

# JOHANNESBURG DEVELOPMENT AGENCY (SOC) LIMITED

Registration no: 2001/005101/07



## MID-YEAR PERFORMANCE REPORT 2018/19

### JULY TO DECEMBER 2018

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
Shareholder / Municipality:	City of Johannesburg Metropolitan Municipality
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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	10 January 2019 Date of approval
Mr Christo Botes Name & Surname Chief Executive Officer/MD	 Signature	10 January 2019 Date of approval
Mr Cassim Coovadia Name & Surname Chairperson of the Board	 Signature	10 January 2019 Date of approval
Cllr Reuben Masango Name & Surname MMC: Development Planning	 Signature	14 January 2019 Date of approval

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## CHAPTER 1: JDA LEADERSHIP AND CORPORATE PROFILE

### SECTION 1: CORPORATE PROFILE AND OVERVIEW

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

#### ***Outcomes and challenges***

The JDA's evolution into an area-based development agency has prepared it to respond to the objectives as outlined in the 2040 Growth and Development Strategy (GDS). Under this model, the JDA takes on a more central role in developing strategic capital works projects and establishing urban management partnerships. Crucially, the model allows the JDA to mobilise development partners and other stakeholders to sustainably achieve the common economic and social objectives defined for each area. However, given the spatial, socioeconomic and political environment in which the JDA operates, there are challenges that affect area-based development and the JDA's ability to facilitate common economic and social objectives, i.e. the focus on developing resilient, sustainable, inclusive and liveable urban areas in identified nodes and corridors.

#### ***Political governance and accountability***

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

The Council's Section 79 Portfolio Committee on Development Planning provides political oversight of the JDA's activities and functions. The JDA also falls under the Economic Development Mayoral Cluster Committee, which ensures that the work of the other departments and entities mandated with spatial transformation and economic growth of the city is integrated and coordinated. The JDA's management is accountable for strategic and operational matters to the Board of Directors, which controls and maintains a fiduciary relationship with the company. The JDA coordinates its area-based development activities and other catalytic interventions with the Department of Development Planning and engages with client departments in the design and construction of infrastructure assets.

## SECTION 2: STRATEGIC GOALS AND OBJECTIVES

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

**TABLE 1: STRATEGIC GOALS AND OBJECTIVES**

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

### Transforming the Spatial Economy

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

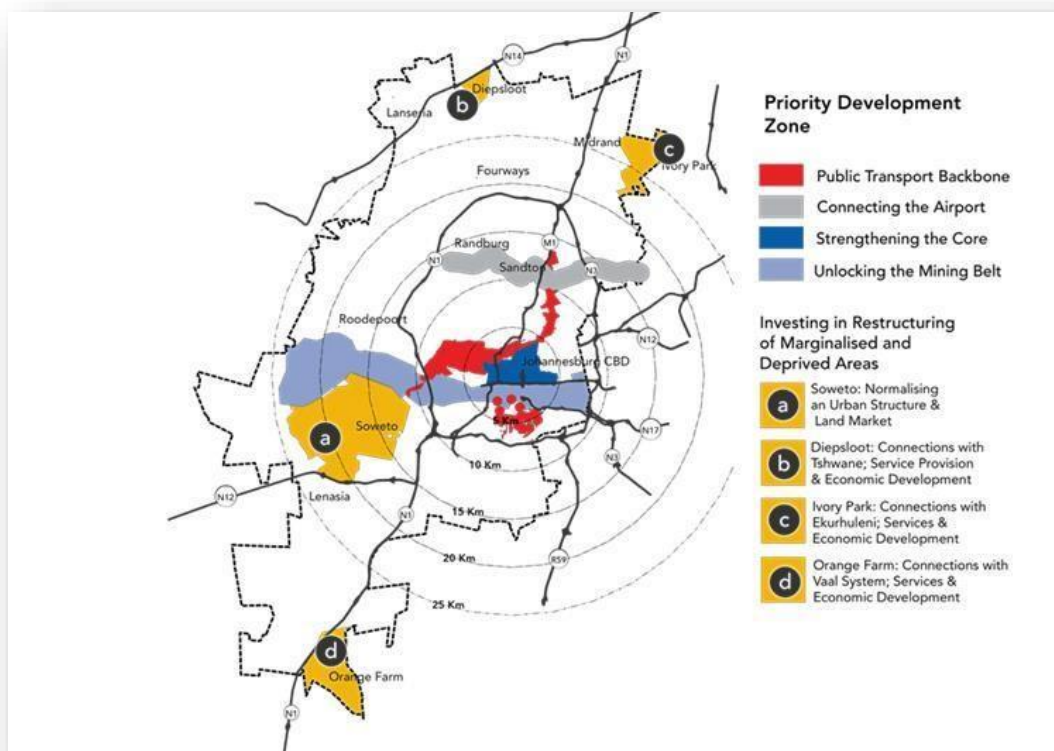
- Programme 1. Inner city transformation programme
- Programme 2. Strategic economic node programme
- Programme 3. Public infrastructure delivery programme
- Programme 4. Greater Alex and Alexandra Renewal Programme (ARP)
- Programme 5. Economic Empowerment Programme

