JOHANNESBURG DEVELOPMENT AGENCY (SOC) LIMITED

Registration no: 2001/005101/07

ANNUAL INTEGRATED REPORT 2017/18

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

Registration number:	2001/005101/07
Parent municipality:	City of Johannesburg Metropolitan Municipality
Directors:	C Coovadia (Chairperson) K Govender P Masilo C Botes (Chief Executive Officer) P Zagaretos P Mashele S Moonsamy (Chief Financial Officer) N Ngwenya L Shole (Resigned 13 December 2017) A Steyn M Qobo T Mendrew (Chief Executive Officer – Resigned 31 August 2017)
Registered address:	3 President (Helen Joseph) Street, Newtown, Johannesburg
Postal address:	PO Box 61877, Marshalltown, 2107
Telephone number:	+27 (0) 11 688 7851
Website:	www.jda.org.za
Bankers:	Standard Bank of SA Limited
Auditors:	The Auditor-General of South Africa
Company secretary:	Hasani Rodney Shirinda

JDA Vision

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

JDA Mission

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

JDA Values

Accountability: To its shareholders, Board and key stakeholders

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

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

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

Seeking to empower: Through progressive procurement and work practices

APPROVAL

Ms Sherylee Moonsamy Name & Surname Chief Financial Officer	Signature	27 August 2018 Date of approval
Mr Christo Botes Name & Surname Chief Executive Officer/MD	Signature	27 August 2018 Date of approval
Mr Cassim Coovadia Name & Surname Chairperson of the Board	Signature	27 August 2018 Date of approval
Cllr Reuben Masango Name & Surname MMC: Development Planning	Signature	28/08/2018 Date of approval

VERSION CONTROL

Version Number	Date Issued	Author	Document Status / Comments
08	17 August 2018	Douglas Cohen	Exco Submission
09	20 August 2018	Douglas Cohen	ARC Submission
09.4	27 August 2018	Douglas Cohen	ARC Submission to Board
1.0	27 August 2018	Douglas Cohen	Board Approved
1.1	31 August 2018	Douglas Cohen	MMC Approved
1.2	16 August 2018	Douglas Cohen	AG Audit Amendments
1.3	8 December 2018	Douglas Cohen	Final Submission

ACRONYMS AND ABBREVIATIONS

ACRONYM	Definition
ARP	Alexandra Renewal Programme
BBBEE	Broad-based black economic empowerment
BRT	Bus rapid transit
CBD	Central business district
CPC	Community Participation Consultant
CoJ	City of Johannesburg
EPWP	Expanded Public Works Programme
GDS	Growth and Development Strategy Joburg 2040
GMS	Growth Management Strategy
GRAP	Generally Recognised Accounting Practice
ICT	Information and communication technology
IT	Information technology
King Code	King Report on Governance for South Africa and the King Code of Governance Principles
KPI	Key performance indicator
MFMA	Municipal Finance Management Act (2003)
MOE	Municipal Owned Entity
NMT	Non-motorised transit
SMME	Small, medium and micro enterprise
TOD	Transit Orientated Development

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ABOUT THIS REPORT

SECTION 1: SCOPE

Since 2012, the Johannesburg Development Agency (JDA) has applied circular 63 of the Municipal Finance Management Act (MFMA) (2003), issued by the National Treasury in the preparation of its annual reports. The circular prescribes the content municipalities should cover in their annual reports. The 2017/18 integrated annual report provides all of the required data and tables.

To comply with local and international sustainable reporting best practice guidelines, the 2017/18 integrated annual report also takes into account financial, social and economic factors in reporting on the JDA's operations. The guidelines applied include:

- Reporting requirements as per the Municipal Finance Management Act No. 56 of 2003, Circular 63 (MFMA)
- The South African Statements of Generally Recognised Accounting Practice (GRAP)
- Section 46(1) of the Municipal Systems Act (2000).
- International Integrated Reporting Council's Integrated Report Framework (IIRC IRF)
- King Code of Governance for South Africa
- National Treasury Guidelines and Regulations

The JDA's outcomes are aligned with those set out in the City of Johannesburg's 2016/17–2020/21 integrated development plan and the Joburg 2040 Growth and Development Strategy (GDS), the collective and shared vision for the future of Johannesburg.

SECTION 2: MATERIALITY

The JDA applies the principle of materiality to determine the nature, timing and extent of the disclosures in its annual reports. A matter is material if it is of such relevance and importance that it could substantially influence an assessment of the report and the entity's ability to create value in the short, medium and long term. Material issues are embedded into the company's processes in at least the following four ways that ensure efficiency and impact:

- Strategy: To feed into ongoing strategy development by highlighting rapidly emerging issues and enabling them to be factored into strategy development and possibly addressed as business opportunities, rather than ignored until they become business risks.
- Performance: To promote internal understanding of the link between environmental, social, and governance issues and business performance. The materiality determination provides a link between issue experts and strategic and operational managers.
- Stakeholder engagement: To provide a framework to design stakeholder engagement strategies and a powerful tool to help identify opportunities for dialogue and collaboration.

- Reporting: To determine the scope of reporting and other communications so that they are more strategically aligned and useful to external stakeholders.

TABLE 1: INTERNAL AND EXTERNAL CRITERIA WERE USED TO IDENTIFY MATERIAL ISSUES

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

SECTION 3: ASSURANCE STATEMENT

The JDA's executive management, internal audit unit, and the Audit and Risk Committee have reviewed and assessed the entity's integrated annual report for 2017/18 to ascertain whether minimum disclosure requirements were adhered to in terms of the following:

TABLE 2: MINIMUM DISCLOSURE REQUIREMENTS

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

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

Section 4: Board Responsibility and Approval

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

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

The financial statements were approved by the Board of Directors on 27th August 2018 and signed on its behalf by Mr. C Coovadia (Chairperson)

Mr Cassim Coovadia

Chairperson of the Board

CHAPTER 1: JDA LEADERSHIP AND CORPORATE PROFILE

SECTION 1: FOREWORD BY MEMBER OF THE MAYORAL COMMITTEE

As the MMC of Development Planning in the City of Johannesburg, I am also proudly responsible for the Johannesburg Development Agency (or JDA). The JDA provides the essential area-based facilitation and project implementation services required by the City to ensure the delivery on long-term spatial and economic goals set out in the Joburg GDS 2040 envisaged for Johannesburg.

Cllr. Reuben Masango
MMC Development Planning

Due to the nature of its work, the JDA in the main supports the two key priorities as defined by the Mayoral Priorities 2016-2021, namely "Priority 1: To promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment, inequality and poverty"; and "Priority 2: To ensure pro-poor development that addresses spatial and all forms of income inequality and provides meaningful redress".

In 2017/18, the JDA objectives responded to the Mayoral Priorities in a number of ways. Firstly , by applying a concentrated areas based focused approach, by focusing particularly in the urban regeneration of key economic nodes in and around the Inner City, in Roodepoort and in Jabulani. Secondly, playing an active role in the more marginalised areas including Alexandra, Ivory Park, Noordgesig and Westbury.
Secondly through the efficient and effective delivery of infrastructure projects, including the continued roll-out of the Rea Vaya BRT infrastructure and the promotion of green building technologies such as solar water heating, efficient lighting and sustainable urban drainage systems in its designs and projects. Thirdly, by promoting economic empowerment and transformation, by targeting 30% of the value of all construction contracts for local SMMEs as well as to try and optimise the number of local construction jobs created. Finally, the JDA follows a strong facilitation and partnership role by working with local and governmental stakeholders to co-produce solutions and develop a shared vision for sustainable development implementation.

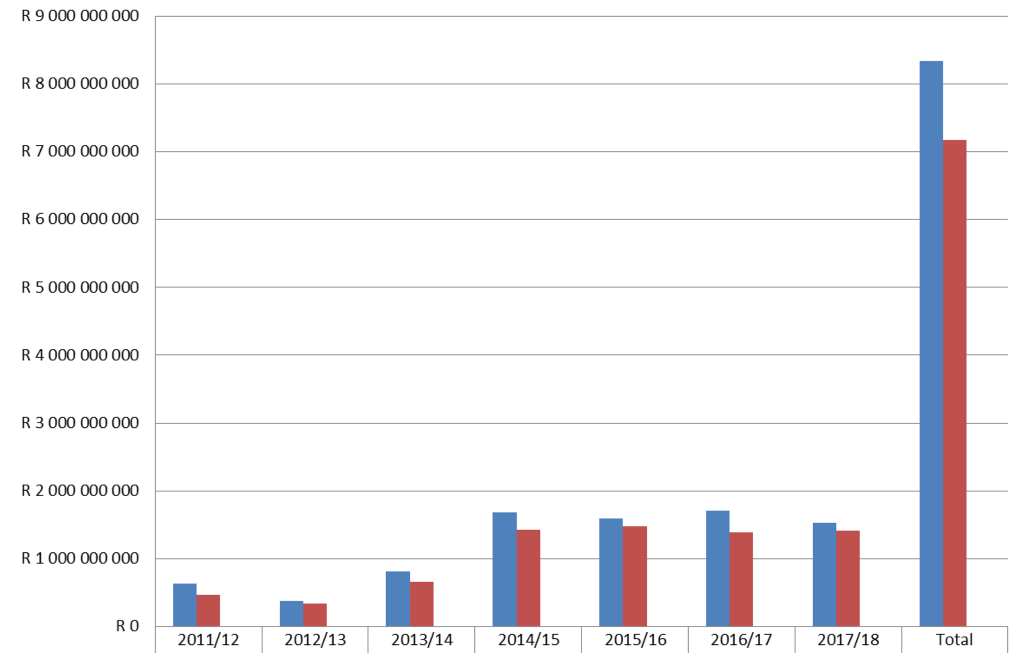
Meaningful Engagement and Participation

The JDA always seeks to engage the public in a meaningful way at every stage of development. This includes doing public participation in the planning stage, consultations with communities and affected parties during design stage, and value-adding activities involving community members in projects such as the peoples' history, heritage exhibitions and public art projects that tell the story of the neighbourhood. Methods of engaging with local stakeholder communities also need to evolve to the responding needs and lifestyles of city users in the 21st century. Conventional methods must be enhanced by the use of social media platforms, electronic communication and other more engaging and relevant forms of sharing knowledge and ideas between professional teams and local communities. To this end the JDA strives to enable the City to make sure all stakeholders understand, support and develop buy-in and ownership of each City project.

In 2017/18 the JDA really demonstrated its commitment to co-production with communities in various initiatives, i.e. the "What's Up Fleurhof" project, #MyMelville project, #JoziWalks and Our City Our Block to name a few.

Infrastructure delivery

The JDA implemented capital projects in 2017/18 to the value of R1.409 billion. This translates into over R117 million being spent on average per month. This has taken JDA's capital expenditure over the past 7 years over R7 billion. However, decreases in the three-year budget estimates over the MTEF indicate that the JDA will have to work smarter to ensure that it sustains both the project implementation as well as the socio-economic outcomes in the communities it operates in.



	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	Total
Capital Budget	R 637 236 000	R 376 614 000	R 807 884 000	R 1 678 046 0	R 1 599 560 9	R 1 705 000 0	R 1 536 262 9	R 8 340 603 9
Capital Expenditure	R 466 720 000	R 341 871 000	R 665 700 000	R 1 426 557 0	R 1 482 716 5	R 1 385 636 0	R 1 408 980 3	R 7 178 180 9
Capital Expenditure % of Budget	73%	91%	82%	85%	93%	81%	92%	86%

FIGURE 1: JDA'S CAPITAL BUDGET / CAPITAL EXPENDITURE 2011/12 - 2017/18

Future outlook

A foremost goal of urban development in the transformation of South African cities remains the need to address spatial and systemic inequalities. Striving for a more equitable and just city would result in access to a greater range of opportunities, jobs, livelihood opportunities and services to all of its citizens. Johannesburg, like other South African cities, is changing rapidly and, sometimes, in unpredictable ways. This rapid urbanisation in the City brings with it both challenges and opportunities for urban development. The goal would be to advantage and unlock the urban dividend. As stated in the 2016 Integrated Urban Development Framework (IUDF), the 'urban dividend' describes an optimal situation where the increasing concentration of an economically active population translates into higher levels of economic activity, greater productivity and higher rates of growth. The potential of urban areas is maximised with the alignment and the integration of investments in the following primary drivers of urban development:

- Transportation (public modes and roads);
- Human settlements;

- Infrastructure networks comprising social, economic and ecological infrastructure; and
- Various land-use regulations and effective governance that underpin all of the above.

As the City of Joburg, it is our responsibility to use our policies, resources and institutions such as the JDA to bring about the necessary integration and focus, in key areas and unlock the 'urban dividend'. Given this context, it is important that in 2018/19 the JDA, as an area-based development agency and as implementer of strategic City projects, continues to both deepen its efforts as well as catalyse new development that supports the spatial transformation of the City of Johannesburg. JDA must continue to make strides in place-making and the development of key infrastructure. We have placed high expectations and trust in the role JDA plays in the TOD Corridors, as well as other priority development areas across the City.

I would like to commend the CEO, the executive team and Board for their constant and valuable inputs and their stewardship of the JDA.

28/08/2018

Councillor Reuben Masango

Member of the Mayoral Committee for Development Planning

SECTION 2: BOARD CHAIRPERSON'S FOREWORD

As we consider the results for 2017/18, I commend the JDA team for spending 92% of their capital budget. While this is an impressive achievement in itself, we are also confident that the JDA can even to do even more to exceed its targets related to urban development and capital expenditure.

Mr Cassim Coovadia
JDA Chairperson

What is clear is that while the multi-year planning, budgeting and contracting system is in place, more needs to be done to ensure the necessary project management and performance management practices are more strictly enforced.

Secondly while various innovative approaches to stakeholder engagement and public participation continue there remains an increasing resistance in the form of stoppages or protests on JDA projects from communities for various reasons. These delay project implementation and negatively impact the JDA's performance.

In 2017/18 the JDA attempted to understand and pre-empt these areas of resistance through their own stakeholder engagement framework. I am encouraged that greater resources and capacity are being channelled into the Stakeholder Management Unit, however what is clear is that the JDA will also require greater support for the JDA from the Shareholder when dealing with often complex socio-economic issues affecting communities.

One of the key strategic objectives of the JDA is the promotion of economic empowerment through the structuring and procurement of JDA developments. This remains an area where the organisation must improve its performance in 2018/19. This specifically relates to the BBBEE and SMME expenditure. Here the Board is expecting more from the organisation towards labour intensive construction, with specific work packages for SMME's and Co-ops, more effective contracting and contract management that ensures sustainability through meaningful enterprise development for both new and emerging contractors.

Implications for the JDA of the Local Economic Conditions

We must also use the opportunity to reflect on significant external factors impacting on the organisation, the organisation's performance, and where possible, take note of any relationship between the two.

For one, the civil construction sector is regarded to be in recession with a consistent two to three years of negative growth in terms of gross domestic product. This has particularly affected the larger construction companies, one of which, Basil Read has entered business rescue. Basil Read is the main contractor for the JDA on the Johannesburg International Transport Interchange (JITI) facility hence we must appreciate all possible risks to the project during this period. However, while the downturn in large scale project has impacted the larger construction companies, there also has been increase in smaller and medium-sized contractors taking up the work the bigger contractors once were taking. This should be regarded as potential opportunity for the JDA, by separating larger projects into smaller pieces for new and emerging contractors.

Board Governance

The JDA is instrumental in supporting the City achieve the spatial and economic goals set out in the GDS 2040, the SDF and the Mayoral priorities. Therefore throughout the 2017/18 financial year the Board has worked closely with City of Johannesburg and management to address various operational inefficiencies which have hampered the delivery capacity and performance of the JDA. We are glad that our efforts have resulted in the various senior vacant or acting positions being replaced with permanent appointments, notably the permanent CEO, CFO and Executive Manager for Corporate Services.

Other than the resignation of Ms Lebogang Shole (13 December 2017) during the 2017/18 Financial Year, there were no changes to the JDA Board from the previous year as announced at the Annual General Meeting in April 2018. The following Non-Executive Directors were re-elected:

- Mr Cassim Coovadia (as Chairperson), Mr Popo Masilo, Mr Krishna Govender and Mr Panos Zagaretos, Dr. Mzukisi Qobo, Mr Prince Mashele, Mr Arron Steyn, and Dr. Nomfundo Ngwenya

The following Independent Audit and Risk Committee members were reappointed:

- Ms Modi Dolamo, Ms Keabetswe Onouka and Mr Zukisani Samsam.

I would also like to use this platform to thank all the Non-Executive Directors who gave their time, energy and effort in ensuring that good governance looked beyond the audits and the boardroom and actually focused on ensuring the tangible outputs that transforms the lives of the residents of Johannesburg. Representing the Board we are all proud to play our role as Non-Executive Directors in nurturing the growth of the organisation.

Going into the 2018/19 financial year, the JDA Board is focused on ensuring that the JDA remains a sustainable, relevant and efficient entity of the City. The Board will continue to monitor the performance outcomes stemming from the improved operational structures, processes and systems as developed by management. We note that there are still five pending litigations and possible liabilities remaining.

Finally, I would like to thank the CEO, Mr Christo Botes and management we look forward to another successful year at the JDA.

Mr Cassim Coovadia

Chairperson of the Board

SECTION 3: CHIEF EXECUTIVE OFFICER'S REPORT

It gives me a great pleasure to report on yet another successful year for the JDA. The JDA has ended the 2017/18 financial year on a high note having spent 92% of its total capital budget. This reflects considerable progress made against the previous financial year

Mr Christo Botes
JDA CEO

The Johannesburg Development Agency (JDA) implemented just under 100 capital projects across four programmes in the 2017/2018 financial year, and it proudly continues to support the City in transforming the spatial economy by "Building a Better City".

The major driver of the JDA's capital expenditure was from Programme 3: Public Infrastructure Delivery. This programme specifically deals with the large construction works that are being undertaken on the Rea Vaya trunk routes along Louis Botha Avenue. It further includes projects to install pedestrian and non-motorised transport (NMT) infrastructure that serves to connect commuters with the Rea Vaya BRT system and commuter rail services. Programme 3 includes has managed portfolio of projects in the city's more marginalised areas, including internal roads and storm-water infrastructure in Braamfischerville for the Department of Housing, the Lehae Multi-purpose Centre for the Department of Community Development and through to a range of clinics for the Department of Health. The JDA itself began a new cycle of planning in preparation for projects in Diepsloot where the JDA has worked for many years.

The Strategic Economic Node Programme (Programme 2) has encouraged the optimal development of transit hubs and corridors across the city. The JDA projects in Transit Oriented Development Corridors, such as Jabulani, the developments in Orange Grove / Paterson Park, Nancefield and Rotunda / Turffontein, have laid a solid foundation for these nodes to not only provide affordable accommodation and transport opportunities, but to also emerge as desirable and highly liveable neighbourhoods with vibrant public spaces and good community services.

The renewed focus on the Johannesburg inner city as a Mayoral Priority is strongly aligned with JDA's Inner City Programme (Programme 1).This programme serves to strengthen the position of the inner city as a critical business and residential node and the primary gateway to transit networks for the city. It has delivered both large iconic projects such as the Johannesburg International Transport Interchange (JITI) facility on the western side of Park Station as well as through more localised neighbourhood projects in Hillbrow and in the Eastern Gateway precinct. In 2017/18 the JDA also began a new planning cycle for areas in and around Gandhi Square and the western part of the inner city in Fordsburg and Mayfair. Some exciting developments are expected in both of these areas in the following years.

The Alexandra Renewal Programme (Programme 4) has played its role in the development of Alexandra through capital investments, overseeing integrated investments by other departments and entities, and facilitating community based initiatives and local economic development strategies. Most of the JDA's projects in Alexandra focused on community and social infrastructure and includes for example the Thoko Mngoma clinic. Various projects in Alexandra will continue into the 2018/19 financial year.

Reflecting on the previous year at the JDA, there are various highlights that are worth listing:

- Obtaining a Clean Audit Opinion from the Auditor-General for the 2016/17 year
- The time and effort by our Development Facilitation Unit resulting in greater coordination across city departments and entities and private sector interests in and around the JDA's developments in both the Inner City and along the TOD Development Corridors.
- Greater stakeholder engagements, through co-creation initiatives in Our City, Our Block and My Melville initiatives. The JDA's place-making projects such as #Joziwalks and #ArtMyJozi have played a meaningful role in shaping the outcomes and greater community custodianship of future developments.
- Most of the NMT projects are being implemented by small construction companies, which mean that the large-scale infrastructure spending is also benefiting local businesses and creating local job opportunities.

The 2017/18 year was however not without its challenges:

- In the period under review, a number of JDA projects in the Greater Region E have been delayed as a result of community issues. These were particularly with the Alexandra projects, the Paterson Park projects and the BRT project along Louis Botha Avenue. Such actions stem primarily from the contested appointment of local SMMEs and Community Liaison Officers (CLOs) and provisions of jobs to locals on projects within this Region. Where necessary the JDA has sought assistance in such matters from the Regional Director, the Department of Development Planning, the Office of the Speaker of Council and where necessary the Johannesburg Metropolitan Police Department. The aim is for solutions to be implemented that will limit the impact of community unrest during project implementation.
- The Department of Labour hearing into the collapse of scaffolding of the Grayston Bridge while under construction in Sandton continued. It was anticipated that the investigation and hearing would resume in September 2017, but only resumed on the 4th July 2018. The JDA has subsequently completed the construction of the bridge in April 2018 and awaits the outcome of the hearing.
- Delays in the finalisation of the agreement regarding the Post Office land have impacted on the Kazerne Intermodal Public Transport Facility, now called the Johannesburg International Transport Interchange (JITI). Although the construction is underway there is not as yet finalization of the agreement regarding the Post Office portion of land which forms part of the JITI development. Negotiations between the Post Office, the JDA and relevant departments are at an advanced state and we are confident that an agreement between the parties will be formalised soon.
- Basil Read, the main contractor on the JITI project, announced on 15 June 2018 that it has entered into voluntary business rescue, as provided for by Section 129 of the Companies Act. The JDA is in discussion with the appointed business rescue administrators and their guarantor, and construction of the facility is continuing.
- The JDA had to terminate the contract of the non-performing main contractor on the Inner City Core: Phase 3 project in February 2018, but was only able to successfully appoint a new contractor in June 2018. This has both resulted in serious delays on the project and has put pressure on the available funding to complete as much as possible of the project.
- We also had to terminate the contract of another non-performing contractor on the Paterson Park: Work Package 3 - Multipurpose Centre and Sports Facilities project. We are in the final stages of appointing a new main contractor. This has resulted in both serious delays and under expenditure on the project. The JDA is confident that performance will improve in the new financial year.

This increased confidence in the agency's capacity to implement projects is clearly shown in its increased capital expenditure budget as outlined in the table below.

TABLE 3: PERFORMANCE OF THE JDA OVER THE PAST SEVEN YEARS

Key Performance Indicator	**2011/12**	**2012/13**	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18**
	R' 000	**R' 000**	**R' 000**	**R' 000**	**R' 000**	**R' 000**	**R' 000**
Number of Projects in the Implementation Phases	15	18	59	98	91	105	93
Number of Employees	50	55	61	86	87	96	87
SMME Share of expenditure (R000)	R 9 500	R 8 600	R 266 788	R 390 342	R 228 748	R 417 322	R 281 484
BBBEE share of expenditure (R000)	R 395 218	R 310 200	R 952 029	R 1 466 054	R 1 275 963	R 1 376 164	R1 311 666
Operating Budget (R000)	R 49 000	R 46 000	R 62 200	R 88 853	R 105 185	R 104 555	R 106 079
Operating Expenditure (R000)	R 43 491	R 50 746	R 57 400	R 76 400	R 102 083	R 94 537	R 87 456
Capital Budget (R000)	R 637 236	R 376 614	R 807 884	R 1 678 046	R 1 599 561	R 1 705 000	R 1 536 262
Capital Expenditure (R000)	R 466 720	R 341 871	R 665 700	R 1 426 557	R 1 482 717	R 1 385 636	R 1 408 980
Capital Expenditure as a % of Capital Budget	73%	91%	82%	85%	93%	81%	92%
No. of EPWP Work Opportunities	3571	2737	1741	9611	1219	1262	805
Positive media reports as a % of the total number of media reports on JDA development areas	103%	96%	97%	86%	84%	N/A	N/A
Number Media Releases Marketing Projects	N/A	N/A	N/A	N/A	N/A	75	245

Given the complex nature of urban development I believe there will always remain a mandate for a well capacitated and innovative local development agency that delivers a lasting legacy for the citizens of Johannesburg.

I am proud of and encouraged by JDA's ability to deal with the unprecedented challenges which we had to face in 2017/2018, and still be able to deliver on the JDA's mandate from its shareholder. This is particularly achievable because of dedicated teams of employees, and consultants', working on the JDA's various developments.

The JDA will still face major implementation challenges in 2018/2019, and to this end we continue to gear up our staff, and have appointed a number of new senior staff to help manage our processes.

We look forward to making our contribution to the important work of regenerating the City of Johannesburg in the years to come.

As the JDA, our focus is continuing the trend of good progress made specifically in the fourth quarter into the new 2018/19 financial year. While in this report, the focus is very much on our current expectations, I would like to take a moment to also thank the MMC: Development Planning, Councillor Reuben Masango and the

Executive Director of the Department of Development Planning Ms. Amolemo Mothoagae for the key roles they play in guiding our work. Their enthusiasm for our work and their detailed inputs are greatly appreciated.

Thanks also to all City Departments and entities with which we are privileged to work.

My thanks to our attentive and highly skilled Chairperson and all the members of the Board of Directors. We deeply value their support, guidance and work in ensuring that we meet our exacting mandate. Their constant vigilance on both the purpose and mandate of the JDA has ensured that the JDA remains a centre of excellence that is ready to capitalise on its long history of area-based regeneration and successful project implementation as a delivery agent of the City.

Finally, thanks to all the staff of the JDA for the tremendous effort of the past year. In our organisation, more than most, our staff members are our key asset, and I am grateful for the deep level of commitment that our staff has displayed through the year.

Mr Christo Botes

Chief Executive Officer

SECTION 4: CHIEF FINANCIAL OFFICER'S REPORT

The office of the Chief Financial Officer was responsible for two functional areas Finance and Supply Chain Management.

Through the operation of these divisions we served to integrate the business into a cohesive unit in servicing both our internal and external stakeholders and surpassing some of our targets.

Actual deficit before taxation of R41 million (2016/17: R2million surplus) was recorded against a balanced operational budget. The impact of the deferred tax adjustment of R11 million (2016/17: R571kmillion) resulted in a net deficit of R30 million (R2065/17: R2.1million surplus) for the year under review.

The organisation achieved 93% (2016/17: 82%) of the budgeted revenue and 122% (2016/17: 90%) of the budgeted operational expenditure.

Ms Sherylee Moonsamy
Chief Financial Officer

The organisation's total assets exceeded the total liabilities. The total net assets at 30 June 2018 were R42 284 881 (2016/17: R72 589 727). The net assets include accumulated reserves of R26 393 638 (2016/17: R56 260 526).

In the year under review development management fees, the main income source for the JDA, accounted for 70% of the revenue earned compared to 71% in the previous financial year. This was largely due to the capital expenditure achieved in the current year against the target which was 92% as compared to 82% from the prior year. The said revenue was earned from spending 92% of the allocated adjusted budget as opposed to 82% capital spent during the 2016/17 financial year. The challenge however remains being able to spend the entire allocated capital budget in order to earn the development management fees. This feat will be achieved through amongst others, a combination of adequate capacitation of the organisation with the correct skilled individuals as well as proper planning of projects.

The organisation's ability to generate revenue is almost entirely dependent on its ability to spend the capital budget allocated, that is own capital as well as capital implemented on behalf of other departments and entities. With indications from CoJ Budget Office pointing towards a declining operational subsidy, the reliance on management fees generated from spending allocated capex budget to cover operational expenditure is becoming a reality the organisation must live with.

To achieve a break even position does not only require focusing on generating the revenue but it also requires the continuous monitoring of operational costs. Simply put, costs have to be monitored to the extent that at any given point the revenue being generated is sufficient to cover the operational costs. Approved procurement plans and the implementation thereof must be monitored closely throughout the year against targets set. The mid-year adjustment budget process is to be used as an effective tool to consider the following:

- Organisation's position regarding revenue already generated,
- The realistic capital to be spend from the unspent allocated budget,

- Organisation's ability to generate sufficient revenue to cover the operational expenditure incurred and committed,

- Measures to be implemented to align the operational expenditure with the realistic revenue to be generated.

For the 2018/19 financial year the organisation needs to, as a bare minimum, learn from the tough lessons of the 2017/18 financial year and come up with effective strategies to address all the internal deficiencies which are likely to result in the organisation not achieving a breakeven position.

As at 30 June 2018 the organisation had capital commitments of R1.4 billion. These are multi-year contracts awarded and contractors & professional teams appointed for which expenditure has been incurred in part or is still to be incurred. These awards were made after the normal supply chain management processes had been followed. Such an order book means the organisation is poised to start the first quarter of 2018/19 financial year with some contracts already in the construction phase and this is likely to improve the first quarter expenditure levels.

Throughout the financial year the JDA's Internal Audit conducted various audits including but not limited to the Financial Discipline and Supply Chain Management Reviews in order to assist management in improving the organisation's internal control environment and assist in maintaining a clean audit for the year ended 30 June 2018.

Ms Sherylee Moonsamy CA (SA)
Chief Financial Officer

SECTION 5: CORPORATE PROFILE AND OVERVIEW

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

Outcomes and challenges

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

Political governance and accountability

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

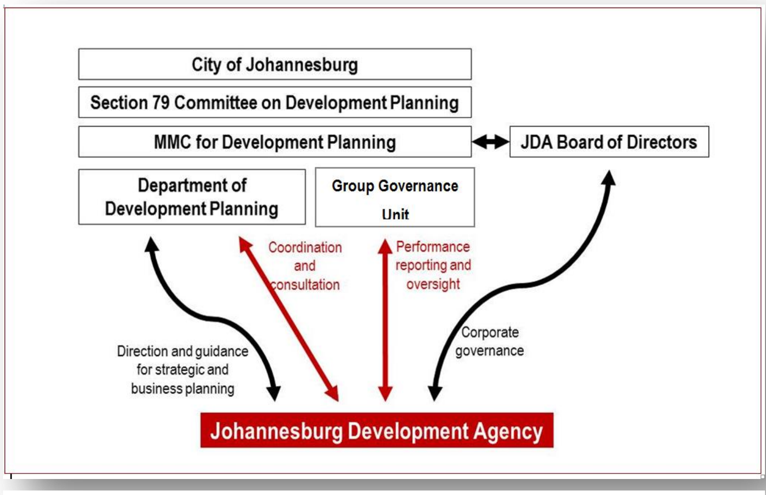


FIGURE 2: JDA GOVERNANCE SYSTEM

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

SECTION 6: STRATEGIC GOALS AND OBJECTIVES

The JDA's primary purpose is to promote resilient city strategies by restructuring the urban spatial logic of the city. The JDA's current business plan represents a spatial response to specific Priority Transformation Areas as outlined in the 2015/16 Spatial Development Framework.

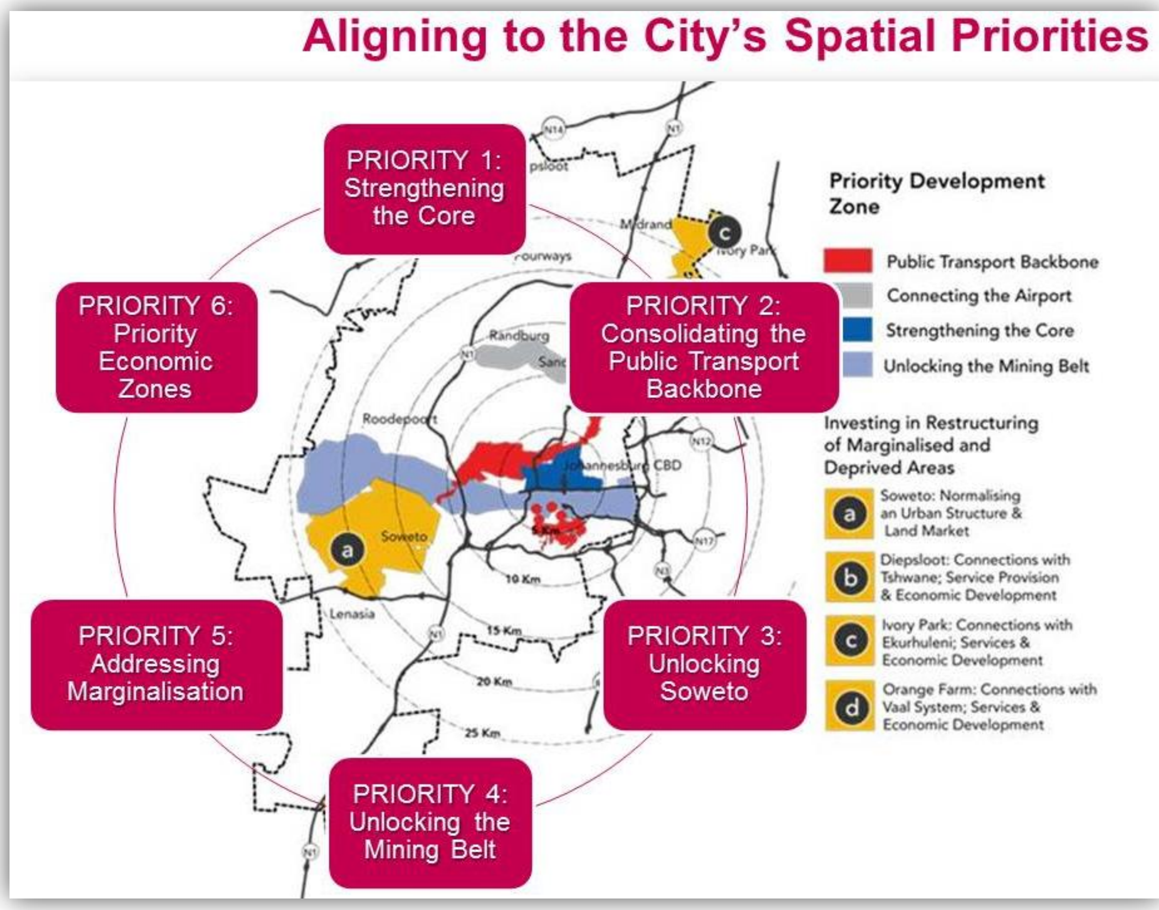


FIGURE 3: SDF 2040 PRIORITY AREAS

The JDA has set itself the following strategic goals (long-term) strategic objectives (medium-term) and five practices and services (short-term) which are aligned with the Joburg 2040 GDS and the economic cluster's plans for sustainable services and economic growth.

TABLE 4: STRATEGIC GOALS (LONG-TERM)

Five Underlying Goal	
Catalyse growth and investment	Catalysing growth in areas with latent investment potential. Catalytic intervention and strategic capital investments in areas that have been previously marginalised or have failed to attract private investment can unlock development potential, stimulate local economies and boost job creation and entrepreneurial development.
Create great places	Creating robust democratic public spaces[1] that give dignity and choice to city users. As urban densities continue to rise, the public spaces in cities are becoming increasingly important for meeting citizens' social needs. The quality of space is just as important as the quantity. Given

[1] Democratization is undoubtedly an uneven process and the transformations in the urban space and in the public sphere in general bear the marks of this unevenness and the various contradictions and perversities they generate (http://www.publicspace.org/en/text-library/eng/a015-democracy-and-enclosed-spaces-from-social-movements-to-fortified-enclaves-to-hip-hop-in-s-o-paulo)

Five Underlying Goal	
	the increasing demand for open space, public spaces need to be creatively designed, moving towards greater adaptability and multiplicity of use to ensure their longer-term sustainability.
Connect people to opportunities	Connecting people with opportunities to live, work, play, learn, and be healthy in the city. Efficient mass public transport networks and connections, transit-oriented multi-use precincts, together with strategic land-use planning and zoning regimes, are essential in realising these connections.
Co-produce solutions	Co-producing solutions in partnership with local communities and stakeholders to meet local needs and mitigate challenges. This is as essential component of development intervention in cities. Since 1994, the state has made concerted efforts to engage communities in the development of local solutions. Unfortunately this has not always been successful and often simply takes the form of decision-makers telling communities about their strategies. A more responsible and effective approach is to work with local stakeholders to produce solutions, drawing on their knowledge of the development context. This can cultivate a much more sustainable sense of ownership, civic pride and citizenship.
Continually improve	Underpinning all the strategic goals, there is the need for the JDA to run as efficiently, effectively and as economically as possible.

To ensure that the JDA is best positioned to respond to the spatial development priorities, the JDA has set itself the following four objectives.

TABLE 5: OBJECTIVES (MEDIUM-TERM)

Objectives
1. To efficiently, effectively and economically deliver sustainable social and economic infrastructure projects
2. To support the growth and development of strategic economic nodes into high-quality, investor friendly and sustainable urban environments
3. To promote economic empowerment and transformation through the structuring and procurement of JDA developments
4. To strengthen and improve the JDA's corporate governance and operations to ensure that it remains an effective, efficient, sustainable and well-governed organisation.

The JDA coordinates its area-based development practices and services for catalytic interventions on behalf of the Department of Development Planning and with other client departments.

TABLE 6: PRACTICES AND SERVICES (SHORT-TERM)

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

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

FIGURE 4: DEVELOPMENT PROCESS / LIFECYCLE

Section 7: The JDA's Value Creation Process

The following three diagrams below unpack the JDA's value creation process to illustrate how:

- The JDA's various inputs (i.e. financial, manufacturing, human, intellectual) are transformed into financial returns as well as non-financial sustainability outcomes.
- The JDA has aligned its activities and efforts to achieve expected results by structuring the main elements of our work.

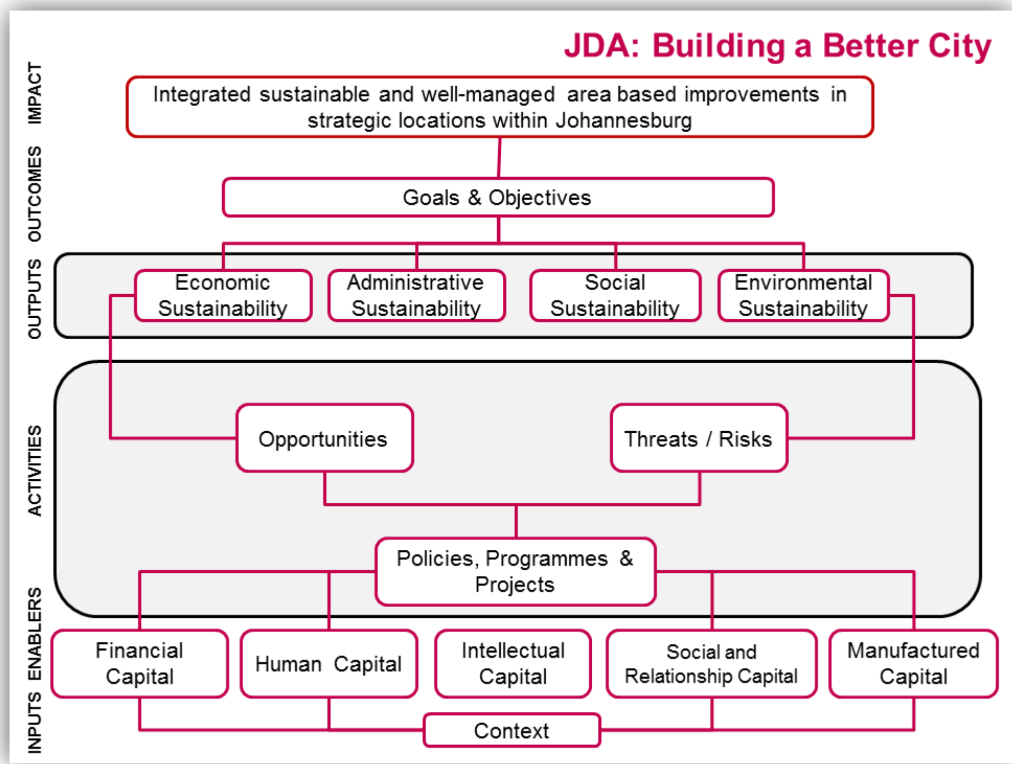


FIGURE 5: JDA'S VALUE CREATION PROCESS – LEVEL I

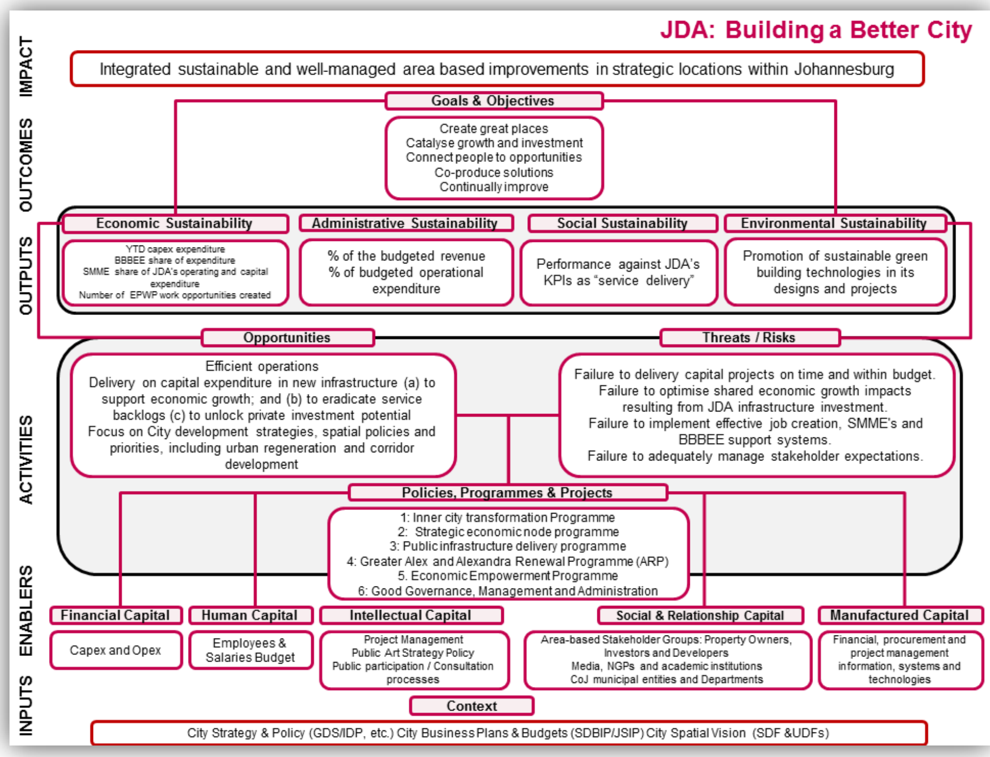


FIGURE 6: JDA'S VALUE CREATION PROCESS – LEVEL II

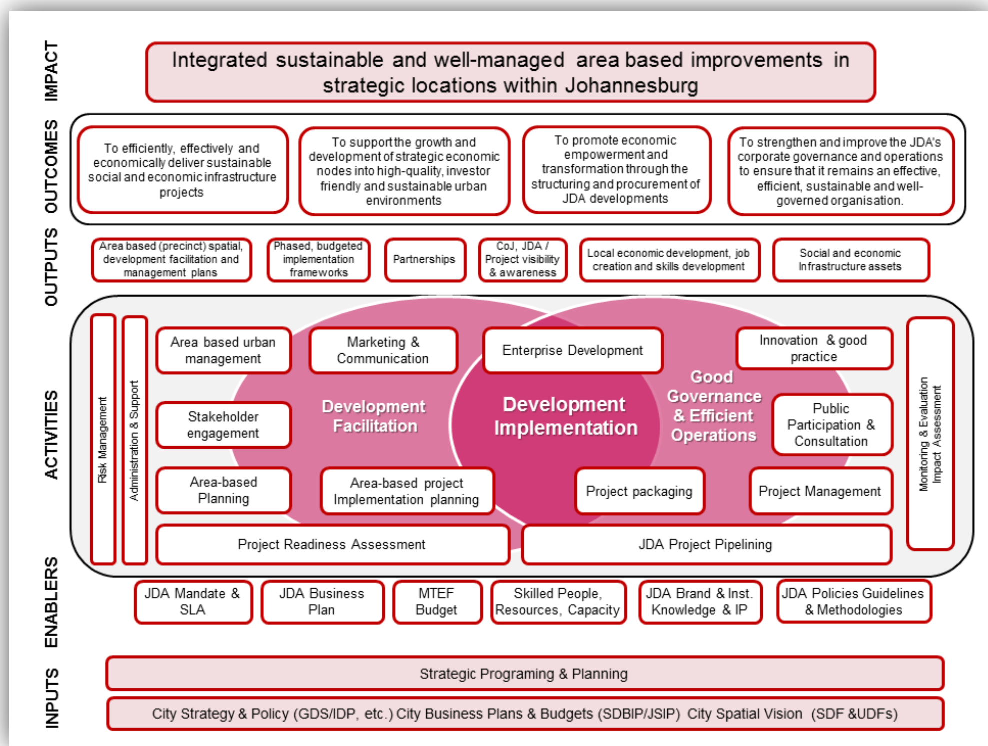


FIGURE 7: JDA'S VALUE CREATION PROCESS – LEVEL III

CHAPTER 2: CORPORATE GOVERNANCE

SECTION 1: CORPORATE GOVERNANCE STATEMENT

Governance Framework

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

The Board also actively reviews and enhances the systems of internal control and governance procedures in place to ensure that the JDA is managed ethically and within prudently determined risk parameters.

