2011**	**2010**
4.24%	1 024 569	1 627 898
6.24%	(1 024 569)	(1 627 898)
	-	-

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 comprise a widespread 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	2011	2010
Loans from shareholders - refer to note 2	45 979 299	88 051 135
Trade and other receivables - refer to note 3	268 741 227	271 445 608

33. 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.

34. FRUITLESS AND WASTEFUL EXPENDITURE

Reconciliation of fruitless and wasteful expenditure		
Unauthorised expenditure current year	20 520	-

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.

Figures in Rand	2011	2010

35. IRREGULAR EXPENDITURE

Reconciliation of irregular expenditure	2011	2010
Opening balance	-	9 034 020
Movement for the year	888 592	-
Reported to the Council	-	(9 034 020)
	888 592	**-**

Details of irregular expenditure – current year

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

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).

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.

Notes to the Annual Financial Statements

35. IRREGULAR EXPENDITURE (continued)

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.

36. ACTUAL OPERATING EXPENDITURE VERSUS BUDGETED OPERATING EXPENDITURE

Refer to note 39 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 R3,736,027 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.

Finance charges - The variance of R2,220,315 was as a result of a saving in interest paid. This saving was achieved because the JDA managed to maintain a favourable bank balance throughout the financial year thus earning interest income instead of incurring interest expenditure.

37. ACTUAL CAPITAL EXPENDITURE VERSUS BUDGETED CAPITAL EXPENDITURE

Refer to note 39 for the comparison of actual capital expenditure versus budgeted expenditure.

Figures in Rand	2011	2010

38. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS

	2011	2010
University of Witswatersrand	150 000	-
TriStar POD	171 000	-
ORCA	-	180 000
Ekuseni Communications	-	20 467
Trinity Sessions	-	140 000
Vela VKE Consulting Engineers	-	3 785 326
IT Specialist: Gary Segal	-	114 400
Development Engineering Consultants	-	2 343 741
Arcus Gibb	185 000	8 993 825
	506 000	**15 577 759**

Deviations

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.

Notes to the Annual Financial Statements

Figures in Rand

39. 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	-	3 000 000	3 000 000	6 736 027	(3 736 027)	225 %	DIV/0 %
Transfers recognised - operational	21 637 000	21 637 000	21 637 000	21 637 000	-	100 %	100 %
Other own revenue	33 090 000	31 635 000	31 635 000	31 189 176	445 824	99 %	94 %
Total revenue (excluding capital transfers and contributions)	**54 727 000**	**56 272 000**	**56 272 000**	**59 562 203**	**(3 290 203)**	**106 %**	**109 %**
Employee costs	(30 335 000)	(26 669 000)	(26 669 000)	(26 988 839)	319 839	101 %	89 %
Depreciation and asset impairment	(1 084 000)	(1 084 000)	(1 084 000)	(1 162 325)	78 325	107 %	107 %
Finance charges	(2 243 000)	(2 243 000)	(2 243 000)	(22 685)	(2 220 315)	1 %	1 %
Other expenditure	(21 065 000)	(23 276 000)	(23 276 000)	(23 901 111)	625 111	103 %	113 %
Total expenditure	**(54 727 000)**	**(53 272 000)**	**(53 272 000)**	**(52 074 960)**	**(1 197 040)**	**98 %**	**95 %**
Surplus/(Deficit)	**-**	**3 000 000**	**3 000 000**	**7 487 243**	**(4 487 243)**	**250 %**	**DIV/0 %**

Notes to the Annual Financial Statements

Figures in Rand

39. 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	-	-	-	1 584 165	(1 584 165)	DIV/0 %	DIV/0 %
Surplus/(Deficit) for the year	**-**	**3 000 000**	**3 000 000**	**9 071 408**	**(6 071 408)**	**302 %**	**DIV/0 %**

Notes to the Annual Financial Statements

Figures in Rand

39. 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	-	-	-	366 224	(366 224)	DIV/0 %	DIV/0 %

Refer to note 36 for narrative reasons for variances.