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

- Programme 6. Good Governance, Management and Administration

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

FIGURE 1: SDF 2040 PRIORITY ZONES



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

SDF Priority Transformation areas	Corresponding JDA Regional Programmes	JDA Development Programmes
Strengthening the metro core	Inner City and the Old South (including Turffontein and Mining Belt)	<ul style="list-style-type: none"> <li>• Programme 1: Inner city transformation programme</li> <li>• Programme 2: Strategic economic node programme</li> <li>• Programme 3: Public infrastructure delivery programme</li> <li>• Programme 4: Greater Alex and Alexandra Renewal Programme (ARP)</li> <li>• Programme 5. Economic Empowerment Programme</li> </ul>
Unlocking Soweto	Greater Soweto (including Lenasia, Eldorado Park, Nancefield)	
Consolidating public transport backbone	The Corridors of Freedom: Empire-Perth Corridor and Louis Botha Corridor	
OR Tambo Corridor	Alex and the OR Tambo Corridor (includes Randburg, Sandton, Cosmo City, Modderfontein, Frankenwald)	
Addressing marginalization	Marginalized Areas – Diepsloot, Ivory Park, Orange Farm	

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

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

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



FIGURE 2: DEVELOPMENT PROCESS / LIFECYCLE

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

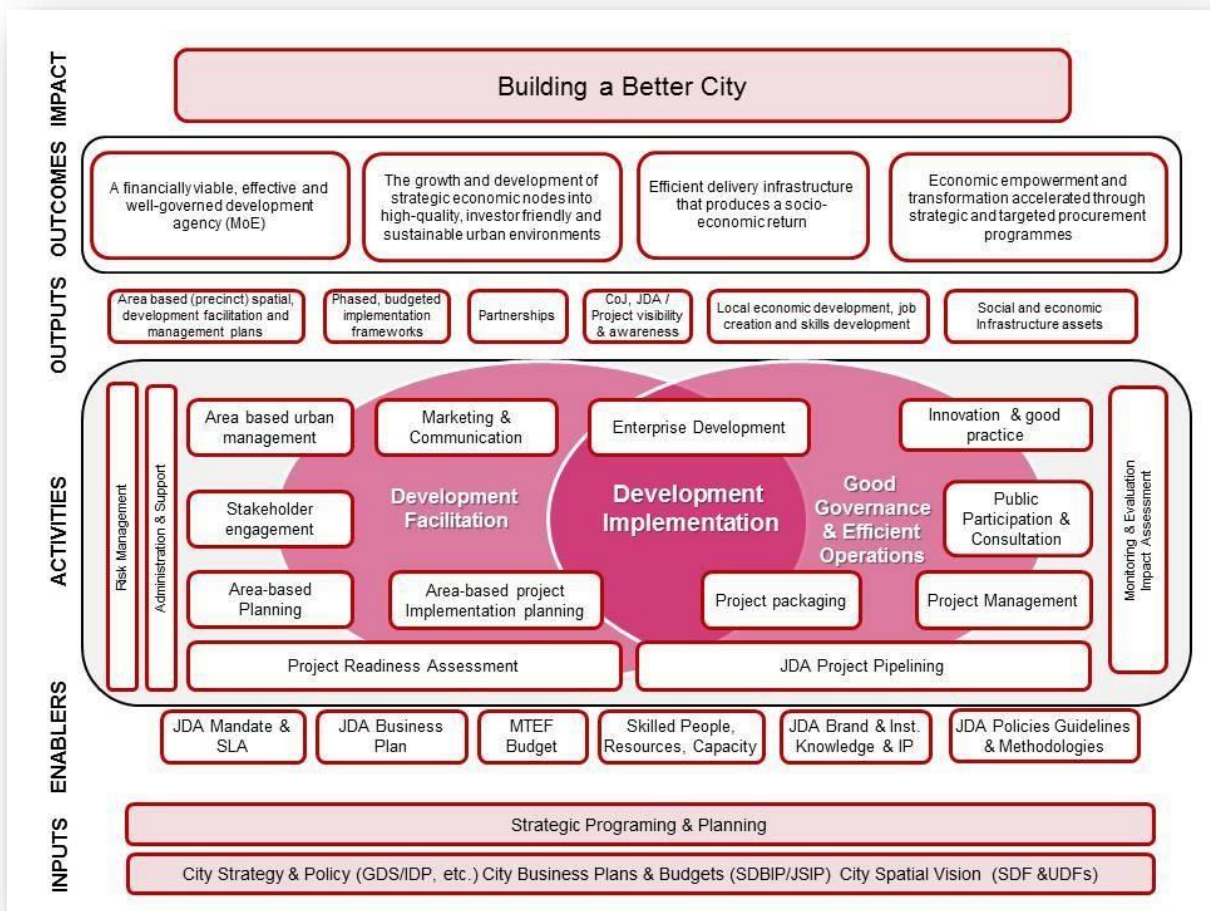


FIGURE 3: JDA’S VALUE CREATION PROCESS

## SECTION 3: SALIENT FEATURES

### Performance Summary

- The overall year to date capex expenditure at mid-year quarter was R353.3 million against a targeted YTD budget of R314.9 million.
- The JDA achieved 28.04% of the overall annual budget of R1.259 billion.
- For the quarter ended 31st December 2018 the JDA had earned total revenue of R41 million and incurred total expenditure of R65 million which resulted in an overall deficit of R24 million.