JDA's Governance Arrangements

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

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

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

The Legislative framework

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

Implementation of King Code

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

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

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

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

Ethical Leadership

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

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

Corporate citizenship

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

Compliance with laws, rules, codes and standards

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

Citizen Involvement in Plan-Making and Project Implementation

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

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

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

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

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

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

Section 1.1: Board of Directors

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

The Board is accountable to the CoJ and the citizens of Johannesburg. A service delivery agreement and shareholder compact, concluded in accordance with the provisions of the Municipal Systems Act, govern the entity's relationship with the CoJ. The Board provides monthly, quarterly, biannual and annual reports on its performance and service delivery to the parent municipality as prescribed in the service delivery agreement, the shareholder compact, the MFMA and the Municipal Systems Act. The JDA published its annual report in 2017/18 in line with section 121 of the MFMA and has prepared this report accordingly.

Non-executive directors maintain an independent stance to matters under consideration and add to the Board's depth of experience. The roles of the chairperson and chief executive officer are separate, with responsibilities divided between them. Members have unlimited access to the company secretary, who acts as an advisor to the Board and its committees on matters such as corporate governance, compliance with company rules and procedures, statutory requirements, regulations and best corporate practices.

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

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

The Board of Directors consist of the following members as appointed at the Annual General Meeting (AGM) of the shareholder held on 20 April 2018:

(i) Mr Cassim Coovadia (as Chairperson);
(ii) Mr Popo Masilo;
(iii) Mr Krishna Govender;
(iv) Dr Mzukisi Qobo;
(v) Mr Panos Zagaretos;
(vi) Mr Prince Mashele;
(vii) Mr Arron Steyn;
(viii) Dr Nomfundo Ngwenya;
(ix) Mr Christo Botes (as Chief Executive Officer and Executive Director)
(x) Ms Sherylee Moonsamy (as Chief Financial Officer and Executive Director))

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

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

TABLE 7: COMPOSITION OF THE BOARD

Board member	Capacity:	Period of Membership	Qualification/s	Race	Gender	Board committee membership	
						Pre AGM 20 April 2018	**Post AGM 20 April 2018**
C Coovadia	Chairperson (Non-executive)	25 February 2014 to date	BCom Effective Directors Programme Governance Housing Finance Finance	Indian	Male	Development and Investment	
K Govender	Non-executive	25 February 2014 to date	CA (SA) BCom and Honours	Indian	Male	Audit and Risk Development and Investment	Audit and Risk
P Masilo	Non–executive	1 October 2008 to date	B Proc LLB	Black	Male	Human Resources and Remuneration Social and Ethics	Human Resources, Remuneration and Social and Ethics

Board member	Capacity:	Period of Membership	Qualification/s	Race	Gender	Board committee membership	
						Pre AGM 20 April 2018	Post AGM 20 April 2018
C Botes	CEO (Executive)	26 April 2018	B.Art et Scien (Town & Regional Planning)	White	Male	N/A	N/A
S Moonsamy	CFO (Executive)	1 March 2018	CASA	Indian	Female	N/A	N/A
T Mendrew [2]	CEO (Executive)	1 September 2007 to 31 August 2017	B Proc LLB	Black	Male	Development and Investment Social and Ethics	Social and Ethics
P Zagaretos	Non-executive	October 2014 to date	BSc (QS) MSc (QS) MRICS	White	Male	Development and Investment Social and Ethics	Human Resources, Remuneration and Social and Ethics
P Mashele	Non-executive	16 March 2016 to date	MA (Political Studies) BA Hon (Political Studies)	Black	Male	Human Resources and Remuneration Social and Ethics	Human Resources, Remuneration and Social and Ethics
N Ngwenya	Non-executive	16 March 2016 to date	PhD (International Studies) MSc (Politics of World Economy) MA (International Studies) BA Hon (International Relations)	Black	Female	Development and Investment Human Resources and Remuneration	Social and Ethics
L Shole[3]	Non-executive	16 March 2016 to 13 December 2017	MSc (Building) BSc (Quantity Survey)	Black	Female	Development and Investment Human Resources and Remuneration	Human Resources, Remuneration and Social and Ethics
A Steyn	Non-executive	16 March 2016 to date	PRTech (Civil) Post Graduate Diploma in Project Management BCom Hon (Economics)	Coloured	Male	Audit and Risk Development and Investment	Audit and Risk
M Qobo	Non-executive	16 March 2016 to date	PhD (Politics and International Studies) MA (International Studies) BA	Black	Male	Audit and Risk Human Resources and Remuneration	Audit and Risk Human Resources and Remuneration

[2] Resigned on 31 August 2017
[3] Resigned on 13 December 2017

TABLE 8: INDEPENDENT AUDIT AND RISK COMMITTEE MEMBERS

Board member	Capacity:	Period of Membership	Qualification/s	Race	Gender	Board committee membership	
						Pre AGM 20 April 2018	**Post AGM 20 April 2018**
Ms M Dolamo	Independent Audit and Risk Committee	3 February 2015 to date	BCom and Honours (Accounting) CTA CA (SA)	Black	Female	Audit and Risk	Audit and Risk
Ms K Onuoka	Independent Audit and Risk Committee	15 March 2016 to date	CIS Qualification (Institute of Chartered Secretaries and Administrators)	Black	Female	Audit and Risk	Audit and Risk
Mr Z Samsam	Independent Audit and Risk Committee	25 February 2014 to date	CA (SA) MCom (Finance)	Black	Male	Audit and Risk	Audit and Risk

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

Duties of the Board

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

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

Board charter

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

SECTION 1.2: DIRECTORS & PRESCRIBED OFFICERS REMUNERATION

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

TABLE 9: EXECUTIVE DIRECTOR'S, SENIOR MANAGEMENT AND NON-EXECUTIVE DIRECTOR'S & INDEPENDENT AUDIT AND RISK DIT COMMITTEE MEMBERS REMUNERATION AND ALLOWANCES FOR THE PERIOD 1 JULY 2017 - 30 JUNE 2018

Name	Designation	Salary/Board Fees	Pension	Bonus/Board Retention Fees	Travel allowance	Total
Executive Directors & Senior Management						
C Botes	CEO (Appointed 01 May 2018)	276 763			5 000	281,763
T Mendrew	CEO (Resigned 31 August 2018)	446 804				446,804
S Moonsamy	CFO (Appointed 01 March 2018)	499 746	32 899			532,644
Z Tshabalala	CAE	1 115 067	53 896			1,168,963
D Cohen	EM: Strategy & Planning	1 259 619	60 882			1,320,501
R Shirinda	Company Secretary& Legal Advisor	1 389 435	61 424			1,450,859
C Letter	EM: Alexandra Renewal Programme (Retired 28 February 2018)	894 921				894,921
C Botes	EM: Development Facilitation (Promoted 01 March 2018)	1 095 400			25 000	1,120,400
B Seopela	EM: Corporate Services (Appointed 12 March 2018)	533 238				533,238
N Mudlovhedzi	Senior Development Manager	1 115 589	76 107			1,191,696
P Mkhize	Senior Development Manager	1 136 752	54 944			1,191,696
S. Genu	EM: Development Implementation (Resigned 04 May 2018)	1 520 749	67 665			1,588,414
Sub-Total		**11 284 083**	**407 817**	-	**30 000**	11,721,900
Non-Executive Directors & Independent Audit Committee Members						
C Coovadia	Chairperson	182 084				182 084
P Masilo	Board Member	136 504				136 504

Name	Designation	Salary/Board Fees	Pension	Bonus/Board Retention Fees	Travel allowance	Total
M Qobo	Board Member	246 131				246 131
N Ngwenya	Board Member	216 545				216 545
A Steyn	Board Member	200 781				200 781
K Govender	Board Member	332 336				332 336
P Mashele	Board Member	174 586				174 586
P Zagaretos	Board Member	152 543				152 543
L Shole	Board Member (Retired)	12 168				12 168
M Dolamo	Board Member	76 050				76 050
K Onuoka	Independent Audit and Risk Committee Member	68 445				68 445
Z Samsam	Independent Audit and Risk Committee Member	76 840				76 840
Sub-Total		**1 875 013**	-	-	-	**1 875 013**
TOTAL		**13 159 096**	**407 817**	-	**30 000**	**13,596,913**

The directors' emoluments were taxed according to South African Revenue Services' guidelines. Included in the emoluments are fees for attendance of scheduled meetings, interviews and workshops that are held during the year.

Loans and advances

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

SECTION 1.4: COMPANY SECRETARIAL FUNCTION

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

The company secretary is responsible for the flow of information to the Board and its committees and ensures compliance with Board procedures. In addition to various statutory functions, the company secretary provides individual directors and the Board as a whole with guidance on their duties, responsibilities and powers, as well as the impact of legislative and regulatory developments, while maintaining an arm's-length relationship with the Board.

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

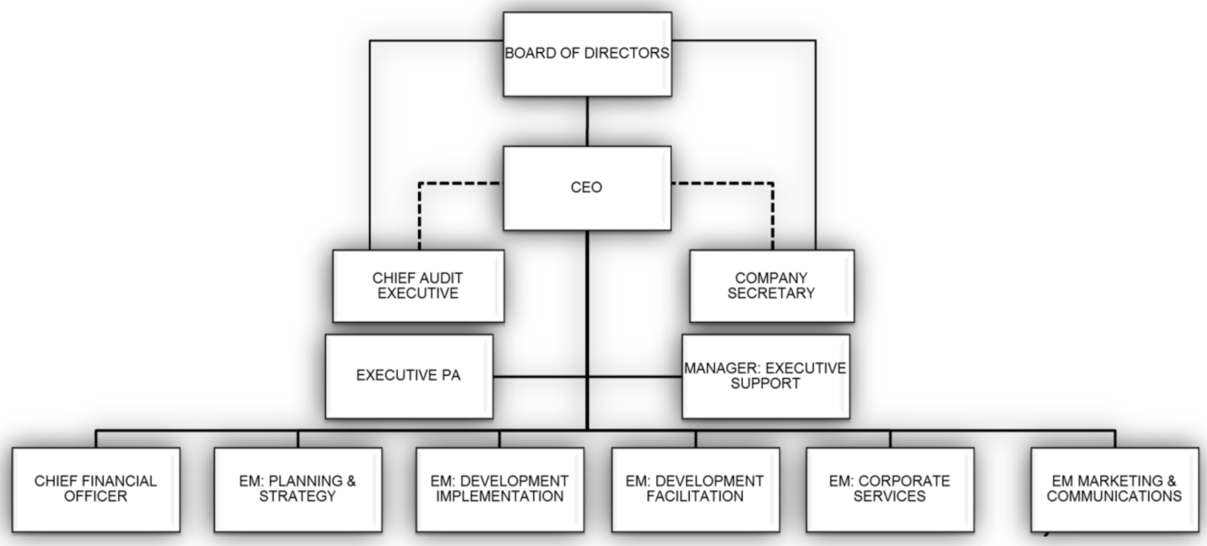
The company secretary's work covers a wide variety of functions, including but not limited to:

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

SECTION 2: HIGH-LEVEL ORGANISATIONAL STRUCTURE

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

TABLE 10: HIGH LEVEL ORGANISATION STRUCTURE



SECTION 3: GOVERNANCE OF STAKEHOLDER RELATIONSHIPS

Managing Stakeholder Relationships

The JDA engages with various State and community stakeholders. Stakeholders in JDA planning processes and projects are the people and organisations which impact upon and are impacted by JDA plans, interventions and projects.

City of Johannesburg Stakeholders

As a Municipal Owned Entity (MOE's) the JDA has key linkages and relationships with the City of Johannesburg and other MOE's. These relationships are vital to ensure that development is aligned with the COJ vision and policies for Johannesburg. Some critical stakeholders and the relationships that JDA departments have with them are listed below:

Table 11: City of Johannesburg Stakeholders

CoJ Stakeholder	Nature of Engagement
Office of the Mayor	The JDA engages with the Office of the Mayor to ensure strategic engagement on city priorities, key decisions and formal oversight committees and steering groups. It ensures internal JDA priorities, policies and frameworks are in line with the Growth and Development Strategy (GDS) 2040 and other plans and policies of the city, and the JDA keeps the Office of the Mayor well informed of JDA project progress. The JDA highlights public addresses, site visits and mayoral priorities to the general public.
Office of the MMC for Development Planning	The JDA engages with the MMC for Development Planning to ensure both strategic and operational engagement on city priorities, key decisions and formal oversight committees. The JDA keeps the Office of the MMC well informed of JDA project process, and where possible, involves the MMC in stakeholder engagement where political intervention is sought.
The JDA Board	The JDA is accountable for strategic and operational matters to the Board of Directors, which controls and maintains a fiduciary relationship with the company.
Members of the Mayoral Committee (MMCs)	The JDA has representation on and reports regularly to oversight committees, as well as to key fora with MMCs from particular client departments. The JDA also provides engagement and support to MMCs in external stakeholder engagement. On particular projects the JDA works with specific portfolios for political support. The JDA also highlights public addresses, fora and site visits to the general public.
Office of the Speaker of the City of Johannesburg	As an agency of the City of Johannesburg, the JDA is bound by the rules on public participation as set out by the Office of the Speaker. The Speaker has to ensure public consultation, involvement and participation in the affairs of the municipality. As chairperson of the council's public participation and petitions committees, the Speaker must ensure that the public participates in city matters wherever possible, and facilitates the process whereby community requests and complaints are heard and ensures that there are appropriate responses from Council. In order to fulfil the role of building democracy, the Speaker manages community participation in local government.
City of Johannesburg Development Planning (City Transformation) (CT)	Planning roles in the JDA are integrally linked with planning in the City. Local area planning and implementation is undertaken in partnership between the JDA and City Transformation (CT). The JDA reports to City Transformation where it acts as implementing agent for planning projects. The JDA also provides strategic planning input on decision making for planning initiatives. The JDA collaborates with CT on providing input to the Integrated Development Plan (IDP) and associated Spatial Development Framework (SDF) as well as other key strategic planning initiatives. Through its relationship with CT, the JDA influences prioritisation and budgeting for infrastructural development to maximise impact. In terms of Development Facilitation the JDA collaborates closely with CT on spatial planning, precinct/ area research and planning and project prioritisation and budgeting. Development Implementation collaborates with CT on the Capex requirements and scope of work for particular projects, and the DI teams provide critical feedback to the planning department for accurate budgeting for development projects.
Johannesburg Property Company (JPC)	JPC will remain the city property manager, handling all individual transactions of public land; however as the key facilitator of area based developments JDA's participation in these transactions is vital. The JDA provides strategic engagement on land acquisition and disposal matters related to JDA implemented projects. This includes input into strategic decision making on land acquisitions and disposals. At local area level it includes collaboration between the JDA and JPC on land identification, provision of key information and unblocking of developments on both city and privately owned land. Furthermore it includes collaboration on transactions and connected developments are required on a regular basis to ensure that work continues smoothly. The JDA has representation on the Joint

CoJ Stakeholder	Nature of Engagement
	Land Steering Committee.
Municipal owned entities (MOE's) and Departments	These include Joburg Water, City Power, Johannesburg Roads Agency, City Parks, Pikitup, Department of Economic Development, Department of Community Development etc. These entities and departments act as project clients, co-implementers and operators in different projects. They are integral to any JDA development process. The JDA's engagement includes soliciting input into strategic planning initiatives underway by all relevant departments and development of linkages between overall planning at city level and the JDA business plan. At a local planning and project level it means bringing relevant departments together to coordinate between existing opportunities and to generate plans for new area based development. It is important to ensure that the adequate complimentary infrastructure is in place (e.g. storm water, water and electricity reticulation) as well as complementary services (e.g. small cooperatives, social services) to schedule and bring projects to completion. Development Implementation teams interact with relevant MOE's and departments on project specific requirements. Marketing and Communications work with relevant departments, particularly where JDA acted as implementing agent, to share process and completion details as part of ensuring smooth implementation and to publicise the work of the City. The JDA engages with these entities individually as well as in joint forums. Technical forums are established by the DF team. They bring together the various City departments and entities working on specific investments/ projects to ensure that there is smooth communication between parties, that development blockages are blocked and that opportunities in the particular precincts are realised. DI teams utilise these forums to resolve project specific issues and ensure smooth coordination with other departments for development and handover processes.
Housing Agencies of the City	These include the City's Housing Department and Johannesburg Social Housing Company (JOSHCO), integral partners to ensuring the provision of affordable housing. The JDA provides input into strategic planning initiatives, prioritisation and budgeting for housing in the City. It also provides input into strategies for the provision of adequate housing and related social amenities in particular precincts. The JDA provides a service of implementation of refurbishment and development of housing where requested by JOSHCO or Housing Department.

National and Provincial State Stakeholders

Table 12: National and Provincial State Stakeholders

State Stakeholder	Nature of Engagement
National departments and entities include National Treasury, South African Police Services (SAPS) and Department of Public Works (DPW) as well as other critical partners in terms of budgeting and urban management on key projects.	These departments play key roles in developments across the City of Johannesburg in planning, implementation and sustainability of key developments. The various JDA departments engage with national and provincial departments at several levels. The JDA collaborates with departments on larger scale planning initiatives and on the finalisation of national or provincial programmatic grants for infrastructural development. It utilises of national or provincial programmes for area based development initiatives. From time to time the JDA may implement projects for national or provincial client departments and from provincial grant schemes.
Provincial Departments include Departments of Human Settlements, Education, Economic Development, Safety and Security, department of environmental affairs and water affairs etc.	

Community Stakeholders

Table 13: Community Stakeholders

Community Stakeholders	Nature of Engagement
Private investors and developers	The JDA engages with private investors to share information about the City's work and vision and encourage private investment. It further works with the private sector in conveying the City's vision, policy and processes and assessing and establishing partnerships for achieving this vision. At a local area level the DF team engages with private investors and developers to highlight key opportunities for increasing private investment in areas where there is state investment. It also works with these stakeholders to understand the market dynamics and inhibitors to investment as well as to carve area based investment approaches that will enhance the public good within those areas.
Small and Medium Enterprises (SMMEs)	The JDA's mission directs the JDA to create a conducive environment for economic empowerment and makes use of programmes for the development of SMMEs (e.g. Expanded Public Works Programme). SMMEs are an essential stakeholder group to be engaged on local area projects both for determining the economic conditions and opportunities within areas and for identifying opportunities for enhancing opportunities for small business in development areas and directly in JDA projects.
City Improvement Districts (CIDs) and other Urban Management Partnerships	These are key stakeholders in terms of the conceptualisation, implementation and maintenance of area based development. CIDs and Urban Management Partnerships are important stakeholders in the long-term urban management of investments made by the JDA and others in local neighbourhoods.
Local area based stakeholder committees	These committees are established by the DF team and are representative of community interests in areas. They may include ward councillors, ward committee members, religious leaders, school governing bodies, business representatives, NGOs and community members, amongst others. These committees are integral for the approval and shaping of investments as well as for catalysing community efforts as a key resource for the development of local areas. These committees provide feedback on projects. They are also the platforms for resolving project specific issues, for identifying local opportunities (including employment) and for discussing project schedules.

Specific interest groups

The JDA will engage with specific interest groups to discuss the aspects of the projects that affect them directly and in particular ways. These include:

Table 14: Specific interest groups

Specific interest groups	Nature of Engagement
Local residents and business owners	A group of individuals that interact within their immediate surroundings. These are the stakeholders who should benefit from key investments. Engagements focus on how local residents can create the neighbourhood vision by defining specific activities that will improve the neighbourhood.
Women and Youth	These groups may be vulnerable in various ways or have unique needs that must be taken into account in projects. Engagements are directed at improving the responsiveness of developments to meet particular needs of these groups to improve living conditions and optimise economic outcomes for them.
Organised Labour	It is necessary to engage workers on their needs in the environment (transport, access, safety etc.) as well as on the development of enterprise and employment opportunity through project interventions.
Researchers and urbanists	The JDA works with these groups at a strategic planning level as well as at project level. At a strategic level the JDA works with researchers to inform evidence based policy development and to gain insight into particular dynamics in areas or particular development issues. It is important that JDA planning and facilitation staff keep abreast of critical research and discussions into various aspects of the city from demographics, to new policies, reports and publications. It is valuable to shaping thinking about area based development, and Development Implementation staff are required to keep abreast of new methodologies, design approaches, materials etc. to ensure best practice implementation of projects

Stakeholder Engagement Framework

One of the JDA's strategic goals is to co-produce solutions in partnership with local stakeholders to meet local needs and mitigate challenges. This is an essential component of development intervention in cities, but should not be read or interpreted as if it stands isolated from the other three strategic goals. Since 1994, the state has made concerted efforts to engage resident communities and other affected stakeholders in the development of local solutions. Unfortunately this has not always been successful and has often simply taken the form of decision-makers telling communities about their strategies. A more responsible and effective approach is to work with local stakeholders to produce solutions by drawing on their knowledge of the development context. This can cultivate a much more sustainable sense of ownership, civic pride and citizenship.

The JDA's Stakeholder Engagement Framework represents the JDA's on-going commitment to work effectively with its stakeholders through both the plans and interventions it designs and the projects it implements. This includes learning from past stakeholder and community engagement experiences and continuing to improve performance.

The Stakeholder Engagement Framework guides the way in which the JDA supports productive development partnerships and co-operation between all stakeholders in these areas. It frames how the JDA works with the people and organisations which impact upon and are impacted by various JDA plans, interventions and projects which seek to fulfil the City of Johannesburg's development policy objectives. The Framework seeks to:

- Ensure a coherent approach to stakeholder engagement across the complete range of JDA plans, interventions and projects
- Enable better planned projects and programs
- Facilitate effective collaboration with all affected and interested parties

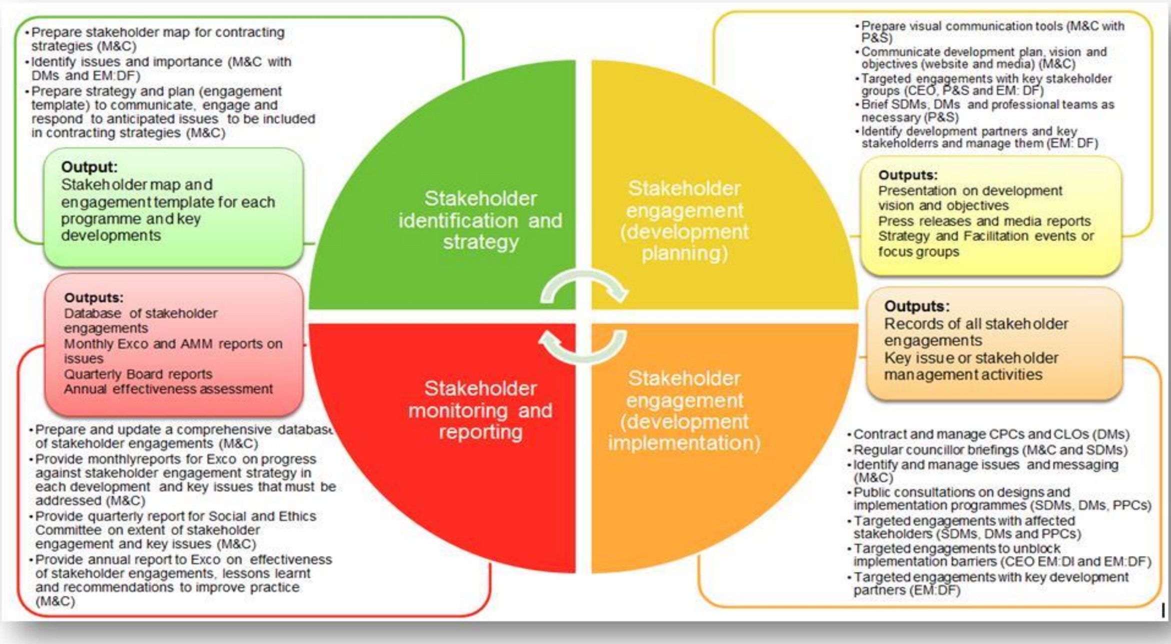


FIGURE 8: STAKEHOLDER ENGAGEMENT FRAMEWORK:[4]

SECTION 4: RISK MANAGEMENT

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

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

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

Risk Management Process

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

[4] M&C – Marketing and Communications, DM – Development Managers, EM:DF – Executive Manager Development Facilitation, P&S – Planning and Strategy, CEO – Chief Executive Officer, PPC – Public Participation Consultants, SDM's – Senior Development Manager, ED: DI – Executive Manager: Development Implementation

The risk management programmes and/or activities that were implemented during the 2017/2018 financial year are as follows:

- Strategic Risks Management and Monitoring
- Operational Risks Management and Monitoring
- Universal Regulatory Register (URR) and Compliance Monitoring
- Fraud Risk Register reviewed by EXCO.
- Code of Ethics Policy was reviewed by EXCO
- Strategic Risk Register reviewed and aligned to 2018/19 Business Plan.

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

Strategic Risk Register

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

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

The JDA conducts an annual strategic risk assessment workshop to ensure that there is a link between risk management and the business planning processes. The 8 strategic risks, should they materialise, they have the implications of impacting the achievement of short, medium and/or long term plans and objectives of the JDA. The table below plots the risks that would be impacted in the short, medium and/or long term:

TABLE 15: RISK IMPLICATIONS OVER THE SHORT, MEDIUM AND/OR LONG TERM

No.	Risk description	Short Term	Medium Term	Long term
1	Failure to deliver capital projects on time and within budget.	X	X	X
2	Inadequate project packaging, budgeting and sequencing that support ROI in terms of economic outcomes in key development areas.	X	X	X
3	Failure to implement effective job creation, SMME's and BBBEE support systems.	X	X	X
4	Failure to adequately manage stakeholder expectations.	X	X	
5	Inability to ensure financial sustainability.	X	X	X
6	Fraud and corruption	X	X	X
7	Ineffective management processes	X	X	X
8	Inadequate change management processes linked to	X	X	X

No.	Risk description	Short Term	Medium Term	Long term
	reabsorption of JDA			

Of the 8 strategic risks, management identified five critical risks that required urgent attention and close monitoring. These risks are ranked highly in accordance with the residual risks rating and pose significant threat to the business of the JDA.

The critical risks identified were:

- Failure to deliver capital projects on time and within budget.
- Inability to ensure financial sustainability.
- Ineffective management process.
- Failure to adequately manage stakeholder expectations.
- Ineffective management process linked to reabsorption of JDA.

Implementation progress and impact analysis

The JDA has implemented additional controls for these critical risks which have all been implemented with a few exceptions. Control effectiveness is measured by the JDA's overall performance, compliance with applicable laws and regulations and total budget spent.

At the beginning of the financial year, the critical risks had a residual risk rating of medium after taking the current controls into account. This meant that management had to further mitigate current controls to further reduce the residual risk rating to an acceptable level. Although significant work has been undertaken to address these risks, more work is needed to address the complexities experienced in certain areas, i.e. Alexandra and Region E during the implementation of projects.

The critical challenges identified were as follows:

- Lack of consensus on developmental outcomes
- Stakeholder framework not yet implemented
- Lack of capacity and requisite skills to deliver projects in volatile areas
- Uncertainties caused around re-absorption of municipal entities back to the City of Johannesburg Metropolitan
- A few projects have been affected by contractor late payments to SMMEs
- Inconsistent appointment and management of SMME's across JDA projects
- Poor performing contractors
- Suspected SMME gatekeeping

To address these challenges, the JDA will:

- Develop a development facilitation and stakeholder management framework to effectively address how to implement projects with minimal resistance from key stakeholders.

- Environmental Studies are now being undertaken

- In certain exceptional cases where the contractor delays to pay sub-contractors and the payment delays can potentially cause overall project delays, JDA has committed to enter into agreement with the contractor to cede the payment rights and obligations to the JDA in order to pay Sub-contractors from the contractor's contract value.

- JDA contracts have been amended to include special clause to terminate non-performing contractors.

- Ensure Development Managers are trained on stakeholder relations and management in order to increase their capacity in dealing with stakeholder matters

- Continue to exercise oversight of all strategic risks identified and ensure that committed actions are being implemented.

SECTION 5: ANTICORRUPTION AND FRAUD INVESTIGATIONS

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

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

The fraud risk register was updated and approved by EXCO in September 2017 and the tracking and monitoring occurred on a quarterly basis. The strategic risk register identifies "fraudulent and corrupt activities" as a strategic risk with a high inherent risk rating and medium residual risk rating of nine. Two other strategic risks on the strategic risk register also identify fraud and/or corruption as a root because that can potentially give rise to certain strategic risks. The strategic risk register sets out specific future actions to mitigate these risks, including conducting regular fraud risk assessments and creating fraud risk awareness.

A total of nine (9) cases are highlighted on the table below, in which two (2) cases relate to the previous financial year and seven (7) cases were reported in the current financial period. Five (5) investigation cases are still underway and four (4) cases have been closed.

The JDA plans to improve internal controls and standardise the disclosure and reporting protocols to ensure that all fraud and corruption cases are reported to JDA Risk Management.

The table below provides comprehensive progress of previously reported and outstanding cases.

TABLE 16 PREVIOUSLY REPORTED FRAUD CASES

Date of Case Reported	Where or to whom it was reported	No. of Employees involved if applicable	Allegation	Nature of the Cases e.g. Corruption, fraud and maladministration	Status (If resolved, State the outcome)
2018/06/13	City Manager	Not known	Irregular acquisition of a Statue of the late President Nelson Mandela	Fraud, corruption or maladministration	Investigation is still underway and conducted by the Public Protector's office.
2018/03/22	CEO/CAE/CRO	One	Misrepresentation by an outsider (imposter) purporting to be a JDA employee	Suspected Fraud	Criminal Charges have been laid with the JHB Central Police Station with case number CAS1095/3/2018
2017/11/17	City of Johannesburg Fraud Hotline	One	Suspected fraud, corruption or maladministration involving JDA employee regarding payment to Service Provider	Fraud, corruption or maladministration	Matter closed due to misunderstanding by the whistle-blower. Report submitted to the Executive Mayor
2017/10/16	City of Johannesburg Group Fraud and Investigation Services	One	Collusion with a service provider to unduly award a contract on the Alexandra Phase 2 project	Corruption	Investigation is conducted by Group Fraud and Investigations Services.
2017/08/16	City of Johannesburg Fraud Hotline	One	JDA official unfairly issuing business to a select few SMMEs (Alleged Tender Irregularities)	Corruption	Matter closed due to misunderstanding by the whistle-blower. Report submitted to the Executive Mayor
2017/07/25	Chief Executive Officer	One	Collision with a service provider to unduly award a contract	Corruption	Investigation is conducted by group investigations office
2017/07/03	Chief Audit Executive	Two employees	Irregular Expenditure incurred on the Paterson Park Project	Non-compliance to SCM processes resulting in irregular expenditure	Preliminary investigation completed. Implicated employees sanctioned post the disciplinary process. The matter is closed
2016/03/11	City of Johannesburg Fraud Hotline	One	Payment of Contractor in Advance. Poor workmanship by Contractor for appointed project. Contractor has a record of poor quality service. Contractor awarded tender due to former employee of the JDA.	Corruption	Investigation concluded and the matter is now closed.

Date of Case Reported	Where or to whom it was reported	No. of Employees involved if applicable	Allegation	Nature of the Cases e.g. Corruption, fraud and maladministration	Status (If resolved, State the outcome)
2015/03/24	JDA, Internal Audit Department, directly to the Chief Audit Executive	One	JDA official indirectly doing business with the JDA.	Conflict of Interest	Investigation concluded and the matter is now closed. The matter has been referred to the City's group Corporate Services for further action.

SECTION 6: ICT GOVERNANCE

Management's emphasis in the year under review has been the focus on information governance in line with King IV. While in the previous versions of the King Governance code, there has been no distinct separation between Information and Technology, King IV places emphasis and distinguishes between Information technology and information governance as two separate aspects of ICT governance as opposed to King III, where they were viewed as one.

In the financial year under review management's focus has largely been on advancing the information consolidation theme through the implementation of an ERP system .The spin offs of having a consolidated pool of Business Information systems are invaluable , core of which is the ease of ability to fence the consolidated pool with information governance framework ,that ensures that there is governance from data migration , to the tools that perform data cleansing , to the manner in which the data is structured at storage , to the mining of the data to inform decision intelligence nodes, right through to who accesses the information , how they access it , to what extent they need to access information , to their ability to modify it , to the backup strategy (on and off-site) , to the stakeholder dissemination model.

Besides the existence of an ICT Governance Charter, there are complimentary policies such as the ICT Security policy, Backup policy, Disaster Recovery plan, to mention a few, that ensure that there is adherence to best practice governance practices.

Management has been in partnership with internal and external assurance providers to ensure that information governance is implemented throughout the phased ERP system implementation, as well that ICT governance framework is continually reviewed to ensure its improvement and alignment to best practice standards.

ERP Highlights

In the year under review, a total of all JDA projects, amounting to a total of between 1.5 billion (after budget cut) were captured and centrally managed through the ERP system. This included and was not limited to; all contract processes, purchase order processes, budget processes as well as invoicing processes aligned to these projects. Implementation in progress and will be closely aligned with City of Johannesburg own SAP processes.

Network Performance highlights

Network uptime in the year under review was 100% against a target of 100% .This was largely due to a closely performance managed service provider framework that ensured that there is adequate network capacity at all times and that its performance is closely monitored to the full benefit of the JDA.

SECTION 7: COMPLIANCE WITH LAWS & REGULATIONS

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

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

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

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

In relation to compliance performance, the JDA has detected or registered 2 out of 252 Compliance obligations that are non-compliant in 2017/18 financial year. These two non-compliant matters cited relate to:

- Section 99(2) (b) of the Municipal Finance Management Act, No. 56 of 2004 requires that service providers be paid within 30 days. The JDA has committed to establishing a centralized point for receiving and vetting invoices being paid outside 30 days. Payments are currently processed weekly to reduce the potential risk of not paying invoices within 30 days.
- Section 13(2)(c) of the National Archives and Record Service of South Africa, No. 43 of 1996 requires that public records be routinely inspected by records management staff. JDA is in the process of developing tender specifications for the outsourcing of Records Management.

Unauthorized, irregular, fruitless and wasteful expenditure must be compiled and adopted by municipalities and municipal entities to ensure compliance with Section 32 of the Municipal Finance Management Act, Act 56 of 2003 (MFMA) and MFMA Circular 68 dealing with unauthorised, irregular, fruitless and wasteful expenditure issued by National Treasury on 10 May 2013.

SECTION 8: INTERNAL AUDIT FUNCTION

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

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

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

Progress made against the approved Annual Internal Audit Plan

The internal audit progress to which this section of the report relates to is for the period 01 July 2017 to 30 June 2018; the section of the report includes progress on the planned audit projects as well as special audit requests (if any) that were undertaken during the reporting period. In this reporting period, there were twenty two (22) audits planned. Of the twenty two (22) audits planned, two (2) audits were postponed to the 2018/19 financial year and one (1) audit was cancelled. Ultimately all 19 (100%) planned audits were successfully completed.

Furthermore, twenty four (24) tenders that were above R5million were reviewed prior to awarding of the tender. These 24 audits constitute 100% of tenders above R5million received by internal audit for review in 2017/18 financial year.

In addition to the above audits; we conducted two (2) a special audit request. These 2 special audits also constitute 100% of requests received by internal audit in the 2018/19 financial year.

On overall there were forty five (45) audit projects undertaken by internal audit in the 2017/18 financial year.

TABLE 17: PROGRESS MADE AGAINST THE APPROVED 2017/18 ANNUAL INTERNAL AUDIT PLAN

No.	Audit Description	Progress Status
1	Review of the draft 2016/17 financial statements Review of the 2016/17 Annual Integrated report	Audit completed and final report issued to management and the audit and risk committee
2	Quarterly follow up on unresolved internal and external audit findings - Q1	Audit completed and final report issued to management and the audit and risk committee
3	Quarterly audit of performance information (AOPO) - Q1	Audit completed and final report issued to management and the audit and risk committee
4	Quarterly audit of performance information (AOPO) - Q2	Audit completed and final report issued to management and the audit and risk committee
5	Review of the Risk Management Process and Fraud Prevention Strategy	Audit completed and final report issued to management and the audit and risk committee
6	Performance Bonuses Review (Level below management)	Audit completed and final report issued to management and the audit and risk committee

No.	Audit Description	Progress Status
7	Quarterly follow up on unresolved internal and external audit findings – Q2	Audit completed and final report issued to management and the audit and risk committee
8	Internal Network Security Review	Audit completed and final report issued to management and the audit and risk committee
9	Information (external network and POPI) Security Review	Audit completed and final report issued to management and the audit and risk committee
10	Contract Management	Audit completed and final report issued to management and the audit and risk committee
11	Review of the Supply Chain Management Processes in with MFMA	Audit completed and final report issued to management and the audit and risk committee
12	Financial Discipline Review (FDR)	Audit completed and final report issued to management and the audit and risk committee
13	Quarterly audit of performance information (AOPO) – Q3	Audit completed and final report issued to management and the audit and risk committee
14	Payroll and leave administration	Audit completed and final report issued to management and the audit and risk committee
15	Performance Audit on the JDA SCM Function	Audit completed and final report issued to management and the audit and risk committee
16	Quarterly follow up on unresolved internal and external audit findings – Q3	Audit completed and final report issued to management and the audit and risk committee
17	Stakeholder Management Review	Audit completed and final report issued to management and the audit and risk committee
18	Performance Bonuses (Senior Managers)	Audit completed and final report issued to management and the audit and risk committee
19	Audit of the budget and expenditure process	Audit completed and final report issued to management and the audit and risk committee

TABLE 28: TENDER ABOVE 5 MILLION REVIEWED PRIOR TO AWARDING IN 2017/18

	Project Name	Progress Comments
1	Brixton Social Cluster Phase 1- Multi Purpose and Sport Recreation Centre	Report issued to the Accounting Officer and the audit and risk committee.
2	Rea Vaya BRT System: Phase 1 C stations (Phase 2) WP 15L (Clarendon to Wright – close out works)	Report issued to the Accounting Officer and the audit and risk committee.
3	Jabulani TOD Phase 6A	Report issued to the Accounting Officer and the audit and risk committee.
4	Rea Vaya BRT System Phase 1C: Watt Interchange Section 15 K – Civil engineering Consultants	Report issued to the Accounting Officer and the audit and risk committee.
5	Brixton Social Cluster Phase 2 pre-qualification	Report issued to the Accounting Officer and the audit and risk committee.
6	BRT Alexandra bus depot pre-qualification	Report issued to the Accounting Officer and the audit and risk committee.
7	BRT Alex Loop	Report issued to the Accounting Officer and the audit and risk committee.
8	Turffontein Stormwater Masterplan Implementation	Report issued to the Accounting Officer and the audit and risk committee.
9	Inner City Managed Lanes	Report issued to the Accounting Officer and the audit and risk committee.
10	Empire-Perth Storm water master plan Implementation	Report issued to the Accounting Officer and the audit and risk committee.

	Project Name	Progress Comments
11	Milpark pedestrian bridge	Report issued to the Accounting Officer and the audit and risk committee.
12	Soweto Stations NMT Links	Report issued to the Accounting Officer and the audit and risk committee.
13	Mayfair Precinct Development – Public Environment Upgrade	Report issued to the Accounting Officer and the audit and risk committee.
14	New CoJ Health Facilities	Report issued to the Accounting Officer and the audit and risk committee.
15	Watt Interchange Stage 2	Report issued to the Accounting Officer and the audit and risk committee.
16	Pre-Qualification of Contractors for Vincent Tshabalala Pedestrian Bridge	Report issued to the Accounting Officer and the audit and risk committee.
17	Soweto Stations NMT Links : Dube	Report issued to the Accounting Officer and the audit and risk committee.
18	Soweto Stations NMT Links: Morafe	Report issued to the Accounting Officer and the audit and risk committee.
19	Louis Botha SMP	Report issued to the Accounting Officer and the audit and risk committee.
20	Soweto Railway Stations NMT Links: Mzimhlophe	Report issued to the Accounting Officer and the audit and risk committee.
21	Diepsloot Public Environment Upgrade	Report issued to the Accounting Officer and the audit and risk committee.
22	Basement Parking remedial works	Report issued to the Accounting Officer and the audit and risk committee.
23	Installation of ITS Sleeves and opt fibre	Report issued to the Accounting Officer and the audit and risk committee.
24	CoJ Health Clinics – Klipfontein, Turffontein and Zandspruit	Report issued to the Accounting Officer and the audit and risk committee.