ANNEXURE D: CONTRACT SCHEDULES

Project/ Contractors Name	Contract Name	% Black Equity	Contract rand value
Beyers Naude Square			
	MDC Consulting	53	174197
	NMA Effective Social Strategists (Pty) Ltd	92	67683
	Vesi Safety and General Services cc	100	21450
	LesoleCivils	100	5372428
	Izazi Consulting Engineers (Pty)Ltd	72	46875
	Meridian Surveys	0	26 000
	EnyukaEnyuka Construction Consultants (Pty)Ltd)	65	90 400
	Development & Engineering Consultants (Pty) Ltd	87	90034
	Virtual Consulting Engineers	36	171 000
BRT			
	SSI Engineers and Environmental Consultants	35	972298
	Bergstan SA Consulting & Dev. Engineers	100	5289695
	Ikemeleng Architects CC	100	2845893
	Seco Project Management (Pty) Ltd	100	2629977
	Murray & Roberts Civil(Pty)Ltd	33	10300000
	Kopano-Lesego Consulting cc	100	141600
	King Civil/Ludonga Joint Venture	35	39000000
	Vesi Safety and General Services cc	100	26925
	NMA Effective Social Strategists (Pty) Ltd	92	501 186
	Empower Risk	56	44629
	Nemai Consulting CC	84	217 480
	Dip Civils (Pty) Ltd	46	15 000 000
	Basil Read Dip Civils JV	49	37 932 729
	Hlanganani Engineers & Project Managers	100	6 952 572
	Diagonal Projects Africa (Pty) Ltd	100	2 822 595
	WSP SA Civil and Structural Engineers (Pty) Ltd	43	9 098 614
	Arup (Pty) Ltd	66	8 247 481
	Theba& KDM Quantity Surveyors	63	1 781 493
	Kunene Rampala Botha	40	516 427
	Black Mane Developments cc	0	8 950
	Stevens Finlay Retail (Pty) Ltd	20	91 364
	Graham Barclay Ewing and Associates	100	101 212
	Davis Langdon Quantity Surveyors	38	5 213 210
	Goba (Pty) Ltd	100	3 000 000
	Superway Consortium	100	50 420 913
	Vela VKE (Pty) Ltd JHB	32	2 737 201
	Bophelong Joint Venture	42	41 531 059
	Luntek Consortium	100	38 462 558
	Group Five Enza BRT JV	54	3 737 409
	Turner and Townsend	0	338 844
	RSG Engineers	100	30 000
Gandhi Square			
	Hoboyi& Associates	100	145053

Project/ Contractors Name	Contract Name	% Black Equity	Contract rand value
	HHO Africa Consulting Engineers	38	487 000
	Kopano Lesego Consulting Engineers cc	100	25 200
	Rainbow Construction (Pty) Ltd	47	10 482 015
	Nemai Consulting CC	84	196 905
	Axton Matrix Construction cc	82	3715813
	Hoboyi& Associates	100	117 848
	Enyuka Construction Consultants (Pty)Ltd	65	175 840
	P H BagaleInc	64	366 635
	Virtual Consulting Engineers	36	214 286
	Kopano-Lesego Consulting cc	100	41500
	Kingsway Civils cc	100	29005000
	Development & Engineering Consultants (PTY) Ltd	87	494 675
	KoorDindarMothei Gauteng	100	543 437
	IyerRothaung Collaborative	77	790 400
	HHO Africa Consulting Engineers	38	615 000
	Selanya Consulting Engineers (Pty) Ltd	100	469 781
	NMA Effective Social Strategists (Pty) Ltd	92	210 550
	Meridian Surveys	0	250 000
	Arcus Gibb (Pty) Ltd	55	301 604
	NT Geometics Gauteng	100	122 807
	Omega Risk Solutions (Pty) Ltd	61	1 440 000
Kliptown			
	KoorDindarMothei Gauteng	100	255 036
	NMA Effective Social Strategists (Pty) Ltd	92	165 708
	Archway Projects cc	65	217 130
	Igoda Projects (Pty) Ltd	92	243 771
	Gandhi Maseko Architects	100	439 940
	Enza Construction	100	289 058
	Arcus Gibb (Pty)Ltd	48	185000
	Marutleng Safety and Health	100	36400
	Kingsway Civils cc	100	8665964
	Nemai Consulting CC	84	43000
Nasrec BRT Link			
	Lonerock/Khathide JV	43	26422483
	Stefanutti&BressanCivils (Pty) Ltd	46	8 500 000
	Development & Engineering Consultants (Pty) Ltd	86	1 668 940
	Davis Langdon Quantity Surveyors	38	619 821
	Arcus Gibb (Pty) Ltd	48	4 063 208
	Massel Property Services (Pty) Ltd	26	13 550
	Ikemeleng Architects CC	100	67800
	SSI Engineers and Environmental Consultants	57	100000
	Nemai Consulting CC	76	32191
	Nyoni Projects cc	100	7727832
	Badat Developments cc	100	231 753
	Ikemeleng Architects cc	100	384 990
	Raubenheimer& Partners Gauteng (Pty) Ltd	0	219 569
	PH Bagaleinc	64	125 044
	Lebone Engineering (Pty) Ltd	92	48 094
	EmpowerRisk	53	23 298
No 3 Kotze Street			