  - In comparison to performance at mid-year in the 2017/2018 financial year, the JDA had earned total revenue of R32 million and incurred total expenditure of R66.9 million which resulted in an overall deficit of R35 million.
- The organisation achieved 96% of the budgeted target for revenue.
  - In comparison to performance at mid-year in the 2017/2018 financial year, the JDA achieved 90% of the budgeted target for revenue.
- Included in the above revenue target are development management fees, operational grant and other sundry income. The development management fees are based as a percentage of the overall capital expenditure.
- The JDA incurred expenditure in excess of the budgeted target for operational expenditure by 1% due to the over-expenditure in internal interest charged on an overdraft balance with the City of Johannesburg of R10 million against a target of R3.6 million. The JDA is required to implement projects with cash flow reserves that are currently held by the client departments.
- The mid-year report has been prepared against the JDA's 2018/19 business plan and scorecard. Regarding performance against the JDA's 21 Strategic KPI's, JDA achieved 57% targeted performance achieved, 10% performance target was partially achieved and 33% performance target not achieved.
- For the period 1st July 2018 to 31st December 2018, the overall BBBEE share of expenditure was R328 410 410. This translates into an achievement of 93.42% BBBEE claimed against a 100% target for the period under review.
- The SMME share of JDA's operating and capital expenditure was R 92 487 313 for the period 1st July 2018 to 31st December 2018. This constitutes an achievement of 26.31% against a 30% target for the period under review.

**TABLE 3: CAPITAL BUDGET MANAGEMENT OVERALL PROGRAMME PERFORMANCE<sup>1</sup>**

Overall Programme Performance	2018/19 Annual Budget	Target YTD	Actual YTD	YTD Target %	% Actual / annual budget Expenditure
	R' 000	R' 000	R'000	%	%
<b>Overall Programme Performance</b>	<b>1,259,869</b>	<b>314,967</b>	<b>353,253</b>	<b>112%</b>	<b>28.04%</b>

<sup>1</sup> 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.