TABLE 29: ADHOC / ADDITIONAL AUDITS REQUESTS COMPLETED IN 2017/18

	Project Name	Progress Comments
1	Preliminary investigations on the irregular expenditure on the Paterson Park project	Report issued to the audit and risk committee
2	Root Cause Analysis Audit – JDA CCTV cameras	Report issued to the audit and risk committee

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

SECTION 9: CORPORATE ETHICS AND ORGANISATIONAL INTEGRITY

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

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

Code of Conduct

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

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

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

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

Declaration of interest

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

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

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

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

SECTION 1: HIGHLIGHTS AND ACHIEVEMENTS

SECTION 1.1: FINANCIAL PERFORMANCE

The overall year to date capex expenditure was R1, 41 billion (2016/17: R1.39 billion) against an annual budget of R1, 535 billion (2016/17: R1.705 billion). This translates to 92% (2016/17: 82%) of the total annual budget and against the year to date target of 95% or R 1 459 billion.

This under-performance on expenditure was due to a combination of factors at the project implementation level, these include: Project delays on site including land readiness, SMME disputes and contractor performance; Projects not reaching a development stages as planned; Construction challenges including projects with potential structural design risks that needed to be suspended in order to be investigated; procurement delays or disputes resulting in community stoppages on projects. Management is aware of the severity reflected in expenditure performance and is committed to address significant project risks earlier and more effectively, including through JDA's stakeholder engagement guidelines and a project readiness assessment process.

***Capital Budget Management*[5]**

TABLE 18: OVERALL PROGRAMME PERFORMANCE

Overall Programme Performance	2017/18 Annual Budget	Target YTD	Actual YTD	YTD Target %	% Actual / annual budget
	R' 000	R' 000	R'000	%	%
Overall Programme Performance	**1 535 263**	**1 458 500**	**1 409 464**	**95%**	**92%**

***Operating Budget Management*[6]**

[5] 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.
[6] 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.

TABLE 19: OPERATING BUDGET MANAGEMENT[7]

	20176/18	Year to date		% Achievement for Annual
	Adjusted Budget	Target	Actual	
	R’ 000	R’ 000	R'000	%
Revenue	106 079	106 079	98 985	93%
Costs	106 079	106 079	129 290	122%
Net surplus/(deficit)	-	0	(30 305)	

SECTION 1.2: ORGANISATIONAL PERFORMANCE

The annual report has been prepared against the JDA’s 2017/18 business plan and adjusted scorecard. On the JDA’s 19 Strategic KPI’s, the JDA achieved 42% targeted performance achieved, 11% performance target partially achieved and 47% performance target not achieved.

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

The JDA’s programme performance information policy and reporting framework covers the procedures and content in the JDA’s programme performance information management system. This includes for example, the definition of key performance areas and indicators and targets in the business planning process and the articulation of the link between programme objectives and results and the performance indicators and targets. The policy is supported by a programme performance reporting framework based on a comprehensive scorecard. This scorecard lists all of the output and outcome performance measures that the JDA should collect data on for a range of timeframes (quarterly, annually or periodically). From this reporting framework, the annual scorecard is developed and the performance targets are set.

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

[7] 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.

TABLE 20 SUMMARY OF KPI PERFORMANCE

IDP Priority	IDP programme	Count of KPI's	KPI Number (Ref)	Target Achieved (95% - 100% rating)		Target Partially Achieved (80% - 94% rating)		Target not Achieved (<79% rating)	
				Count	**%**	**Count**	**%**	**Count**	**%**
Priority 1: Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment, inequality and poverty Priority 2: Ensure pro-poor development that addresses spatial and all forms of income inequality and provides meaningful redress.	Inner city regeneration, including key economic nodes including the implementation of the Transit Oriented Development Corridors Increased infrastructure investment (from both public and private sectors) Residents live, work and play close to work, leisure and cultural opportunities Efficient and effective transport (Public and Freight) connecting home, work, culture and leisure	10	(1-2-3-4-5-6-7-8-9-10)	5	50%	1	10%	4	40%
IDP Priority 5: Create an honest and transparent City that fights corruption.	Increasing forensic investigative capability and controls	2	(11-12)	0	0%	0	0%	2	100%
IDP Priority 7: Enhance our financial sustainability.	Focusing on driving up capital expenditure investment in infrastructure	1	(13)	1	100%	0	0%	0	0%
Priority 8: Encourage innovation and efficiency through the Smart City programme.	Focused improvement of ICT equipment and software	1	(14)	0	0%	0	0%	1	100%
Day-to-day Programme	Other IDP or Day-to Day programmes	5	(15-16-17-18-19)	2	40%	1	20%	2	40%
	Total	**19**		**8**	**42%**	**2**	**11%**	**9**	**47%**

Non-financial Performance

As a summary of the non-financial performance includes:

- The annual report has been prepared against the JDA's 2017/18 business plan and adjusted scorecard. On the JDA's 19 Strategic KPI's, the JDA achieved 42% targeted performance achieved, 11% performance target partially achieved and 47% performance target not achieved.

- In unpacking the reasons for the JDAs expenditure target was achieved whereas performance on other project delivery targets is low is that the JDA's capex expenditure is a cumulative annual target whereas the development milestone targets are defined quarterly targets, set against the project development lifecycle. When specific project milestones are not achieved as planned per quarter, the target is reflected as not achieved. The reasons for the non-achievement of project delivery targets include the following: delays in the completion of prefeasibility studies as input to the concept design; unsuitable land parcels identified / supplied to the JDA for project implementation; delays in securing either consent from client departments; delays in securing power of attorney; projects in which budgets were either cut or removed in the City's budget adjustment which hampered the JDA in progressing on to future development milestones and/or implementation stages; delays on site, e.g. work stoppages, amending construction approaches, days lost to rain delays, caused overruns and also misaligned performance management regarding the of delivery milestone. However, as reflected in the scorecard below, in most cases the project delivery milestones were still achieved, albeit outside the targeted quarterly dates. In order to mitigate and to improve how the JDA achieves on performance targets, greater attention will be placed on both aligning and overseeing the project planning, procurement planning and operational planning with the performance management processes in the 2018/19 financial year.

- The JDA reports on the BBBEE share of both actual expenditure and contractual commitments for all active contracts. For 2017/18 financial year, the overall BBBEE share of expenditure was R1,311,666,041.71R. This constitutes an achievement of 97% per cent.

- The JDA reports on the SMME share of both actual expenditure and contractual commitments for all active contracts. The table below shows the SMME share of capital and operating expenditure. The SMME share of JDA's operating and capital expenditure was R 358 114 491.55 for 2017/18 Financial year. This constitutes an achievement of 26% for the period under review. (Capex R358 114 491.55 or 26 %; Opex R 14 651 065.65 or 41%).

- The revised JDA staff establishment and organogram was approved by the Board on the 28th of August 2017. It had a total of 122 positions including 10 from Alexandra Renewal Programme (ARP). The responsibility of the ARP was returned to City's Department of Development Planning and therefore the purposes of reporting, the ARP is no longer included in the JDA staff establishment. Therefore, without the ARP there 112 positions and of the 112 positions, 25 are vacant and 13 are unfunded and will be kept in the abeyance until funds become available.

- A total of 805 EPWP opportunities supported by reliable supporting evidence, such as identity documents, attendance registers and proof of payments were reported against the annual target of 3500.

SECTION 1.3: EPWP PERFORMANCE

The Expanded Public Works Programme is one of government's key programmes aimed at providing poverty and income relief through temporary work for the unemployed. The EPWP is a nationwide programme covering all spheres of government and SOEs. The programme provides an important avenue for labour absorption and income transfers to poor households, in the short to medium-term. EPWP projects employ workers on a temporary or ongoing basis with government, contractors, or other non-governmental organisations under the Ministerial Conditions of Employment for the EPWP or learnership employment conditions.

Of the four sectors, namely infrastructure, non-State, environment and culture and social, the JDA creates EPWP creates work opportunities by increasing the labour intensity of government-funded infrastructure projects.

In the 2017/18 the financial year, JDA experienced a challenge with EPWP work opportunities being reported on the EPWP database on JDA projects that were not always supported by reliable supporting evidence, such as identity documents, attendance registers and proof of payments. This resulted in the JDA having to reconcile the number of EPWP work opportunities reported with supporting evidence.

Therefore, throughout the financial year the JDA followed-up repeatedly with the relevant contractors, community liaison officers and community participation consultants, to gather the supporting evidence. The process resulted in either, reconciling what was reported on the project EPWP database all supporting evidence EPWP or removing or reducing the number of EPWP work opportunities reported due to fact that not all the necessary supporting evidence could be reconciled.

This process of reconciliation of reported versus what had supporting evidence is captured in the table below.

TABLE 21: EPWP PERFORMANCE

JDA Programme	Q1 Number of EPWP Work Opportunities		Q2 Number of EPWP Work Opportunities		Q3 Number of EPWP Work Opportunities		Q4 Number of EPWP Work Opportunities		2017/18 YTD Number of EPWP Work Opportunities	
	Reported	Evidence Reconciled	Reported	Evidence Reconciled	Reported	Evidence Reconciled	Reported	Evidence Reconciled	Reported	Evidence Reconciled
1	99	63	57	34	42	42	11	11	209	150
2	315	46	185	108	102	88	141	133	743	375
3	203	12	168	52	80	28	158	158	609	250
4	54	0	0	0	23	23	7	7	84	30
Total	**671**	**121**	**410**	**194**	**247**	**181**	**317**	**309**	**1645**	**805**

Section 1.4: Projects in Construction Phase

The following projects did not feature in the JDA's scorecard as they did fall within KPI classification within the current year. Many of these projects are multi-year projects and were either in the construction phase for the duration of the financial year, on others, various were studies and related activities were performed for client departments. These projects include:

- Braamfischerville Ext 12&13:Roads and Stormwater Management Systems including a Pedestrian Bridge New Bulk Infrastructure BRAM FISCHERVILLE EXT.13 C Ward
- Jabulani TOD (Phase 6)
- Westbury TDC
- Orchards Clinic
- Brixton Social Cluster: Work Package 1 : New multi-purpose sports and recreation hall
- Central Fire Station
- Lehae Training Academy and Fire Station
- Rotunda Park Precinct (Rotunda: Phase 2 - Main Road)
- Newtown Heads
- SS Mendi Memorial
- UN Habitat Public Spaces Project

Section 2: Service Delivery Challenges

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

By the end of the 2017/18 financial year delivery was affected in several projects. Some of these issues are highlighted below:

- The Department of Labour hearing into the collapse of scaffolding of the Great Walk pedestrian bridge while under construction in Sandton continued. It was anticipated that the investigation and hearing would resume in September 2017, but only resumed on the 4th July 2018. The JDA has subsequently completed the construction of the bridge in April 2018 and awaits the outcome of the hearing.

- On the Kazerne Intermodal Public Transport Facility, now called the Johannesburg International Transport Interchange (JITI), the main contractor Basil Read announced on the 15 June 2018 that it has entered voluntary business rescue, as provided for by Section 129 of the Companies Act. The JDA is in discussion with the appointed business rescue administrators and their guarantor. Regarding the finalization of the agreement regarding the Post Office portion of land which forms part of the JITI development, an agreement was reached that JPC draw up papers to be handed to City Manager in order for the City to then purchase the land from the South African Post Office.
- In the period under review, the JDA continued to closely monitor a number of JDA projects in Greater Region E, which have been previously delayed as a result of community issues. In particular with the Alexandra projects, the Alex Depot project and the BRT project along Louis Botha Ave. Such actions stem primarily from the appointment of surrounding local SMMEs, appointment of Community Liaison Officers (CLOs) and provisions of jobs to locals on projects within this Region. Where necessary the JDA has continues to request assistance from the Regional Director, the Department of Development Planning and the Office of the Speaker and if necessary JMPD. The aim is for solutions to be implemented that limit the impact of community unrest during project implementation.
- On the Inner City Core: Phase 3 the JDA terminated the non-performing main contractor in February 2018, but was only able to successfully appoint a new contractor in June 2018. This has both resulted in serious delays on the project and has put pressure on the available funding to complete within the set budget.
- On the Paterson Park: Work Package 3 - Multipurpose Centre and Sports Facilities project, the JDA terminated the non-performing main contractor, and is in the final stages of appointing a new main contractor. This has both resulted in both serious delays and under expenditure on the project. The JDA is confident that the performance will improve in the new financial year.

SECTION 3: RESPONSE TO STRATEGIC DIRECTION

A summary of the JDA's key focus areas are in response to the GDS 2040, the SDF and the priorities of New Strategic Agenda are outlined below:

The JDA forms part of the City's Economic Growth Cluster and plays both direct and in-direct role in regards to the following Mayoral Priorities against which it can be measured and held accountable, are outlined in the table below:

TABLE 22: JDA OBJECTIVES ALIGNMENT TO COJ PRIORITIES

COJ PRIORITIES **JDA OBJECTIVES**	**Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment, inequality and poverty**	**Ensure pro-poor development that addresses spatial and all forms of income inequality and provides meaningful redress.**
To efficiently, effectively and economically deliver sustainable social and economic infrastructure projects	• Increase Infrastructure development expenditure • Urban Regeneration of Key Nodes in particular the Inner City, Randburg, etc. • The JDA promotes green building technologies such as solar water heating, efficient lighting and sustainable urban drainage systems in its designs and projects.	• (Renew and regenerate) The inner city and other key nodes • Corridor Development and social housing • Reduced cost/ capita of infrastructure • The continued roll-out of the Rea Vaya BRT infrastructure and service.
To support the growth and development of strategic economic nodes into high-quality, investor friendly and sustainable urban environments	• Increased infrastructure investment (from both public and private sectors) • Invest time and resources on development facilitation necessary in the key nodes and precincts in the Inner City and along the corridors to catalyse development. • Nodal developments designed to respond to local conditions, needs and advantages, and to achieve economic, social and sustainable development outcomes. • Stakeholder Engagement Framework - The JDA's framework is used to engage communities in all its development areas and enable the City to keep stakeholders informed, making sure there is accurate understanding of the impact of City developments in their area. •	• Increased densities, increase access to food, reduced spending on travel resulting in more disposable income • The JDA also plays a strong facilitation role in Alexandra by working with local and governmental stakeholders to co-produce solutions and develop a shared vision for development implementation. • Corridor development underpinned by good public transport backbone for mixed use, mixed income development
To promote economic empowerment and transformation through the structuring and procurement of JDA developments	• JDA policy reserves a percentage of the value of all construction contracts for local SMMEs. • Small and medium business growth • Promote informal sector growth as a path to small business • Skills development	• JDA policy reserves a percentage of the value of all construction contracts for local SMMEs. • Projects will also be packaged to create opportunities for local SMMEs in line with the local job creation principles. • The JDA will work with the Department of Economic Development to explore opportunities to support locally

COJ PRIORITIES JDA OBJECTIVES	Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment, inequality and poverty	Ensure pro-poor development that addresses spatial and all forms of income inequality and provides meaningful redress.
		produced green building and infrastructure products. • Enterprise Development Programme - The JDA continues to create jobs and economic development opportunities for small businesses through its construction programme. The programme has a new approach to contracting in selected developments, with a managing contractor responsible for subcontracting local SMME construction companies, and ensuring skills transfer within a construction contract period. • Through its construction work, JDA will seek to optimise the number of local construction jobs created. • In addition to the normal JDA practice of reserving a percentage of the value of all construction contracts for local SMMEs, projects will also be packaged to create further opportunities for local SMMEs.

The JDA's current business plan represents a spatial response to specific Priority Transformation Areas as outlined in the City of Johannesburg's Spatial Development Framework 2040.

TABLE 23: SDF PRIORITY TRANSFORMATION AREAS AND CORRESPONDING JDA DEVELOPMENT REGIONS

SDF Priority Transformation areas	Corresponding JDA Regional Classification
Strengthening the metro core	Inner City and the Old South (including Turffontein and Mining Belt
Unlocking Soweto	Greater Soweto (including Lenasia, Eldorado Park, Nancefield)
Consolidating public transport backbone	The Transit-Oriented Development Corridors: Empire-Perth Corridor and Louis-Botha Corridor
OR Tambo Corridor	Alex and the OR Tambo Corridor (includes Randburg, Sandton, Cosmo City, Modderfontein, Frankenwald)
Addressing marginalisation	Marginalised Areas – Diepsloot, Ivory Park, Orange farm

The JDA coordinates its area-based development activities and other catalytic interventions with the Department of Development Planning and with other client departments. The JDA responds to the above development priorities as the agency co-ordinates and manages its activities through its five substantive programmes. In addition, we ensure good governance of the organisation through an Operational Focus area, resourced to support the optimal performance of the substantive programmes.

TABLE 24: SUMMARY OF JDA SUBSTANTIVE PROGRAMMES

JDA Substantive Programme	Purpose	Corresponding JDA Regional Classification
1: Inner city transformation Programme	Guided by the Mayoral Priority on the Inner City and the Inner City Roadmap the JDA will focus on strengthening the position of the inner city as a critical business and residential node and the primary gateway to transit networks for the city; financial services networks for the City Region; and cross-border trade networks for the African continent. The JDA will continue to implement a phased plan to strengthen inner city precincts, address movement challenges, and improve the quality of the built environment across the inner city. The activities include managing the development of the Johannesburg inner city through capital investments in selected precincts, by overseeing integrated investments by other departments and entities, and by facilitating partnership initiatives.	• Inner City and the Old South (including Turffontein and Mining Belt)
2: Strategic economic node programme	The objective is to develop nodes that are compact, walkable, liveable, mixed use and mixed income areas and centres around which to density. They should be areas where people can live, work and play and have good access to public transit. Guided by the CoJ policy8 on the categorising the current city nodes with prospects for growth, the work of the programme is to promote densification, diversification and development in these nodes. The main categories of nodes are: mixed-use/key urban nodes (under various categories), industrial nodes, Transit Oriented Development (TOD) nodes and neighbourhood nodes.	• Greater Soweto, (including Lenasia, Eldorado Park, Nancefield) • Empire-Perth Transit Oriented Development (ToD) corridor • Louis-Botha Transit Oriented Development (ToD) corridor • Alexandra and the OR Tambo Corridor (includes Randburg, Cosmo City, Modderfontein, Frankenwald)
3: Public infrastructure delivery programme	The objective is to effectively and efficiently deliver social and economic infrastructure projects by focusing on two basic questions: how can the City prioritise the key infrastructure projects that provide the optimal social and economic benefit for City and communities; and once these projects are identified, how can stakeholders work together to accelerate the implementation of these projects most effectively and efficiently. This work includes overseeing capital investments by other departments and entities, and facilitating partnership initiatives. This programme includes the continued roll-out of the Rea Vaya BRT infrastructure and service.	• Greater Soweto, (including Lenasia, Eldorado Park, Nancefield) • Alexandra and the OR Tambo Corridor (includes Randburg, Cosmo City, Modderfontein, Frankenwald) • Empire-Perth Transit Oriented Development (ToD) corridor • Louis-Botha Transit Oriented Development (ToD) corridor • Marginalised Areas – Diepsloot, Ivory Park, Orange farm
4: Greater Alex and Alexandra Renewal Programme (ARP)	The Alexandra Renewal Project (ARP) which is established to coordinate intergovernmental activities to develop Alex. Manage the development of Alexandra through capital investments, overseeing integrated investments by other departments and entities, and facilitating community based initiatives and local economic development strategies. Most of the work involves human settlement development projects such as hostel upgrading, housing development and the construction of community facilities	• Alexandra and the OR Tambo Corridor (includes Randburg, Sandton Cosmo City, Modderfontein, Frankenwald)

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

JDA Substantive Programme	Purpose	Corresponding JDA Regional Classification
5. Economic Empowerment Programme	A cluster of the JDA's economic development programmes that aims to (i) Develop skills and capacity within the construction industry in Johannesburg (ii) Optimise the JDA's contribution to inclusive economic growth and empowerment, and the transformation of the construction industry; and (iii) establish a monitoring and reporting system to measure the impact of the JDA's managing contractor development programme.	• All

TABLE 25: SUMMARY OF THE JDA OPERATIONAL PROGRAMME

JDA Programme	Programme Purpose
6: Good Governance, Management and Administration	This programme manages the governance, admin and operational functions and improves efficiency through Finance, Governance, Risk and Compliance, Supply Chain Management and IT.

Section 4: Performance against Service Standards

Not applicable to the JDA

Section 5: Performance Against Predetermined Objectives

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

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

TABLE 26: KPI ACHIEVEMENT RATINGS

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

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

TABLE 27: SCORECARD

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

National outcome: **Outcome 6:** An efficient, competitive and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.

Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life.

IDP programme/s	Key Performance Indicator	Baseline	Annual Target 2017/18	Actual	Variance	Achievement Rating	Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2018)
Inner city regeneration, including key economic nodes Increased infrastructure investment (from both public and private sectors) Residents live, work and play close to work, leisure and cultural opportunities Efficient and effective transport (Public and Freight)	1) Number of pre-feasibility plans or studies[9] produced, reviewed or updated	8	8 Number of pre-feasibility plans or studies produced, reviewed or updated	8	-	☺	There were 8 pre-feasibility plans or studies produced, reviewed or updated in 2017/18 financial year.

Projects	Q1	Q2	Q3	Q4	Achievement Rating	Explanation
Alexandra UDF - Detailed Block Plan		X			**Target achieved**	Completed
Inner City Eastern Gateway - Development Infill Strategies / Programmes		X			**Target achieved**	Completed
Orange Grove - Development Infill Strategies / Programmes		X			**Target achieved**	Completed
Roodeport CBD - Regeneration Renewal Precinct Plan / Concept Plan				X	**Target achieved**	Completed
Orange Farm Development: Proposed Priority Project Concept Plans				X	**Target achieved**	Completed

[9] Detailed local area plans, detailed local area implementation plans or area-based studies

National outcome: **Outcome 6:** An efficient, competitive and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.									
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life.									
IDP programme/s	**Key Performance Indicator**	**Baseline**	**Annual Target 2017/18**	**Actual**		**Variance**		**Achievement Rating**	**Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2018)**
connecting home, work, culture and leisure			Public Art Programme for two JDA Development Areas				X	**Target achieved**	Completed
			Gandhi Square East UDF				X	**Target achieved**	Completed
			Melville - Precinct Plan				X	**Target achieved**	Completed
	2) Number of area-based or sector based partnerships formalised or partnership programmes implemented	5	7 area-based or sector based partnerships formalised or partnership programmes implemented (non-cumulative)	6		1		😐	Target partially achieved There were 7 area-based or sector based partnerships formalised or partnership programmes implemented in 2017/18 financial year.
			Projects	**Q1**	**Q2**	**Q3**	**Q4**		
			UJ School of Architecture - Design Studio in Inner City / Corridor		**X**			**Target was not achieved**	Target was not achieved as planned in the second quarter of 2017/18 financial year. The MoU contract was finalised on the 19th March 2018.
			Gandhi Square East – Partnership				X	**Target achieved**	Completed
			UN-Habitat- Building the Public City				X	**Target achieved**	Completed
			Implementation Framework of a Community Based Forum for the Noordgesig Library				X	**Target achieved**	Completed
			TUHF - CID for a corridor node (Yeoville) or inner				X	**Target achieved**	Completed

National outcome: **Outcome 6:** An efficient, competitive and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.

Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life.

IDP programme/s	Key Performance Indicator	Baseline	Annual Target 2017/18	Actual		Variance		Achievement Rating	Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2018)
			city						
			NASCHO / SHRA – SMART Agreement				X	**Target achieved**	Completed
			Inner City Partnership Fund “My City My Block”				X	**Target achieved**	Completed
	3) Number of projects at concept design phase	15	14 projects at concept design phase (non-cumulative)	9		5		☹	Target was not achieved. The following 5 projects did not achieve the Concept Design Phase Target as planned: Diepsloot Development Renewal Precinct Redevelopment DIEPSLOOT WES A Regional, Inner City Core: Phase 4 - Inner City Traders and Managed Lanes, Fleurhof Urban Development Framework Interventions Implementation, Old Pretoria Road (Alex to Ivory Park), PTF: Small Public Transport Facilities: Tshepisong.
			Projects	**Q1**	**Q2**	**Q3**	**Q4**		
			Diepsloot Development Renewal Precinct Redevelopment DIEPSLOOT WES A Regional	X				**Target was not achieved**	Target was not achieved as planned in the first quarter of 2017/18 financial year. There were delays in appointing the professional team however; the concept design has been finalised and approved on the 11th October 2017.
			Inner City Core: Phase 4 - Inner City Traders and Managed Lanes	X				**Target was not achieved**	Target was not achieved as planned in the first quarter of 2017/18 financial year. There were delays in appointing the professional team however; the concept design have been finalised and presented to EXCO on the 2nd October 2017.
			Alexandra Sports and Youth Development _SAFA Safe Hub Facility		X			**Target achieved**	Target was not achieved as planned in the second quarter of 2017/18 financial year however; the concept design have been finalised and presented to EXCO on the 26th February 2018..
			Balfour Park Transit Precinct Development				X	**Target achieved**	Target was achieved as planned in the fourth quarter of 2017/18 financial year; it was presented for approval on the 18th June 2018.

National outcome: **Outcome 6:** An efficient, competitive and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.

Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life.

IDP programme/s	Key Performance Indicator	Baseline	Annual Target 2017/18	Actual		Variance		Achievement Rating	Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2018)
			Fire Station - Alexandra and 'Be Safe Centre' New Building ALEXANDRA EXT.25 E Regional				X	**Target achieved**	Target was achieved as planned in the fourth quarter of 2017/18 financial year; it was presented for approval on the 18th June 2018.
			Fleurhof Urban Development Framework Interventions Implementation				X	**Target was not achieved**	Target was not achieved as planned in the fourth quarter of 2017/18 financial year. The following professional team have been appointed: Urban Designers, Architects and QS. Challenges in the identification of a suitable site resulted in delays. Lengthy site survey and geotech investigations were required. A geotech status quo report has been finalised. These site identification delays impacted the ability of the professional team to conclude the concept design timeously. The draft concept design is currently at the advance stage and is expected be approved before the end of the first quarter in 2018/19. The lack of geotech investigations as part of the planning and feasibility was highlighted as a possible gap in the project process. The delay has not impacted the project delivery as this project does not have budget allocation in 2018/19. The completed status quo report and concept design will be used to support the progression of this project, both in terms of any additional budget allocation during mid-term budget review to bring forward a possible implementation date.
			Fordsburg PEU			X		**Target achieved**	Target was achieved as planned in the third quarter of 2017/18 financial year; it was presented for approval on the 27th March 2018.
			Inner City Partnership Fund				X	**Target achieved**	Target was achieved as planned in the fourth quarter of 2017/18 financial year; it was presented for approval on the 18th June 2018.
			Jukskei River Environmental				X	**Target achieved**	Target was achieved as planned in the fourth quarter of 2017/18 financial year; it was presented for approval on the

National outcome: **Outcome 6:** An efficient, competitive and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.									
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life.									
IDP programme/s	**Key Performance Indicator**	**Baseline**	**Annual Target 2017/18**	**Actual**		**Variance**		**Achievement Rating**	**Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2018)**
			Upgrading and Rehabilitation Renewal Bulk Infrastructure ALEXANDRA EXT.1 E						27th March 2018.
			Klipfontein Wellness Centre				X	**Target achieved**	Target was achieved as planned in the fourth quarter of 2017/18 financial year; it was presented for approval on the 25th June 2018.
			Old Pretoria Road (Alex to Ivory Park)				X	**Target was not achieved**	Target was not achieved as planned in the fourth quarter of 2017/18 financial year. Progress sections are completed and forwarded so that concept design can continue submission for approval, while survey catches up. The Concept Design will be presented to the next EXCO / DEVCO scheduled to convene in the second week of July 2018, the work to be submitted excludes the proposed extension of scope to incorporate Ivory Park, the kerbside option and combination option. Completion of the Concept Design has been delayed as feasibility studies required to inform the concept, specifically the traffic counts, are still underway.
			Park and Ride Facility: Design and Construction of a Park n Ride in Greenside Region E				X	**Target achieved**	Target was achieved as planned in the fourth quarter of 2017/18 financial year; it was presented for approval on the 25th April 2018.
			PTF: Small Public Transport Facilities: Tshepisong				X	**Target was not achieved**	Target was not achieved as planned in the fourth quarter of 2017/18 financial year. The JDA had accepted the project without a defined and identified location. The client visually identified the sites mid Q3, with a changed brief from a PTF to 4 super-stops. The professional team had to investigate the viability of the four proposed locations; thereafter 3 probable locations were identified and communicated to Transportation. Proposed site layouts, and traffic counts were sent to Transport on 17th May 2018 for approval before design proceed and response is still pending. Hence

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Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life.									
IDP programme/s	**Key Performance Indicator**	**Baseline**	**Annual Target 2017/18**	**Actual**		**Variance**		**Achievement Rating**	**Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2018)**
									the layouts could not be further developed into concepts for presentation to DEVCO / EXCO. Awaiting client confirmation and approval of probable sites identified. Meeting has been confirmed for the 5th July 2018 to discuss confirmation and approval of the identified probable locations for the projects, thereafter Concept Design will be finalized and submitted to DEVCO for approval.
			Randburg CBD: Phase 2 "Multi-choice PEU"				X	**Target achieved**	Target was achieved as planned in the fourth quarter of 2017/18 financial year; it was presented for approval on the 27th March 2018.
	4) Number of. projects at detailed design phase	26	18 projects at detailed design phase (non-cumulative)	5		13		☹	Target was not achieved. The following 12 projects did not achieve the Detailed Design Phase Target as planned: Complete Streets: NMT Facilities Linking Railway stations - "Mzimhlophe", CORR - Perth Empire Corridor of Freedom Traffic Impact Assessment (TIA), Stormwater Masterplan and New Constriction: Phase 2, CORR - Turffontein Corridor of Freedom Traffic Impact Assessment (TIA), Stormwater Masterplan and New Construction: Phase 2, Mayfair PEU: Phase 1, Watt Street Precinct, Wynberg, Diepsloot Development Renewal Precinct Redevelopment DIEPSLOOT WES A Regional, Alexandra Sports and Youth Development _SAFA Safe Hub Facility, Ivory Park UDF_ Development Catalytic Node infrastructure projects, Fordsburg PEU, Ghandi Square (Station Adjacent to Square), Park and Ride Facility: Design and Construction of a Park n Ride in Greenside Region E, Small: Public Transport Facility in Zakariya Park Region G.
			Projects	**Q1**	**Q2**	**Q3**	**Q4**		
			Complete Streets: NMT Facilities Linking Railway	X				**Target was not achieved**	Target was not achieved as planned in the first quarter of 2017/18 financial year. There were delays in finalizing the

National outcome: **Outcome 6:** An efficient, competitive and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.

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IDP programme/s	Key Performance Indicator	Baseline	Annual Target 2017/18	Actual		Variance		Achievement Rating	Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2018)
			stations - "Mzimhlophe"						detailed design. Detailed design was completed in third quarter. The main contractor was appointed and construction work commenced on 15th June 2018. The construction of this project will continue in 2018/19 financial year.
			CORR - Perth Empire Corridor of Freedom Traffic Impact Assessment (TIA), Stormwater Masterplan and New Constriction: Phase 2	X				**Target was not achieved**	Target was not achieved as planned in the first quarter of 2017/18 financial year. There were delays in finalizing the detailed design. Detailed design was completed in third quarter. The main contractor has been appointed and site handover date was in February 2018. The contractor is progressing well onsite.
			CORR - Turffontein Corridor of Freedom Traffic Impact Assessment (TIA), Stormwater Masterplan and New Construction: Phase 2	X				**Target was not achieved**	Target was not achieved as planned in the first quarter of 2017/18 financial year. There were delays in finalizing the detailed design. Detailed design was completed in third quarter. The main contractor has been appointed and site handover date was in February 2018. The contractor is progressing well onsite. The construction of this project will continue in 2018/19 financial year.
			Inner City Eastern Gateway	X				**Target achieved**	Target was achieved as planned in the first quarter of 2017/18 financial year. The main contractor was appointed for construction work.
			Mayfair PEU: Phase 1	X				**Target was not achieved**	Target was not achieved as planned in the first quarter of 2017/18 financial year. There were delays in finalizing the detailed design. Detailed design was completed in third quarter.
			Watt Street Precinct, Wynberg	X				**Target was not achieved**	Target was not achieved as planned in the first quarter of 2017/18 financial year. There were delays in finalizing the detailed design. Detailed design was completed in third quarter.
			Diepsloot Development Renewal Precinct		X			**Target was not achieved**	Target was not achieved as planned in the second quarter of 2017/18 financial year. Detailed design was finalised but

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IDP programme/s	**Key Performance Indicator**	**Baseline**	**Annual Target 2017/18**	**Actual**		**Variance**		**Achievement Rating**	**Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2018)**
			Redevelopment DIEPSLOOT WES A Regional						have not been signed off. Delays were due to the client request that the project be align with other projects in the vicinity including UN Habitat, EISD projects. Detailed design was achieved on the 12th February 2018. Contract award was planned to be awarded by the fourth quarter of 2017/18 financial year. This is a multi-year construction project will continue into the 2018/19 financial year. Greater effort will be made in project management oversight to ensure adherence to milestone deadlines.
			Inner City Core: Phase 4 - Inner City Traders and Managed Lanes		X			**Target achieved**	Target was achieved as planned in the second quarter of 2017/18 financial year. The main contractor was appointed for construction work.
			Alexandra Sports and Youth Development _SAFA Safe Hub Facility			X		**Target was not achieved**	Target was not achieved as planned in the third quarter of 2017/18 financial year. There were delays in finalizing the detailed design. Detailed design was completed beginning of the fourth quarter. The main contractor appointment will be made during the first quarter of 2018/19 financial year. This is a multi-year construction project will continue into the 2018/19 financial year. Greater effort will be made in project management oversight to ensure adherence to milestone deadlines.
			Complete Streets: NMT Facilities Linking Railway station s – "Marafi"			X		**Target achieved**	Target was achieved as planned in the third quarter of 2017/18 financial year. The main contractor has been appointed and construction work commenced on 15th June 2018. The construction of this project will continue in 2018/19 financial year. Greater effort will be made in project management oversight to ensure adherence to milestone deadlines.
			Complete Streets: NMT Facilities Linking Railway stations - "Dube"			X		**Target achieved**	Target was achieved as planned in the third quarter of 2017/18 financial year. The main contractor was planned to be introduced to the community in June 2018. Project is on hold until budget allocation to commence with scope of

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IDP programme/s	**Key Performance Indicator**	**Baseline**	**Annual Target 2017/18**	**Actual**		**Variance**		**Achievement Rating**	**Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2018)**
									work.
			Ivory Park UDF_ Development Catalytic Node infrastructure projects			X		**Target was not achieved**	Target was not achieved as planned in the third quarter of 2017/18 financial year. Finalization of detailed design delayed due to coordination of works between CoJ Transportation and JRA; however the detailed designs have not been approved. This is a multi-year construction project will continue into the 2018/19 financial year. Greater effort will be made in project management oversight to ensure adherence to milestone deadlines.
			Fordsburg PEU				X	**Target was not achieved**	Target was not achieved as planned in the fourth quarter of 2017/18 financial year. The Detailed Design Drawings were submitted to JRA Development Planning for approval on 24 October 2017. Due to reprioritisation of the scope a second set of Detailed Design Drawings was submitted on 25 April 2018 for approval, JRA approval is pending. Follow up conducted on the 26th June 2018 and JRA indicated that response on submission would be received on or before 04 July 2018. Detailed design was achieved on the 16th July 2018. To fast-track the implementation of the project, The new tender document for appointment of the Main Contractor has been finalized and submitted to JDA in April 2018. JDA has not conducted a BID Spec meeting due to unavailability of financial budget for implementation of construction during the 2018/19 financial year.
			Ghandi Square (Station Adjacent to Square)				X	**Target was not achieved**	Target was not achieved as planned in the fourth quarter of 2017/18 financial year. There were delays in completing the pre-feasibility studies. Ghandi Square Stakeholders (OPH) objected to the design and the CoJ had to intervene. Design of the station incorporating changes currently being finalised and anticipated to be concluded within the first quarter of the 2018/19 financial year. The tender evaluation process is currently underway. The appointment will be

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IDP programme/s	**Key Performance Indicator**	**Baseline**	**Annual Target 2017/18**	**Actual**		**Variance**		**Achievement Rating**	**Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2018)**
									made during the first quarter of the 2018/19 financial year.
			Park and Ride Facility: Design and Construction of a Park n Ride in Greenside Region E				X	**Target was not achieved**	Target was not achieved as planned in the fourth quarter of 2017/18 financial year. Detailed Designs not approved due to objections received from City Parks in relation to the proposed construction of the pedestrian pathway across the park. Discussions underway with JRA regarding the designs and way-forward. Awaiting feedback on final approved layout. Transport has requested a meeting with City Parks to discuss the proposed way-forward planned to convene in the first week of July 2018.
			Selby control room fittings				X	**Target was not achieved**	Target was not achieved as planned in the fourth quarter of 2017/18 financial year. The milestone for the finalisation of the detailed design and the appointment of the main contractor to complete the construction work Is in the first quarter of the 2018/19 financial year.
			Small: Public Transport Facility in Zakariya Park Region G				X	**Target was not achieved**	Target was not achieved. Approval of Detailed Design report delayed due objections received from the Department of Transport and EISD; application/ motivation for ERF 2504 and ERF 2505 to be rezoned as a public transport facility submitted and pending approval. Follow up meeting planned for first week of July 2018. Following progress meeting the client is currently exploring options of changing brief from PTF to super-stops. The professional team currently investigating the viability of the proposed change, process will be fast-tracked to ensure construction commences within the 1st quarter of the 2018/19 financial year. Detailed design will only be approved post town planning processes.
			Meadowlands Stadium Stormwater				X	**Target achieved**	Target was achieved as planned in the second quarter of 2017/18 financial year. Target was achieved on 25th June 2018.

<table>
<tr><td colspan="10">National outcome: Outcome 6: An efficient, competitive and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.</td></tr>
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<tr><th>IDP programme/s</th><th>Key Performance Indicator</th><th>Baseline</th><th>Annual Target 2017/18</th><th colspan="2">Actual</th><th colspan="2">Variance</th><th>Achievement Rating</th><th>Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2018)</th></tr>
<tr><td rowspan="5"></td><td>5) Number of contracts awarded</td><td>31</td><td>19 contracts awarded (non-cumulative)</td><td colspan="2">10</td><td colspan="2">9</td><td>☹</td><td>Target was not achieved.

The following 9 projects did not achieve the Contract Award Phase Target as planned: Milpark Precinct Implementation: Milpark Precinct Development: Pedestrian Bridge, Pedestrian Bridge Vincent Tshabalala Road New Bulk Infrastructure FAR EAST BANK EXT.9 E, Diepsloot Development Renewal Precinct Redevelopment DIEPSLOOT WES A Regional, Kliptown Renewal Precinct Redevelopment (Walter Sisulu Square) KLIPSPRUIT EXT.4 D Ward, Alexandra Sports and Youth Development _SAFA Safe Hub Facility, Complete Streets: NMT Facilities Linking Railway stations - “Dube”, Ghandi Square (Station Adjacent to Square), Ivory Park UDF_ Development_Catalytic Node infrastructure projects, PTF: Small Public Transport Facilities: DRIEZIEK EXT.3.</td></tr>
<tr><td colspan="2"></td><td>Projects</td><td>Q1</td><td>Q2</td><td>Q3</td><td>Q4</td><td></td><td></td></tr>
<tr><td colspan="2" rowspan="3"></td><td>RABIE RIDGE Sport Centre New Construction</td><td>X</td><td></td><td></td><td></td><td>Target achieved</td><td>Target was achieved as planned in the first quarter of 2017/18 financial year. The tender for the main contractor was awarded. This multi-year construction project practical completion was finalized on the 28th November 2017.</td></tr>
<tr><td>Inner City Eastern Gateway</td><td></td><td>X</td><td></td><td></td><td>Target achieved</td><td>Target was achieved as planned in the second quarter of 2017/18 financial year. The tender for the main contractor was awarded on the 11th December 2018. Greater effort will be made in project management oversight to ensure adherence to milestone deadlines.</td></tr>
<tr><td>Milpark Precinct Implementation: Milpark Precinct Development: Pedestrian Bridge</td><td>X</td><td></td><td></td><td></td><td>Target was not achieved</td><td>Target was not achieved as planned in the first quarter of 2017/18 financial year. Delays were due to budget constraint; which was only adequate to cover construction work cash of approximately four months. The tender for the main contractor was planned to be awarded in 5th December 2017.Greater effort will be made in project</td></tr>
</table>

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Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life.									
IDP programme/s	**Key Performance Indicator**	**Baseline**	**Annual Target 2017/18**	**Actual**		**Variance**		**Achievement Rating**	**Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2018)**
									management oversight to ensure adherence to milestone deadlines.
			Pedestrian Bridge Vincent Tshabalala Road New Bulk Infrastructure FAR EAST BANK EXT.9 E		**X**			**Target was not achieved**	Target was not achieved as planned in the second quarter of 2017/18 financial year. Delays were due to objections from community members. The project is on hold until sufficient budget and community approval. Greater effort will be made in project management oversight to ensure adherence to milestone deadlines.
			Campus Square Pedestrian Facility "Milpark Precinct NMT"	**X**				**Target achieved**	Target was achieved as planned in the first quarter of 2017/18 financial year. The tender for the main contractor was awarded on the 8th September 2017. This multi-year construction project practical completion was finalized on the 13th July 2018.
			CORR - Louis Botha Corridor of Freedom Traffic Impact Assessment (TIA), Stormwater Masterplan and New Construction and Upgrading Renewal Corridors of Freedom Intervention ORANGE GROVE E Regional			**X**		**Target achieved**	Target was achieved as planned in the third quarter of 2017/18 financial year. The main contractor has been appointed for construction work. There were discrepancies on the SMP completed by JRA. The change in scope as requested from JRA may pose delays in project performance. The new project scope entails sinkholes within residential yard, which poses risk pertaining to access. The underground investigations and verification of storm water services is underway. This might lead to an extended contract period.
			CORR - Perth Empire Corridor of Freedom Traffic Impact Assessment (TIA), Stormwater Masterplan and New Construction: Phase 2			**X**		**Target achieved**	Target was achieved as planned in the third quarter of 2017/18 financial year. The main contractor has been appointed and site handover date was in February 2018. The contractor is progressing well onsite.
			CORR - Turffontein Corridor of Freedom			**X**		**Target achieved**	Target was achieved as planned in the third quarter of 2017/18 financial year. The main contractor has been

National outcome: **Outcome 6:** An efficient, competitive and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.									
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life.									
IDP programme/s	**Key Performance Indicator**	**Baseline**	**Annual Target 2017/18**	**Actual**		**Variance**		**Achievement Rating**	**Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2018)**
			Traffic Impact Assessment (TIA), Stormwater Masterplan and New Construction: Phase 2						appointed and site handover date was in February 2018. The contractor is progressing well onsite.
			Diepsloot Development Renewal Precinct Redevelopment DIEPSLOOT WES A Regional			**X**		**Target was not achieved**	Target was not achieved as planned in the third quarter of 2017/18 financial year. Contract award was achieved on the 9th June 2018. This is a multi-year construction project will continue into the 2018/19 financial year. Greater effort will be made in project management oversight to ensure adherence to milestone deadlines.
			Inner City Core: Phase 4 - Inner City Traders and Managed Lanes			**X**		**Target achieved**	Target was achieved as planned in the third quarter of 2017/18 financial year. The appointment of the main contractor was approved on the 13th December 2017. The practical completion was planned for end of June 2018. The overall project target was delayed due to the main contractor Easyway Puttie JV was terminated due to poor performance. The appointment of the new main contractor has been completed. The construction of this project will continue in 2018/19 financial year and is scheduled to be completed by the second quarter.
			Kliptown Renewal Precinct Redevelopment (Walter Sisulu Square) KLIPSPRUIT EXT.4 D Ward			**X**		**Target was not achieved**	Target was not achieved as planned in the third quarter of 2017/18 financial year. Preliminary designs has been completed and approved. Contract award was achieved on the 4th June 2018. This is a multi-year construction project will continue into the 2018/19 financial year. Greater effort will be made in project management oversight to ensure adherence to milestone deadlines.
			Watt Street Precinct, Wynberg			**X**		**Target achieved**	Target was achieved as planned in the third quarter of 2017/18 financial year. The main contractor has been appointed for construction work. The Wynberg Business Precinct Association has laid an objection towards the

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IDP programme/s	Key Performance Indicator	Baseline	Annual Target 2017/18	Actual		Variance		Achievement Rating	Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2018)
									project TAP. This has caused a delay in the project start time. The stakeholder engagement with Wynberg Business Precinct Association is continuously ongoing.
			Alexandra Sports and Youth Development _SAFA Safe Hub Facility				**X**	**Target was not achieved**	Target was not achieved as planned in the fourth quarter of 2017/18 financial year. Concept design has been completed and detailed design is at an advanced stage. The project is stalled due to the outstanding consent letter from JCPZ in order to submit the SDP and building plans. Following receipt of the City Parks consent letter, a power of attorney is required from JPC before documentation can be submitted for processing. Drawings are ready but still awaiting for City Parks and Zoo to provide a consent letter and approval to issue to JPC in order to get power of attorney which is delaying the approval of SDP. Tender process for the main contractor will be run as a parallel process. The main contractor appointment will be made during the first quarter of 2018/19 financial year. This is a multi-year construction project will continue into the 2018/19 financial year. Greater effort will be made in project management oversight to ensure adherence to milestone deadlines.
			Complete Streets: NMT Facilities Linking Railway station s – "Marafi"				**X**	**Target achieved**	Target was achieved as planned in the fourth quarter of 2017/18 financial year.
			Complete Streets: NMT Facilities Linking Railway stations - "Dube"				**X**	**Target was not achieved**	Target was not achieved as planned in the fourth quarter of 2017/18 financial year. The Client Department did not confirm budget availability. The project was put on hold until budget allocation to commence with scope of work.
			Complete Streets: NMT Facilities Linking Railway stations - "Mzimhlophe"				**X**	**Target achieved**	Target was achieved as planned in the fourth quarter of 2017/18 financial year.