Project/ Contractors Name	Contract Name	% Black Equity	Contract rand value
	Seco Project Management (Pty) Ltd	100	95598
	Walker Mare Quantity Surveyors	50	100 000
	Kate Otten Architects cc/Lemon Pebble Designs	30	207 060
	Phakamile Engineering	97	78 750
	Thembakele Consulting Engineers	100	147 500
	Dryden Projects	100	6144022
	Pick and Go cc	100	782 400
	Nemai Consulting CC	84	28728
	Axton Matrix Construction cc	82	6258391
	NMA Effective Social Strategists (Pty) Ltd	92	55465
	Kopano-Lesego Consulting cc	100	39000
	Development & Engineering Consultants (Pty) Ltd	87	179 311
	Paresh Chiba & Associates	100	250 618
	PH BagaleInc	64	538 479
	Aurecon SA (Pty) Ltd	42	228 350
	Ikemeleng Architects cc	100	531 304
Europa House			
	Lebone Engineering (Pty) Ltd	91	250231
	Activate Architecture	24	286400
	Enumerate Consulting	80	154510
	Home Decor and Building	100	4 855 691
	Hoboyi& Associates	100	54 395
	Maluleke and Luthuli Development Planners	59	48 000
	EmpowerRisk	56	23 853
Greater Ellis Park			
	Bophelong Joint Venture	59	7739474
	Archway Projects cc	51	387329
	UWP Consulting (Pty)Ltd	100	1002466
	Walunata Engineering and Services		30 000
	Davis Langdon Quantity Surveyor	38	582000
	Arcus Gibb (Pty)Ltd	48	2737600
	Archway Projects cc	51	502000
	Lonerock/Maziya JV	30	27563968
	EmpowerRisk	60	30294
	Nemai Consulting cc	84	25 000
Stretford			
	KoorDindarMothei Gauteng	100	376905
	Kingsway Civil cc	100	10 645 402
	Albonico Sack Mzumara Architects	31	362 943
	Archway Projects cc	65	321 998
	Themba Consultants (Pty) Ltd	59	427 810
	Alex Gintan Associates (Pty) Ltd	33	48 500
Diepsloot Development			
	Dryden Construction cc	100	9 904 124
	Moseme Road Construction	100	20 684 211
	Hlanganani Engineers	67	3 000 000
	Triviron Project Management (Pty) Ltd	52	450 000
	Paresh Chiba Associates	100	450 000
	Nemai Consulting cc	84	43 700
Chancellor House			
	Trace	44	417 500
	Archway Projects cc	65	170 740

Project/ Contractors Name	Contract Name	% Black Equity	Contract rand value
	Ghandi Maseko Architects	100	319 047
	Bergstan SA Consulting & Development Engineers	44	167 486
	Walker Mare Quantity Surveyors		162 000
	NMA Effective Social Strategists	92	158 900
	IPES Performance Technology (Pty) Ltd	0	61 900
	EmpowerRisk	53	41 073
	Dryden Projects	100	5 531 973
Constitution Hill			
	Vesi Safety and General Services cc	100	39 900
	Badat developments cc	100	110 000
	Dryden Projects	100	4 298 078
Inner City Core			
	KoorDindarMothei Gauteng	100	555 995
	Badat Developments cc	100	629 650
	Ikemeleng Architects	100	924 003
	ND Kuverjee Consulting Engineers cc	83	429 000
	Aurecon SA (Pty) Ltd	34	327 500
	NMA Effective Social Strategists	92	122 606
	NT Geometics Gauteng	100	76 200
	Kopano Lesego Consulting cc	100	43 900
	Kingsway Civil cc	100	17 579 324
Region F Reinstatement			
	Easyway Tarmac Pave & Projects	100	795 000
	Badat Developments cc	100	66 000
	Kingsway Civils cc	100	795 000

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