**TABLE 4: OPERATING BUDGET MANAGEMENT<sup>2</sup>**

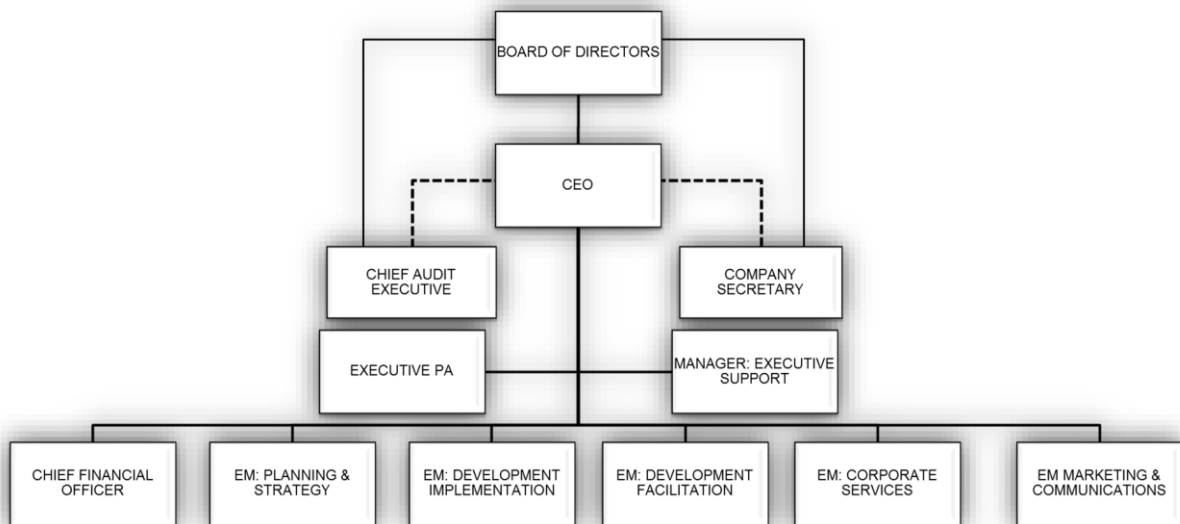
	2018/19	Year to date		% Achievement for Year to Date	% Achievement for Annual
	Original Budget	Target	Actual		
	R'000	R'000	R'000		
Revenue R'000)	129,074	42,983	41,095	96%	32%
Costs (R'000)	129,074	64,537	65,161	101%	50%
<b>Net surplus/(deficit)</b>	-	<b>( 21,554)</b>	<b>( 24,066)</b>		

<sup>2</sup> This measures effective budget control of operating costs (indicated by budget variances). In respect of effective budget control of operating costs, a target of 0% over expenditure has been set.

## SECTION 4: HIGH-LEVEL ORGANISATIONAL STRUCTURE

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

FIGURE 4: HIGH LEVEL ORGANISATION STRUCTURE



## **SECTION 5: CHAIRPERSON'S FOREWORD**

Mid-year is a critical milestone, as it provides some insight of progress on the work needed to achieve the spatial and economic goals set out in the Joburg 2040 GDS, in the nine IDP principles, as outlined in the IDP and the institutional Diphetoogo Programme, that guide the City of Johannesburg.

In terms of the JDA's performance at mid-year of 2018/19, the capital expenditure is at R353.3 million against an annual budget of R 1.259 billion. This translates to 28.04% against the mid-year target of 25%. Expenditure is an important reflection of project implementation progress, and we commend management in the JDA's performance in achieving this year's mid-year target, which has been set at 5% higher than in previous financial years. The 25% is still a long way from the 95% target for year-end and therefore the JDA must continue its focus on project implementation for the following two quarters of the financial year to ensure it delivers on the commitments the organisation has made to the client departments and communities in which it operates.

Beyond the focus on expenditure aside, there are areas where the organisation will have to improve on. These include, ensuring that development stage milestones, particularly around awarding of concept design, detailed designs and contracts awarded, are adhered to. Any delays in a project implementation lifecycle will always negatively impact all subsequent phases as well as expenditure on projects. Secondly, of concern is the below target numbers on the EPWP programme reported. The JDA must play its role by supporting this important nationwide programme. However, as a Board we are concerned that there are a number of external factors hampering the JDAs ability to achieve this KPI. These possibly include unrealistic or uninformed targets, the changes to what constitutes an "EPWP Work Opportunity", and the onerous collation and submission of supporting evidence. The Board has requested that management prepare a report on EPWP to better understand how the JDA can and should be realistically performing with regards to EPWP and if there may be additional project and contract management controls that should be put in-place.