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IDP programme/s	**Key Performance Indicator**	**Baseline**	**Annual Target 2017/18**	**Actual**		**Variance**		**Achievement Rating**	**Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2018)**
			Gandhi Square (Station Adjacent to Square)				**X**	**Target was not achieved**	Target was not achieved as planned in the fourth quarter of 2017/18 financial year. The project has been delayed due to objections from community members. The contract award is anticipated end of the first quarter of 2018/19 financial year. Greater effort will be made in project management oversight to ensure adherence to milestone deadlines.
			Ivory Park UDF_ Development_Catalytic Node infrastructure projects				**X**	**Target was not achieved**	Target was not achieved as planned in the fourth quarter of 2017/18 financial year. Preliminary designs for final intersection have been completed and approved; awaiting approval confirmation from Principal Agent, follow up done to ensure approval report/ sign off is received on or before 29th June 2018. The tender evaluation process is underway. SCM Regulation 32 will be used to shorten and fast-track the procurement processes so that project implementation can be accelerated and be concluded within the first quarter of the 2018/19 financial year. Tender for the main contractor is at the evaluation stage. The contract award is anticipated to be achieved by the first quarter of 2018/19 financial year. This is a multi-year construction project will continue into the 2018/19 financial year. Greater effort will be made in project management oversight to ensure adherence to milestone deadlines.
			PTF: Small Public Transport Facilities: DRIEZIEK EXT.3				**X**	**Target was not achieved**	Target was not achieved as planned in the fourth quarter of 2017/18 financial year. The tender evaluation process took longer than initially planned due to the large number of bids received. However, the evaluation process has now been completed. The recommendation for contractor appointment is being audited by JDA Internal Audit before final approval by the Accounting Officer. The appointment will be made during the first week of July 2018. Commencement of construction work is anticipated mid-July 2018. This is a multi-year construction project will continue into the 2018/19 financial year.

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Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life.									
IDP programme/s	**Key Performance Indicator**	**Baseline**	**Annual Target 2017/18**	**Actual**		**Variance**		**Achievement Rating**	**Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2018)**
	6) Number of projects at practical completion	34	22 projects at practical completion (non-cumulative)	11		11		☹	Target was not achieved. The following 10 projects did not achieve the Practical Completion Target as planned: Inner City Core: Phase 3, 4th Avenue Clinic Renewal, Complete Streets: NMT Facilities Linking Railway station s – "Marafi", Complete Streets: NMT Facilities Linking Railway stations - "Dube", Complete Streets: NMT Facilities Linking Railway stations - "Mzimhlophe", EBONY PARK Renewal Clinic EBONY PARK A Ward, Jabulani TOD: Phase 5 - Bolani Road, Kliptown Renewal Precinct Redevelopment (Walter Sisulu Square) KLIPSPRUIT EXT.4 D Ward, Noordgesig - Social Precinct Implementation: Phase 1A – Library, Westbury Development Renewal Precinct Redevelopment (Phase 4 NMT), Campus Square Pedestrian Facility "Milpark Precinct NMT"
			Projects	**Q1**	**Q2**	**Q3**	**Q4**		
			Inner City Core: Phase 3			**X**		**Target was not achieved**	Target was not achieved as planned in the third quarter of 2017/18 financial year. Delays were due to the main contractor Easyway Puttie JV was terminated due to poor performance. The appointment of the new main contractor has been completed. Construction has commenced. The construction of this project will continue in 2018/19 financial year and is scheduled to be completed by the second quarter. Greater effort will be made in project management oversight to ensure adherence to milestone deadlines.
			RABIE RIDGE Sport Centre New Construction			**X**		**Target achieved**	Target was achieved as planned in the third quarter of 2017/18 financial year. Practical completion was finalized on the 28th November 2017.
			Sandton Loop			**X**		**Target achieved**	Target was achieved as planned in the third quarter of 2017/18 financial year. Practical completion was finalized

National outcome: **Outcome 6:** An efficient, competitive and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.

Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life.

IDP programme/s	Key Performance Indicator	Baseline	Annual Target 2017/18	Actual		Variance		Achievement Rating	Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2018)
									on the 17th November 2017.
			Section 15L (Great Walk - pedestrian bridge and sidewalk structures along Grayston)			**X**		**Target achieved**	Target was achieved as planned in the third quarter of 2017/18 financial year. Practical completion was finalized on the 16th March 2018.
			Westdene Dam-precinct interventions NMT Phase 3			**X**		**Target achieved**	Target was achieved as planned in the third quarter of 2017/18 financial year. Practical completion was finalized on the 15th December 2017.
			4th Avenue Clinic Renewal				**X**	**Target was not achieved**	Target was not achieved as planned in the fourth quarter of 2017/18 financial year. Delays were due to a BAC report has been submitted and awaiting signature to extend the contracts into the 5th year to complete the balance of the works. Furthermore, delays were due to regular community disruptions, neighbouring shack dwellers encroaching onto the site boundary and building on some of the servitudes, and excessive underground water which appears to be an ongoing problem. Construction commenced on the 8th March 2016. Construction is at an advanced stage. The construction of this project will continue in 2018/19 financial year and is scheduled to be completed by the 27th September 2018. Greater effort will be made in project management oversight to ensure adherence to milestone deadlines.
			Complete Streets: NMT Facilities Linking Railway station s – “Marafi”				**X**	**Target was not achieved**	Target was not achieved as planned in the fourth quarter of 2017/18 financial year. The practical completion has been delayed due to delays in finalising the procurement process for design stage. Further delays were due to community and stakeholder issues; in addition the SMME appointment process was delayed due to poor and unsatisfactory submission. The appointment was concluded in June 2018. The main contractor has been appointed and construction work commenced on 15th June 2018. The construction of

National outcome: **Outcome 6:** An efficient, competitive and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.										
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life.										
IDP programme/s	**Key Performance Indicator**	**Baseline**	**Annual Target 2017/18**	**Actual**		**Variance**		**Achievement Rating**	**Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2018)**
									this project will continue in 2018/19 financial year and is scheduled to be completed by the first quarter. Greater effort will be made in project management oversight to ensure adherence to milestone deadlines.
			Complete Streets: NMT Facilities Linking Railway stations - "Dube"				X	**Target was not achieved**	Target was not achieved as planned in the fourth quarter of 2017/18 financial year. Project is on hold until budget allocation to commence with scope of work.
			Complete Streets: NMT Facilities Linking Railway stations - "Mzimhlophe"				X	**Target was not achieved**	Target was not achieved as planned in the fourth quarter of 2017/18 financial year. The practical completion has been delayed due to delays in finalising the procurement process for design stage. Furthermore delays were due to community and stakeholder issues. The main contractor was appointed in March 2018 and construction work commenced on 15th June 2018. The construction of this project will continue in 2018/19 financial year and is scheduled to be completed by the first quarter. Greater effort will be made in project management oversight to ensure adherence to milestone deadlines.
			EBONY PARK Renewal Clinic EBONY PARK A Ward				X	**Target was not achieved**	Target was not achieved as planned in the fourth quarter of 2017/18 financial year. The project delayed at the beginning due to land legal issues because the land was not owned by the City of Johannesburg. Furthermore, there were delays due to outstanding Eskom quotation for power connection on the facility. A quotation has been received from Eskom for the main electrical connection into the property. Department of Health will be signing a quotation from Eskom and will facilitate a meeting with Eskom executives to expedite the process. The site has been closed down on one occasion during this quarter for matters that are unrelated to the project. The contractor has completed the demolition works,

National outcome: **Outcome 6:** An efficient, competitive and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.										
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life.										
IDP programme/s	**Key Performance Indicator**	**Baseline**	**Annual Target 2017/18**	**Actual**		**Variance**		**Achievement Rating**	**Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2018)**
									earthworks, foundations, superstructure brickwork, and roof structure and roof coverings. Currently, the Contractor is busy with internal finishes, internal services and external works. Construction is at an advanced stage in Ebony Park Renewal Clinic. The construction of this project will continue in 2018/19 financial year and is scheduled to be completed by the first quarter. Greater effort will be made in project management oversight to ensure adherence to milestone deadlines.
			Hillbrow Tower Precinct				**X**	**Target achieved**	Target was achieved as planned in the fourth quarter of 2017/18 financial year. Practical completion was finalized on the 28th February 2018.
			Jabulani TOD: Phase 5 - Bolani Road				**X**	**Target was not achieved**	Target was not achieved as planned in the fourth quarter of 2017/18 financial year. Delays were due to having to relocate existing services. Some of these included Telkom, Eskom and Joburg Water. All service providers have been contacted to provide quotations for the relocation. The Contractor is in the process of relocating the water line. Eskom will commence with relocation in July 2018. Following the quotation from Telkom, the team was of the view that the cost for relocation was excessive and had adjusted the road to accommodate Telkom services within the Median of the roadway. The revised practical completion date is the 30th November 2018. Greater effort will be made in project management oversight to ensure adherence to milestone deadlines.
			Kliptown Renewal Precinct Redevelopment (Walter Sisulu Square) KLIPSPRUIT EXT.4 D Ward				**X**	**Target was not achieved**	Target was not achieved as planned in the fourth quarter of 2017/18 financial year. The practical completion has been delayed due to delays in the procurement process of appointing a main contractor. Contractor was appointed through Regulation 32. The public meeting was held on the 13th June 2018 to introduce the main contractor and a

National outcome: **Outcome 6:** An efficient, competitive and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.									
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life.									
IDP programme/s	**Key Performance Indicator**	**Baseline**	**Annual Target 2017/18**	**Actual**		**Variance**		**Achievement Rating**	**Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2018)**
									follow up public meeting was held on the 25th June 2018. A CLO is anticipated to be appointed by the 25th June 2018 and the OHS Plan has been approved. Site handover was held in the 19th June 2018. Construction is anticipated to commence on the 26th June 2018. The construction of this project will continue in 2018/19 financial year and is scheduled to be completed by the first quarter. Greater effort will be made in project management oversight to ensure adherence to milestone deadlines.
			Langlaagte Pharmacy Depot				**X**	**Target achieved**	Target was achieved as planned in the fourth quarter of 2017/18 financial year. Practical completion was finalized on the 3rd February 2018.
			Nancefield Station Precinct Development New Precinct Redevelopment KLIPSPRUIT D Regional				**X**	**Target achieved**	Target was achieved as planned in the fourth quarter of 2017/18 financial year. Practical completion was finalized on the 19th June 2018.
			Noordgesig - Social Precinct Implementation: Phase 1A - Library				**X**	**Target was not achieved**	Target was not achieved as planned in the fourth quarter of 2017/18 financial year. Delays were due to a number of delays through the project cycle and the Civil and Structural Engineer and Electrical and Mechanical Engineer's poor performance, the contractual practical completion date for Phase 1A is currently planned for the 8th August 2018. The performance of the Contractor has also been slow and unsatisfactory. Various meetings have been held to address these concerns and a recovery programme is in place to recover lost time. Close management of the project will continue to ensure practical completion. The construction of this project will continue in 2018/19 financial year and is scheduled to be completed by the 8th August 2018. Greater effort will be made in project management oversight to ensure adherence to milestone deadlines.

National outcome: **Outcome 6:** An efficient, competitive and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.							
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life.							
IDP programme/s	**Key Performance Indicator**	**Baseline**	**Annual Target 2017/18**	**Actual**	**Variance**	**Achievement Rating**	**Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2018)**
			Noordgesig - Social Precinct Implementation: Phase 2 - Square (Phase 1B – Square / Public plaza and upgrade of intersection)		X	**Target achieved**	Target was achieved as planned in the fourth quarter of 2017/18 financial year. Practical completion was finalized on the 26th June 2018.
			Park Station to Civic Centre PEU (Park Station Regeneration)		X	**Target achieved**	Target was achieved as planned in the fourth quarter of 2017/18 financial year. Practical completion was finalized on the 15th June 2018.
			Phase 1C (Section 8, 15 and Great Walk) Landscaping (Phase 1 C NMT)		X	**Target achieved**	Target was achieved as planned in the fourth quarter of 2017/18 financial year. Practical completion was finalized on the 14th June 2018.
			Section 15J Heritage Walkway and Roadworks		X	**Target achieved**	Target was achieved as planned in the fourth quarter of 2017/18 financial year. Practical completion was finalized on the 18th May 2018.
			Westbury Development Renewal Precinct Redevelopment (Phase 4 NMT)		X	**Target was not achieved**	Target was not achieved as planned in the fourth quarter of 2017/18 financial year. This project is at practical completion stage and snagging is underway. The anticipated practical completion date is the planned for the first quarter of 2018/19 financial year. Greater effort will be made in project management oversight to ensure adherence to milestone deadlines.
			Campus Square Pedestrian Facility "Milpark Precinct NMT"		X	**Target was not achieved**	Target was was not achieved as planned in the fourth quarter of 2017/18 financial year. Practical completion was only finalized on the 13th July 2018.
	7) Number of public environment upgrades to support strategic public transport hubs in the Inner	New Indicator	3 public environment upgrades to support strategic public transport hubs in the Inner City	3	-	☺	Target was achieved.

National outcome: **Outcome 6:** An efficient, competitive and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.										
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life.										
IDP programme/s	**Key Performance Indicator**	**Baseline**	**Annual Target 2017/18**	**Actual**		**Variance**		**Achievement Rating**	**Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2018)**	
	City									
			Projects	**Q1**	**Q2**	**Q3**	**Q4**			
			Braamfontein / Park Station			X		**Target achieved**	Completed	
			Hillbrow Precinct				X	**Target achieved**	Completed	
			Inner City Core				X	**Target achieved**	Completed	
	8) Number of Area-Based Precinct Management business plans / frameworks developed or Precinct Management business plans / frameworks programmes implemented	5	6 Area-Based Precinct Management business plans / frameworks developed or Precinct Management business plans / frameworks programmes implemented	6		-		☺	Target achieved	
			Projects	**Q1**	**Q2**	**Q3**	**Q4**			
			Drill Hall Operational Plan				X	**Target achieved**	Completed	
			Vilakazi Street - Area Based Precinct Management business plan developed				X	**Target achieved**	Completed	
			Jabulani - CID Establishment				X	**Target achieved**	Completed	
			Melville Urban Management Plan				X	**Target achieved**	Completed	

National outcome: **Outcome 6:** An efficient, competitive and responsive economic infrastructure network. Outcome 8: Sustainable human settlements and improved quality of household life.									
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life.									
IDP programme/s	**Key Performance Indicator**	**Baseline**	**Annual Target 2017/18**	**Actual**		**Variance**		**Achievement Rating**	**Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2018)**
			Pullinger Kop Activation Plan for Hillbrow Precinct				**X**	**Target achieved**	Completed
			Milpark - CID Establishment				**X**	**Target achieved**	Completed
	9) Number of Media Releases and Social Media Posts on JDA Developments Initiatives	48	104 Media Releases and Social Media Posts on JDA Developments Initiatives (non-cumulative)	245		+141		☺	Target was achieved. During period under review there were 245 press media releases issued and social media posts.
			Projects	**Q1**	**Q2**	**Q3**	**Q4**		
			Quarterly Target	12	12	40	40		
			Quarterly Actual	55	65	50	75		
			Quarterly Variance	+43	+53	+10	+35		
	10) Number of area or project baseline, impact or case study performance assessments completed	6	6 area or project baseline, impact or case study performance assessments completed (non-cumulative)	13		+7		☺	There were 13 area or project baseline, impact or case study performance assessments completed in 2017/18 financial year.

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

National outcome: Outcome 11: Creating a better South Africa and contributing to a better and safer Africa in a better world.							
Joburg Outcomes: Outcome 5: An honest, transparent and responsive local government that prides itself on service excellence.							
IDP programme/s	**Key Performance Indicator**	**Baseline**	**Annual Target 2017/18**	**Actual**	**Variance**	**Achievement Rating**	**Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2018)**
Increasing forensic investigative capability and controls	11) Clean audit opinion with a percentage of internal and AG audit findings of the previous financial year resolved [10]	Clean Audit Opinion	Clean Audit opinion with 100% of internal and AG audit findings of the previous financial year resolved (cumulative)	62% 84%	38% 16%	☹	Target was not achieved Management will continue to ensure progress in resolving all audit findings. Operation Clean Audit (OPCA) Committee has been established by management and monthly meetings are held to address progress towards resolving all audit findings. On a quarterly basis reports on the progress made towards resolving all audit findings are provided to the Audit and Risk Committee whereby the committee ensures that management addresses all audit findings.
	12) Percentage delivery on reported cases of corruption	100%	100% delivery [11] on reported cases of corruption	44%	56%	☹	Target was not achieved. There were nine (9) fraud and corruption incidents for 2017/18 financial year. Five (5) investigation cases are underway and four (4) cases have closed. The JDA plans to improve internal controls and standardise the disclosure and reporting protocols to ensure that all fraud and corruption cases are reported to JDA Risk Management.

[10] The findings as contained in the management letter of the previous year
[11] In terms of the JDA policy and procedures on investigations of Fraud and Corruption

Priority 7: Enhance our financial sustainability.

National outcome: Outcome 9: Responsive, accountable, effective and efficient developmental local government system.							
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs. Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life.							
IDP programme/s	**Key Performance Indicator**	**Baseline**	**Annual Target 2017/18**	**Actual**	**Variance**	**Achievement Rating**	**Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2018)**
Focusing on driving up capital expenditure investment in infrastructure	13) Percentage budget spent on city-wide infrastructure [12]	95%	95% budget spent on city-wide infrastructure (cumulative)	92%	3.3%	☺	Target achieved.

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

National outcome: Outcome 9: Responsive, accountable, effective and efficient developmental local government system.							
Joburg Outcomes: Outcome 5: An honest, transparent and responsive local government that prides itself on service excellence.							
IDP programme/s	**Key Performance Indicator**	**Baseline**	**Annual Target 2017/18**	**Actual**	**Variance**	**Achievement Rating**	**Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2018)**
Focused improvement of ICT equipment and software	14) Percentage implementation new ERP System (SAP)	New Indicator	95% implementation new ERP System (SAP) [13] (cumulative)	74%	21%	☹	Target not achieved. The implementation of the JDA's SAP project was paused in order to be incorporated into the integrated City-wide COJ SAP implementation project. The JDA is part of the City's greater implementation plan and is on release 2, with an expected full integration completion date of July 2019.

[12] Cumulative and as determined at mid-term adjustment budget
[13] As defined by implementation plan and change management plan

Day-to-day Programme

National outcome: Outcome 9: Responsive, accountable, effective and efficient developmental local government system							
Joburg Outcomes: Outcome 5: An honest, transparent and responsive local government that prides itself on service excellence							
IDP programme /s	**Key Performance Indicator**	**Baseline**	**Annual Target 2017/18**	**Actual**	**Variance**	**Achievement Rating**	**Explanation of progress, variations and steps to be taken to improve performance (as at end of 30 June 2018)**
Other IDP or Day-to Day programme/s	15) Percentage spent on Broad-Based Economic Empowerment through local procurement as a share of total expenditure [14]	90% spent on Broad-Based Economic Empowerment through local procurement as a share of total expenditure	100% spent on Broad-Based Economic Empowerment through local procurement as a share of total expenditure(non-cumulative)	97%	-3%	☺	Target achieved
	16) Number of EPWP opportunities as created [15]	1219 EPWP opportunities created	3500 EPWP opportunities created (cumulative)	805	2695	☹	Target was not achieved. Management is aware of the severity reflected by low figures reported to date and will be monitoring more closely to ensure that progress on EPWP projects and EPWP reporting is prioritized. However, the focus of the JDA is both to address any under-reporting as well as reporting without all the necessary evidence, as required by the Department of Public Works and by the AG. Note - reliable supporting EPWP evidence includes: identity documents, attendance registers, valid contracts and proof of payments / payslips. In addition, the lower EPWP figures also reflect the nature of the JDA current construction projects as having limited EPWP labour intensive sub-components.

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

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

	17) Percentage of SMME expenditure as a share of total expenditure	14% SMME expenditure as a share of total expenditure	30% SMME expenditure as a share of total expenditure (non-cumulative)	26%.	4%		Target partially achieved. This variance is mainly due to the large scale nature of JDA projects and therefore a majority of expenditure in the quarter not reaching the expected 30% for contracted and sub-contracted SMMEs. Supply Chain will maintain an up to date list of all JDA contracts that are in the construction stage to ensure improved monitoring and reporting on SMME contracting and sub-contracting SMME's. Furthermore, the newly appointed manager for Enterprise Development will be collating SMMEs expenditure on a monthly basis not quarterly.
	18) Percentage spend on JDA operating budget against approved operating budget	97% spend on JDA operating budget against approved operating budget	95% spend on JDA operating budget against approved operating budget (cumulative)	121%	26%		Target achieved
	19) Percentage implementation of the strategic risk management action plans	95%	95% implementation of the strategic risk management action plans [16] (cumulative)	77%	-18%		Target was not achieved. Some of the committed actions linked to various strategic risks were not implemented by the committed due date due to ambitious targeting date setting and resources constraints. A revised 2018/19 Strategic Risk Register was updated to reflect realistic targets in order tp improve strategic risk management. JDA has established the OPCA committee which will, amongst other responsibilities, monitor the implementation of committed risk mitigations.

[16] From Red and Amber to Green Status

SECTION 6: PUBLIC SATISFACTION ON MUNICIPAL SERVICES

The mandate of JDA is to implement area based development and regeneration projects. There are three core development tasks are crucial to the fulfilment of this mission:

- The JDA plans
- The JDA facilitates development
- The JDA constructs

Every area-based development undertaken by the JDA is therefore supported in the pre-development and post-development phases to enhance the value added by the capital works interventions and improve the longer-term sustainability of the capital investment. To do so, the JDA gives much emphasis in the co-production of solutions in partnership with local communities and stakeholders to meet local needs and mitigate challenges. The JDA strives for a more responsible and effective approach is to work with local stakeholders to produce solutions, drawing on their knowledge of the development context. This can cultivate a much more sustainable sense of ownership, civic pride and citizenship. This also involves continuing to draw on our established partnerships with professional bodies, and the academic fraternity to extend co-production opportunities and democratise the process of spatially restructuring the city.

Co-produced solutions in urban design and development have over many years proven to be more sustainable and robust than technical expert-driven ones because they are more responsive to local needs and context and draw on a range of alternative knowledge forms (e.g. tacit and experiential knowledge).

The JDA always seeks to engage the public in a meaningful way at every stage of development. In the 2017/18 financial year, this included doing public participation in the planning stage, consultations with communities and affected parties during design stage, and value-adding activities involving community members in projects such as the peoples' history, heritage exhibitions and public art projects that tell the story of the neighbourhood. Methods of engaging with local stakeholder communities also need to evolve to the responding needs and lifestyles of city users in the 21st century, therefore conventional methods must be enhanced by the use of social media platforms, electronic communication and other more engaging and relevant forms of sharing knowledge and ideas between professional teams and local communities.

To this end the JDA strived to:

- Enable the City to keep stakeholders informed, making sure there is accurate understanding of the impact of City developments in their area. This is about ensuring that stakeholders are actively engaged from the very inception of the project concept and play a meaningful role in shaping the development outcomes and future custodianship of the development
- Enable the City to manage expectations and perceptions of all stakeholder groups throughout the project by providing clear and regular communication and mobilization activities, explaining the purpose, scope and outcomes of each project to minimize misunderstanding and misinformation.
- Enable the City to make sure all stakeholders understand, support and develop buy-in and ownership of the City Project

The following provide a sense of some of the JDA's approaches toward co-production in place-making during the 2017/18 financial year:

#JoziWalks - in order to assess the impact of its developments, the JDA annually conducts various project and area based impact or baseline assessments. The focus of such impact or baseline assessments can sometimes present a challenge in that they are done by the JDA itself and that are either too closely linked to a specific project itself, to too wide and general to draw any meaningful learnings linking the development to the outcomes. To address these challenges and to get a fresh perspective on the nature and outcomes of previous (and possibly future) development JDA looks at more community-based impact assessments. A more responsible and effective approach is to work with local stakeholders to produce solutions, drawing on their knowledge of the development context.

Our City, Our Block - As cities globally face the challenge of converting large-scale urban plans into meaningful social impact a new understanding of the real city and its actual needs calls for urban projects that are small-scale, rooted in society and spatial structures, imminently useful, and able to actually deliver on their promises. The “Our City, Our Block” initiative is geared at transforming and revitalising the inner city by create formal and informal collaborative partnerships to create sustainable benefits in the inner city. The objective of such productive partnerships is to develop:

- Symbiotic City-Business-Community Trust Relationships
- Rebranding of the Inner City – harnessing existing or latent precinct identity and activity
- Rewarding and supporting active citizenry and civic pride

Section 7: Recommendations and Plans for 2018/19

The Joburg 2040 Growth and Development Strategy (GDS) responds to the multiple challenges and uncertain futures faced by the city. Joburg 2040 offers a vision, mission and framing paradigm and principles, alongside outcomes, outputs and indicators. The City has confirmed five IDP Outcomes / Pillars and 9 strategic priorities to guide the strategic planning process leading to the development of 2018/19 Business Plans, Service Delivery and Budget Implementation Plan (SDBIP) and Integrated Development Plan (IDP).

The five outcomes and nine priorities of the City are as follows;

TABLE 28: CITY OUTCOMES AND PRIORITIES

Outcomes	Priorities
• Outcome 1: A growing, diverse and competitive economy that creates jobs • Outcome 2: An inclusive society with enhanced quality of life that provides meaningful redress through pro-poor development • Outcome 3: Enhanced, quality services and sustainable environmental practices • Outcome 4: Caring, safe and secure communities • Outcome 5: An honest, transparent and responsive local government that prides itself on service excellence •	• Priority 1: Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment, inequality and poverty • Priority 2: Ensure pro-poor development that addresses spatial and all forms of income inequality and provides meaningful redress. • Priority 3: Create a culture of enhanced service delivery with pride and dignity. • Priority 4: Create a sense of security through improved public safety. • Priority 5: Create an honest and transparent City that fights corruption. • Priority 6: Create a City that responds to the needs of citizens, customers, stakeholder and businesses. • Priority 7: Enhance our financial sustainability. • Priority 8: Encourage innovation and efficiency through the Smart City programme. • Priority 9: Preserve our resources for future generations.

The JDA’s strategic objectives are aligned with the Joburg 2040 growth and development strategy for the City of Joburg and in particular with the cluster plan for Economic Growth and Sustainable Services Clusters in the integrated development plan. Giving effect to resilient city strategies by restructuring spatial logic is the primary objective towards which the JDA will work in the medium term.

Outcomes 1, 2 and 5 and Priorities 1, 2, 7 and 8 are particularly relevant to the JDA mandate and business plan.

To coordinate effective responses to the aforementioned nine priorities, each functional Cluster of the City of Joburg has identified key interventions to pursue toward achieving these. The JDA forms part of the City's Economic Growth Cluster and has alignment with the following implementation plans:

TABLE 29: STRATEGIC PRIORITIES 2016-2021

Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021	Ensure pro-poor development that addresses inequality and poverty and provides meaningful redress
• Inner city regeneration, including key economic nodes • Increased infrastructure investment (from both public and private sectors) • Working to cut red tape and improve the ease of doing business in the City	• Prioritising the formalisation of informal settlements Identifying land to be serviced before any human settlements are built • Increasing the delivery of housing • Fast-tracking acquisition of buildings in the Inner City for housing • Residents live, work and play close to work, leisure and cultural opportunities • Efficient and effective transport (Public and Freight) connecting home, work, culture and leisure

2018/19 Delivery Agenda (Diphetogo)

Having firmed up the five outcomes and nine strategic priorities for the IDP cycle, the Executive Mayor has identified 40 interventions for implementation in the 2018/19 financial year and outer years. These are called 'Diphetogo'. The following areas have been identified where the JDA contributes in making an impact:

TABLE 30: DIPHETOGO

Diphetogo	Impact to be Achieved
Finance	• Increase in the collection of revenue to increase funding to City projects. • Increase in the capex budget to keep pace with growth • Maximisation of the City's lending capability through improved debt management. • Increased utilisation and spending of national and provincial grant funding
Housing	• Reversing the housing backlog across indigent, low income families. • Addressing the lack of high quality, low cost housing in the Inner City
Infrastructure	• Improved quality of access to reliable, quality basic services across our City. • Provision of bulk services to communities without access to electricity and water services. • Increasing access to reliable, quality basic services through providing increased funding to informal settlements • Increased instillation of new public lighting in the City. • Decreased public lighting downtime.
Economic Development	• The significant improvement in the ease and experience of doing business in the City. • Implementation of investment facilitation programme • Expanding the reach and rollout of the basket of services offered to SMMEs via the City's Opportunity Centres. • Increasing the number of SMMEs as suppliers to the City • The rollout of the City's Work seekers' Database • The rollout of a Youth Skills Program • The aggressive rollout of free Wi-Fi services to the City's residents

JDA's Strategic Response

The JDA is positioned to respond to the above development priorities, the agency co-ordinates and manages its activities through five substantive programmes. In addition, we ensure good governance of the organisation through an Operational Focus area, resourced to support the optimal performance of the substantive programme.

The JDA coordinates its area-based development activities and other catalytic interventions with the Department of Development Planning and with other client departments.

The JDA's responses to five outcomes, nine priorities, Diphetogo and spatial polices against which it can be measured and held accountable, are captured in the JDA's 18/19 Business Plan, and are outlined in the table below:

TABLE 31: ALIGNMENT TO THE PRIORITIES 2017 -2021

Key CoJ Priority Programmes	Diphetogo	Matching JDA Programme/s	JDA Activities
Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021	• Housing • Infrastructure • Economic Development	• 1: Inner city transformation Programme • 2: Strategic economic node programme • 3: Public infrastructure delivery programme • 5. Economic Empowerment Programme	• JDA policy reserves a percentage of the value of all construction contracts for local SMMEs. Projects will also be packaged to create opportunities for local SMMEs in line with the local job creation principles. • Invest time and resources on development facilitation necessary in the key nodes and precincts in the Inner City and along the corridors to catalyse development. • Nodal developments designed to respond to local conditions, needs and advantages, and to achieve economic, social and sustainable development outcomes.
Ensure pro-poor development that addresses inequality and poverty and provides meaningful redress	• Housing • Infrastructure • Economic Development	• 1: Inner city transformation programme • 2: Strategic economic node programme • 3: Public infrastructure delivery programme • 4: Greater Alex and Alexandra Renewal Programme (ARP) • 5. Economic Empowerment Programme	• The continued roll-out of the Rea Vaya BRT infrastructure and service. • In Alexandra and other marginalised areas most of the work involves human settlement development projects such as upgrading hostels, building housing, building community facilities and public environment upgrades such as safe routes. • Under the Alex Renewal Programme mandate, the JDA also plays a strong facilitation role in Alexandra by working with local and governmental stakeholders
Create an honest and transparent City that fights corruption.	• Finance	• 6: Good Governance, Management and Administration Programme	• Entrenching and strengthening the implementation of the recommended Internal Audit and Risk and Compliance practices in its governance structures, systems, processes and procedures. • The JDA's antifraud and anticorruption programme supports and fosters a culture of zero tolerance to fraud, corruption and unlawful conduct.
Enhance our financial sustainability	• Finance	• 1: Inner city transformation	• Plan, Implement and Deliver City infrastructure effectively, efficiently

Key CoJ Priority Programmes	Diphetogo	Matching JDA Programme/s	JDA Activities
		Programme • 2: Strategic economic node programme • 3: Public infrastructure delivery programme • 4: Greater Alex and Alexandra Renewal Programme (ARP) • 6: Good Governance, Management and Administration Programme	and economically • Optimal utilisation of grant funding to maximise the City's equitable share and rollout more grant funded programs
Encourage innovation and efficiency through the Smart City programme	• Finance	• 6: Good Governance, Management and Administration Programme	• JDA continues to align itself with the smart cities initiative, through the continued SAP implementation, among other Smart City initiatives
Daily Operations	• Finance • Economic Development	• 5. Economic Empowerment Programme • 6: Good Governance, Management and Administration	• Maximise job creation through labour intensive construction • Develop skills and enterprises development within the construction industry in Johannesburg

Implementation and Performance Overview for 2018/19

The 2018/19 Scorecard responds to five IDP priority programmes (contained within the IDP), with 15 KPI's and one day-to-day Programme, with 6 KPI's.

TABLE 32: IMPLEMENTATION AND PERFORMANCE OVERVIEW FOR 2018/19

IDP Priority 1: Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment, inequality and poverty IDP Priority 2. Ensure pro-poor development that addresses spatial and income inequality and provides meaningful redress			
IDP programme/s	**Key Performance Indicator**	**Annual Target**	**JDA Outcome Statement/s**
Inner city regeneration, including key economic nodes Increased infrastructure investment (from both public and private sectors) Residents live, work and play close to work, leisure and cultural opportunities Efficient and effective transport (Public and Freight) connecting home, work, culture and leisure	Number of pre-feasibility plans or studies[17] produced, reviewed or updated	7	To efficiently, effectively and economically deliver sustainable social and economic infrastructure projects
	Number of area-based or sector based partnerships formalised or partnership programmes implemented	5	To enable the long-term growth and development of strategic economic nodes in the city (including the CBD, future mixed use and TOD nodes) through multi-year delivery programmes, proactive development facilitation and productive development partnerships.
	Number of projects at concept design phase	14	To efficiently, effectively and economically deliver sustainable social and economic infrastructure projects
	Number of. projects at detailed design phase	19	
	Number of contracts awarded	21	

[17] Detailed local area plans, detailed local area implementation plans, or area-based studies

	Number of projects at practical completion	42	
	Number of Area-Based Precinct Management business plans / frameworks developed or Precinct Management business plans / frameworks programmes implemented	3	To enable the long-term growth and development of strategic economic nodes in the city (including the CBD, future mixed use and TOD nodes) through multi-year delivery programmes, proactive development facilitation and productive development partnerships.
	Number of Media Releases Marketing Projects	160	
	Number of area or project impact (case studies) or performance assessments completed	4	
IDP Priority 5: Create an honest and transparent City that fights corruption.			
IDP programme	**Key Performance Indicator**	**Annual Target**	**JDA Outcome Statement/s**
Increasing forensic investigative capability and controls	Clean audit opinion with a percentage of internal and AG audit findings of the previous financial year resolved	Clean Audit	To strengthen and improve the JDA's corporate governance and operations to ensure that it remains an effective, efficient, sustainable and well-governed organisation.
IDP Priority 8: Enhance our financial sustainability.			
IDP programme	**Key Performance Indicator**	**Annual Target**	**JDA Outcome Statement/s**
Focusing on driving up capital expenditure investment in infrastructure	% budget spent on city-wide infrastructure	95%	To strengthen and improve the JDA's corporate governance and operations to ensure that it remains an effective, efficient, sustainable and well-governed organisation.
	Percentage of JDA capital budget spent	95%	
	Number of solvency and liquidity ratio benchmarks achieved	2	
	Percentage of valid invoices paid within 30 days of invoice date	98%	
Priority 8: Encourage innovation and efficiency through the Smart City programme.			
IDP programme	**Key Performance Indicator**	**Annual Target**	**JDA Outcome Statement/s**
Focused improvement of ICT equipment and software	Percentage operationalisation and optimisation of ERP System (SAP)	95%	To strengthen and improve the JDA's corporate governance and operations to ensure that it remains an effective, efficient, sustainable and well-governed organisation.
Day-to-day Programme			
IDP programme	**Key Performance Indicator**	**Annual Target**	**JDA Outcome Statement/s**
Other IDP or Day-to Day programmes	Percentage of BBBEE expenditure as a share of total expenditure	100%	To promote economic empowerment and transformation through the structuring and procurement of JDA developments
	Number of EPWP opportunities as created	3000	
	Percentage of SMME expenditure as a share of total expenditure	30%	
	Percentage spend on JDA operating budget against approved operating budget	95%	To strengthen and improve the JDA's corporate governance and operations to ensure that it remains an effective, efficient, sustainable and well-governed organisation.
	Percentage implementation of the strategic risk management plan findings resolved	95%	
	Percentage of predetermined objectives targets achieved	85%	

It is incumbent upon the shareholder to ensure that the JDA is well positioned, structured and capacitated in order to:

- Deliver on against committed on projects in the City's spatial transformational priority areas;

- Manage expectations and perceptions of all stakeholder groups throughout the development process by focusing on frequent communication, meaningful engagement and a co-creation ethos; and

- Effectively, efficiently and economically oversee the capital budget. This funding is broken up as per the figure below:

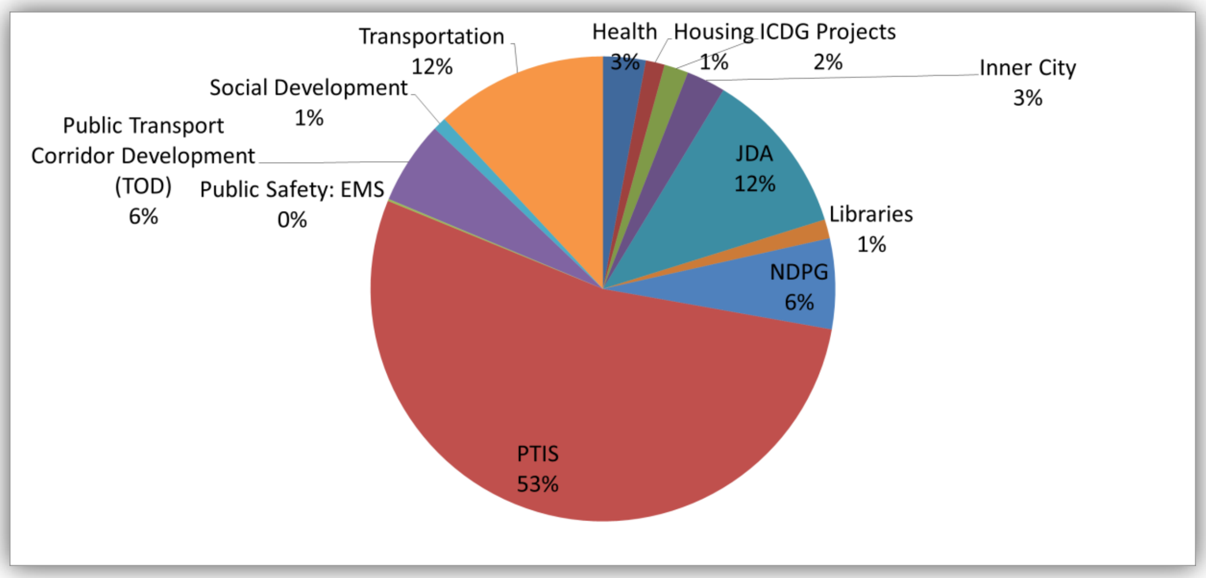


FIGURE 9: JDA FUNDING BY CLIENT / SOURCE

CHAPTER 4: HUMAN RESOURCES & ORGANISATIONAL MANAGEMENT

HUMAN RESOURCE MANAGEMENT

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

The JDA was a non-unionised environment however from November 2016, the JDA was unionised and is now affiliated with IMATU (Independent Municipal and Allied Trade Union). JDA respects and promotes the exercise of employment laws.

The revised JDA staff establishment and organogram was approved by the Board on the 28th of August 2017. It had a total of 122 positions including 10 from ARP. For the purposes of reporting, ARP will not be included in the numbers. Henceforth 112 shall be the reported number.

The structure includes:

- Top Management consists of The Chief Executive Officer (CEO)

- Executive Management consists of the Executive Management Committee team excluding the CEO i.e. the Chief Financial Officer (CFO), the Executive Manager: Development Implementation, the Executive Manager: Planning and Strategy, the Executive Manager: Development Facilitation, Executive Manager: Marketing and Communications and the Executive Manager: Corporate Services, the Chief Audit Executive, Company Secretary and the Head: ARP.

- Senior Management consists of heads of departments and managers in department that report to their Executives without heading departments comprising Senior Development Managers, Executive Support Manager, Internal Audit Manager, Finance Manager, Budget Manager, Monitoring and Evaluation Manager, Supply Chain Manager, Planning Manager, , Communications and Marketing Manager, Human Resources Manager, IT Manager, Risk and Compliance Manager and Manager: Stakeholder Relations.

- Professional and Middle Management consists of comprises Development Facilitation Manager, Enterprise Development Manager, Development Managers, Personal Assistants, Coordinators, Accountants, Accounts Payable Officer, SCM Officer, Data Officer, Receptionists, Marketing Business Partners, Risk and Compliance Officer, IT Support Officer, IT & IS Administration Officer, HR Business Partners, and Legal Officer.