The Board's aim is to clearly define what is within the organisation's control. Firstly, greater clarity is required in the role and responsibilities of the Client Departments as opposed to that of the JDA in the execution of projects. We will be closely working with the City to ensure that Client Departments work much closer together with the JDA and play their role in supporting the outcomes expected of the JDA. Secondly, the nature of project implementation on large capital infrastructure projects in a normal environment is technical, costly and complex. The JDA has over its 18 years learnt to handle and address each of the issues above and one of primary the reasons for this was the provision for a dedicated Development and Investment (D and I) Sub-Committee. The D and I Sub-Committee proved to be essential in overseeing the core Development Implementation especially in ensuring technical, legal and prudent business practices in dealing with the implementation related complexities. Given the additional burdens and complexity in the current environment, it is the Board's view that without a standalone D and I Sub-Committee it places the JDA and the City is at risk and that the appeal is that provision should be made to reconstitute the D and I Sub-Committee in addition to the current statutorily prescribed sub-committees.

The quarter was also a period in which the JDA received a clean audit from the Auditor General for the fourth consecutive year. Congratulations to all involved. The Board notes that there are four pending litigations and possible liabilities remaining. Together with management, we look forward as a team, in addressing the challenges and seizing the opportunities as we enter the second half of the 2018/19 financial year.



**Mr. Cassim Coovadia**  
**Chairperson**  
**10 January 2019**

## **SECTION 6: CHIEF EXECUTIVE OFFICER'S REPORT**

The JDA deals with the renovation, innovation and re-imagination of Johannesburg's built environment and urban communities through a sustained programme of place-making, area-based development and strategic infrastructure delivery.

During this quarter, the JDA continues to be a high performing area-based development agency with the delivery of projects and programmes across the city, in specific precincts and neighbourhoods.

The overall year to date capex expenditure at mid-year was R353.3 million against an annual budget of R1.259 billion, and a mid-year target of R314.9 million. This translates to 28.04% of the total annual budget and 112% against the mid-year target.

The major driver of capital expenditure occurred in large construction works that are being undertaken on the Rea Vaya trunk routes along the TOD corridors that connect commuters with the Rea Vaya BRT system and commuter rail services. Included in developments around stations and along the transport routes are developments that support pedestrian and non-motorised transport. The intention is to support mobility as well as access to public transport. Guided by national policy and the JDA's developmental intent, 30% of all the intended developments around stations and along the transport routes is set aside for implementation by small construction companies. This means that City's expenditure through large-scale infrastructure is also benefiting local businesses and creating local job opportunities.

There has also been significant progress in Jabulani, where the JDA has been working on the Jabulani CBD Precinct development with National Treasury through the Neighbourhood Development Programme (NDP). The long awaited Westbury Transformation Development Centre (TDC) as a one-stop-shop for all social services in Region B is edging closer to final completion, and depending on the outcomes of midyear budget adjustments, will be completed by June 2019.

Other milestones include the confirmation that the JDA received a Clean Audit Report from the Auditor General for the fourth consecutive year. This is a huge milestone for us and to achieve this for four consecutive years sets us apart from other City entities' governance structures.

Preparations for the 2019/20 business plan are underway and with its long history of area based regeneration and successful project implementation, the JDA believes it is a well-positioned agency to assist in delivery on all priorities and commitments.

This said, only if the City, the Board, the JDA and its client departments work together as a cohesive team, will the performance goals of the JDA be achieved.



**Christo Botes**

**Chief Executive Officer**

**10 January 2019**

## SECTION 7: CHIEF FINANCIAL OFFICER'S REPORT

The JDA has always been a unique organisation with a funding model that is highly dependent on the capital projects that are implemented on behalf of its client departments. Over the years there have been fluctuations in the capital project budgets implemented by the JDA and our operational requirements have to be just as nimble in order for us to remain financially sustainable.

For the mid-year quarter ended 31 December 2018, the JDA had earned total revenue of R41 million (2017/18: R32 million) and incurred total expenditure of R65 million (2017/18: R67 million) which resulted in an overall deficit of R24 million (2017/18: R34 million).

The organisation achieved 96% (2017/18: 90%) of the budgeted target for revenue. Included in the revenue target are development management fees, operational grant and other sundry income. The development management fees are based on a percentage of the overall capital expenditure.

The JDA incurred expenditure in excess of the budgeted target for operational expenditure by 1% overall against target, which is dramatically lower than the 108% in the 2017/18 financial year 108%. This still is in the main due to the over-expenditure in internal interest charged on an overdraft balance with the City of Johannesburg of R3 million. The JDA is required to implement projects with cash flow reserves that are currently held by the client departments.