- Skilled technical, academically qualified and junior management, Assistants Development Managers

- Semi-skilled includes drivers and receptionists.

- Unskilled includes general workers and house keepers.

Of the 112 positions, 25 are vacant and 13 are unfunded and will be kept in the abeyance until funds become available.

In terms of physical location, 87 employees including 2 learners are based at the JDA Head Offices in Newtown.

Learnership Programme

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

- There are currently two (2) learners at the JDA, both of whom are based in the Internal Audit department. The JDA continues to look for ways of expanding the learnership programme by looking into an expanded Graduate Program for all other functions.

Injuries, sickness and suspensions

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

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

TABLE 57: COST OF SICK LEAVE – EMPLOYEES ONLY ON JDA PAYROLL ONLY (1 JULY 2017 – 30 JUNE 2018)

Salary band	Total sick leave	Proportion of sick leave without medical certificate	Number of Sick Leave Days	Total employees in post[18]	Average sick leave per employee	Estimated cost
	Days	**%**	**No.**	**No.**	**Days**	**R 000**
Top management	0	0	0	1	0	0
Executive management (including chief audit executive)	0	0	0	5	0	0
Senior management	71	0	23	16	4.43	242 442
Middle management	151	0	52	32	4.71	300 768
Skilled technical/junior management	127	0	48	24	5.29	169 046
Semi-skilled	12	0	6	3	4	5 448
Unskilled	27	0	18	6	4.5	11 700
TOTAL	**388**	**0**	**147**	**87**	**22.93**	**729 404**

[18] The total of 87 excludes ARP staff, leave management administered by the CoJ

SECTION 1: EMPLOYEE REMUNERATION (TOTAL COSTS INCLUDING EXECUTIVES)

The total remuneration costs for the period under review were R 41, 906, 145.43. This figure includes the pension fund. The JDA participates in two retirement benefit schemes: eJoburg Retirement Fund (81 permanent employees) and City of Johannesburg Pension Fund (1 permanent employee). The total contribution for Group Life Cover for the JDA employees and directors, in this quarter is, R 604 020.47**.**

SECTION 2: KEY VACANCIES

During the period under review, the key positions filled were CEO, CFO and EM: CS. The recruitment process for the EM: Development Implementation was concluded by end June and EM: Marketing and Communications has been put on hold due to organisational design.

Below is a progress report on all vacancies.

TABLE 58: VACANCY PROGRESS

Filled Vacancies	Starting Date
Internal Auditor X2	July 2017
Internal Auditor Learner	November 2017
General Worker	November 2017
Risk and Compliance Officer	January 2018
Enterprise Development Manager	February 2018
IT Officer	February 2018
EM: Corporate Services	March 2018
CFO	March 2018
CEO	March 2018
Development Facilitation Manager	April 2018
Development Coordinator	April 2018
Area Based Management and Place Making Coordinator	April 2018
SCM Officer	Internal Promotion (Feb 2018)
Internal Audit Coordinator	Internal Promotion (Jan 2017)
M&E Officer	Internal Promotion (Oct 2017)

TABLE 59: STAFF ESTABLISHMENT

Description	2017/18				
	Approved no. of posts per approved organogram	Additions to the structure	No. of employees	No. of vacancies	% of vacancies
Top management	1	0	1	0	0%
Executive management	8	0	5	3	38%
Senior management	17	0	16	1	6%
Middle management	49	0	32	17	35%
Skilled technical/junior management	25	0	22	3	12%
Semi-skilled	4	0	3	1	25%
Unskilled housekeepers/cleaners	6	0	6	0	0%
Intern / Learners	2	0	2	0	50%
Total	**112**	**0**	**87**	**25**	**22%**

The basis for turnover rates is annual .To give an accurate indicator of the turnover rates, year on year, and this indicator will therefore not look at 2017/18 financial year in isolation and then interrogate the cumulative effect of turnover year to date. This is one of the indicators that have to use the year to date figures.

In the current period under review staff turnover is 10% due to resignations. Percentages of staff turnover in the financial year range 2010/2011 to 2016/2017 are between 5% and 17.7%, with the lowest being in the 2012/2013 financial year and the highest being 2016/2017 financial year.

TABLE 33: ANNUAL TURNOVER RATE

Details	Total appointments at beginning of financial year	Terminations during financial year (YTD)	Turnover rate
	No.	No.	%
2010/11	54	5	9
2011/12	50	5	10
2012/13	55	3	5
2013/14	61	9	14.75
2014/15	86	14	16
2015/16	87	8	9
2016/17	96	17	17.7
2017/18	87	9	10%

A total of 9 terminations recorded, with an equity distribution as follows;

TABLE 34: TERMINATIONS

Position	Male				Female				Non South African		Total
	A	C	I	W	A	C	I	W	Male	Female	
Chief Executive Officer	1	0	0	0	0	0	0	0	0	0	1
Development Facilitation Manager	0	0	0	1	0	0	0	0	0	0	1
Risk and Compliance Officer	1	0	0	0	0	0	0	0	0	0	1
SCM Officer	0	0	0	0	1	0	0	0	0	0	1
EM: Development Implementation	1	0	0	0	0	0	0	0	0	0	1
Development Manager	1	0	0	0	0	0	0	0	0	0	1
Account Payable clerk	0	0	0	0	1	0	0	0	0	0	1
Marketing Coordinator	0	0	0	0	1	0	0	0	0	0	1
Head of ARP	0	0	0	1	0	0	0	0	0	0	1
Totals	**4**	**0**	**0**	**2**	**3**	**0**	**0**	**0**	**0**	**0**	**9**

Retention Initiatives

JDA remains committed to mitigate against resignations through various initiatives. These seek to make the JDA an employer of choice by way of offering competitive market related remunerations structures to promote staff retention as follows:

- Structured interventions for employee development.
- Periodic Salary Benchmarking to ensure alignment and best practice with industry remuneration packages along with participation with CoJ initiatives on pay parity.

- Accelerated interventions targeted at continuous improvement on employee relations and employee engagement.

SECTION 3: EMPLOYMENT EQUITY

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

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

The Employment Equity Plan which was developed previously will be revaluated by the newly established EE Committee to promote an environment and culture that supports open communication, where everyone is encouraged to express their views without fear of being victimised, and to ensure fair and consistent application and implementation of all employment practices and procedures. Structures such as an Employment Equity Committee and Nominated Shop Stewards have been put in place to coordinate and monitor employment equity implementation across the organisation.

The JDA Human Resources undertakes an annual review of its employment equity processes and general employment practices to inform the implementation of the Employment Equity Plan.

The JDA Human Resources plans its annual employment equity targets in terms of its Employment Equity Policy and reports to the Department of Labour in accordance with the provisions of the Employment Equity Act and within legislated timeframes.

TABLE 35: EMPLOYMENT EQUITY DEMOGRAPHICS STATUS FOR PERIOD UNDER REVIEW

Occupational Levels	**Male**				**Female**				**Foreign Nationals**		**Total**
	A	**C**	**I**	**W**	**A**	**C**	**I**	**W**	**Male**	**Female**	
Top management	0	0	0	1	0	0	0	0	0	0	1
Executive Management	1	0	0	1	2	0	1	0	0	0	5
Senior Management	5	1	1	1	6	0	1	0	0	1	16
Professionally qualified and experienced specialists and mid-management	14	0	0	0	14	1	1	2	0	0	32
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	4	0	0	0	16	1	1	0	0	0	22
Semi-skilled and discretionary decision making	1	0	0	0	2	0	0	0	0	0	3

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Unskilled and defined decision making	2	0	0	0	4	0	0	0	0	0	6
TOTAL PERMANENT	**27**	**1**	**1**	**3**	**44**	**2**	**4**	**2**	**0**	**1**	**85**
Temporary employees	0	0	0	0	2	0	0	0	0	0	2
GRAND TOTAL	**27**	**1**	**1**	**3**	**46**	**2**	**4**	**2**	**0**	**1**	**87**

The JDA targets and achievements for period under review:

- 85% of its employees are black (target: 80%).
- 63% of its staff members are female (target: 45%).
- 62% of Executive and Senior Management positions are held by black women
- The JDA has employees with physical disabilities which exceeds the CoJ's strategic target of 2% by 0.3% The JDA is committed to improve the percentage representation of people from designated groups across all occupational categories.

TABLE 36: STAFF MOVEMENTS

Staff movements	African		Coloured		Indian		White		Total
	Male	Female	Male	Female	Male	Female	Male	Female	
Appointments	3	6	0	0	0	0	0	0	9
Promotion	3	3	0	0	0	1	1	0	8
Dismissals	0	0	0	0	0	0	0	0	0
Retirements	0	0	0	0	0	0	0	0	0
Absenteeism	0	0	0	0	0	0	0	0	0
Termination/other	4	3	0	0	0	0	2	0	9
TOTAL	**10**	**12**	**0**	**0**	**0**	**1**	**3**	**0**	**26**

SECTION 4: SKILLS DEVELOPMENT AND TRAINING

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

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

- Understanding the educational requirements of the organisation, based on competency assessments and pivotal training
- Best practice learning design
- Timely and appropriate learning delivery

- Assessment of the impact of learning interventions on overall company performance.

The JDA has created a culture of both on-the-job and off-the-job learning, which is embraced by all employees. Training is an on-going process of improving employees' knowledge, skills and attitude to enhance job performance, create opportunities for growth and advance careers. This is illustrated by 60% submission rate of Individual Learning Plans (ILP).

An ILP is both a document and a process that employees use – with support from Line management and Human Resources to address areas of development and to define their career goals throughout their employment at the JDA. Training, which is part of Human Resources Development, is an on-going process of improving employees' knowledge, skills and attitude to enhance job performance, create opportunities for growth and advance careers.

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

A budget of R800, 000 has been allocated for training and development for the 2017/18 financial year. The actual expenditure for period under review is 100%. The JDA supports the attainment of further educational qualifications by employees in order to improve their productivity. All training interventions were provided as part and parcel of the approved individual learning plans.

SECTION 5: PERFORMANCE MANAGEMENT & SUCCESSION PLANNING

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

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

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

SECTION 6: DISCIPLINARY MATTERS AND OUTCOMES

The following table summarises the outcome of disciplinary hearings conducted within the entity for the period under review:

TABLE 37: MISCONDUCT AND DISCIPLINARY HEARINGS FINALISED FOR 2017/18

Department	Designation	Outcome
Development Implementation	Development Manager	Written Warning
Development Implementation	Development Manager	Written Warning
Finance	Account Payable Officer	Resignation

TABLE 38: TYPES OF MISCONDUCT ADDRESSED AT DISCIPLINARY HEARINGS FINALISED FOR THE PERIOD 1 APRIL 2018 TO 30 JUNE 2018

Type of misconduct	Number	% of Total
Dishonesty	0	0
Absenteeism	0	0

Type of misconduct	Number	% of Total
Insubordination	0	0
Negligence	0	0
Poor performance other than incapacity	2	100%
Improper behaviour	0	0
Theft	0	0
Misuse of state vehicle	0	0
Total	**2**	**100%**

SECTION 7: LEAVE & PRODUCTIVITY MANAGEMENT

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

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

The most highly utilised leave type is Annual leave with a total of 613.5days, with Sick leave being the second most utilised leave type, with a total of 320days, Study Leave being the third most utilised leave type, with a total of 119 days and Family Responsibility leave being the least utilised leave type, with a total of 71 days.

TABLE 39: LEAVE ANALYSIS FOR 2017/18

Type of Leave	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Total
Annual Leave	77	22	46	36	53	45	116	45	11.75	47	60	54.75	613.5
Sick Leave	28	40	10	53	22	63	1	7	27	47	51	39	388
Family Responsibility	14	18	6	5	3	0	0	2	0	11	7	5	71
Study Leave	17	4	4	2	23	0	0	15	4	6	13	31	119
TOTAL	**136**	**84**	**66**	**96**	**101**	**108**	**117**	**69**	**42.75**	**111**	**131**	**129.75**	**1 191.5**

SECTION 8: EMPLOYEE BENEFITS

The JDA participates in two retirement benefit schemes: eJoburg Retirement Fund (81 permanent employees) and City of Johannesburg Pension Fund (1 permanent employee). The total remuneration costs for the 2017/2018 financial year is R 41 906 145.43 which includes pension fund.

The total contribution for Group Life Cover for the JDA employees and directors, in this quarter is, R 604 020.47.

SECTION 9: OCCUPATIONAL HEALTH & SAFETY PROGRAMMES

HIV/AIDS in the Workplace

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

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

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

Occupational Health and Safety

Independent consultant Ubomi Safety Consulting conducted monthly occupational health and safety compliance audits during the period under review in the 2017/18 financial year. These audits identify risks and cases of non-compliance with the Occupational Health and Safety Act (1993), enabling the JDA to implement risk mitigation plans to reduce the risks and address cases of non-compliance. A report prepared during period under review estimated that the JDA's compliance rate for period under review was 90.57%. The areas of non-compliance include:

- Inadequate working space for employees
- Unsafe Stacking Storage Boxes in Offices

SECTION 10: EMPLOYEE WELLNESS

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

The JDA receives statistical information on the issues discussed to enable it to identify and implement solutions to the particular issues raised. The identities of the employees who use this service remain strictly confidential. The JDA holds Wellness Day events every quarter. Employees can have their basic health assessed and receive feedback and guidance on corrective measures and counselling. The overall objective therefore of the employee wellness programme is to improve the quality of life of all its employees through the provision of quality, sustainable and lifelong Wellness Programmes that work towards the holistic development and support of all employees in a professional and confidential manner, while providing support and assistance to alleviate the impact of everyday work, personal and family challenges. For 2017/18 financial year the JDA had three Wellness Day, which included the following activities and services; Reflexology, BMI Measurements, HIV Risk Assessment, neck and shoulder massages, HIV Voluntary counselling and testing and Arcade games for amusement.

CHAPTER 5: FINANCIAL PERFORMANCE

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

	Year ended 30 June		
	Actual	Budget	Variance
	R'000	R'000	R'000
Non-current assets	33,160	22,295	10,865
Property plant and equipment	6,167	6,460	(293)
Deferred tax	5,451	835	4,616
Intangible assets	21,542	15,000	6,542
Current assets	1,037,946	385,882	652,064
Trade and other receivables	875,059	385,880	489,179
Vat Receivable	162,884	-	162,884
Cash and cash equivalents	2	2	0
Total assets	1,071,106	408,177	662,929
EQUITY AND LIABILITIES			
Capital and reserves	24,358	47,374	(23,016)
Contribution from owner	16,278	16,278	(0)
Accumulated surplus/(deficit)	8,080	31,096	(23,016)
Non-current liabilities	1,634	37,463	(35,829)
Finance lease obligation	-	-	0
Deferred taxation	1,634	5,581	(1,115)
Project funds payable	0	31,882	(31,882)
Current liabilities	1,045,114	323,340	721,774
Loans from shareholders	338,083	102,719	235,364
Trade and other payables	701,870	207,456	494,414
VAT payable	-	10,003	(10,003)
Finance lease obligation	34	141	(107)
Bank Overdraft	-		1
Provisions – bonus	5,127	3,021	2,106
Total equity and liabilities	1,071,106	408,177	662,929

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

	Original approved budget	Adjusted approved budget	Year to date		
			Actual	Budget	Variance
	R'000	R'000	R'000	R'000	R'000
Gross revenue	108,409	106,079	98 985	106,079	(7,094)
Operating costs	(101,450)	(99,120)	(99,840)	(99,120)	(720)
Gross surplus/(deficit)	6,959	6,959	(855)	6,959	(7,814)
Other operating income and expenditure	(6,959)	(6,959)	(40,618)	(6,959)	(33,659)
Interest expense	(6,959)	(6,959)	(40,618)	(6,959)	(33,659)
Interest income	0		0	0	0
Deficit before tax	0	0	(41,473)	0	(41,473)
Taxation	0	0	10,745	0	10,745
Surplus/(Deficit) after tax	0	0	(30,727)	0	(30,727)

The JDA recorded a deficit of R30 million for the financial year ended 30 June 2018.

Revenue

The organisation achieved 93% (2016/17: 93%) of the budgeted revenue. The shortfall in the revenue is mainly due to development management fees that was budgeted on an overall capital spend of 98% of which the actual percentage spend is 92%. Currently over 74% of the JDA's funding model is dependent on the capital expenditure incurred on the infrastructure projects implemented. Although the revenue is normally based on a conservative spend percentage, most of the projects were delayed by a number of factors, including poor contractor performance, community and SMME grievances and land readiness issues. These factors further contribute to the delays of these projects and directly to the revenue generated by the JDA through development management fees.

Expenditure

The organisation incurred expenditure in excess of the budgeted target for operational expenditure by 22% (2016/17: 92% overall against target) due to the over-expenditure in internal interest charged on the overdrawn sweeping account with the City of Johannesburg of R40 million. The JDA is currently in discussion with the City regarding the reversal of the interest incurred and a request for write-off has been made for the current year. The JDA is required to implement projects with cash flow reserves that are currently held by the client departments.

SECTION 3: CASH FLOW STATEMENT AND HIGH-LEVEL NOTES

	Year to date		
	Actual	Budget	Variance
	R'000	R'000	R'000
Cash flows from operating activities			
	(106,327)	(134,057)	27,730
Receipts			
Grants	28,707	28,707	(2,012)
Interest received	0	0	0
Cash receipts from CAPEX funding	1,811,196	365,075	1,446,121
Other receipts	768	310	458
		0	0
Payments		0	0
Employee cost	(61,347)	(31,075)	(30,272)
Suppliers	(1,845,033)	(497,024)	(1,345,997)
Interest paid	(40,618)	(50)	(40,568)
Cash flows from investing activities	(7,887)	(4,500)	(3,387)
Expenditure to maintain operating capacity			
Property, plant and equipment acquired	(395)	(4,500)	4,105
Proceeds from sale of property, plant and equipment			0
Purchase of intangible assets	(7,492)		(7,492)
Cash flows from financing activities	114,215	137,918	(23,703)
Movement in project funds payable	0	0	0
Proceeds from Shareholders' loan	5,755	137,984	(132,228)
Repayments of Shareholders' loan	109,302	0	109,302
Finance lease repayments	(573)	(66)	(507)
Net increase/(decrease) in cash and cash equivalents	1	(639)	638
Cash and cash equivalents at beginning of the year	1	637	(638)
Cash and cash equivalents at the end of the year	2	0	2

SECTION 4: CAPITAL PROJECTS AND EXPENDITURE

Capital expenditure is the primary measure of the JDA's performance, and the budget for the capital projects to be implemented forms part of the agency's annual business plan and scorecard. This measures effective capital budget management, in particular expenditure against set targets for project delivery.

Targets of 95% expenditure have been set in respect of all funding sources for the financial year.

The overall year to date capex expenditure at the end of the financial year was R1, 41 billion against an annual budget of R1, 535 billion. This translates to 92% of the annual budget.

Capital Budget Management[19]

TABLE 40: OVERALL PROGRAMME PERFORMANCE

Overall Programme Performance	2017/18 Annual Budget	Target YTD	Actual YTD	YTD Target %	% Actual / annual budget
	R' 000	R' 000	R'000	%	%
Overall Programme Performance	**1 535 263**	**1 458 500**	**1 409 464**	**95%**	**92%**

[19] 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.

For period ended 30 June 2018

TABLE 41: EXPENDITURE BY PROGRAMME

PROJECTS PER PROGRAMME	**CAPEX FOR THE YEAR**					
	Actual	**Budget**	**Variance**	**Variance**	**Annual Budget**	**Budget Used**
	R	**R**	**R**	**%**	**R**	**%**
Programme 1: Inner City transformation						
Hillbrow Tower Precinct	R 28 634 077	R 30 000 000	(R 1 365 923)	(4.55%)	R 30 000 000	95.45%
Inner City Partnership Fund	2 840 044	3 000 000	(159 956)	(5.33%)	3 000 000	94.67%
Karzene Public Transport Facility	106 663 273	111 000 000	(4 336 727)	(3.91%)	111 000 000	96.09%
Inner City Core: Phase 3	28 725 055	30 000 000	(1 274 945)	(4.25%)	30 000 000	95.75%
Mayfair PEU	1 377 544	2 000 000	(622 456)	(31.12%)	2 000 000	68.88%
Gandhi Square East Traffic and Urban Design Plan - Planning	602 723	1 500 000	(897 277)	(59.82%)	1 500 000	40.18%
Fordsburg PEU	1 330 750	1 500 000	(169 250)	(11.28%)	1 500 000	88.72%
Park Station to Civic Centre PEU (Park Station Regeneration)	5 897 503	5 562 165	335 338	6.03%	5 562 165	106.03%
Inner City Managed Lanes (Inner City Core: Phase 4)	7 848 443	13 000 000	(5 151 557)	(39.63%)	13 000 000	60.37%
Inner City Eastern Gateway	14 922 522	15 500 000	(577 478)	(3.73%)	15 500 000	96.27%
Rotunda Park Precinct	44 643 381	45 000 000	(356 619)	(0.79%)	45 000 000	99.21%
Joburg Art Gallery	1 495 748	1 500 000	(4 252)	(0.28%)	1 500 000	99.72%
UN Habitat Public Spaces Project	345 664	400 000	(54 336)	(13.58%)	400 000	86.42%
Newtown Heads	1 000 000	1 000 000	0	0.00%	1 000 000	100.00%
Sub-total	**246 326 727**	**260 962 165**	**(14 635 438)**	**(5.61%)**	**260 962 165**	**94.39%**
Programme 2: Strategic economic node						
Nancefield Station Precinct Development New Precinct Redevelopment KLIPSPRUIT D Regional	23 574 378	24 000 000	(425 622)	(1.77%)	24 000 000	98.23%
CORR - Louis Botha Corridor of Freedom Traffic Impact	7 723 995	7 800 000	(76 005)	(0.97%)	7 800 000	99.03%

PROJECTS PER PROGRAMME	CAPEX FOR THE YEAR					
	Actual	Budget	Variance	Variance	Annual Budget	Budget Used
	R	R	R	%	R	%
Assessment (TIA), Stormwater Masterplan and New Construction and Upgrading Renewal Corridors of Freedom Intervention ORANGE GROVE E Regional						
Randburg CBD: Phase 2 “Multi-choice PEU”	416 312	500 000	(83 688)	(16.74%)	500 000	83.26%
Noordgesig - Social Precinct Implementation: Phase 2 - Square	29 556 126	45 000 000	(15 443 874)	(34.32%)	45 000 000	65.68%
Orchards Clinic	13 641 111	15 000 000	(1 358 889)	(9.06%)	15 000 000	90.94%
Patterson Park: Work Package 3 - Multipurpose Centre and Sports Facilities	21 911 089	50 130 000	(28 218 911)	(56.29%)	50 130 000	43.71%
Jabulani TOD: Phase 5 - Bolani Road	8 502 846	10 000 000	(1 497 154)	(14.97%)	10 000 000	85.03%
Jabulani TOD: Phase 6 - Safe Hub	38 482 000	38 482 000	0	0.00%	38 482 000	100.00%
Kliptown Renewal Precinct Redevelopment (Walter Sisulu Square) KLIPSPRUIT EXT.4 D Ward	5 871 383	7 000 000	(1 128 617)	(16.12%)	7 000 000	83.88%
Westbury TDC	22 526 839	23 000 000	(473 161)	(2.06%)	23 000 000	97.94%
CORR - Turffontein Corridor of Freedom Traffic Impact Assessment (TIA), Stormwater Masterplan and New Construction: Phase 2	61 074 925	61 500 000	(425 075)	(0.69%)	61 500 000	99.31%
CORR - Perth Empire Corridor of Freedom Traffic Impact Assessment (TIA), Stormwater Masterplan and New Construction: Phase 2	49 052 546	50 000 000	(947 454)	(1.89%)	50 000 000	98.11%
Corridor branding - public art and place-making programme	4 000 000	4 000 000	0	0.00%	4 000 000	100.00%
Brixton Social Cluster: Work Package 2 : Library, Pool and Related Facilities	31 987 436	32 000 000	(12 564)	(0.04%)	32 000 000	99.96%
Brixton Social Cluster: Work Package 1 : New multi-purpose sports and recreation hall	0	6 000 000	(6 000 000)	(100.00%)	6 000 000	0.00%
Milpark Precinct Implementation: Milpark Precinct Development: Pedestrian Bridge	12 043 392	13 000 000	(956 608)	(7.36%)	13 000 000	92.64%
Campus Square Pedestrian Facility “Milpark Precinct NMT”	34 000 000	34 000 000	0	0.00%	34 000 000	100.00%
Westbury Renewal Precinct NMT	35 715 154	35 800 000	(84 846)	(0.24%)	35 800 000	99.76%
Fleurhof Urban Development Framework Interventions Implementation	752 943	1 000 000	(247 057)	(24.71%)	1 000 000	75.29%
Diepsloot Renewal	19 520 838	20 000 000	(479 162)	(2.40%)	20 000 000	97.60%
Westdene Dam-precinct interventions NMT Phase 3	13 007 835	13 007 835	0	0.00%	13 007 835	100.00%

PROJECTS PER PROGRAMME	CAPEX FOR THE YEAR					
	Actual	Budget	Variance	Variance	Annual Budget	Budget Used
	R	R	R	%	R	%
Sub-total	**433 361 148**	**491 219 835**	**(57 858 687)**	**(11.78%)**	**491 219 835**	**88.22%**
Programme 3: Public infrastructure delivery						
Braamfontein Traffic and Transport Plan	408 500	740 000	(331 500)	(44.80%)	740 000	55.20%
SS Mendi Memorial	720 000	1 000 000	(280 000)	(28.00%)	1 000 000	72.00%
Land Audit & Agreements for Social and Affordable Housing	1 727 550	1 697 408	30 142	1.78%	1 697 408	101.78%
Lehae MPC	13 824 457	18 000 000	(4 175 543)	(23.20%)	18 000 000	76.80%
Klipfontein Wellness Centre	578 730	2 000 000	(1 421 270)	(71.06%)	2 000 000	28.94%
Alexandra Depot	16 469 011	20 867 574	(4 398 563)	(21.08%)	20 867 574	78.92%
Alex NMT Loop	32 230 152	40 000 000	(7 769 848)	(19.42%)	40 000 000	80.58%
Bezuidenhout Valley Clinic	1 074 277	800 000	274 277	34.28%	800 000	134.28%
Bophelong Clinic	977 802	1 000 000	(22 198)	(2.22%)	1 000 000	97.78%
Braamfisherville - Internal Roads and Stormwater (housing)	48 491 611	67 500 000	(19 008 389)	(28.16%)	67 500 000	71.84%
Claremont Renewal Clinic	15 451 069	17 230 000	(1 778 931)	(10.32%)	17 230 000	89.68%
Complete Streets: (KFW - German Development Bank): Orlando East to UJ Soweto Route	298 410	1 000 000	(701 590)	(70.16%)	1 000 000	29.84%
Complete Streets: NMT Facilities Linking Railway stations - "Mzimhlophe"	39 747 707	40 000 000	(252 293)	(0.63%)	40 000 000	99.37%
EBONY PARK Renewal Clinic EBONY PARK A Ward	39 890 058	37 230 000	2 660 058	7.14%	37 230 000	107.14%
Florida clinic New Clinic FLORIDA EXT C Ward	18 304 433	17 230 000	1 074 433	6.24%	17 230 000	106.24%
Greenstone to Watt (Stops and roadworks and pick up platforms at Mall)		5 250 000	(5 250 000)	(100.00%)	5 250 000	0.00%
ITS (Fibre Loop and CCTV)	1 683 255	12 000 000	(10 316 745)	(85.97%)	12 000 000	14.03%
Ivory Park UDF_ Development_Catalytic Node infrastructure projects	15 714 464	16 000 000	(285 536)	(1.78%)	16 000 000	98.22%
Land	4 310 913	10 500 000	(6 189 087)	(58.94%)	10 500 000	41.06%
Langlaagte Pharmacy Depot	15 344 261	17 000 000	(1 655 739)	(9.74%)	17 000 000	90.26%
Central Fire Station	3 632 068	5 482 000	(1 849 932)	(33.75%)	5 482 000	66.25%
Lehae Fire Station	3 200 281	7 017 544	(3 817 263)	(54.40%)	7 017 544	45.60%
Naledi clinic New Building NALEDI D	1 492 241	1 500 000	(7 759)	(0.52%)	1 500 000	99.48%

PROJECTS PER PROGRAMME	CAPEX FOR THE YEAR					
	Actual	Budget	Variance	Variance	Annual Budget	Budget Used
	R	R	R	%	R	%
NR: Nodal Regeneration: Gandhi Square East Precinct	558 275	21 000 000	(20 441 725)	(97.34%)	21 000 000	2.66%
Old Pretoria Road (Alex to Ivory Park)	2 882 633	3 000 000	(117 367)	(3.91%)	3 000 000	96.09%
Park and Ride Facility: Design and Construction of a Park n Ride in Greenside Region E	342 793	1 500 000	(1 157 207)	(77.15%)	1 500 000	22.85%
Phase 1C (Section 8, 15 and Great Walk) Landscaping (Phase 1 C NMT)		5 250 000	(5 250 000)	(100.00%)	5 250 000	0.00%
Phase 1C Stations	160 916 207	127 050 000	33 866 207	26.66%	127 050 000	126.66%
Protea South Clinic Renewal Clinic PROTEA SOUTH EXT.1 G Ward	361 978	500 000	(138 022)	(27.60%)	500 000	72.40%
PTF Holding Facility: Design and Construction of Roodepoort New Nodal Transport Facilities ROODEPOORT C Regional	27 553	1 500 000	(1 472 447)	(98.16%)	1 500 000	1.84%
PTF Small Public Transport Facility Design and Construction of Zola Public Transport Facility New Nodal Transport Facilities ZOLA D Regional	966 923	1 500 000	(533 077)	(35.54%)	1 500 000	64.46%
PTF: Small Public Transport Facilities: DRIEZIEK EXT.3	575 683	5 000 000	(4 424 317)	(88.49%)	5 000 000	11.51%
PTF: Small Public Transport Facilities: Orange Farm Ext 7 (Region G)	1 973 259	1 500 000	473 259	31.55%	1 500 000	131.55%
PTF: Small Public Transport Facilities: Tshepisong	252 545	1 500 000	(1 247 455)	(83.16%)	1 500 000	16.84%
RABIE RIDGE Sport Centre New Contraction	13 319 105	13 700 000	(380 895)	(2.78%)	13 700 000	97.22%
Sandton Loop	23 780 970	19 530 000	4 250 970	21.77%	19 530 000	121.77%
Section 15 Phase 2 (Close - out // Louis Botha Mixed)	50 938 003	57 670 000	(6 731 997)	(11.67%)	57 670 000	88.33%
Section 15J Heritage Walkway and Roadworks	23 774 925	19 750 000	4 024 925	20.38%	19 750 000	120.38%
Section 15K (Watt Interchange Station Road Works and Bridges)	51 934 015	50 000 000	1 934 015	3.87%	50 000 000	103.87%
Section 15I (Great Walk - pedestrian bridge and sidewalk structures along Grayston)	32 033 241	24 132 426	7 900 815	32.74%	24 132 426	132.74%
Selby Depot	31 956 863	28 406 975	3 549 888	12.50%	28 406 975	112.50%
Small: Public Transport Facility in Zakariya Park Region G	1 313 624	1 500 000	(186 376)	(12.43%)	1 500 000	87.57%
Midrand Depot	1 672 676	1 593 025	79 651	5.00%	1 593 025	105.00%
Upgrading of Meadowlands Stadium Renewal Community Centre MEADOWLANDS D Ward	1 408 163	2 000 000	(591 837)	(29.59%)	2 000 000	70.41%
Gandhi Square East	969 072	1 000 000	(30 928)	(3.09%)	1 000 000	96.91%
Sub-total	**677 529 756**	**729 626 952**	**(52 097 196)**	**(7.14%)**	**729 626 952**	**92.86%**

PROJECTS PER PROGRAMME	CAPEX FOR THE YEAR					
	Actual	**Budget**	**Variance**	**Variance**	**Annual Budget**	**Budget Used**
	R	**R**	**R**	**%**	**R**	**%**
Programme 4: Greater Alex and Alexandra Renewal						
Fire Station - Alexandra and 'Be Safe Centre' New Building ALEXANDRA EXT.25 E Regional	1 099 508	1 754 000	(654 492)	(37.31%)	1 754 000	62.69%
Alexandra Sports and Youth Development: SAFA Safe Hub Facility	739 583	1 000 000	(260 417)	(26.04%)	1 000 000	73.96%
Vincent Tshabalala Pedestrian Bridge	152 712	200 000	(47 288)	(23.64%)	200 000	76.36%
Jukskei River Environmental Upgrading and Rehabilitation Renewal Bulk Infrastructure ALEXANDRA EXT.1 E	948 377	1 000 000	(51 623)	(5.16%)	1 000 000	94.84%
Refuse Bins New Bulk Infrastructure FAR EAST BANK EXT.9 E		0	0	#DIV/0!	0	0.00%
4th Avenue Clinic Renewal	26 317 890	26 500 000	(182 110)	(0.69%)	26 500 000	99.31%
Thoko Mngoma Clinic Marlboro Renewal Clinic ALEXANDRA EXT.53 E	8 120 404	8 100 000	20 404	0.25%	8 100 000	100.25%
Alexandra Automotive Hub	6 980 306	7 000 000	(19 694)	(0.28%)	7 000 000	99.72%
Sub-total	**44 358 780**	**45 554 000**	**(1 195 220)**	**(2.62%)**	**45 554 000**	**97.38%**
Programme 5 : Good Governance, Management and Administration						
Operational capex	7 887 400	7 900 000	(12 600)	(0.16%)	7 900 000	99.84%
Sub-total	**7 887 400**	**7 900 000**	**(12 600)**	**(0.16%)**	**7 900 000**	**99.84%**
TOTAL	**1409 463 811**	**1535 262 952**	**(125 799 141)**	**(8.19%)**	**1535 262 952**	**91.81%**

Section 5: Ratio Analysis (Liquidity, Solvency and Cost Coverage)

Key Performance Area	Target	Actual 30 June 2017	Actual 30 June 2018
Current ratio	Above 1 : 1	1.06:1	1.02 : 1
Solvency ratio	Above 1 : 1	1.06:1	1.04 : 1
Salaries to expenditure ratio	Below 60%	65%	50%
Revenue	R 106 million	R97 million	R99 million
Expenditure (including taxation)	R106 million	R95 million	R129 million
Surplus / (Deficit)	Rnil	R2.1 million	(R30.3 million)
Total net assets	R47.4 million	R72.5 million	R42.3 million
Capital expenditure	95%	81%	91.80%

Section 6: Supply Chain Management, BBBEE and SMME

Section 6.1: Supply Chain Management

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

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

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

Supply chain deviations and approval

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

- In an emergency
- If goods or services are available from a single supplier
- If acquiring special works of art
- If acquiring animals for zoos

- In any other exceptional case where it is impossible or impractical to follow official procurement processes.

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

The accounting officer ratified the following deviations for the period 1 July 2017 to 30 June 2018:

- The deviation from obtaining at least a minimum of three written quotations in terms of Regulation 16, 17 and 18 of the MFMA Act 56 of 2003. The accounting officer ratified a minor breach in the supply chain process for the appointment of service providers through the request for quotation process where less than the minimum three quotations were received. In the current financial year there were various service providers appointed where while multiple quotations were requested however less than three quotations were returned to a combined value of R2 943 918.80. This combined total includes the request for quotations from the approved panel service providers.

TABLE 42 DEVIATIONS

Category	Count
Other services	6
Recruitment	2
Training & Membership	15
Travel	2
Grand Total	**25**

There were no unsolicited bids to the JDA from 1 July 2017 to 30 June 2018 with all procurement going through the Supply Chain processes.

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

SECTION 6.2: BBBEE PERFORMANCE

The JDA reports on the BBBEE share of both actual expenditure and contractual commitments for all active contracts. The table below shows the BBBEE share of capital and operating expenditure. For 2017/18 financial year, the overall BBBEE share of expenditure was R1,311,666,041.71 . This constitutes an achievement of 97% per cent.

TABLE 43: SUMMARY OF BBBEE EXPENDITURE

Description	01 July 2017 – 30 June 2018		
	Total Expenditure	**BBBEE Claimed**	**BBBEE %**
Capex	R1 316 272 337.92	R1 283 958 178.07	98%
Opex	R35 695 198.53	R27 707 863.65	78%
Consolidated Opex and Capex	**R1 351 967 536.45**	**R1 311 666 041.71**	**97%**

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

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

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

TABLE 44: BBBEE POINTS

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

SECTION 6.3: SMME DEVELOPMENT

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

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

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

- **Emerging contractor development** for SMMEs working on JDA projects (both subcontractors and those contracted directly by the JDA). This includes general training.

- Training on **winning business** for SMMEs (with a focus on unsuccessful bidders identified through the JDA tender process).

The JDA reports on the SMME share of both actual expenditure and contractual commitments for all active contracts. The table below shows the SMME share of capital and operating expenditure. The SMME share of JDA's operating and capital expenditure was R 358 114 491.55 for 2017/18 Financial year. This constitutes an achievement of 26% for the period under review. (Capex R358 114 491.55 or 26 %; Opex R 14 651 065.65 or 41%).

TABLE 45: SUMMARY OF SMME EXPENDITURE[20]

Description	**01 July 2017 – 30 June 2018**	
	SMME Expenditure	**SMME %**
Capex	R 343 463 425.90	26%
Opex	R 14 651 065.65	41%
Consolidated Opex and Capex	**R 358 114 491.55**	**26%**

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

SECTION 7: PENDING LITIGATIONS AND POSSIBLE LIABILITIES

TABLE 46: PENDING LITIGATIONS AND POSSIBLE LIABILITIES.

Case Matter	Amount Claimed	Date Instituted	Description	Current Status	Anticipated Date	Chance of Success
Ubuntu Kraal (Pty) Ltd vs JDA	± 23 555 160, 06 million	13/12/2013	Damages suffered by Ubuntu Kraal as a result of “alleged” negligence by the JDA and other parties.	On Friday, 13 December 2013 the JDA was served with summons. The summons relate to the “alleged” negligence on the part of the JDA during the widening of the Klipspruit valley road during the construction of the BRT routes around 2010. It is alleged that as a consequence of such construction, which resulted in flooding in 2010 and 2011, damages to buildings and properties to the tune of approximately R23 555 160, 06 was incurred by the plaintiff. The JDA has been cited as the first defendant and the City of Johannesburg as the second defended in the matter, together with other 5 defendants. The JDA has appointed Routledge Modise Attorneys (T/A Hogan Lovells) to assist in defending the matter. Routledge Modise have handed over the matter to the insurers attorneys at the request of the JDA’s insurers (Webber Wentzel Bowens). The matter is being defended by the JDA and COJ’s insurer’s lawyers.	The matter was set down for trial on 5 June 2018 and we await the court’s ruling on the matter.	Not yet determined at this stage.
Tembu Convenience Centre CC vs City of Johannesburg 1st Defendant and Others (JDA- 2nd Defendant)	± R10 488 324 million		Damages suffered by Tembu Convenience Centre CC as a result of “alleged” extensive permanent road diversions and/or closures having been effected in	The matter was set down for trial on 1 June 2017. The JDA successfully defended the matter as the case was dismissed with costs of two counsels on 15 September 2017. However, on 27 February 2018, the	Case is being appealed by the applicant.	Not yet determined.

Case Matter	Amount Claimed	Date Instituted	Description	Current Status	Anticipated Date	Chance of Success
			order to cater for the BRT system in the area known as "Soweto to Parktown Bus Rapid Network, Section 1, Moroka Police Station to Modderspruit Culvert". It is alleged that COJ or the JDA failed to comply with the relevant legislation and ordinances.	High Court has granted Tembu Convenience Centre CC their application for leave to appeal. We will be defending the matter through our attorneys.		
Achusim Chijoike vs (JDA 1st Defendant) and Sykmark Security Services (Pty) Ltd (2nd Defendant)	± R353000.00	10/2013	Injury suffered by Plaintiff as a result of a shooting incident that occurred in December 2010. The Plaintiff alleges that the person implicated in the shooting is linked to the JDA as its employee. Hence the claim of vicarious liability.	The JDA was incorrectly cited as a party to the proceedings. Particulars of defense were submitted to the plaintiff accordingly. The Plaintiff has to date not responded to our pleadings. A letter has been addressed by the JDA's attorneys (Routledge Modise T/A Hogan Lovells) to the Plaintiff to the effect that should we not receive any feedback from them, we shall proceed to seek court approval to withdraw the matter. We still await feedback from the Plaintiff's attorneys.	The matter stopped at pleadings stage and is likely not going to proceed.	Not yet determined.
Bertrams Priority Block vs JDA	Not applicable	February 2008	Relocation of illegal occupants in various buildings around Bertrams Priority Block.	The JDA has through its Attorneys (Edward Nathan Sonneburg ENS) entered into legal proceedings regarding the relocation of illegal occupants in various buildings around Bertrams Priority Block. Eviction proceedings have been instituted in the South Gauteng High Court. Negotiations are underway with the occupants to settle the matter out of court. Progress made since 2012,	On-going	Good

Case Matter	Amount Claimed	Date Instituted	Description	Current Status	Anticipated Date	Chance of Success
				some occupants have agreed to be reallocated to properties operated by the Johannesburg Social Housing Company. The Few that would be left would, due to inability to meet monthly rentals will be accommodated by the Department of Housing. The parties are working together to reach agreement without a protracted litigation processes.		
Dark Fibre Africa vs JDA and Easyway Tarmac Pave and Projects CC	R42,037.85	14/03/2014	The matter relates to the fibre optic cable that was damaged by opening a trench in the road reserve with a TLB Machine along the road carriage way of Orlando east, near Sefa Sonke street around 22 June 2013. The plaintiff, Dark Fibre Africa (Pty) Ltd is suing the JDA (2nd Defendant) on the basis that JDA used the services of Easyway Tarmac Pave and Projects CC to manage and control the execution of the water pipeline project and to do the drilling and excavation along the road carriage way of Orlando east near the intersection with Sefa Sonke street.	The matter is being defended by the lawyers appointed by the JDA's insurers (AON).	The matter is still at pleading stage and has not been set down for trial	Not yet determined.

Section 8: Insurance Claims against/to MOE

TABLE 47: INSURANCE CLAIMS TO AND AGAINST THE ENTITY

Insured Year	Claim Number	Date of Loss	Date Notified	Days Outstanding	Risk Description	Gross Claim Amount	Risk Category
2017	51551626	2017/06/12	2017/10/02	281	Negligence / Contractual Obligation	707,964	Liability
2017	51549204	2017/08/04	2017/08/04	340	Negligence / Contractual Obligation	802,946	Liability

Section 9: Statement on Amounts Owed By and To Government Departments and Public Entities

TABLE 48: AMOUNTS OWED BY AND TO GOVERNMENT DEPARTMENTS AND PUBLIC ENTITIES

Name of department	Balance	Comments
	R' 000	
City of Johannesburg - CAM & USDG	178 492	Balance mainly relates to amounts outstanding for June 2018 claims that were submitted and accrued for in July 2018.
City of Johannesburg - Department of transportation	357 814	Balance mainly relates to amounts outstanding for longer than 30 days. Majority of the balance relates to claims for June 2018 submitted and accrued for in July 2018.
City of Johannesburg - Department of planning	129 731	Balance mainly relates to amounts outstanding for longer than 30 days. Majority of the balance relates to claims for June 2018 submitted and accrued for in July 2018.
City of Johannesburg – EMS	33 191	Balance mainly relates to amounts outstanding for longer than 30 days. Majority of the balance relates to claims for June 2018 submitted and accrued for in July 2018.
City of Johannesburg - Department of Health	12 444	Balance mainly relates to amounts outstanding for longer than 30 days. Majority of the balance relates to claims for June 2018 submitted and accrued for in July 2018.
City of Johannesburg - GSPCR	3 184	Balance mainly relates to amounts outstanding for longer than 30 days. Majority of the balance relates to claims for June 2018 submitted and accrued for in July 2018.
City of Johannesburg - Other departments (Department of Economic Development, Department of Housing, Department of Social Development, Department of Community Development, Johannesburg Roads Agency (SOC) Ltd)	146 398	Balance mainly relates to amounts outstanding for longer than 30 days. Majority of the balance relates to claims for June 2018 submitted and accrued for in July 2018.
Total	**854 886**	

CHAPTER 6: AUDITOR-GENERAL AND INTERNAL AUDIT FINDINGS

SECTION 1: PROGRESS ON INTERNAL AUDIT PLAN

The chart below serves to indicate an overview of the audit conclusion made regarding the control environment based on the audits completed by internal audit in the 2017/18 financial year. On overall there were forty five (45) audit projects completed by internal audit.

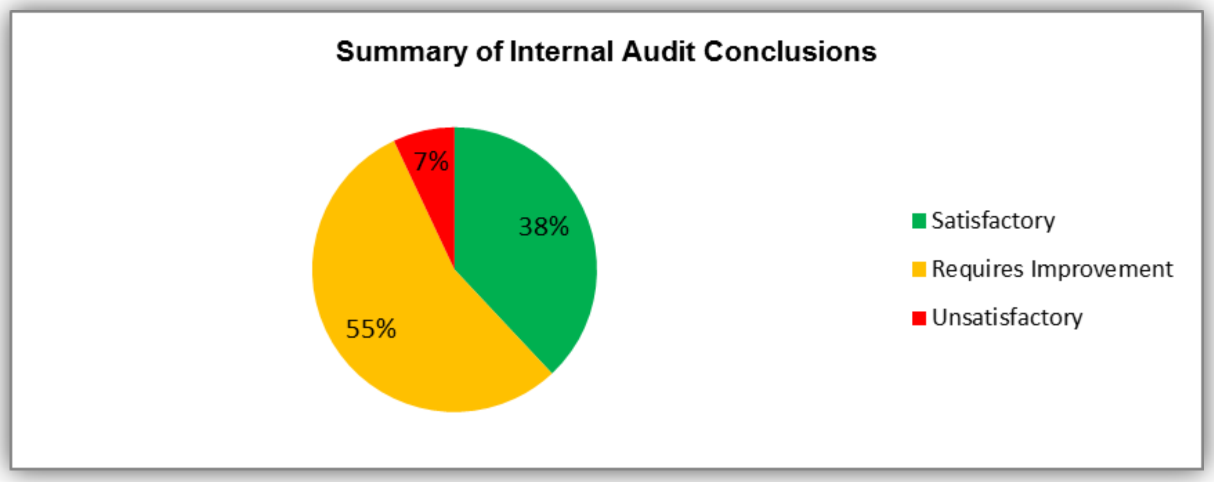


FIGURE 10: OVERVIEW OF AUDIT CONCLUSIONS MADE FROM AUDITS CONDUCTED IN 2017/18

Below is an indication of the overall internal audit conclusions on the control environment on each report the 45 audit reports issued by internal audit in the 2017/18 financial year.

No.	Audit Description	Overall conclusion
1	Review of the draft 2016/17 financial statements Review of the 2016/17 Annual Integrated report	Requires improvement
2	Quarterly follow up on unresolved internal and external audit findings - Q1	Requires improvement
3	Quarterly audit of performance information (AOPO) - Q1	Requires improvement
4	Quarterly audit of performance information (AOPO) - Q2	Requires improvement
5	Review of the Risk Management Process and Fraud Prevention Strategy	Satisfactory
6	Performance Bonuses Review (Level below management)	Requires improvement
7	Quarterly follow up on unresolved internal and external audit findings – Q2	Requires improvement
8	Information and Network Security Review	Satisfactory
9	Information (external network and POPI) Security Review	Satisfactory
10	Contract Management	Requires improvement
11	Review of the Supply Chain Management Processes in with MFMA	Requires improvement
12	Financial Discipline Review (FDR)	Requires improvement
13	Quarterly audit of performance information (AOPO) – Q3	Requires improvement
14	Payroll and leave administration	Satisfactory
15	Performance Audit on the JDA SCM Function	Requires improvement
16	Quarterly follow up on unresolved internal and external audit findings – Q3	Requires improvement
17	Stakeholder Management Review	Requires improvement
18	Performance Bonuses (Senior Managers)	Requires improvement
19	Audit of the budget and expenditure process	Needs improvement
20	Brixton Social Cluster Phase 1- Multi Purpose and Sport Recreation Centre	Satisfactory

No.	Audit Description	Overall conclusion
20	Rea Vaya BRT System: Phase 1 C stations (Phase 2) WP 15L (Clarendon to Wright – close out works)	Satisfactory
21	Jabulani TOD Phase 6A	Satisfactory
22	Rea Vaya BRT System Phase 1C: Watt Interchange Section 15 K – Civil engineering Consultants	Requires improvement
23	Brixton Social Cluster Phase 2 pre-qualification	Requires improvement
24	BRT Alexandra bus depot pre-qualification	Requires improvement
25	BRT Alex Loop	Requires improvement
26	Turffontein Stormwater Masterplan Implementation	Satisfactory
27	Inner City Managed Lanes	Requires improvement
28	Empire-Perth Storm water master plan Implementation	Requires improvement
29	Milpark pedestrian bridge	Satisfactory
30	Soweto Stations NMT Links	Satisfactory
31	Mayfair Precinct Development – Public Environment Upgrade	Unsatisfactory
32	New CoJ Health Facilities	Unsatisfactory
33	Watt Interchange Stage 2	Satisfactory
34	Pre-Qualification of Contractors for Vincent Tshabalala Pedestrian Bridge	Satisfactory
35	Soweto Stations NMT Links : Dube	Requires improvements
36	Soweto Stations NMT Links: Morafe	Satisfactory
37	Louis Botha SMP	Satisfactory
38	Soweto Railway Stations NMT Links: Mzimhlophe	Requires improvement
39	Diepsloot Public Environment Upgrade	Requires improvement
40	Basement Parking remedial works	Satisfactory
41	Installation of ITS Sleeves and opt fibre	Satisfactory
42	CoJ Health Clinics – Klipfontein, Turffontein and Zandspruit	Satisfactory
43	Preliminary investigations on the irregular expenditure on the Paterson Park project	Requires improvement
44	Root Cause Analysis Audit – JDA CCTV cameras	Unsatisfactory

All the areas for improvement identified through the audit efforts were communicated to management through the internal audit reports. Management continues to ensure that internal audit findings are resolved, through the implementation of recommendations and the agreed upon action plans.

TABLE 49: CONTROL ENVIRONMENT CONCLUSION EXPLANATION

Control Environment	Definition	Indicator
Unsatisfactory	Audit results indicate that insufficient reliance can be placed on the design and operational effectiveness of internal controls to mitigate the risks to which the activity under review is exposed.	A breakdown in the overall management of a part of the business or the process being reviewed. Primarily "Catastrophic" risk findings. Actions are likely to bring JDA's brand and reputation into disrepute. A breakdown in accounting, reporting and other key financial and operating controls. Non-existent financial and operating controls. Non-compliance to laws and regulations.
Requires Improvement	Audit results indicate that limited reliance can be placed on the design and operation of internal controls to mitigate the risks to which the activity under review is exposed.	Primarily "Major or moderate" risk findings. Inadequate compensating controls. Overall control environment for the audited process/focus area is of an adequate standard.
Satisfactory	Audit results indicate that sufficient reliance can be placed on the design and operation of internal controls to	Primarily "Minor or insignificant" risk findings. Overall control environment for the audited process/focus area is of the required standard.

Control Environment	Definition	Indicator
	mitigate the risks to which the activity under review is exposed.	Adequate compensating controls in place.

SECTION 2: PROGRESS ON RESOLUTION OF INTERNAL AUDIT FINDINGS

TABLE 33: INTERNAL AUDIT FINDINGS

Financial Period	Total Unresolved Findings	Total Resolved Findings	Total Findings
2013/14	1	1	2
2014/15	6	11	17
2015/16	12	33	45
2016/17	6	52	58
2017/18	36	4	40
Total number as at 30 June 2018	**61**	**101**	**162**
Percentage	**38%**	**62%**	**100%**

Internal Audit conducts follow-up reviews on a monthly basis on the status of unresolved findings and then provides these monthly reports on the status of unresolved findings to the chairperson of the Operation Clean Audit (OPCA) Committee and to the Group Risk Assurance Services for discussion with the City Manager.

During the current year an internal committee was developed to address internal and external audit findings. This committee is chaired by the Chief Financial Officer and the progress is reported to EXCO and the Audit and Risk Committee on a regular basis. For the current year there has only been a few meetings however, there has been a significant improvement in addressing both internal and external audit findings. In then audit 2018/19 year, resolving internal and external audit findings will be included in all performance scorecards.

On a quarterly basis Internal Audit, also conducts a follow-up on the implementation of Internal and External audit recommendations. These reports are presented to the Audit and Risk Committee, who monitors the progress made by management on the implementation of recommendations and action plans.

SECTION 3: PROGRESS ON RESOLUTION OF EXTERNAL AUDIT FINDINGS

The table below provides a summary of AG Findings raised in the 2014/2015, 2015/2016 and 2016/17 financial period:

TABLE 34: AUDITOR GENERAL FINDINGS

Financial Period	Total Unresolved Findings	Total Resolved Findings	Total Findings
2014/15	2	9	11
2015/16	3	31	34
2016/17	3	3	6

Total l number as at 30 June 2018	**8**	**43**	**51**
Percentage	**16%**	**84%**	**100%**

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

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

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

SECTION 4: OVERALL STATE OF INTERNAL CONTROLS

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

Internal controls refer to the policies, practices and systems that the organisation has put in place to:

- Provide reasonable assurance that the organisation will achieve its objectives;
- Prevent fraud and corruption from occurring;
- Protect resources from waste, loss, theft or misuse; and
- Ensure that resources are used efficiently and effectively.

The JDA has a system of internal control to provide cost-effective assurance that the entities goals will be economically, effectively and efficiently achieved. In line with the MFMA, the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors and the King Code

Report on Corporate Governance, Internal Audit provided the Audit and Risk Committee and Management with quarterly internal audit reports in terms of its approved annual Internal Audit Plan.

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

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

Management is committed to addressing control weaknesses identified by internal and external audit through implementation of audit recommendations and monitoring of action plans. However there is still room for improvement as stricter commitment is required from management to ensure that audit findings are promptly resolved. Based on the internal audits completed in this financial year, internal audit's overall conclusion on the state of internal controls; is that controls currently in place are adequate; however partially effective to provide reasonable assurance that JDA objectives will be achieved.

The overall JDA control environment requires improvement.

SECTION 5: AUDITOR-GENERAL'S REPORT FOR THE CURRENT YEAR

Note: The Constitution S188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all Municipalities. MSA section 45 states that the results of performance measurement must be audited annually by the Auditor-General.

TABLE 50: AUDIT OPINIONS

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Audit opinion	Unqualified	Unqualified	Unqualified	Clean	Clean	Clean	Unaudited

SECTION 6: HISTORICAL AUDIT FINDINGS AND REMEDIAL ACTION

In 2016/17, the JDA received a clean audit opinion. The Auditor-General also identified areas of improvement for management. Recommendations included improved non-financial performance information controls and reporting. Remedial action has since been taken.

APPENDICES

APPENDIX A: BOARD OF DIRECTORS; COMMITTEE ALLOCATION AND ATTENDANCE

The Board meets regularly, retains full and effective control over the company and monitors the implementation of the company's strategic programmes by the executive management through a structured approach of reporting and accountability. It sets the strategic direction of the JDA and monitors overall performance. All JDA's Board Committees are chaired by non-executive directors. JDA monitors overall performance.

Board Meeting Attendance

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

TABLE 51: BOARD AND BOARD COMMITTEE MEETINGS & ATTENDANCE (1 JULY – 19 APRIL 2018)

Name	Board				Audit & Risk				Development & Investment				HR & Remco				Social & Ethics			
	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent
C Coovadia	9	7	2	0	N/A	N/A	N/A	N/A	5	3	2	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
K Govender	9	9	0	0	9	9	0	0	5	5	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
L Shole (Resigned 13 December 2017)	6	2	4	0	N/A	N/A	N/A	N/A	4	1	3	0	2	1	1	0	N/A	N/A	N/A	N/A
P Mashele	9	8	1	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4	4	0	0	3	0	0	0
N Ngwenya	9	9	0	0	N/A	N/A	N/A	N/A	5	5	0	0	N/A	N/A	N/A	N/A	3	0	0	0
M Qobo	9	7	2	0	9	7	2	0	N/A	N/A	N/A	N/A	4	4	0	0	N/A	N/A	N/A	N/A
A Steyn	9	9	0	0	9	0	0	0	5	5	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
P Masilo	9	9	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4	0	0	0	3	0	0	0
P Zagaretos	9	9	0	0	N/A	N/A	N/A	N/A	5	4	1	0	N/A	N/A	N/A	N/A	3	3	0	0
T Mendrew (Resigned 31 August 2017)	3	3	0	0	2	2	0	0	1	1	0	0	1	1	0	0	1	1	0	0
C Botes (Appointed as at 1 May 2018)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
S Moonsamy (Appointed as at 1 March 2018)	2	2	0	0	1	1	0	0	1	1	0	0	0	0	0	0	0	0	0	0
M Dolamo (Independent Audit & Risk member)	N/A	N/A	N/A	N/A	9	8	1	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
K Onuoka (Independent Audit & Risk member)	N/A	N/A	N/A	N/A	9	9	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Z Samsam (Independent Audit & Risk member)	N/A	N/A	N/A	N/A	9	9	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

TABLE 52: BOARD AND BOARD COMMITTEE MEETINGS & ATTENDANCE (20 APRIL 2018 – 30 JUNE 2018)

Name	Board				Audit & Risk				HR & Remco/ Social & Ethics			
	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent	No of Meetings	Attendance	Apology	Absent
C Coovadia	2	2	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
K Govender	2	2	0	0	0	0	0	0	N/A	N/A	N/A	N/A
P Masilo	2	1	1	0	N/A	N/A	N/A	N/A	1	1	0	0
P Zagaretos	2	1	1	0	N/A	N/A	N/A	N/A	1	1	0	0
P Mashele	2	2	0	0	N/A	N/A	N/A	N/A	1	0	1	0
N Ngwenya	2	2	0	0	N/A	N/A	N/A	N/A	1	1	0	0
M Qobo	2	2	0	0	0	0	0	0	1	1	0	0
A Steyn	2	2	0	0	0	0	0	0	N/A	N/A	N/A	N/A
C Botes (Appointed as at 1 May 2018)	2	2	0	0	1	1	0	0	1	1	0	0
S Moonsamy (Appointed as at 1 March 2018)	2	2	0	0	0	0	0	0	1	1	0	0
M Dolamo (Independent Audit & Risk member)	N/A	N/A	N/A	N/A	0	0	0	0	N/A	N/A	N/A	N/A
K Onuoka (Independent Audit & Risk member)	N/A	N/A	N/A	N/A	0	0	0	0	N/A	N/A	N/A	N/A
Z Samsam (Independent Audit & Risk member)	N/A	N/A	N/A	N/A	0	0	0	0	N/A	N/A	N/A	N/A

APPENDIX B: COMMITTEE AND COMMITTEE PURPOSE

Board Committees

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

TABLE 53: BOARD COMMITTEES

Pre-20 April 2018 AGM	Post – 20 April 2018 AGM
Audit and Risk Committee	Audit and Risk Committee
Social and Ethics Committee	Combined Human Resources and Remuneration Committee and Social and Ethics Committee
Human Resources and Remuneration Committee	
Development and Investment Committee	

Each committee composition is as follows:

TABLE 54: AUDIT AND RISK COMMITTEE FOR THE PERIOD 1 JULY 2017 TO 19 APRIL2018

Audit and Risk Committee	Composition	Mandate	Annual Activities
The Audit and Risk Committee, which consists of three non-executive directors and three independent members, meets not less than four times a year. Most committee members have the collective skills with financial and audit backgrounds, which ensures that the committee is able to execute its mandate. The external and internal auditors attend ARC meetings, and have direct access to the committee chairperson. The Audit and Risk Committee, assisted by internal audit, continued to monitor the JDA's internal control environment and ensured that management continued to implement recommendations by internal audit in an effort to achieve a clean audit	The following members served on the committee during the 01 July 2017 – 30 June 2018 period under review: • K Govender (Chairperson) • M Qobo • A Steyn • M Dolamo (Independent Member) • Z Samsam (Independent Member) • K Onuoka (Independent Member)	The committee has specific responsibility for ensuring that all activities of the JDA are subject to independent and objective review and financial performance oversight. The Audit and Risk Committee has a Charter with clear terms of reference as guided by the provisions of Section 166 of the MFMA. The Committee has the following responsibilities: • Reviewing the JDA's internal controls and financial reports for statutory compliance and alignment with standards of best practice, and recommending appropriate disclosures to the Board. • Reviewing reports from management, risk and compliance, and internal and external auditors to provide reasonable assurance that control procedures are in place and are being followed. • Reviewing the quarterly financial performance reports and annual financial statements before submission to the Board, focusing particularly on any changes in accounting policies and practices. • Reviewing and monitoring enterprise risk management processes and ensuring that management implements appropriate risk management mitigation strategies. • Determining the levels of risk tolerance and risk appetite and monitoring that risks are managed within predetermined levels. • Determining a framework for good governance and ethical conduct across the entity.	The Audit and Risk Committee met 9 times in 2017/18 and considered the following matters, among others: • The committee's charter and internal audit charter. • The 2017/18 Business Plan. The committee recommended the business plan to the Board for approval. • Monitored management progress on resolution of internal and external audit findings. • Internal audit reports. • Internal audit three-year rolling plan. • Quarterly performance reports. • Quarterly risk management report.

TABLE 55: DEVELOPMENT AND INVESTMENT COMMITTEE FOR THE PERIOD 1 JULY 2017 TO 19 APRIL 2018

Development and Investment Committee	Composition	Mandate	Annual Activities
JDA's operates in a high-risk environment involving planning, development construction and procurement. Hence for the need to examining risks associated with the proposed projects such as the financing, returns and projects risk profiles. The Development and Investment Meetings are held on a bi-monthly basis or as required by the Chairperson.	The following members served on the committee during the 1 July 2017 to 30 June 2018 period under review: • P Zagaretos (Chairperson) • C Coovadia • A Steyn • N Ngwenya • K Govender • L Shole (Resigned 13 December 2017) • T Mendrew (Resigned 31 August 2017)	The Committee is responsible for evaluating development proposals with a view to making recommendations for approval to the Board. The Committee has the following responsibilities: • Assessing business risks associated with developments undertaken by the JDA with a view to ensuring that these are mitigated to acceptable levels; • Reviewing development contracting strategies undertaken by the JDA to inform contracting practice and development expenditure; • Reviewing the development plans that are produced for the JDA to define the investment pipeline over the medium term; • Reviewing Quarterly performance reports, periodic impact assessments, and independent critiques to guide development and operational practice; • Reviewing criteria and targets for investments on behalf of the clients; • Evaluating and making recommendations to the Board on the proposed new development projects; • Developing an understanding of key stakeholders and development partners; and • Reviewing of strategic, targeted and responsive engagement activities; • Identifying support for the development of key catalytic projects. This may include property owners and developers, project funders, urban management partnerships and community based organisations.	The committee met five (5) times in 2017/18 and consolidated the following matters, among others: • Development Contracting Strategies for 2017/18 • The 2017/18 Business Plan • Quarterly Performance Reports • Updates on development progress and challenges for all development portfolios.

TABLE 56: HUMAN RESOURCES AND REMUNERATION COMMITTEE FOR THE PERIOD 1 JULY 2017 TO 19 APRIL 2018

Human Resources and Remuneration Committee	Composition	Mandate	Annual Activities
In line with the best practice of corporate governance, the Board maintains a Human Resources & Remuneration Committee (HR & REMCO), comprising of 4 (four) non-executive directors and chaired by a non-executive director. The executive directors are excluded from the HR & Remuneration Committee when matters relating to their remuneration are discussed. The remuneration of the Chairperson, the non-executive directors and independent Audit and Risk committee members is determined by the parent municipality.	The following members served on the committee during the 1 July 2017 to 30 June 2018 period under review: • M Qobo (Chairperson) • P Masilo • L Shole (Resigned 13 December 2017) • P Mashele •	The committee deals with all matters that relate to the management of human capital in the entity. The Committee has the following responsibilities: • Directing the human resources policies and strategies for the organisation • Recommending the approval of the remuneration for the chief executive officer, senior executives and staff to the Board of Directors. • Ensuring that the remuneration of the chief executive officer and senior management are within the upper limits, as determined by the CoJ, in accordance with the provisions of section 89(a) of the MFMA.	The committee met four (4) times in 2017/2018 to discuss: • Quarterly human resources reports • The employee climate survey progress report • The staff establishment report • Performance incentive bonuses for employees, including senior managers • Corporate social investments implementation reports •

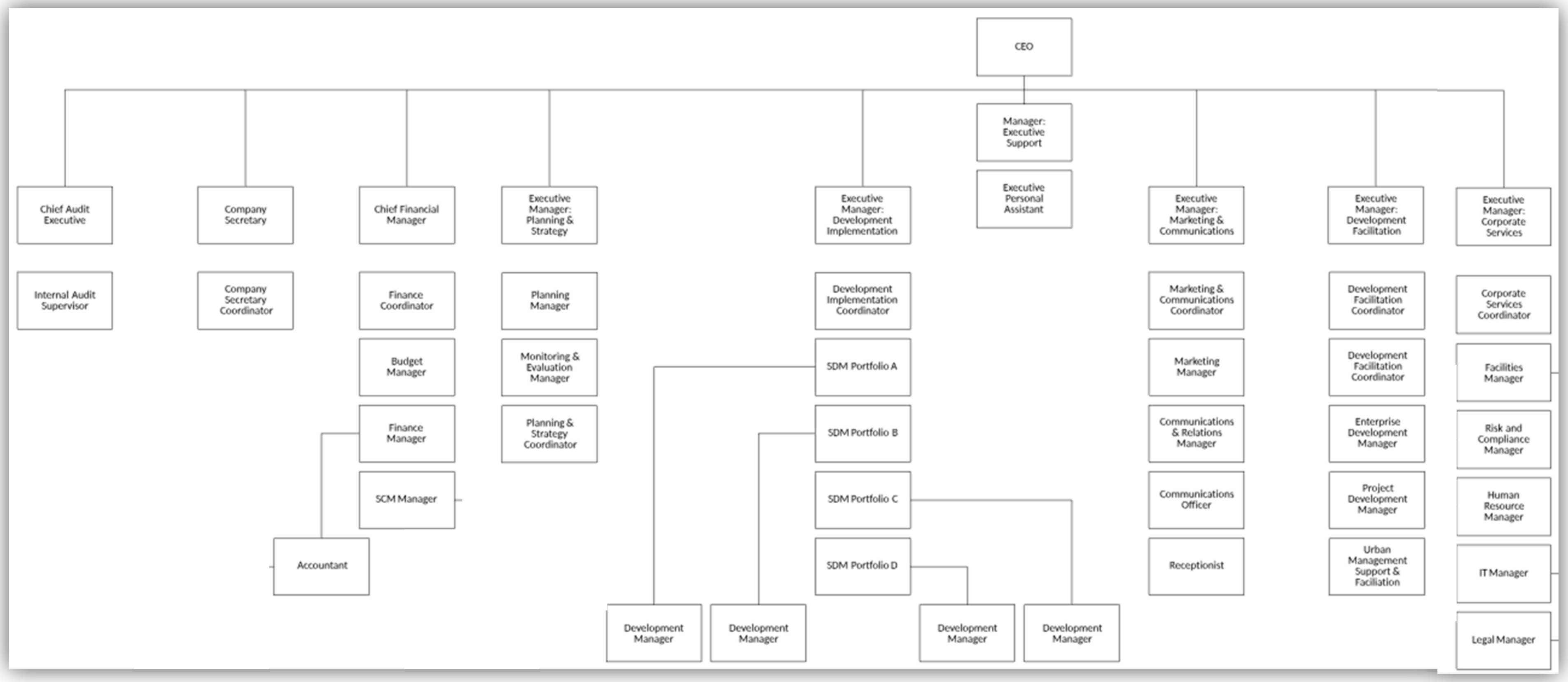
TABLE 57: SOCIAL AND ETHICS COMMITTEE FOR THE PERIOD 1 JULY 2017 TO 19 APRIL 2018

Social and Ethics Committee	Composition	Mandate	Annual Activities
The Social and Ethics Committee is responsible for acting as the social conscience of the business and ensuring that the company conducts itself as a responsible corporate citizen.	The following members served on the committee during the 1 July 2017 to 30 June 2018 period under review: • P Mashele (Chairperson) • P Zagaretos • P Masilo • N Ngwenya • T Mendrew (Resigned 31 August 2017)	The Committee has the following responsibilities: • Ensuring that the JDA conducts its business in a sustainable manner, having regard for the environment, fostering healthy relationships with all its stakeholders and considering the impact of its work within the community. • Considering the treatment of and investment in employees, health and safety practices, black economic empowerment and the ethical corporate culture.	The committee met three (3) times during 2017/2018 to discuss: • Marketing and communications progress reports • Stakeholder Engagement Plan progress reports • Enterprise development results • Quarterly ethics and fraud reports • Integrated occupational health and safety quarterly reports • Progress made in the development of SMMEs and impact on the enterprise development programme • Progress made in relation to the Alexandra renewal project close-out report • Corporate social investment implementation reports • Job creation and Jozi@Work implementation reports.

TABLE 25: COMBINEDHUMAN RESOURCES AND REMUNERATION COMMITTEE FOR THE PERIOD 20 APRIL 2018 TO 30 JUNE 2018

Combined Human Resources, Remuneration and Social and Ethics Committee	Composition	Mandate	Annual Activities
In line with the best practice of corporate governance, the Board maintains a Human Resources & Remuneration Committee (HR & REMCO), comprising of 4 (four) non-executive directors and chaired by a non-executive director. The executive directors are excluded from the HR & Remuneration Committee when matters relating to their remuneration are discussed. The remuneration of the Chairperson, the non-executive directors and independent Audit and Risk committee members is determined by the parent municipality.	The following members served on the committee during the 1 July 2017 to 30 June 2018 period under review: • N Ngwenya (Chairperson) • M Qobo • P Masilo • L Shole (resigned 13 December 2017) • P Mashele • P Zagaretos	The committee deals with all matters that relate to the management of human capital in the entity. The Committee has the following responsibilities: • Directing the human resources policies and strategies for the organisation • Recommending the approval of the remuneration for the chief executive officer, senior executives and staff to the Board of Directors. • Ensuring that the remuneration of the chief executive officer and senior management are within the upper limits, as determined by the CoJ, in accordance with the provisions of section 89(a) of the MFMA; and • For acting as the social conscience of the business and ensuring that the company conducts itself as a responsible corporate citizen. • Ensuring that the JDA conducts its business in a sustainable manner, having regard for the environment, fostering healthy relationships with all its stakeholders and considering the impact of its work within the community. • Considering the treatment of and investment in employees, health and safety practices, black economic empowerment and the ethical corporate culture.	The committee met once from 20 April to 30 June 2018 to discuss: • Quarterly human resources reports • The employee climate survey progress report • Performance incentive bonuses for employees, including senior managers • Corporate social investments implementation reports • Marketing and communications progress reports • Approval of the Marketing and Communications strategy • Stakeholder Engagement Plan progress reports • Enterprise development results • Quarterly ethics and fraud reports • Integrated occupational health and safety quarterly reports • Progress made in the development of SMMEs and impact on the enterprise development programme • Progress made in relation to the Alexandra renewal project close-out report •

APPENDIX C: THIRD TIER ADMINISTRATIVE STRUCTURE



APPENDIX G: RECOMMENDATIONS OF THE AUDIT AND RISK COMMITTEE

TABLE 58: AUDIT AND RISK COMMITTEE RECOMMENDATIONS

Date of committee	**Committee recommendations during 2016/17**	**If recommendations adopted, enter Yes. If not adopted, provide explanation**
12 July 2017	4th Quarter Performance Report	Yes
	Internal Audit Reports: Internal Audit Progress Report Financial Discipline Review Supply Chain Management Follow-up on 2015/16 AGSA findings	The Committee noted the report accordingly
23 August 2017	2015/16 Annual Financial Statements	Yes
	2015/16 Integrated Annual Report	Yes
	Internal Audit Report on the review of AFS and the Annual Report	The Committee noted accordingly the report
07 September 2017	Fourth Quarter Risk & Compliance Report	The Committee noted the report accordingly
	Risk Appetite & Tolerance Framework	The Committee referred back to management the Risk Appetite and Tolerance Framework; the document should be redrafted taking into account comments made by the Committee in the meeting and resubmitted.
	Revised Risk Management Policy	Yes
	Risk Management Framework	Yes
	Risk Management Strategy	Yes
	Risk & Compliance Plan	Yes
	Fourth Quarter Risk & Compliance Report	The Committee noted the report accordingly
	2017/18 Annual Internal Audit Plan and Programme	Yes
13 October 2017	2016/17 Q1 Performance Report	Yes
	Internal Audit Progress report	The Committee noted the report accordingly
	Internal Audit Cost and Expenditure	The Committee noted the report accordingly
	External Quality Assurance Review	The Committee noted the report accordingly
	Review of ICT General Controls for 2016/17 Financial Year	The resolution on the review of ICT General Controls for the 2016/17 financial year was deferred to an In-Committee

Date of committee	Committee recommendations during 2016/17	If recommendations adopted, enter Yes. If not adopted, provide explanation
		meeting for appropriate recommendation. Requested an investigation to done into the SAP implementation to be submitted to the ARC Committee when concluded.
	SAP PPM Post Implementation Review	The report was deferred to the next Committee meeting
	ITGC 2016/17	The Committee noted the report accordingly
	Review of the quarterly performance report (AOPO)	The Committee noted the report accordingly
	Follow-up Audit of IA and AGSA unresolved findings	The Committee noted the report accordingly
	Review of tenders above R5 million: Brixton Social Cluster Clarendon to Arkwright	The Committee noted the report accordingly
31 October 2017	CFO's report	The Committee noted the report accordingly
	Q1 Risk & Compliance Report	The Committee noted the report accordingly
	Risk Appetite & Tolerance Framework	The Framework, was withdrawn and would be resubmitted post alignment with the COJ's framework
	Internal Audit Charter	Yes
	ICT Governance & SAP Progress Report	The Committee noted the report accordingly
	Revised Delegation of Authority Framework	The report to be resubmitted post input from members of the Committee at the next Committee meeting.
16 November 2017	Finance Policies	The Committee deferred the resolution of the Finance Policies to the next Committee meeting. The updated document incorporating changes made in the meeting should be circulated to the Committee for further input before being presented at the next Committee for approval
	Supply Chain Management Policy	The Committee deferred the resolution of the Supply Chain Management Policy to the next Committee meeting. The updated document incorporating changes made in the meeting should be presented at the next Committee quarterly meeting consideration and approval.

Date of committee	Committee recommendations during 2016/17	If recommendations adopted, enter Yes. If not adopted, provide explanation
	Risk Appetite & Tolerance Framework	Yes
	Combined Assurance Framework	Yes
22 November 2017	Draft Management Report	Yes
	Draft Audit Report	Yes
	2016/17 Integrated Annual Report (Including AFS)	Yes
15 January 2018	2017/18 Mid-Year Performance Report	Yes
	Draft JDA 2017/18 Adjusted Scorecard	The Committee noted the report accordingly
23 February 2018	CFO's Report	The Committee noted the report accordingly
	Operational Clean Audit Committee's Progress Report (OPCA)	The Committee noted the report accordingly
	Mid-Year Budget Adjustment Submission	Yes
	Risk & Compliance Report	The Committee noted the report accordingly
	Risk & Compliance Framework	The Committee noted the report accordingly
	Internal audit progress report	The Committee noted the report accordingly
	SAP PPM Audit Reports	The SAP PPM Audit Reports were deferred to the In-Committee for appropriate recommendation.
	Internal audit reports on the review of tenders above R5 million	The Committee noted the reports accordingly
	Audit performance information at mid-year	The Committee noted the report accordingly
10 April 2018	Third Quarter Performance report	Yes
	Finance Policies	The policies were deferred to the next Committee meeting post AGM
	SCM Policy	The SCM Policy was deferred to the next Committee meeting post AGM
	Review of tenders above R5m	The Committee noted the report accordingly
	Risk Management processes and Fraud prevention Plan	The Committee noted the report accordingly
	Follow up on unresolved audit findings	The Committee noted the report accordingly
	CCTV Systems Review	The Committee noted the report accordingly

Date of committee	Committee recommendations during 2016/17	If recommendations adopted, enter Yes. If not adopted, provide explanation

Appendix H: Long-term contracts and Public-Private Partnerships

TABLE 59: SCHEDULE OF CONTRACTS OVER R10 MILLION AND RUNNING FOR MORE THAN ONE FINANCIAL YEAR:

Long-term contracts for 2017/18					
Name of service provider (entity or municipal department)	**Description of services rendered by the service provider**	**Start date of contract**	**Expiry date of contract**	**Project manager**	**Contract value**
Gorogang Plant Hire	Jabulani Transit Oriented Development Phase 5	04 August 2017	June 2019	Portfolio B	R 39 196 724.31
DKPB Construction	Eastern Gateway Precinct Jeppe Park Upgrade	04 August 2017	June 2019	Portfolio B	R 124 671 891.37
Phagama Civils & Maintenance	Inner City Managed Lanes	22 September 2017	June 2019	Portfolio B	R 23 763 770.00
Mayibuye I-Africa Trading cc JV	Rea Vaya BRT System: Phase 1C Section (Phase 2) Work Package 15l Claredon to Arkwright	12 October 2017	June 2019	Portfolio C	R 84 953 150.75
Bophelong Construction	BRT Alex Loop	05 December 2017	June 2019	Portfolio C	R 41 007 359.87
Axton Matrix Construction	Milpark Pedestrian Bridge	05 December 2018	June 2019	Portfolio C	R 18 544 728.78
Halifax/Roadtech Engineering/Agisanang Township Developers	Turffontein Stormwater Masterplan: Phase 1B	05 December 2017	June 2019	Portfolio C	R 47 803 482.92
Axton Matrix Construction	Empireperth Stormwater Masterplan Implementation	15 January 2018	June 2019	Portfolio C	R 46 242 869.95
WBHO Construction (Pty) Ltd	Rea Vaya BRT System: Phase1C Work Package 15K: Watt Street Interchange	24 January 2018	June 2019	Portfolio C	R 277 995 422.32
Mac P Constriction	Louis Botha Stormwater Masterplan	23 February 2018	June 2019	Portfolio C	R 41 344 190.81
Bophelong Construction	Soweto Railway Stations NMT Links-Merafe Railway Station Phase 2	07 March 2018	June 2019	Portfolio C	R 24 819 019.04
Boitshoko Road Surfacing & Civil Works	Soweto Railway Stations NMT Links-Dube Railway Station Phase 2	07 March 2018	June 2019	Portfolio C	R 21 176 835.66
Bophelong Construction	Soweto Railway Stations NMT Links-Mzimhlophe Railway Station Phase 2	20 March 2018	June 2019	Portfolio C	R 26 000 000.00
Probuild Construction Group (Pty) Ltd	Brixton Soxial Cluster Phase 2 (Library and Associated Works)	23 April 2018	June 2019	Portfolio A	R 52 830 239.47
GVK Siyazama Building Contractor	Alexandra Automotive Industrial Park	06 April 2018	June 2019	Portfolio B	R 18 779 314.19

Long-term contracts for 2017/18					
Name of service provider (entity or municipal department)	**Description of services rendered by the service provider**	**Start date of contract**	**Expiry date of contract**	**Project manager**	**Contract value**
Arocon Engineering Contractors	Inner City Core	June 2018	June 2019	Portfolio B	R 28 693 355.60
Phagama Civil and Maintenance	ITS Sleeves and Optic fibre	16 May 2018	June 2018	Portfolio C	R 42 802 250.00

No public-private partnership contracts are currently managed by the JDA.

Appendix I: Municipal Entity Performance Schedule

The City has thirteen entities that act as service delivery agents for the City. The entities are governed through a Service Delivery Agreement and remain fully controlled by the Metropolitan Council.

The mandate of the JDA[21] is:

- The JDA is responsible for stimulating and supporting area-based economic development initiatives throughout the Johannesburg metropolitan area in support of the long-term Growth and Development strategy.

TABLE 60: ALIGNMENT OF JDA MANDATE TO GDS AND IDP PROGRAMMES

GDS Outcomes	Key CoJ Priority Programmes	Key CoJ IDP Programme/s	Matching JDA Programme/s
1. A growing that economy and create jobs	IDP Priority 1: Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment, inequality and poverty	• Inner city regeneration, including key economic nodes • Increased infrastructure investment (from both public and private sectors)	1: Inner city transformation Programme 2: Strategic economic node programme 5. Economic Empowerment Programme
3. Pro-poor development that provides meaningful redress	IDP Priority 2. Ensure pro-poor development that addresses spatial and income inequality and provides meaningful redress	• Increasing the delivery of Efficient and effective transport (Public and Freight) connecting home, work, culture and leisure	3: Public infrastructure delivery programme 4: Greater Alex and Alexandra Renewal Programme (ARP) 5. Economic Empowerment Programme
5. An honest, responsive and productive local government	IDP Priority 5: Create an honest and transparent City that fights corruption.	• Increasing forensic investigative capability and controls	6: Good Governance, Management and Administration Programme
5. An honest, responsive and productive local government	IDP Priority 8: Enhance our financial sustainability.	• Focusing on driving up capital expenditure investment in infrastructure	1: Inner city transformation Programme 2: Strategic economic node programme 3: Public infrastructure delivery programme 4: Greater Alex and Alexandra Renewal Programme (ARP)
5. An honest, responsive and productive local government	Priority 8: Encourage innovation and efficiency through the Smart City programme.	• Focused improvement of ICT equipment and software	6: Good Governance, Management and Administration Programme
3. Pro-poor development that provides meaningful redress 5. An honest, responsive and productive local government	Day-to-Day Programme	• Other IDP or Day-to Day programmes	5. Economic Empowerment Programme 6: Good Governance, Management and Administration Programme

Appendix J: Disclosure of financial interest

[21] https://www.joburg.org.za/documents_/Documents/Intergrated%20Development%20Plan/IDP_Council.pdf

Directors' and employees' declarations of interest

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

All JDA employees are required to fill in declarations of interest covering shareholding in private companies, membership of close corporations, directorships held, partnerships and joint ventures, remunerative employment outside of the JDA, gifts and hospitality and the status of their municipal accounts. The employees' declaration of interests was undertaken in 2017/18.

TABLE 61: ASSESSMENT OF MUNICIPAL TAXES AND SERVICE CHARGES OWED TO THE JDA

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

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

TABLE 62: AMOUNTS OWED BY THE JDA FOR SERVICE CHARGES

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

TABLE 63: ASSESSMENT OF DIRECTORS' AND SENIOR MANAGERS' MUNICIPAL ACCOUNTS

Name	Designation	Name of municipality	Municipal account name/number	Status as at June 2016	Comments
D. Cohen	Executive manager: strategy and planning	City of Johannesburg	550412216	Nil	Account paid up
R Shirinda	Company secretary	Ekurhuleni Municipality	1706238428	Nil	Account paid up
C Botes	Chief Executive Officer and former Executive manager: development facilitation	City of Johannesburg	552623847	Nil	Account paid up
Z. Tshabalala	Chief Audit Executive)	City of Tshwane	5002180543	Nil	Account paid up
P Mkhize	Senior Development Manager	City of Johannesburg	Awaiting Account Number (New Development)	Nil	Account paid up
N Mudlovhedzi	Senior Development Manager	City of Johannesburg	550117725	Nil	Account paid up
C Coovadia	Non-executive	City of	400864220	Nil	Account paid up

Name	Designation	Name of municipality	Municipal account name/number	Status as at June 2016	Comments
	director	Johannesburg			
P Masilo	Non-executive director	Ekurhuleni Municipality	2603356925	Nil	Account paid up
K Govender	Non-executive director	City of Johannesburg	551971094	Nil	Account paid up
P Zagaretos	Non-executive director	City Of Johannesburg	403253685	Nil	Account paid up
N Ngwenya	Non-executive director	City of Johannesburg	2608551960	Nil	Account paid up
A Steyn	Non-executive director	City of Johannesburg	300154298	Nil	Account paid up
M Qobo	Non-executive director	City of Tshwane	5013675161	Nil	Account paid up
P Mashele	Non-executive director	City of Tshwane	BOVB00023A	Nil	Account paid up

TABLE 64: DISCLOSURES OF FINANCIAL INTERESTS PERIOD 1 JULY 2017 TO 30 JUNE OF 2018

Position	Name	Description of financial interests (Nil or details)
Chair	C Coovadia	Trustee for Urban Housing Finance Director at: African Union for Housing Finance Banking Association SA Business Unity SA Centre for Development Enterprise Financial Services Council Finmark Trust International Banking Federation International Union for Housing Finance Metier Lereko National Business Unit Initiative Nepad Business Foundation Ombudsman for Financial Services SABRIC SADC Banking Association Shares in: ABIL AngloGold ARROW A ARROW B Capitec Finbond FirstRand INVPLC JDE Netcare Oasis Petmin Pick n Pay PROPXTEN Redefine Satrix 40 Standard Bank
Board members	P Masilo	R Masilo Attorneys Director at:

Position	Name	Description of financial interests (Nil or details)
		Ekurhuleni Development Company Maxalex Investments (Pty) Ltd Maxalex Property Development (Pty) Ltd
	P Mashele	Non-Executive Director: Centre for Progressive Ideas 1000 shares: Centre for Politics and Research 400 shares: Tshivirikani Enterprise 370 shares: Swakahina Enterprise 500 shares: Thought Capital
	A Steyn	Director at: n/a Financial Interest: Shares in: Sasol Inzalo Sasol BEE Multichoice MTN Fedsure Telkom
	N Ngwenya	Director at: Ntsele Global Financial Interest: 5 no. of shares – Ntsele Global 20 no. of shares – Ntsele Foods
	K Govender	Director at: Mally Govender and Associates Zukramede (Pty) Ltd Shares in MTN
	M Qobo	Director at: Zivoscan Qobo Destiny Group MUROTRAX MONUMATE Tutwa Consulting Group Financial Interest: 100 shares – Qobo Destiny Group 30 Tutwa Consulting Group Qobo Destiny Trust (Family Trust not active yet)
	P Zagaretos	Director at: Tenurey Bespoke Advisory (Pty) Ltd Ule Investments (Pty) Ltd
Chief Executive Officer	C Botes	Nil
Chief Financial Officer	S Moonsamy	Nil
Executive managers	D Cohen	Nil
Other S57 officials	R Shirinda	Nil
	Z Tshabalala	Audit and Risk Committee Member for Ekurhuleni Metropolitan Municipality and its entities.

VOLUME II

- Annual Financial Statements
- Directors Report
- Company Secretary's Certificate

Johannesburg Development Agency

Johannesburg Development Agency (SOC) Ltd
(Registration number 2001/005101/07)
Annual financial statements
for the year ended 30 June 2018

These annual financial statements were prepared by:
Sherylee Moonsamy

Auditor-General of South Africa
Chartered Accountants (S.A.)
Registered Auditors

General Information

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	Regenerating the City of Johannesburg through facilitating and/or investing in development projects.
DIRECTORS	C Coovadia (Chairperson) C Botes (Chief Executive Officer) K Govender S Moonsamy (Chief Financial Officer) P Masilo P Zagaretos M Qobo A Steyn N Ngwenya P Mashele
REGISTERED OFFICE	The Bus Factory 3 Helen Joseph Street Newtown Johannesburg 2000
BUSINESS ADDRESS	The Bus Factory 3 Helen Joseph Street Newtown Johannesburg 2000
POSTAL ADDRESS	P O Box 61877 Marshalltown Johannesburg 2001
CONTROLLING ENTITY	The City of Johannesburg Metropolitan Municipality incorporated in South Africa
BANKERS	Standard Bank of South Africa Limited
AUDITORS	Auditor-General of South Africa Chartered Accountants (S.A.) Registered Auditors
SECRETARY	R Shirinda
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:

COID	Compensation for Occupational Injuries and Diseases
CJMM	City of Johannesburg Metropolitan Municipality
JDA	Johannesburg Devevelopment Agency (SOC) Ltd
BOARD	JDA Board of Directors
GRAP	Generally Recognised Accounting Practice
ARC	Audit and Risk Committee
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 were given unrestricted access to all financial records and related data.

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

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

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors 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 control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The directors have reviewed the entity's cash flow forecast for the year to 30 June 2019 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 CJMM for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the CJMM has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

Although the directors are primarily responsible for the financial affairs of the entity, they are supported by the entity's internal auditors to independently appraise the appropriateness, adequacy and the efficiency of the internal control environment within the JDA.

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

The annual financial statements set out on pages 7 to 66, which have been prepared on the going concern basis, were approved by the directors on 31 August 2018 and were signed on its behalf by:

C Coovadia (Chairperson)	**C Botes (Chief Executive Officer)**

Newtown, Johannesburg

Friday, 31 August 2018

Audit and Risk Committee Report

We are pleased to present the Audit and Risk Committee Report of the JDA for the financial year ended 30 June 2018; which is in compliance with the Companies Act and the requirements of the MFMA. The Committee has been appointed and has adopted terms of reference that comply with the Companies Act, King Code and MFMA (where applicable to the JDA). These terms have been approved by the JDA Board of Directors, copies of which are available from the Company Secretary on request.

Audit and Risk Committee members and attendance

The Audit and Risk Committee consists of the members listed here under and should meet not less than 4 times per annum as per its approved terms of reference. During the current year nine meetings were held.

Name of member	Number of meetings attended
K Govender (Chairperson)	9/9
A Steyn	9/9
M Dolamo	8/9
K Onuaka	9/9
Z Samsam	9/9
M Qobo	7/9

Audit and risk committee responsibility

The Audit and Risk Committee reports that it has complied with its responsibilities arising from section 166(2)(a) of the MFMA. The Audit and Risk Committee also reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The 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 Report on Corporate Governance requirements, Internal Audit provides the Audit and Risk Committee and management with assurance that the internal controls are appropriate, adequate 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 report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations thereof. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

The audit committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the management of the entity during the year under review.

Evaluation of the annual financial statements

The Audit and Risk committee has:

- reviewed and discussed the unaudited annual financial statements to be included in the annual report, with the Auditor-General and the directors;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices ;
- reviewed the entities compliance with legal and regulatory provisions;

Internal audit

The Audit and Risk committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the entity and its audits. The Audit and Risk Committee has;

- Approved the three year strategic rolling plan and the annual internal audit plan;
- Received and reviewed internal audit reports concerning the effectiveness and adequacy of the internal control environment, systems and processes;
- Reviewed the adequacy and appropriateness of management's corrective actions and implementation progress of such action plans; and
- Reviewed the internal audit function capacity and made recommendations.

Audit and Risk Committee Report

Risk management and compliance

The Audit and Risk Committee has:

- Reviewed the compliance framework and the risk management framework;
- Reviewed the JDA's strategic, operational, fraud, IT and compliance risks;
- Determined the levels of risk appetite and monitoring that risks are managed within the pre-determination levels; and
- Reviewed and monitored the risk management processes to ensure that management implements appropriate risk management mitigation strategies.

Chairperson of the Audit Committee

Date: ______________________

PRACTICE
LOGO

Report of the Auditor General

To the Provincial Legislature of Johannesburg Development Agency (SOC) Ltd

Auditor-General of South Africa
Registered Auditors

31 August 2018

Directors' Report

The directors submit their report for the year ended 30 June 2018.

1. INCORPORATION

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

2. REVIEW OF ACTIVITIES

Main business and operations

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

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

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

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

Net deficit of the entity for the financial year is R30 727 456 (2017: deficit R15 307 062).

Fraud Hotline

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

2018
Two tip-offs were received in which allegations were made regarding one case of maladministration of a JDA official with regards to service providers and one case of a JDA official unfairly issuing business to SMMEs. Both matters were subsequently concluded and closed. Final outcome resulted in a misunderstanding by the whistle-blower and the matter was reported to the Executive Mayor

2017
One allegation was made through the fraud hotline regarding the appointment of a service provider with a history of poor perfromance. The allegation was investigated and the matter is at reporting stage.

3. GOING CONCERN

We draw attention to the fact that at 30 June 2018, the entity had an accumulated surplus (deficit) of R 8 080 377 and that the entity's total assets exceed its liabilities by R 24 358 001.

Directors' Report

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

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the shareholder CJMM continue to proivide funding through the implementation of their capital projects and the grant that currently received for operational purposes.

4. EVENTS AFTER THE REPORTING DATE

The construction industry in general has had a significant decline over the last few years and further lower investment by government in infrastructure development in the 2018/19 budget means the sector is set for further decreases. There are a number of factors that have played a part in the industry's decline, among them shrinking margins, increased penaltiies, and non-payment or delayed payment by clients. Post 30 June 2018, two current JDA contractors had filed for business rescue. The overall impact of this to the JDA has been assessed as insignificant and should those contractors be terminated in the 2018/19 year, a new contractor will be appointed complete the remaining works and the budget allocated for these projects would still be expected to be spent.

Other than this, the accounting officer is not aware of any matter or event arising since the end of the reporting period and the date of this report, which will significantly affect the financial position and the results of the entity's operations.

5. CONTINGENT LIABILITIES

The JDA is involved in several legal proceedings. The outcome of these legal proceedings cannot as yet be determined. Details of contingent liabilities are disclosed in note 31 .

Included in the contingencies is the matter regarding the Grayston Pedestrian Bridge scaffolding collapse. On 14 October 2015 the scaffolding work into the Grayston Drive Pedestrian and Cyclist structural bridge collapsed which resulted in the loss of life and other damages.

Due to the nature of the incident, the Department of Labour (DOL) has to conduct a formal inquiry in terms of section 32 of the Occupational Health and Safety Act 85 of 1993 to determine the causes for the collapse of the scaffolding works.

The inquiry commenced on 7 July 2016 and a Commissioner has been appointed by the DOL. The matter has been delayed and is still ongoing.

6. FRUITLESS AND WASTEFUL EXPENDITURE

The organisation had incurred no fruitless and wasteful expenditure in the current year. Details of the fruitless and wasteful expenditure incurred in the prior year is disclosed in Note 40.

7. IRREGULAR EXPENDITURE

Irregular expenditure to the value of R36,736,411 was incurred in the current year (2017: R12,318,527). Details of the irregular expenditure incurred in the current and prior year is disclosed in Note 41 .

8. 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.

9. SHARE CAPITAL / CONTRIBUTED CAPITAL

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

An operating subsidy was provided to the entity by the shareholder during the year and except for this, no other contributions were received during the year.

Directors' Report

10. DIRECTORS' PERSONAL FINANCIAL INTERESTS

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

11. DIRECTORS

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

Name	Nationality	Changes
C Coovadia (Chairperson)	South African	
T Mendrew (Chief Executive Officer)	South African	Resigned Thursday, 31 August 2017
K Govender	South African	
P Masilo	South African	
P Zagaretos	South African	
L Shole	South African	Resigned Monday, 16 April 2018
M Qobo	South African	
A Steyn	South African	
N Ngwenya	South African	
P Mashele	South African	
C Botes (Chief Executive Officer)	South African	Appointed Tuesday, 01 May 2018
S Moonsamy (Chief Financial Officer)	South African	Appointed Thursday, 01 March 2018

12. SECRETARY

The company secretary of the entity is R Shirinda of:

Business address

The Bus Factory
3 Helen Joseph Street
Newtown
Johannesburg
2000

Postal address

P O Box 61877
Marshalltown
Johannesburg
2001

13. CORPORATE GOVERNANCE

General

The Board of 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. The directors discuss the responsibilities of management in this respect, at Board meetings and monitor the entity's compliance with the code, the Companies Act and MFMA on a quarterly basis.

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

Directors' Report

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:
  - eight non-executive directors (2017: nine non-executive directors), all of whom are independent directors as defined in the Code. No director is a disqualified person in terms of Section 93F of the Municipal Systems Act; and
  - two executive directors (2017: one executive director), the Chief Executive Officer and the Chief Financial Officer.
- has established a Board directorship training programme through the annual induction programme and attendance of applicable courses for directors with the Institute of Directors.

Board Chairperson and Chief Executive Officer

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

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

HR and Remuneration Committee

The members of the HR and Remuneration Committee are Mr M Qobo,Ms Ngwenya, Mr P Masilo and Mr P Mashele. The Chairperson of the HR and Remuneration Committee is Ms Ngwenya who is a non-executive director. The HR and Remuneration Committee has met on four occasions during period under review to review matters necessary to fulfil their role. During the year under review the changes to the committee included the resignation of Ms L Shole and a change in the cahirperson from Mr M Qobo to Ms N Ngwenya..

The upper limits of the remuneration of the Chief Executive Officer, and the Chief Financial Officer, who are the only two executive directors of the entity, are determined by CJMM, and the directors will determine the remuneration within the above mentioned limits. During the current year, the Social and Ethics committee was combined with the Human Resources Committee post the Annual General Meeting in April 2018.

Development and Investment Committee

The members of the Development and Investment Committee are: Mr C Coovadia, Mr K Govender Mr P Zagaretos, Mr A Steyn, Ms L Shole, Ms N Ngwenya and Mr T Mendrew. The Chairperson of the Development and Investment Committee is Mr P Zagaretos, who is a non-executive director. The Development and Investment Committee met on five occasions during period under review to review matters necessary to fulfil its role. During the year under review the changes in the committee included the dissolving of the committee post the Annual General Meeting. This committee is no longer in effect as from April 2018.

Audit and Risk Committee

The members of the Audit and Risk Committee are: Mr K Govender, Ms M Dolamo, Ms K Onuoka, Mr Z Samsam, Mr M Qobo and Mr A Steyn. The Chairperson of the Audit and Risk committee is Mr K Govender, who is a non-executive director. The committee has three independent members i.e: Ms K Onuoka, Ms M Dolamo and Mr Z Samsam. The Audit Committee has met on nine occasions during period under review to review matters necessary to fulfil its role including recommending the annual financial statements to the Board for approval. The Chief Executive Officer and Chief Financial Officer are not members of the Audit and Risk Committee but have a standing invitation to attend meetings. During the current year under review there were no changes to the committee.

Directors' Report

Social and Ethics Committee

The members of the Social and Ethics Committee are Mr P Masilo, Mr P Zagaretos, Mr P Mashele, Ms N Ngwenya and Mr Botes. The Chairperson of the Social and Ethics Committee is Mr P Mashele who is a non-executive director. The Social and Ethics Committee met on three occasions during period under review to review matters necessary to fulfil their role. During the current year under review the committee was combined with the Human Resources Committee post Annual General Meeting in April 2018.

14. CONTROLLING ENTITY

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

15. SPECIAL RESOLUTIONS

None.

16. BANKERS

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

17. AUDITORS

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

18. INTERNAL AUDIT

The entity has established an internal audit function which is headed by a Chief Audit Executive. This is as per Circular 65 of the MFMA.

Company Secretary's Certification

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

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

R Shirinda
Company Secretary

Newtown, Johannesburg

Statement of Financial Position as at 30 June 2018

Figures in Rand	Note(s)	2018	2017
Assets			
Current Assets			
Receivables from exchange transactions	3	875 059 944	1 132 970 248
VAT receivable	4	162 884 143	31 434 609
Cash and cash equivalents	5	1 500	2 170
		1 037 945 587	**1 164 407 027**
Non-Current Assets			
Property, plant and equipment	6	6 167 766	7 020 191
Intangible assets	7	21 542 358	14 846 916
Deferred tax	8	5 450 632	2 151 955
		33 160 756	**24 019 062**
Total Assets		**1 071 106 343**	**1 188 426 089**
Liabilities			
Current Liabilities			
Loans from shareholders	9	338 082 872	272 841 067
Finance lease obligation	10	34 474	523 571
Payables from exchange transactions	11	664 231 755	814 457 204
Provisions	12	5 127 452	4 455 469
Project Funds Payable	13	37 637 698	31 882 603
Bank overdraft	5	-	1 083
		1 045 114 251	**1 124 160 997**
Non-Current Liabilities			
Finance lease obligation	10	-	99 158
Deferred tax	8	1 634 091	9 080 477
		1 634 091	**9 179 635**
Total Liabilities		**1 046 748 342**	**1 133 340 632**
Net Assets		**24 358 001**	**55 085 457**
Share capital / contributed capital	14	16 277 624	16 277 624
Accumulated surplus		8 080 377	38 807 833
Total Net Assets		**24 358 001**	**55 085 457**

Statement of Financial Performance

Figures in Rand	Note(s)	2018	2017
Revenue			
Revenue from exchange transactions			
Rendering of services	15	69 290 314	69 006 423
Tender fee income	16	675 996	1 174 127
Rental income	16	219 715	317 766
Other income	16	92 083	112 491
Total revenue from exchange transactions		**70 278 108**	**70 610 807**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	17	28 707 000	26 695 000
Total revenue	15	**98 985 108**	**97 305 807**
Expenditure			
Employee related costs	18	(65 388 471)	(62 170 899)
Administrative expenses	19	(2 044 808)	(2 030 864)
Depreciation and amortisation	20	(2 006 614)	(4 504 700)
Finance costs	21	(40 617 656)	(24 350 201)
Lease rentals on operating lease		(78 359)	(56 686)
Debt impairment	23	-	(92 375)
Loss on disposal of assets and liabilities	26	(37 769)	(85 265)
General Expenses	24	(30 283 952)	(25 536 135)
Total expenditure		**(140 457 629)**	**(118 827 125)**
Deficit before taxation		**(41 472 521)**	**(21 521 318)**
Taxation	27	10 745 065	6 214 256
Deficit for the year		**(30 727 456)**	**(15 307 062)**

Statement of Changes in Net Assets

Figures in Rand	Share capital / contributed capital	Share premium	Total share capital	Accumulated surplus	Total net assets
Balance at 01 July 2016	**60**	**16 277 564**	**16 277 624**	**54 114 895**	**70 392 519**
Changes in net assets					
Surplus for the year	-	-	-	2 145 627	2 145 627
Prior year adjustment	-	-	-	(17 452 689)	(17 452 689)
Net income (losses) recognised directly in net assets	-	-	-	(15 307 062)	(15 307 062)
Total recognised revenue and expenditure for the year	-	-	-	(15 307 062)	(15 307 062)
Total changes	-	-	-	(15 307 062)	(15 307 062)
Balance at 01 July 2017	**60**	**16 277 564**	**16 277 624**	**38 807 833**	**55 085 457**
Changes in net assets					
Surplus/(Deficit) for the year	-	-	-	(30 727 456)	(30 727 456)
	-	-	-	(30 727 456)	(30 727 456)
Balance at 30 June 2018	**60**	**16 277 564**	**16 277 624**	**8 080 377**	**24 358 001**
Note(s)	14	14	14		

Cash Flow Statement

Figures in Rand	Note(s)	2018	2017
Cash flows from operating activities			
Receipts			
Grants		28 707 000	26 695 000
Other receipts incl. Tender fee income, rental income and sundry income		768 079	1 343 102
Cash receipts from CAPEX funding		1 811 195 597	1 285 709 873
		1 840 670 676	1 313 747 975
Payments			
Employee costs		(61 347 475)	(60 881 867)
Suppliers		(1 845 033 168)	(1 332 566 708)
Finance costs		(40 617 656)	(24 238 923)
		(1 946 998 299)	(1 417 687 498)
Net cash flows from operating activities	28	**(106 327 623)**	**(103 939 523)**
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(395 468)	(664 430)
Purchase of other intangible assets	7	(7 491 932)	(10 516 821)
Net cash flows from investing activities		**(7 887 400)**	**(11 181 251)**
Cash flows from financing activities			
Movement in Project Funds Payable		5 755 095	7 497 624
Proceeds of shareholders loan		109 033 374	107 559 807
Finance lease payments		(573 033)	(573 033)
Net cash flows from financing activities		**114 215 436**	**114 484 398**
Net increase/(decrease) in cash and cash equivalents		**413**	**(636 376)**
Cash and cash equivalents at the beginning of the year		1 087	637 463
Cash and cash equivalents at the end of the year	5	**1 500**	**1 087**

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Rendering of services	80 467 000	(4 600 000)	**75 867 000**	69 290 314	**(6 576 686)**	
Tender fee income	1 085 800	(200 000)	**885 800**	675 996	**(209 804)**	43
Rental income	28 200	-	**28 200**	219 715	**191 515**	43
Sundry income	591 000	-	**591 000**	92 083	**(498 917)**	43
Total revenue from exchange transactions	**82 172 000**	**(4 800 000)**	**77 372 000**	**70 278 108**	**(7 093 892)**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	26 237 000	2 470 000	**28 707 000**	28 707 000	-	
Total revenue	**108 409 000**	**(2 330 000)**	**106 079 000**	**98 985 108**	**(7 093 892)**	
Expenditure						
Employee related costs	(67 554 065)	-	**(67 554 065)**	(65 388 471)	**2 165 594**	43
Administration expenses	(745 438)	-	**(745 438)**	(2 044 808)	**(1 299 370)**	
Depreciation and amortisation	(2 566 756)	-	**(2 566 756)**	(2 006 614)	**560 142**	43
Finance costs	(6 959 000)	-	**(6 959 000)**	(40 617 656)	**(33 658 656)**	43
Lease rentals on operating lease	(80 000)	-	**(80 000)**	(78 359)	**1 641**	
General expenses	(30 479 403)	2 330 000	**(28 149 403)**	(30 283 952)	**(2 134 549)**	43
Total expenditure	**(108 384 662)**	**2 330 000**	**(106 054 662)**	**(140 419 860)**	**(34 365 198)**	
Operating deficit	**24 338**	-	**24 338**	**(41 434 752)**	**(41 459 090)**	
Loss on disposal of assets	(24 338)	-	**(24 338)**	(37 769)	**(13 431)**	
Deficit before taxation	-	-	-	**(41 472 521)**	**(41 472 521)**	
Taxation	-	-	-	(10 745 065)	**(10 745 065)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	**(30 727 456)**	**(30 727 456)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Receivables from exchange transactions	815 389 000	-	**815 389 000**	875 059 944	**59 670 944**	
VAT receivable	-	-	-	162 884 143	**162 884 143**	
Cash and cash equivalents	2 000	-	**2 000**	1 500	**(500)**	
	815 391 000	-	**815 391 000**	**1 037 945 587**	**222 554 587**	
Non-Current Assets						
Property, plant and equipment	7 460 000	-	**7 460 000**	6 167 766	**(1 292 234)**	
Intangible assets	14 847 000	-	**14 847 000**	21 542 358	**6 695 358**	
Deferred tax	2 152 000	-	**2 152 000**	5 450 632	**3 298 632**	
	24 459 000	-	**24 459 000**	**33 160 756**	**8 701 756**	
Total Assets	**839 850 000**	-	**839 850 000**	**1 071 106 343**	**231 256 343**	
Liabilities						
Current Liabilities						
Loans from shareholders	344 255 000	-	**344 255 000**	338 082 872	**(6 172 128)**	
Finance lease obligation	-	-	-	34 474	**34 474**	
Payables from exchange transactions	450 123 000	-	**450 123 000**	664 231 755	**214 108 755**	
Provisions	3 960 000	-	**3 960 000**	5 127 452	**1 167 452**	
Project funds payable	-	-	-	37 637 698	**37 637 698**	
	798 338 000	-	**798 338 000**	**1 045 114 251**	**246 776 251**	
Non-Current Liabilities						
Deferred tax	15 867 000	-	**15 867 000**	1 634 091	**(14 232 909)**	
Total Liabilities	**814 205 000**	-	**814 205 000**	**1 046 748 342**	**232 543 342**	
Net Assets	**25 645 000**	-	**25 645 000**	**24 358 001**	**(1 286 999)**	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Share capital / contributed capital	16 277 624	-	**16 277 624**	16 277 624	-	
Reserves						
Accumulated surplus	9 367 376	-	**9 367 376**	8 080 377	**(1 286 999)**	
Total Net Assets	**25 645 000**	-	**25 645 000**	**24 358 001**	**(1 286 999)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Grants	16 942 000	9 752 999	**26 694 999**	28 707 000	**2 012 001**	
CAPEX funding and other income	1 680 387 000	(9 752 999)	**1 670 634 001**	1 811 963 676	**141 329 675**	
	1 697 329 000	-	**1 697 329 000**	**1 840 670 676**	**143 341 676**	
Payments						
Employee costs & Supplier payments	(1 723 995 000)	-	**(1 723 995 000)**	(1 946 998 299)	**(223 003 299)**	
Net cash flows from operating activities	**(26 666 000)**	-	**(26 666 000)**	**(106 327 623)**	**(79 661 623)**	
Cash flows from investing activities						
Purchase of property, plant and equipment	-	-	-	(395 468)	**(395 468)**	
Purchase of other intangible assets	-	-	-	(7 491 932)	**(7 491 932)**	
Net cash flows from investing activities	-	-	-	**(7 887 400)**	**(7 887 400)**	
Cash flows from financing activities						
Movements in Projects Funds Payable	-	-	-	5 755 090	**5 755 090**	
Repayment of shareholders loan	26 666 000	-	**26 666 000**	109 033 374	**82 367 374**	
Finance lease payments	-	-	-	(573 933)	**(573 933)**	
Net cash flows from financing activities	**26 666 000**	-	**26 666 000**	**114 215 436**	**87 549 436**	
Net increase/(decrease) in cash and cash equivalents	-	-	-	413	413	
Cash and cash equivalents at the beginning of the year	-	-	-	1 087	**1 087**	
Cash and cash equivalents at the end of the year	-	-	-	**1 500**	**1 500**	

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

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

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

These accounting policies are consistent with the previous period.

1.1 Going concern assumption

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

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

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the shareholder CJMM continue to proivide funding through the implementation of their capital projects and the grant that currently is received for operational purposes.

1.2 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:

a. Trade receivables and/or loans and receivables

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

b. Impairment testing

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

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

c. Performance bonus

Bonus provision was raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 12 - Provisions. The estimate includes all employees that were still in the JDA's employ as at year end and is based on the current year salary packages and the last approved performance scores (i.e. prior years performance bonus scores approved). These estimates are apportioned for all new employees and where no approved scores are available, an average of 8% was used.

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

d. Useful lives of property, plant and equipment and intangible assets

The entity's management determines the estimated useful lives and related depreciation and amortisation charges for the property,plant and equipment and intangible assets. This estimate is based on an industry norm. Management will adjust the depreciation charge where the revised useful lives are more than previously estimated useful lives.

e. Effective interest rate

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

f. Allowance for impairment

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

g. Relationship with majority shareholder and classification as principal

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

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

h. Project funds payable

Funds held for the purchase of land was transferred to the project funds payable from the Funds Held by the City. BRT Land was identified and these will be purchased once all the necessary processes have been completed. The current year project funds payable is classified as current liabilities as these funds are repayable on demand. Refer to note 13 for details.

1.3 Property, plant and equipment

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

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

Property, plant and equipment is initially measured at cost.

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

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

Accounting Policies

1.3 Property, plant and equipment (continued)

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 unrecognised.

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

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

Property, plant and equipment 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	Depreciation method	Average useful life
Furniture and fixtures	Straight line	10-15
Motor vehicles	Straight line	8
Office equipment	Straight line	6-15
IT equipment	Straight line	5-15
Leasehold improvements	Straight line	20
Computer equipment - servers	Straight line	6-15
Leased assets - printers	Straight line	3

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

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

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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

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

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

Accounting Policies

1.3 Property, plant and equipment (continued)

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

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

1.4 Intangible assets

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

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

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

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

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

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

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

Intangible assets are 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.

Intangible assets still in work-in-progress represents intangible assets that are still in development and are not yet ready for use. These assets are disclosed as still in development and will not be amortised until it is deemed available for use.

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

Accounting Policies

1.4 Intangible assets (continued)

Item	Useful life
Licenses	1 years
Computer software, internally generated	8-15 years
Computer software, other	3 years

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

The gain or loss arising from the derecognition of an intangible assets is included in surplus or deficit when the asset is derecognised.

1.5 Financial instruments

Classification

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

Class	Category
Receivables from exchange transactions	Financial asset measured at fair value
Cash and cash equivalents	Financial asset measured at fair value

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

Class	Category
Loan from shareholder	Financial liability measured at amortised cost
Other financial liabilities	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Finance lease liabilities	Financial liability measured at amortised cost

Initial recognition

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

The entity recognises financial assets using initial cost accounting.

Initial measurement of financial assets and financial liabilities

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

Accounting Policies

1.5 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

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

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

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

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

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

1.5 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using the initial cost accounting.

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

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

Financial liabilities

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

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

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

1.6 Tax

Current tax assets and liabilities

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

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

Accounting Policies

1.6 Tax (continued)

Deferred tax assets and liabilities

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

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

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

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

Tax expenses

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

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

1.7 Leases

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

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

Finance leases - lessee

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

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

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

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

Accounting Policies

1.7 Leases (continued)

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term. The difference between the amounts recognised as revenue and contractual payments are recognised as an operating lease asset or liability.

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

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

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

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

1.8 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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.

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

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

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

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

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

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

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets.

Accounting Policies

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

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

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

Depreciated replacement cost approach

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

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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.

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

Reversal of an impairment loss

The entity assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

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

After a reversal of an impairment loss is recognised, 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 Share capital / contributed capital

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

1.10 Employee benefits

Short-term employee benefits

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

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

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

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

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

Accounting Policies

1.11 Provisions and contingencies

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

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

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

A constructive obligation to restructure arises only when an entity:
- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:
- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the entity

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 31.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

1.12 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments, which is disclosed in note 30.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

Accounting Policies

1.12 Commitments (continued)

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.13 Revenue from exchange transactions

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

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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

Measurement

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

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Interest

Revenue arising from the use by others of entity assets yielding interest is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.14 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Accounting Policies

1.14 Revenue from non-exchange transactions (continued)

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

1.14 Revenue from non-exchange transactions (continued)

Government grants

Government grants Government grants are recognised as revenue when:

-it is probable that the economic benefits or service potential associated with the transaction will flow to the entity,
-the amount of the revenue can be measured reliably; and
-to the extent that there has been compliance with any restrictions associated with the grant.

The entity assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt.

When government remit grants on a re-imbursement basis, revenue, is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

Capital grants are funds due from the CJMM for capital expenditure incurred on projects.

The monthly expenditure incurred for each project is accounted for as work in progress. The monthly equivalent of the work in progress is claimed from the CJMM.

Transfers

The entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Debt forgiveness and assumption of liabilities

The entity recognise revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Services in-kind

Services received in kind are recognised as revenue and as an asset as and when incurred.

1.15 Related parties

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

1.15 Related parties (continued)

Relationships between parents and subsidiaries shall be disclosed irrespective of whether there have been transactions between those related parties. An entity shall disclose the name of the entity's parent and, if different, the ultimate controlling party. If neither the entity's parent nor the ultimate controlling party produces financial statements available for public use, the name of the next most senior parent that does so shall also be disclosed.

The JDA is a subsidiary of the CJMM and as a result is classified as a municipal entity. The JDA has identified the controlling entity and all fellow controlled entities as related parties and all related party transactions and balances are disclosed accordingly.

Employees identified as key personnel are all employees on the executive management committee of the JDA. Details of transactions with these individuals are included in the employee costs note.

1.16 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

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

The JDA has a sweeping arrangement with CJMM Treasury Department thus interest incurred on the sweeping account is accounted for as a finance cost.

1.17 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.18 Unauthorised expenditure

Unauthorised expenditure means:
- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

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

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

1.19 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 income in the statement of financial performance.

Fruitless and wasteful expenditure excludes finance charges on the sweeping account and finance leases.

Accounting Policies

1.20 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

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

1.21 Accumulated Surplus

The accumulated surplus represents the net difference between the total assets and total liabilities of the municipality. Any surpluses and deficits realised during a specific financial year are credited/debited against accumulated surplus/deficit. Prior year adjustments, relating to income and expenditure, are debited/credited against accumulated surplus when retrospective adjustments are made.

1.22 Change in estimates and errors

The effect of a change in an accounting estimate shall be recognised prospectively by including it in profit or loss in; the
-period of the change, if the change affects that period only, or
-the period of the change and future periods, if the change affects both.

All material prior period errors are corrected retrospectively in the first set of financial statements authorised for issue after the discovery by management by;
-restating the comparative amounts for the prior period(s) presented in which the error occurred; or
-if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

However, if it is impracticable to determine the period-specific effects of an error on comparative information for one or more prior periods presented, the entity must restate the opening balances of assets, liabilities and equity for the earliest period for which retrospective restatement is practicable.

Further, if it is impracticable to determine the cumulative effect, the beginning of the current period, of an error on all prior periods, the entity must restate the comparative information to correct the error prospectively from the earliest date practicable.

1.23 Budget information

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

Accounting Policies

1.23 Budget information (continued)

The approved budget covers the fiscal period from 2017/07/01 to 2018/06/30.

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

1.24 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.25 Loan to/(from) shareholder

These include loans to and from the controlling municipality (City of Johannesburg Metropolitan Municipality) and are recognized initially at fair value plus direct transaction costs.

Loans to controlling municipality are classified as loans and receivables.

Loans from controlling municipality are classified as financial liabilities measured at amortised cost.

1.26 VAT Receivable/(Payable)

VAT is an indirect tax based on the consumption in the economy. Vendors act as the agent of the government in collecting the VAT charged on taxable transactions. SARS is a goverment agency which administers the VAT Act and ensures that the tax is collected and that the tax law is properly enforced.

The generally accepted essential characteristics of a VAT type transaction are as follows:
-The tax applies generally to transactions related to goods and services.
-It is proportional to the price charged for the goods and services.
-It is charged at each stage of the production and distribution process.
-The taxable person (vendor) may deduct the tax paid during the preceding stages (i.e. the burden of the tax is on the final consumer)

VAT is only charged on taxable supplies made by a vendor. Taxable supplies include supplies for which VAT is charged at either the standard rate or zero rate, but does not include:
-salaries and wages;
-hobbies or any recreational pursuits (not conducted in the form of a business);
-exempt supplies (as defined in the VAT Act).

The South African VAT is destination based, which means that only the consumption of goods and services in South Africa is taxed. VAT is therefore paid on the supply of goods or services in South Africa as well as on the importation of goods into South Africa. VAT is currently levied at the standard rate of 14% (until 31 March 2018) and thereafter 15% on most supplies and importations, but there is a limited range of goods and services which are either exempt, or which are subject to tax at the zero rate (for example, exports are taxed at 0%). The importation of services is only subject to VAT where the importer is not a vendor, or where the services are imported for private, exempt or other non-taxable purposes. Certain imports of goods or services are exempt from VAT.

Accounting Policies

1.26 VAT Receivable/(Payable) (continued)

VAT is recognised on the earlier of receipt of payment or invoice. The vendor reports to SARS at the end of every tax period on a VAT 201 return, where the input tax incurred for the tax period is offset against the output tax collected for the tax period and the balance is paid to SARS. It sometimes occurs that the result of the calculation for the tax period is a refund, instead of an amount payable to SARS. Refunds must be paid by SARS within 21 working days of receiving the correctly completed refund return, otherwise interest at the prescribed rate is payable by SARS to the vendor. However, interest is not paid if certain conditions are not met.

The JDA accounts for VAT in the invoice basis.

At the end of each month the amount owing to or from SARS is recognised as the net effect of of output tax earned and input tax incurred.

Notes to the Annual Financial Statements

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 July 2018 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 34: Separate Financial Statements	01 April 2019	Unlikely there will be a material impact
• GRAP 35: Consolidated Financial Statements	01 April 2019	Unlikely there will be a material impact
• GRAP 36: Investments in Associates and Joint Ventures	01 April 2019	Unlikely there will be a material impact
• GRAP 37: Joint Arrangements	01 April 2019	Unlikely there will be a material impact
• GRAP 38: Disclosure of Interests in Other Entities	01 April 2019	Unlikely there will be a material impact
• Guideline: Accounting for Arrangements Undertaken i.t.o the National Housing Programme	01 April 2019	Unlikely there will be a material impact
• GRAP 110: Living and Non-living Resources	01 April 2020	Unlikely there will be a material impact
• GRAP 110 (as amended 2016): Living and Non-living Resources	01 April 2020	Unlikely there will be a material impact
• GRAP 7 (as revised 2010): Investments in Associates	01 April 2019	Unlikely there will be a material impact
• GRAP 20: Related parties	01 April 2019	Unlikely there will be a material impact
• GRAP 32: Service Concession Arrangements: Grantor	01 April 2019	Unlikely there will be a material impact
• GRAP 105: Transfers of functions between entities under common control	01 April 2019	Unlikely there will be a material impact
• GRAP 109: Accounting by Principals and Agents	01 April 2019	Unlikely there will be a material impact
• IGRAP 11: Consolidation – Special purpose entities	01 April 2019	Unlikely there will be a material impact
• IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land	01 April 2019	Unlikely there will be a material impact
• IGRAP 19: Liabilities to Pay Levies	01 April 2019	Unlikely there will be a material impact
• GRAP 12 (as amended 2016): Inventories	01 April 2018	Unlikely there will be a material impact
• GRAP 27 (as amended 2016): Agriculture	01 April 2018	Unlikely there will be a material impact
• GRAP 31 (as amended 2016): Intangible Assets	01 April 2018	Unlikely there will be a material impact
• GRAP 103 (as amended 2016): Heritage Assets	01 April 2018	Unlikely there will be a material impact
• Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities	01 April 2018	Unlikely there will be a material impact

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2018	2017
Deposits	55 000	55 000
Project Funds Receivable	19 681 780	19 681 780
Rental Debtors	433 089	484 572
Prepaid expenses	3 961	47 394
Related party debtors	854 886 114	1 112 701 502
	875 059 944	**1 132 970 248**

Deposits paid relate to a utility deposit that is held by City Power for the Bus Factory electricity account.

Projects funds receivable related to funds owing from the National Department of Tourism for the Alexandra Heritage Centre. The initial SLA indicated that payments will be effected based on different stages of the project. However, due to delays in the finalisation of the Business Plan at the National Department of Tourism, only part of the total value had been received. The balance included in Project funds receivable related to capital expenditure that was incurred in the previous and current year. The balance was subsequently invoiced to National Department of Tourism.

Rental debtors consist of the rental outstanding from the Bus Factory tenants. In comparison to the prior year, the rental debtor balances had increased significantly due to outstanding balances at year end. Payments are being received for the balances outstanding, however, not always consistantly. The majority of the balance is owing by the Market Theatre that have since vacated the premises. The amount is currently under dispute based on a disagreement with them regarding the payments.

Prepaid expenses relate to computer network costs that was paid in advance.

Related party debtors relate to funds owed by the CJMM for expenditure incurred on capital projects.

Trade and other receivables pledged as security

No trade and other receivables were pledged as security for the period under review.

Trade and other receivables past due but not impaired

Trade and other receivables are considered individually and were not impaired. At 30 June 2018, R 117 076 944 (2017: R 429 747 527) were past due and were not impaired because the debtor is the CJMM and the possibility of default is remote.

The ageing of amounts past due but not impaired is as follows:

	2018	2017
3 months past due	117 076 944	429 747 527

4. VAT RECEIVABLE

	2018	2017
VAT	162 884 143	31 434 609

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2018	2017
Cash on hand	1 500	2 170
Alexandra Heritage Project funds - overdrawn balance	-	(1 083)
	1 500	**1 087**
Current assets	1 500	2 170
Current liabilities	-	(1 083)
	1 500	**1 087**

Notes to the Annual Financial Statements

5. CASH AND CASH EQUIVALENTS (continued)

Cash on hand consists of petty cash.

The funds held in the prior year for the Alexandra Heritage Project from the National Department of Tourism related to funds deposited into a separate bank account (Standard Bank) for exclusive use for this project. These funds were all utilised in the prior year. However, after the funds were transferred which cleared out the account and additional bank charge was incurred of R1,083 which resulted in an overdrawn balance of R1,083. The account was closed during the 2017/18 year and the overdraft was transferred to the main account.

The sweeping account refers to a sweeping arrangement held with CJMM whereby all cash in the sweeping account is swept on a daily basis to the CJMM's bank account.

The entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2018	30 June 2017	30 June 2016	30 June 2018	30 June 2017	30 June 2016
SBSA - Account type - current account 198366	-	-	637 134	-	-	637 134
SBSA - Current Account Tourism 352543	-	(1 083)	(867)	-	(1 083)	(867)
Total	-	(1 083)	636 267	-	(1 083)	636 267

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

6. PROPERTY, PLANT AND EQUIPMENT

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	2 475 411	(1 609 251)	866 160	2 440 062	(1 481 898)	958 164
Motor vehicles	136 013	(136 013)	-	136 013	(136 013)	-
Office equipment	428 404	(156 593)	271 811	394 474	(137 360)	257 114
Computer Equipment	3 147 115	(2 068 776)	1 078 339	3 176 788	(1 889 441)	1 287 347
Leasehold improvements	5 723 305	(2 477 098)	3 246 207	5 489 305	(2 201 713)	3 287 592
Computer Equipment - Servers	1 658 021	(1 002 362)	655 659	1 632 851	(873 434)	759 417
Leased assets	1 262 900	(1 213 310)	49 590	1 262 900	(792 343)	470 557
Total	**14 831 169**	**(8 663 403)**	**6 167 766**	**14 532 393**	**(7 512 202)**	**7 020 191**

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	958 164	35 349	-	(127 353)	866 160
Office equipment	257 114	33 930	-	(19 233)	271 811
Computer Equipment	1 287 347	67 019	(37 769)	(238 258)	1 078 339
Leasehold improvements	3 287 592	234 000	-	(275 385)	3 246 207
Computer Equipment - Servers	759 417	25 170	-	(128 928)	655 659
Leased assets	470 557	-	-	(420 967)	49 590
	7 020 191	**395 468**	**(37 769)**	**(1 210 124)**	**6 167 766**

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	1 157 205	-	-	(199 041)	958 164
Office equipment	270 620	24 320	(496)	(37 330)	257 114
Computer Equipment	1 819 605	428 800	(25 496)	(935 562)	1 287 347
Leasehold improvements	3 562 002	-	-	(274 410)	3 287 592
Computer Equipment - Servers	795 506	211 310	-	(247 399)	759 417
Computer Equipment - Leased Printers	891 524	-	-	(420 967)	470 557
	8 496 462	**664 430**	**(25 992)**	**(2 114 709)**	**7 020 191**

Figures in Rand	2018	2017

6. PROPERTY, PLANT AND EQUIPMENT (continued)

Pledged as security

None of the above property,plant and equipment have been pedged as security.

Assets subject to finance lease (Net carrying amount)

	2018	2017
Leasehold improvements	3 246 207	3 287 592
Printers and copiers	49 590	470 557
	3 295 797	**3 758 149**

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the entity.

Included in the above property, plant and equipment is a motor vehicle that is fully depreciated at year end. During the reassessment of useful lives the motor vehicle useful life was still assessed at 8 years with the intention of replacing the motor vehicle in the 2016/17 financial year. A operating lease for a new vehicle was entered into in the 2016/17 financial year. Certain disposal methods are still being considered and the vehicle is currently not in use.

7. INTANGIBLE ASSETS

	2018			2017		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Licenses	530 781	(236 053)	294 728	530 781	(59 120)	471 661
Computer software, internally generated	1 078 405	(907 165)	171 240	1 070 480	(882 604)	187 876
Computer software, other	6 302 036	(2 703 599)	3 598 437	16 288 057	(2 100 678)	14 187 379
Intangible assets under development	17 477 953	-	17 477 953	-	-	-
Total	**25 389 175**	**(3 846 817)**	**21 542 358**	**17 889 318**	**(3 042 402)**	**14 846 916**

Reconciliation of intangible assets - 2018

	Opening balance	Additions	Transfers	Transfers received	Amortisation	Total
Licenses	471 661	-	-	-	(176 933)	294 728
Computer software, internally generated	187 876	-	-	-	(16 636)	171 240
Computer software - other	14 187 379	-	(9 986 021)	-	(602 921)	3 598 437
Intangible assets under development	-	7 491 932	-	9 986 021	-	17 477 953
	14 846 916	**7 491 932**	**(9 986 021)**	**9 986 021**	**(796 490)**	**21 542 358**

Notes to the Annual Financial Statements

7. INTANGIBLE ASSETS (continued)

Reconciliation of intangible assets - 2017

	Opening balance	Additions	Disposals	Transfers received	Transfers	Amortisation	Total
Licenses	43 636	530 800	-	-	-	(102 775)	471 661
Computer software, internally generated	431 312	-	(56 900)	-	-	(186 536)	187 876
Computer software, other	1 022 268	-	-	15 265 789	-	(2 100 678)	14 187 379
Intangible assets under development	5 279 768	9 986 021	-	-	(15 265 789)	-	-
	6 776 984	**10 516 821**	**(56 900)**	**15 265 789**	**(15 265 789)**	**(2 389 989)**	**14 846 916**

Other information

The JDA is currently implementing different phases of the SAP computer software. Phase 1 included project systems being project implementation and supply chain management. The system related to Project Implementation went live in the first quarter of the 2016/17 financial year. In the current financial year, all of the intangible assets under construction are still classified as under construction and no modules have gone live as yet.

	2018	2017
Other intangible assets	17 477 953	16 288 057

Other computer software for the prior year related to a General Risk Control software for Risk Management, Internal Audit and Compliance. In the prior year, there was a transfer of intangible assets from the intangible assets under construction to the intangible assets other software as these assets were deemed ready for use.

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

8. DEFERRED TAX

	2018	2017
Deferred tax liability		
Property, plant and equipment	(1 634 091)	(1 288 340)
Temporary difference - S24C Allowance	3 358 030	(7 792 137)
Total deferred tax liability	**1 723 939**	**(9 080 477)**
Deferred tax asset		
Provisions	2 082 949	1 977 591
Leases	9 653	174 364
Deferred tax balance from temporary differences other than unused tax losses	2 092 602	2 151 955
Total deferred tax asset	**2 092 602**	**2 151 955**
Deferred tax liability	1 723 939	(9 080 477)
Deferred tax asset	2 092 602	2 151 955
Total net deferred tax asset (liability)	**3 816 541**	**(6 928 522)**

Reconciliation of deferred tax asset \ (liability)

	2018	2017
At beginning of year	(6 928 522)	(13 142 778)
Originating differences on tangible fixed assets	(345 751)	515 553
Originating differences on the S24C allowance	11 150 167	5 455 415
Originating differences arising from leases	(164 711)	(121 467)
Originating differences arising from provisions	105 358	364 755
	3 816 541	**(6 928 522)**

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

9. LOANS TO (FROM) SHAREHOLDERS

Sweeping account	(338 082 872)	(272 841 067)

The company has a sweeping arrangement with the CJMM whereby all cash is swept on a daily basis to the CJMM's bank account. Interest is paid and earned on this account at the CJMM Treasury rate.

10. FINANCE LEASE OBLIGATION

	2018	2017
Minimum lease payments due		
- within one year	35 568	573 033
- in second to fifth year inclusive	-	101 734
	35 568	674 767
less: future finance charges	(1 094)	(52 038)
Present value of minimum lease payments	**34 474**	**622 729**

	2018	2017
Present value of minimum lease payments due		
Opening balance	622 729	1 056 544
Lease obligation current year	(15 222)	139 218
Lease payments	(573 033)	(573 033)
	34 474	**622 729**

	2018	2017
Non-current liabilities	-	99 158
Current liabilities	34 474	523 571
	34 474	622 729

The JDA has leased 20 printer machines from Dalitso Business Equipment (Pty) Ltd and 2 printer machines from Konica Minolta (Pty) Ltd for a period of 3 years as from the 2015/16 financial year. The lease agreement provides for monthly payments of R47,753 in advance and no residual value.

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

11. PAYABLES FROM EXCHANGE TRANSACTIONS

	2018	2017
Trade payables	486 297 207	695 753 626
Deposits received from tenants	37 435	37 435
Accrued leave pay	2 311 650	2 607 354
Accrued expenses	16 528 448	5 440 239
Retentions held on construction contracts	153 897 167	105 932 005
Related parties payables	5 159 848	4 686 545
	664 231 755	**814 457 204**

Accrued expenses relates to expenditure that was incurred but no invoices was received as yet.

Deposits received from tenants represents deposits held on the initial rental agreements with the Bus Factory tenants.

Accrued leave pay relates to days owed to staff members at the reporting date calculated based on the daily pay rate.

Related party payables relate to funds owed to the CJMM and other entities for expenditure incurred and services rendered by the CJMM and other municipal entities.

Trade payables relate to suppliers payable for work done in the normal course of business. The JDA continues to strive to pay its trade payables within 30 days. However, based on the nature of the implementation of capital projects, the bulk of the expenditure is incurred during the last quarter of the financial year with recognition of these trade payables at year end. This results in a higher than normal trade payables balance at year end and is not necessarily a consistant balance throughout the year.

Retentions held on construction contracts relate to balances that withheld as per the contractual agreements with costruction contractors as a percentage of the amount certified. These are deducted from the amounts paid to a contractor and are retained by the JDA. Retention is withheld to ensure that contractors adequately complete what is required by them in the contract.

12. PROVISIONS

Reconciliation of provisions - 2018

	Opening Balance	Additions	Utilised during the year	Total
Provision - Performance bonus	4 455 469	3 426 401	(2 754 418)	5 127 452

Reconciliation of provisions - 2017

	Opening Balance	Additions	Utilised during the year	Total
Provision - Performance bonus	3 282 653	4 729 592	(3 556 776)	4 455 469

The performance management system is designed to ensure that the JDA's business strategy is translated into measurable key performance areas and indicators for employees. At the beginning of each financial year each employee concludes a performance management contract with a scorecard. Although the performance review in respect of the 2017/18 financial year will be completed during August 2018, bonus payments to qualifying employees will only be made after the finalisation of the 2017/18 audit and upon receipt of a unqualified audit report from the Auditor General. In December 2017, a bonus payment was made in relation to the 2016/17 year for all qualifying employees excluding Executive and Senior Managers and in July 2018 for all qualifying Executive and Senior Managers.

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

13. PROJECT FUNDS PAYABLE

Projects Funds		
Opening balance at the beginning of the year	31 882 602	24 384 979
CAPEX claims for the year	1 409 463 811	1 458 318 430
CAPEX expenditure for the year	(1 403 708 715)	(1 450 820 806)
	37 637 698	**31 882 603**

Funds Payable		
BRT	6 252 718	6 252 718
SHRA	-	1 244 906
BRT Land	24 384 979	24 384 979
Newtown Improvement District	7 000 000	
	37 637 698	**31 882 603**

The project funds payable relates to funding that was previously received in advance from CJMM for the implementation of projects. The remaining balances represent the projects that were either implemented below the original estimated costs or recoveries that were received after the completion of the projects.

BRT Land transfer relates to land funds that were previously held in attorney trust accounts and was transfered based on BRT land that was identified in the current year and will be purchased in the following financial year. These costs include the purchase of the land and other related costs.

SHRA funds relate to funds that were received from the Social Housing and Regulatory Association for the implementation of the Land Audit and Agreements for Social and Affordable Housing currently being undertaken by the Development Facilitation department. These funds were fully utilised in the year.

Newtown Improvement District funds relates to funds received for the Newtown Improvement District on the sale and transfer of No.1 Central Place by the Newtown Development Company. The JDA is a representative on the Newtown Development Company on behalf of the shareholder CJMM. The funds were transferred to the JDA to monitor and release funds as required for the district.

14. SHARE CAPITAL / CONTRIBUTED CAPITAL

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 CJMM. CJMM paid a share premium for these shares. The initial amount was issued in 2002 and was R3,489,664. The balance of this amount was paid to the JDA in 2003.

15. REVENUE

Rendering of services	69 290 314	69 006 423
Tender fee income	675 996	1 174 127
Rental income	219 715	317 766
Sundry Income	92 083	112 491
Government grants & subsidies	28 707 000	26 695 000
	98 985 108	**97 305 807**

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

15. REVENUE (continued)

The amount included in revenue arising from exchanges of goods or services are as follows:		
Rendering of services	69 290 314	69 006 423
Tender fee income	675 996	1 174 127
Rental income	219 715	317 766
Sundry income	92 083	112 491
	70 278 108	**70 610 807**

The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Transfer revenue		
Government grants & subsidies	28 707 000	26 695 000

Rendering of Services

Management fees are earned through the rendering of services by the JDA on projects funded by the CJMM and other funders. The JDA's Service Level Agreement with the CJMM and with each of the other funders stipulates the percentage fee to be claimed by the JDA for actual capital expenditure spent. The capital expenditure incurred and the management fees earned are claimed from CJMM on a monthly basis.

16. OTHER REVENUE

Tender fee income	675 996	1 174 127
Rental income - Bus Factory	219 715	317 766
Sundry Income	92 083	112 491
	987 794	**1 604 384**

17. GOVERNMENT GRANTS AND SUBSIDIES

Operating grants		
Government grant (operating)	28 707 000	26 695 000

Figures in Rand	2018	2017

18. EMPLOYEE RELATED COSTS

	2018	2017
Basic	59 217 161	55 265 255
Bonus	3 426 401	4 303 453
UIF	299 612	314 100
COID	494 745	439 238
SDL	535 783	539 953
Other payroll levies	814 561	769 724
Leave pay accrual charge	600 208	539 176
	65 388 471	**62 170 899**

Included in the employee costs are non-executive director fees as shown in detail in note 29.

Included in the employee costs are the following key management positions:

Remuneration of executive managers	Earnings	Pension	Travel allowance	Annual Bonus	Total
T Mendrew (Chief Executive Officer)(Resigned 31 August 2017)	446 803	-	-	-	446 803
S Moonsamy (Chief Financial Officer)(Appointed 01 March 2018)	499 745	32 898	-	-	532 643
C Botes (Chief Executive Officer)(Appointed 01 May 2018)	276 763	-	5 000	-	281 763
D Cohen (EM: Planning & Strategy)	1 259 618	60 882	-	-	1 320 500
B Seopela (EM: Corporate Services) (Appointed: 12 March 2018)	533 238	-	-	-	533 238
C Botes (EM: Development Facilitation)(Promoted 01 May 2018)	1 095 399	-	25 000	-	1 120 399
Z Tshabalala (Chief Audit Executive)	1 115 067	53 895	-	-	1 168 962
R Shirinda (Company Secretary)	1 389 742	61 424	-	-	1 451 166
P Mkhize (SDM: Portfolio C) (Appointed 01 February 2017))	1 136 752	54 943	-	-	1 191 695
N Mulovhedzi (SDM: Portfolio B)	1 115 588	76 107	-	-	1 191 695
S Genu (EM: Development Implementation)(Resigned 04 May 2018)	1 520 749	67 665	-	-	1 588 414
C Letter (Executive Manager: ARP) (Resigned: 28 February 2018)	894 920	-	-	-	894 920
	11 284 384	**407 814**	**30 000**	-	**11 722 198**

19. ADMINISTRATIVE EXPENDITURE

	2018	2017
Administration expenses	2 044 808	2 030 864

Administrative expenditure includes archiving costs and monthly fees paid to Ditlodi Community Co-operative liason officers.

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

20. DEPRECIATION AND AMORTISATION

Property, plant and equipment	1 210 124	2 114 710
Intangible assets	796 490	2 389 990
	2 006 614	**4 504 700**

21. FINANCE COSTS

Trade and other payables - Telkom	69	209
Sweeping account	40 573 965	24 238 923
Finance leases	43 622	111 069
	40 617 656	**24 350 201**

The ncrease in the interest on the sweeping account is mainly due to the prior year having being written off in the previous financial year. In the current year, the approval for the write-off is still outstanding.

22. OPERATING LEASE

Current year payments		
Lease rentals on vehicles	108 778	56 686
	108 778	**56 686**
Minimum lease payments due		
- within one year	36 259	108 778
- within two to five years	-	27 194
	36 259	**135 972**

Operating lease payments represents rental payable by the entity for the use of a motor vehicle . The rental was for a motor vehicle over 10 months at a monthly payment of R9,064.84. The rental period was from the 2nd December 2016 until 1st October 2017 and was further extended until October 2018. For the current year, 12 monthly payments were made.

23. DEBT IMPAIRMENT

Reassessment of staff loans	-	92 375

Amount written off in the prior year relates to a staff loan balance from the prior year. This balance related to payments that were made for staff development to an employee who then subsequently resigned. During the prior year, this balance was reconsidered and was classified as study grant and the balance is not regarded as an amount owing by the staff member. No impairment was considered for the current year.

Figures in Rand	2018	2017

24. GENERAL EXPENSES

Advertising	893 927	1 052 864
Auditors remuneration	1 707 647	1 604 613
Bank charges	19 014	12 834
CEO's Special Projects	9 789	28 027
Cellphone Expenses	484 172	448 537
Computer expenses	4 509 914	5 306 555
Consulting and professional fees	4 283 467	2 513 188
Development Facilitation Fees	2 071 803	1 355 275
Hygiene and other services	663 850	569 075
Insurance	421 949	799 392
Internal Audit Fees	848 592	577 285
Marketing and other related costs	2 424 466	1 878 960
Meetings and Entertainment	262 760	419 661
Motor vehicle expenses	28 854	19 028
Planning and Strategy	1 485 430	1 198 405
Printing and stationery	673 000	628 466
Recruitment costs	1 969 028	971 427
Security (Guarding of municipal property)	4 044 400	3 722 130
Staff welfare	356 545	451 978
Telephone and fax	331 009	384 795
Training	856 153	457 481
Travel - local and foreign	595	50 120
Utilities	1 937 588	1 086 039
	30 283 952	**25 536 135**

Included in consulting and professional fees above is legal costs of R2.2 million which had increased from the prior year due to an increase in litigation cases with both internal and external matters. Some of the internal matters includes CCMA and disciplinary cases that were underway and external matters were mainly due to poor performing contractors that were terminated during the current and prior year.

25. AUDITORS' REMUNERATION

External audit fees	1 707 647	1 604 613

26. LOSS ON DISPOSAL OF ASSETS

Loss on disposal of assets	37 769	85 265

The loss on disposal of assets relates to assets that were written off. Included in the assets written off for the prior year is assets that were obsolete or damaged as well the previous Project Implementation system (DMIS).

Included in the assets written off for the current year is laptops that were stolen during the financial year as well as any assets that were obsolete or damaged.

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

27. TAXATION

Major components of the tax income

Deferred		
Originating and reversing temporary differences	(10 745 065)	(6 214 256)

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

Applicable tax rate	28,00 %	28,00 %
Tax effect on permanent differences	(0,03)%	0,32 %
Tax effect of timing differences	(0,55)%	(7,66)%
	27,42 %	**20,66 %**

28. CASH USED IN OPERATIONS

Deficit	(30 727 456)	(15 307 062)
Adjustments for:		
Depreciation and amortisation	2 006 614	4 504 700
Loss on disposal of assets	37 769	85 265
Debt impairment	-	92 375
Movements in provisions	671 983	1 172 816
Movement in expenditure - non-cash items	(10 745 065)	(6 214 256)
Movement in expenditure - non-cash items	-	(66 599)
Interest from finance leases	43 622	111 069
Interest on sweeping account	40 573 965	24 238 923
Changes in working capital:		
Receivables from exchange transactions	257 910 304	(259 288 860)
Payables from exchange transactions	(234 649 825)	179 925 955
VAT	(131 449 534)	(33 193 849)
	(106 327 623)	**(103 939 523)**

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

29. DIRECTORS' EMOLUMENTS

Executive

2018

	Emoluments	Leave payout	Pension paid or receivable	Travel Allowance	Total
T Mendrew (Chief Executive Officer)(Resigned 31 August 2017)	300 971	145 832	-	-	446 803
C Botes (Chief Executive Officer)(Appointed 01 May 2018)	276 763	-	-	5 000	281 763
S Moonsamy (Chief Financial Officer)(Appointed 01 March 2018)	499 745	-	32 898	-	532 643
	1 077 479	145 832	32 898	5 000	1 261 209

2017

	Emoluments	Other benefits*	Total
T Mendrew (Chief Executive Officer)	1 805 827	-	1 805 827
Z Mafata (Chief Financial Officer)(Resigned 30 November 2016)	721 757	217 313	939 070
	2 527 584	217 313	2 744 897

Notes to the Annual Financial Statements

29. DIRECTORS' EMOLUMENTS (continued)

Non-executive

2018

	Directors' fees	Total
P Mashele	174 586	174 586
C Coovadia (Chairperson)	182 084	182 084
A Steyn	200 781	200 781
K Govender	332 336	332 336
N Ngwenya	216 545	216 545
P Masilo	136 504	136 504
P Zagaretos	152 543	152 543
M Qobo	246 131	246 131
L Shole	12 168	12 168
M Dolamo (Independant Audit and Risk Committee member)	76 050	76 050
Z Samsam (Independant Audit and Risk Committee member)	76 840	76 840
K Onuoka (Independant Audit and Risk Committee member)	68 445	68 445
	1 875 013	**1 875 013**

2017

	Directors' fees	Retainers	Total
C Coovadia (Chairperson)	147 690	-	147 690
A Steyn	98 998	-	98 998
E Harvey	87 864	22 816	110 680
K Govender	237 816	22 816	260 632
L Shole	77 872	-	77 872
N Ngwenya	101 872	-	101 872
N Selamolela	108 382	22 816	131 198
P Mashele	104 913	-	104 913
P Mashiane	74 161	22 816	96 977
P Masilo	162 308	22 816	185 124
P Zagaretos	201 298	22 816	224 114
Z Samsam (Independent Audit and Risk Committee Member)	47 533	22 816	70 349
M Dolamo (Independent Audit and Risk Committee Member)	87 460	22 816	110 276
M Qobo	114 039	-	114 039
T Mukhuba	59 330	22 816	82 146
W Thwala	75 310	22 816	98 126
K Onuoka (Independant Audit and Risk Committee Member)	81 756	22 816	104 572
	1 868 602	**250 976**	**2 119 578**

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

30. COMMITMENTS

Authorised capital expenditure

	2018	2017
Approved and not yet contracted for		
• Jabulani	15 000 000	30 000 000
• Kliptown Renewal Precinct	-	14 000 000
• Rotunda Park	-	45 000 000
• Westbury Renewal Precinct	-	40 000 000
• Alexandra Renewal Projects	-	10 300 000
• Jukskei River Environmental	-	7 000 000
• Banakekelen Hospice Clinic	1 000 000	-
• Alexandra UDF	1 500 000	-
• Nancefield Station Precinct	-	20 000 000
• Randburg Precinct Upgrade	-	30 000 000
• Knowledge Precinct: Auckland Park	-	10 000 000
• Louis Botha	20 000 000	15 000 000
• Perth Corridor	25 000 000	75 000 000
• Turffontein Corridor	25 000 000	60 000 000
• Ivory Park UDF	-	8 500 000
• Alexandra Sports and Youth Development	20 000 000	8 500 000
• Diepsloot Development	15 000 000	20 000 000
• Ivory Park UDF	13 000 000	-
• Roodepoort CBD renewal	1 500 000	-
• Malboro South Light	1 500 000	-
• Pioneer Park renewal/Orchards	20 000 000	-
• Eastern Gateway	1 500 000	-
• Lenasia	1 500 000	-
• Operational CAPEX	1 000 000	10 000 000
	162 500 000	**403 300 000**

	2018	2017
Approved and contracted for		
• Contractual costs committed for multi-year contracts	1 226 325 870	1 362 193 640

	2018	2017
Total capital commitments		
Approved and not yet contracted for	162 500 000	403 300 000
Approved and contracted for	1 226 325 870	1 362 193 640
	1 388 825 870	**1 765 493 640**

The contractual costs committed arise from the related construction work as well as professional services which was contracted for but not yet incurred. This will be funded through capital budget allocations from various departments.

The approved and not yet contracted for commitments arise from the approved capital budget allocated to the JDA in the 2018/19 financial year.

The approved and contracted for commitments consist of the following:

	2018	2017
Portfolio A		
Randburg Precinct	1 331 712	-
Hillbrow Tower precinct	-	143 402
Inner City Core	-	20 578 618
Kaserne Development	35 389 606	121 549 562
Community Development Corridors of Freedom Patterson	8 385 856	104 150 660
Johannesburg Art Gallery	1 159 883	-
Brixton Social Cluster	122 389 015	6 279 890
Alexandra Fire Station	5 555 768	-
Central Fire Station	4 142 714	4 204 856
Lehae Training Academy & Fire Station	2 694 726	5 838 047
Inner City Eastern Gateway	3 334 707	3 566 650

Notes to the Annual Financial Statements

Figures in Rand	2018	2017
30. COMMITMENTS (continued)		
Inner City Managed Lanes	19 265 532	2 312 030
Alexandra Youth Development	1 303 931	-
	204 953 450	**268 623 715**
Portfolio B:		
Orchards Clinic_Corridors of Freedom	22 213 200	7 950 038
Alexandra Automotive	16 317 685	22 447 684
Westbury TDC	42 218 963	33 300 852
Langlaagte Pharmacy	-	5 466 475
Claremont Clinic	3 555 687	17 465 464
Klipfontein, Turffontein and Zandspruit Clinic	12 911 377	-
Florida Clinic	12 741 135	28 100 274
Nancefield TOD	-	12 542 722
Jabulani TOD	43 843 285	10 724 580
Noordgesig Social Cluster	14 182 267	38 311 247
Ebony Park Clinic	1 369 725	33 211 192
4TH Avenue	1 131 942	-
Rotunda Park	-	68 223 604
Naledi Clinic	2 969 910	4 391 092
Bezuidenhout Valley	1 991 875	3 031 448
Braamfischerville Ext 12	19 297 047	76 436 493
Bophelong and Protea South Clinics	3 288 898	3 989 880
Balfour Park	4 953 114	3 649 604
Diepsloot	23 751 809	4 359 662
Fleurhof Mining Precinct	4 860 576	-
	231 598 495	**373 602 311**
Portfolio C:		
Cycle Lanes _Corridors of Freedom	-	30 339 200
Non-motorised transport (NMT)	7 022 163	53 959 050
BRT Various	764 724 118	560 079 479
Community Development_Libraries	5 953 772	14 740 906
Community Development_Commuity Centres	5 473 933	17 767 431
Community Centre_Union Stadium	-	862 099
	783 173 986	**677 748 165**
Portfolio D:		
4th Avenue Clinic	-	9 216 026
Jukskei River rehabilitation	-	580 000
Open Spaces development	-	1 648 940
Vincent Tshabalala Bridge	-	916 245
Linear Markets:Ivory Park/Alex	-	23 418 676
	-	**35 779 887**
Other projects		
Community Liaison services	3 874 416	-
Website Management	496 104	-
	4 370 520	**-**
Integrated internet services	-	964 582
Security services	1 377 818	3 232 594
Planning and strategy	851 600	2 242 386
	2 229 418	**6 439 562**

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

30. COMMITMENTS (continued)

	2018	2017
Total contracted for commitments	1 226 325 870	1 362 193 640

Operating leases - as lessee (expense)

	2018	2017
Minimum lease payments due		
- within one year	36 259	108 778
- in second to fifth year inclusive	-	27 194
	36 259	**135 972**

Operating lease payments represents rental payable by the entity for the use of a motor vehicle . The rental is for a motor vehicle over 10 months at a monthly payment of R9,064.84. The rental period was originally from the 2nd December 2016 until 1st October 2017 and was extended until October 2018.

31. CONTINGENCIES

Bertrams Priority Block

The JDA has entered into legal proceedings regarding the relocation of illegal occupants in various buildings around the Bertrams Priority Block. Eviction proceedings have been instituted in the South Gauteng High Court. Negotiations are underway with illegal occupants to settle the matter out of court. Progress made since 2012 - Some of the illegal occupants have agreed to be reallocated to properties operated by the Johannesburg Social Housing Company. The few that would be left because of inability to meet monthly rental payments will be accomodated by the Department of Housing. Since this, no progress has been made in this matter due to ongoing negotiations for reallocations and the legal proceedings have been put in abeyance until alternate accomodation is found by the JDA and CJMM. The parties are working together to reach agreement without a protracted litigation processes.

Ubuntu Kraal (Pty) Ltd vs JDA & CJMM

The JDA has been served with summons for loss of income and damages to property by the operators of the establishment known as Ubuntu Kraal in Soweto, Johannesburg. The damages were alleged to have been caused by flooding due to the JDA activities in the construction of the Rea Vaya BRT infrastructure along Klipspruit Valley Road. The amount of damages claimed by the plaintiffs is R23.5 million. The matter is now being handled by CJMM insurer attorneys. The matter has been set down for trial on the 5th June 2018 and the final courts ruling is still pending.

Achusim Chijoike vs JDA and Skymark Security (Pty) Ltd

The JDA was incorrectly cited as a party to the proceedings. The JDA disputed the matter and indicated to the Plaintiff that it was incorrectly cited as a party.

The Plaintiff has to date not responded to our pleadings. A letter has been addressed by the JDA's attorneys (Routledge Modise T/A Hogan Lovells) to the Plaintiff to the effect that should we not receive any feedback from them, we shall proceed to seek court approval to withdraw the matter. The matter stopped at pleadings stage and is likely not going to proceed.

BRT - Thembu Convenience Store

The CJMM and the JDA were served with a summons by Tembu Convenience Centre CC, trading as a convenience store and Engen Fuel dealership, for loss of income estimated at R17.8 million as a result of BRT construction works. The City has filed its papers defending the matter in the South Gauteng High Court. The JDA is defending the matter through its attorneys (Mchunu Inc.) The matter went for trial on 6 to 8 June 2017. A judgement was in the JDAs favor and the case was dismissed with costs of tow counsels on 15 September 2017. On the 27th February 2018, the High Court had granted Tembu Convenience Centre CC their application for leave to appeal. The matter is still being defended post the appeal.

Dark Fibre Africa vs JDA and Easyway Tarmac Pave and Projects CC

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

31. CONTINGENCIES (continued)

The matter relates to the fibre optic cable that was damaged by opening a trench in the road reserve with a TLB Machine along the road carriage way of Orlando east, near Sefa Sonke street around 22 June 2013. The plaintiff, Dark Fibre Africa (Pty) Ltd is suing the JDA (2nd Defendant) on the basis that JDA used the services of Easyway Tarmac Pave and Projects CC to manage and control the execution of the water pipeline project and to do the drilling and excavation along the road carriage way of Orlando east near the intersection with sefa sonke street. The matter is being defended by the lawyers appointed by the JDA's insurers (AON). Estimated claim value - R45,256.

Grayston Pedestrian Bridge scaffolding collapse

On 14 October 2015 the scaffolding work into the Grayston Drive Pedestrian and Cyclist structural bridge collapsed which resulted in the loss of life and other damages.

Due to the nature of the incident, the Department of Labour (DOL) has to conduct a formal inquiry in terms of section 32 of the Occupational Health and Safety Act 85 of 1993 to determine the causes for the collapse of the scaffolding works.

The inquiry commenced on 7 July 2016 and a Commissioner has been appointed by the DOL. The matter has been delayed and is still ongoing.

Notes to the Annual Financial Statements

Figures in Rand

32. RELATED PARTIES

Relationships	
Controlling entity	The City of Johannesburg Metropolitan Municipality
Controlled entities	Refer to note
Other members of the group	Johannesburg Social Housing Company (SOC) Ltd City Power Johannesburg (SOC) Ltd Johannesburg City Parks and Zoo NPC Johannesburg Metropolitan Bus Services (SOC) Ltd Johannesburg Roads Agency (SOC) Ltd The Johannesburg Tourism Company NPC Johannesburg Water (SOC) Ltd Pikitup Johannesburg (SOC) Ltd Joburg Theatres (SOC) Ltd The Johannesburg Fresh Produce Market (SOC) Ltd
Members of key management	Refer to Employee costs note 18

Related party balances

	2018	2017
Loan accounts - Owing (to) by related parties		
CJMM-Treasury	(338 082 872)	(272 841 067)
Amounts included in Trade receivable (Trade Payable) regarding related parties		
CJMM	854 886 114	1 109 473 351
Johannesburg Roads Agency (SOC) Ltd	-	3 228 152
Amounts included in trade payables regarding to related parties		
CJMM	(5 549 264)	(4 386 645)
Pikitup Johannesburg (SOC) Ltd	-	(299 900)
	(407 356)	-

Related party transactions

	2018	2017
Purchases from (sales to) related parties		
CJMM - Corporate services	538 245	602 186
CJMM - Interest on sweeping	40 573 965	24 238 923
City Power (SOC) Ltd	1 937 588	1 173 278
Johannesburg Metropolitan Services (SOC) Ltd	-	6 320
CJMM-Department of Planning	5 108 139	5 866 439
Pikitup (SOC) Ltd	-	263 070
Income from related parties		
CJMM-Development management fees	69 290 314	69 006 423
CJMM - Grant	28 707 000	26 695 000
Payments to related parties		
CJMM	6 219 372	8 770 830

These services were supplied by the related parties and CJMM in terms of Section 45 of the Municipality Supply Chain Management of 2005.

There are no terms and conditions and no interest is due or payable to any related parties listed above. All related party transactions are in arm's lenghth basis.

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

33. CHANGE IN ESTIMATE

Property, plant and equipment

The useful life of certain computer equipmentt was estimated in 2017 to be 5-15 years. In the current period management have revised their estimate to within 5-15 years. The effect of this revision has decreased the depreciation charges for the current by R 800 183 and increased future periods by R800 183.

The impact on tax would be R224,051 in future periods.

The impact on the cash flow statement would be R800 183.

Intangible assets

The useful life of intangible assets was estimated in 2017 to be 8-15 years. In the current period management have revised their estimate to within 8-15 years. The effect of this revision has decreased the depreciation for the current year by R 512 277 and increased future periods by R512 277.

The impact on tax is R143 438.

The impact on the cash flow statement is R512 277.

34. PRIOR PERIOD ERRORS

Interest charged on the overdrawn sweeping balance in the prior year was written off and adjusted for in the prior year. However, a legal opinion was sought with regards to the write off and it was concluded that the write off should have been approved by Council. In absence of the Council approval, the interest write off was reversed and the verdict on the Council write off will be conculded in September 2018.

The correction of the error(s) results in adjustments as follows:

	2018	2017
Statement of financial position		
Increase in loans from shareholder	24 238 923	-
Decrease in deferred tax liability	(6 786 235)	-
Decrease in accumulated surplus	(17 452 689)	-
Statement of Financial Performance		
Increase in finance costs	24 238 923	-
Increase in deferred tax adjustment	(6 786 234)	-
Net Decrease in surplus/ (Deficit)	17 452 689	-
Cash flow statement		
Cash flow from operating activities		
Increase in finance costs	(24 238 923)	-
Decrease in suppliers	24 238 923	-
	-	-

35. COMPARATIVE FIGURES

Certain comparative figures as per the disclosure have been restated.

Amendments were made to the prior year disclosure notes based on current year considerations as indicated below with the following reasons:

- Reclassification of computer software from completed to still work-in-progress.

The effects of the restatement are as follows:

35. COMPARATIVE FIGURES (continued)

Other disclosure notes

	Reclassification	After reclassification
Intangible assets - under construction	9 986 021	9 986 021
Intangible assets - software	(9 986 021)	(9 986 021)
Total	-	-

36. RISK MANAGEMENT

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

Capital risk management

The entity's objectives when managing capital are to safeguard the entity's ability to continue as a going concern in order to meet the principle objectives of the organisation for the controlling entity and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the entity consists of debt, which includes the borrowings disclosed in notes 8 and 10, cash and cash equivalents disclosed in note 3, and equity as disclosed in the statement of financial position.

As stated in the note regarding going concern, the entity's existence is dependant on the continued support from the controlling entity CJMM.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

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 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	662 949 436	-	-	-

At 30 June 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	814 457 202	-	-	-

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.

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

Financial instrument	2018	2017
Loan from shareholder	(338 082 872)	(272 841 067)
Trade receivables	875 059 944	1 132 970 248

Notes to the Annual Financial Statements

37. GOING CONCERN

We draw attention to the fact that at 30 June 2018, the entity had an accumulated surplus (deficit) of R 8 080 377 and that the entity's total assets exceed its liabilities by R 24 358 001.

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

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the shareholder contiinues to provide funding through their implementation of their capital projects and the the grant that currently is received for operational purposes.

38. EVENTS AFTER THE REPORTING DATE

The construction industry in general has had a significant decline over the last few years and further lower investment by government in infrastructure development in the 2018/19 budget means the sector is set for further decreases. There are a number of factors that have played a part in the industry's decline, among them shrinking margins, increased penaltiies, and non-payment or delayed payment by clients. Post 30 June 2018, two current JDA contractors had filed for business rescue. The overall impact of this to the JDA has been assessed as insignificant and should those contractors be terminated in the 2018/19 year, a new contractor will be appointed complete the remaining works and the budget allocated for these projects would still be expected to be spent.

Other than the above, the accounting officer is not aware of any matter or event arising since the end of the reporting period and the date of this report, which will significantly affect the financial position and the results of the entity's operations.

39. UNAUTHORISED EXPENDITURE

No unauthorised expenditure has been incurred in the current year.

40. FRUITLESS AND WASTEFUL EXPENDITURE

Opening balance from prior year	2 991 261	2 991 261

No movement in the current year.

Detail of expenditure - 2016	Interest and penalties to SARS	Total
Fruitless and wasteful expenditure identified	2 991 261	2 991 261

Interest and penalties paid to SARS was charged based on the late payment and submission of the December 2015 VAT return. At the time of submission, the VAT return on the efiling system was completed however due to some system errors the VAT return was not allowing the return to be submitted and for a payment to be generated. This was then communicated to SARS and when the matter was finally resolved, it was after the Standard Bank shut-down restricted time. This was then objected to and no respose has yet been received from SARS.

41. IRREGULAR EXPENDITURE

Opening balance	12 318 527	-
Add: Irregular Expenditure - current year	784 320	4 260 658
Add: Irregular expenditure on overspending	23 633 564	8 057 869
	36 736 411	**12 318 527**

Notes to the Annual Financial Statements

41. IRREGULAR EXPENDITURE (continued)

Details of irregular expenditure – current year

	Disciplinary steps taken/criminal proceedings	
Patterson Park	Disciplinary process has been concluded	5 044 978
Over spending on operatonal vote	Awaiting Council write off/reversal (2017 and 2018)	31 691 433
		36 736 411

During the 2016/17 financial year, the JDA had incurred services with a sub-contractor without a contract.

The disciplinary process was conducted and concluded. Upon completion of the process the original cost was revised to include updated expenditure of R784,320.

The over spending on the operational vote is as a result of interest charged by CJMM on the overdrawn sweeping account. A write-off/reversal request for both 2017 and 2018 has been submitted for Council approval, awaiting final verdict.

42. ADDITIONAL DISCLOSURE IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

Audit fees

Current year subscription / fee	1 707 647	1 604 613
Amount paid - current year	(1 707 647)	(1 604 613)
	-	-

PAYE and UIF

Current year subscription / fee	13 470 773	14 048 202
Amount paid - current year	(13 470 773)	(14 048 202)
	-	-

Pension Deductions

Current year subscription / fee	4 863 282	4 776 803
Amount paid - current year	(4 863 282)	(4 776 803)
	-	-

VAT

VAT receivable	162 884 143	31 434 609

The major increase in the VAT receivables relates to refunds in the current year that have not yet been received and as well as refunds from the prior years that was reassessed and not yet received.

All VAT returns was submitted by the due date throughout the year.

43. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS

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

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

Notes to the Annual Financial Statements

Figures in Rand

43. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

Ditlodi Community Liasons	1 937 244	1 937 244
Vodacom	-	824 560
Various service providers - minimum three quotations not received	928 960	2 943 918
Various service providers - weighting for the criteria not included in RFQs	-	564 990
	2 866 204	**6 270 712**

Categories of deviation as per Regulation 36 of the MFMA

Ratified minor breaches of SCM processes	2 866 204	6 270 712

Notes to the Annual Financial Statements

43. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

Deviations - 2018

Ratification - Appointments made were less than three quotations were received
The accounting officer ratified a minor breach in the supply chain process for the appointment of service providers through the request for quotation process where less than the minimum three quotations were received. In the current financial year there were various service providers appointed where less than three quotations were obtained to a value of R928,960 these also includes the request for quotation s form the approved panel service providers.

Appointment of service provider for Community Liaison services in Alexandra - Ditlodi

The Accounting officer approved a deviation from normal supply chain processes as per regulation 36 (1)(a)(v) for the appointment of a service provider to manage Community Liaison Officers (CLOs) based in Alexandra. Since the beginning of the Alexandra Renewal Programme in 2001 the project has had the services of a group of CLOs. These CLO's were appointed by the Gauteng Department of Human Settlements through an independent service provider. The contract between the Gauteng Department of Human Settlements and the service provider came to an end on 31 March 2015. Replacing the group of CLOs through an open tender process would pose a serious threat to the delivery of projects in Alexandra. The deviation from normal supply chain processes was to enter into direct negotiations with the Cooperative formed by the CLOs with a view of appointing them to provide community liaison services for the Alexandra Renewal Programme.

Deviations - 2017

Ratification - Appointments made were less than three quotations were received
The accounting officer ratified a minor breach in the supply chain process for the appointment of service providers through the request for quotation process where less than the minimum three quotations were received. In the current financial year there were various service providers appointed where less than three quotations were obtained to a value of R2 943 918.80 these also includes the request for quotation s form the approved panel service providers.

Ratification - Appointments made where a weighting criteria was not used in the technical evaluation

The accounting officer ratified a minor breach in the supply chain process for the omission of the weighting criteria in the RFQ. In the current financial year there were various service providers appointed where the weighting criteria was not included in the functionality to a value of R 564 989.93. These are applicable to all awards made as per the supply chain processes of between R 30 000 to R 200 000.

Appointment of service provider for Community Liaison services in Alexandra - Ditlodi

The Accounting officer approved a deviation from normal supply chain processes as per regulation 36 (1)(a)(v) for the appointment of a service provider to manage Community Liaison Officers (CLOs) based in Alexandra. Since the beginning of the Alexandra Renewal Programme in 2001 the project has had the services of a group of CLOs. These CLO's were appointed by the Gauteng Department of Human Settlements through an independent service provider. The contract between the Gauteng Department of Human Settlements and the service provider came to an end on 31 March 2015. Replacing the group of CLOs through an open tender process would pose a serious threat to the delivery of projects in Alexandra. The deviation from normal supply chain processes was to enter into direct negotiations with the Cooperative formed by the CLOs with a view of appointing them to provide community liaison services for the Alexandra Renewal Programme.

Appointment of service provider for cellular services - Vodacom

The appointment of Vodacom service provider (Pty) Ltd, was undertaken as an appointment under the provision of section 32 of MFMA. Vodacom was procured under a contract secured by the City of Johannesburg Metropolitan Municipality (CJMM). The contract came to an end January 2015 and the contract was extended while CJMM was finalising the procurement of a new service provider. The contract was extended for a prolonged period without procurement process for new service provider being undertaken. Thereafter the JDA entered into direct negotiations with the service provider as per regulation 36 of the MFMA.

National Treasury has concluded a valid contract with Vodacom for the provision of cellular services and has gone

Notes to the Annual Financial Statements

43. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

further to issue circular encouraging organs of state in all spheres of government to make use of the said contract. The JDA does require these services and the use of the transversal contract is likely to result in cost savings of between 30%-40% on the previous contract for the JDA due to the impact of economies of scale.

Therefore whilst the JDA is in the process of finalising its participation in the transversal contract procured through National Treasury, the JDA entered into an agreement through direct negotiations with Vodacom to continue to render the services for an amount of R 824 560. Such direct negotiation is a deviation from normal supply chain management processes.

Notes to the Annual Financial Statements

44. AWARDS MADE TO A PERSON WHOSE CLOSE FAMILY MEMBERS ARE IN THE SERVICE OF THE STATE

A municipal entity must disclose particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including.
(a) the name of that bidder;
(b) the capacity in which that person is in the service of the state; and
(c) the amount of the award.

Name of project	Company name	Name of the person/company award	Amount
Alexandra Urban Developm ent Fram ework	Gudlhuza Development Solutions	Spouse works for Eskom but of not a member of the CC	300 000
CoJ Health CAPEX Program me B	Gudlhuza development Solutions	Spouse works for Eskom but of not a member of the CC	808 000
Noordges ig Social Cluster: CPC	GIBB (Pty) Ltd	Daughter employed by Health Infrastructure PWGWC as a State Accountant and another Daughter employed by the City of Cape town as a Project Administrator	656 263
		Parent employed by the Dept of Education KZN as a data capture and Another parent employed by the Dept of Education as an Educator	
		Spouse works for the City of Cape Town as Head: Business Continuity	
		Spouse works for the City of Cape Town as Principle Professional officer	
		Spouse works for Eskom as Chief Engineer	
		Spouse works for the National Department of water Affairs and Forestry as an Accounting Clerk	
		Department of Education as a Senior Educator	
		Spouse works for the Dept of Correctional Services as Correctional Officer	
		Partner works for the Department of transport and Public Works as DDG	
		Spouse work for Department of National Treasury as Deputy Director	
		Parent works for Department of Water Affairs and Forestry	
		Spouse works for the Gauteng Dept of Education as an HOD for Math's	
		Spouse works for the City of Cape Town as senior Professional Officer and Mother works for the Dept of Education KZN as HoD: Languages, Father works for the Dept of Transport KZN as Mechanical Engineer	
		Brother works for City Engineers as Architect/town Planner	
Old Ikage Housing: Civil and structural Engineers	CSM Consulting Services	So is employed by Western Cape Provincial Government Department of Environmental Affairs and Development Planning	1 700 425

Notes to the Annual Financial Statements

44. AWARDS MADE TO A PERSON WHOSE CLOSE FAMILY MEMBERS ARE IN THE SERVICE OF THE STATE (continued)

Brixton Social Cluster: Consortium of Engineers	CSM Consulting Services	Son is employed by Western Cape Provincial Government Department of Environmental Affairs and Development Planning	2 053 480
Brixton Social Cluster:Project Manager	Delta Built Environment	Wife is employed by DBSA and Sister is employed by SAA	1 839 600
Emdeni Public Transport Facility	CSM Consulting	Son, Andre van Collie, is employed by Western Cape Provincial Government Department of Environmental Affairs and Development Planning	2 885 000
Roodepoort Public Transport Facility	CSM Consulting	Son, Andre van Collie, is employed by Western Cape Provincial Government Department of Environmental Affairs and Development Planning	2 860 000

45. BUDGET DIFFERENCES

Material differences between budget and actual amounts

Rendering of services - Management fees are raised on CAPEX budget and only 92% of the overall CAPEX budget was spent for the current financial year. The under expenditure in the CAPEX budget has resulted in an under recovery of management fees from the relevant departments.

Tender fee income - The overall tender fees are budgeted for based on prior year trends. The overall tender fee income is dependant on the number of bidders that purchase the proposal documents. During the current year a lower than expected number of tender documents were purchased.

Sundry income - Included in the amounts are SDL refunds that were received from SDL returns that were filed.

Rental income - In current year ther was a decrease in the rental income line item due to one of the major tenants i.e. Market Theatre had moved out to a larger space in Newtown.

Employee related costs - The variance is mainly due to a salary parity adjustment of which budget was provided by CJMM but had not beem implemented by year end. The salary parity process was still underway at year end and is expected to be implemented in the 2018/19 year.

Depreciation and amortisation - The variance is mainly due to the increase in the property, plant and equipment and the intangible assets in the current year. Ths includes the capitalisation of the SAP software from the prior year.

Finance costs - Included in the finance costs is interest relating to finance leases and from the overdrawn sweeping account. Included in the budget was interest expense on the overall sweeping account.

General expenses - During the budget adjustment process a budget rebasement was applied which resulted in an overall decrease in the expenditure budget by R4 million. However, during the current there were a number of expenditure line items that was in excess of the budgeted amounts.

- Legal costs - An increase in legal costs in the current year due to a number of arbitration cases that resulted from the termination of poor performing contractors.
- Utilities - Increase in usage for the current year.