The breakdown of the actual operational expenditure against budget is as follows:

**TABLE 5: ACTUAL OPERATIONAL BUDGET**

	Actual Prior year 31 December 2017	Budget R'000	Actual R'000	Variance R'000	% of actual against budget
Revenue	R32 019	R42 983	R41 095	(R1 888)	96%
Operating costs (before interest)	R49 250	R60 853	R54 191	R6 662	89%
Interest expense	R17 678	R3 685	R10 970	(R7 286)	297%
Total operating costs	R66 928	R21 554	R65 161	(R43 607)	302%
Surplus/(Deficit)	(R34 909)	(R24 066)	(R21 554)	(R2 512)	90%

Excluding the internal interest charged on the overdraft balance, a variance of 11% against the target for the operational expenditure was realised. This variance is mainly due to a reduction in the overall operational expenditure in line with the mid-year adjustment process. Currently the revenue targets were based on estimated capital budgets that were reduced during the approval process. This will result in an overall reduction in the revenue budget in the mid-year adjustment process and a corresponding reduction in operational expenditure to ensure a balanced budget.

Actual capital expenditure for the period ended 31 December 2018 was R353.3 million (2017/18: R357 million) against a targeted budget of R314.9 million (2017/18: R340 million). This represents 28.04% (2017/18: 21%) of the overall annual budget. There are however various factors that continue to affect projects including poor contractor performance, mainly due to contractor's own cash flows and reduction in scopes due to budget cuts.

The organization's total assets exceeded the total liabilities. The total net assets at 31 December 2018 were R44 million (2017/18: R46 million).

The table below reflects the financial performance ratio of the organization for the period ended December 2018.

**TABLE 6: FINANCIAL RATIOS**

Key Performance Area	Target	Actual 31 December 2017	Actual 31 December 2018
Current ratio	Above 1 : 1	1.14:1	1.15 : 1
Solvency ratio	Above 1 : 1	1.14:1	1.11 : 1
Salaries to expenditure ratio	Below 60%	62%	67%
Revenue	R42.9 million	R32 million	R41.95million
Expenditure (including taxation)	R64.5 million	R66.3 million	R65.16 million
Surplus / (Deficit)	(R 21.6 million)	(R34.9 million)	(R24.06 million)
Total net assets	R47.4 million	R46.9 million	R44.26 million
Capital expenditure	25%	21%	28.04%

The overall liquidity and solvency position of the JDA is slightly higher than the prior year and still above the current industry norms. The main contributing factor to the overall variance in comparison to the prior year is the higher receivables balance. Our major concern currently is the long outstanding balances owed by the City departments to the JDA and the overall impact this has on the liquidity and solvency of the JDA. If this continues to persist, it would negatively impact the ratios above and the JDA would be deemed to be technically insolvent as our liabilities would exceed our assets. During the current financial year, the JDA had commenced the year with R900 million outstanding and 80% of which has been collected since then by improving our debtors management processes through constant interactions with the departments.

The remuneration ratio was based on employee costs of R 43.7 million against total operational expenditure of R 65 million. This translates to almost 67% of the total operational expenditure relates to employee costs. The JDA is primarily a service-orientated entity as a majority of the operational costs relate to employee remuneration, which results in the JDA exceeding the general target of 60%. Generally during the first two quarters, operational expenditure is lower due to most of the operational plans and the procurement of these services are still being finalised which further contributes to the higher ratio.



**Sherylee Moonsamy CA (SA)**  
**Chief Financial Officer**  
**10 January 2019**

## 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, the City of Johannesburg Metropolitan Municipality, have confidence in its work. To that end the JDA's Board of Directors and executive management team subscribe to the governance principles set out in the Code of Conduct for Directors referred to in section 93L of the Municipal Systems Act, circular 63 of the MFMA and the King IV code.

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

#### JDA's Governance Arrangements

The JDA is accountable to the Department of Development Planning, which provides direction on contractual obligations and to the Member of the Mayoral Committee for Development Planning, who exercises political oversight. The JDA also falls under the Economic Development Mayoral Cluster Committee, which ensures that the work of departments and entities responsible for the city's spatial transformation and economic growth is integrated and coordinated. The Council's Section 79 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 Codes of Corporate Governance

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 Codes 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. The monitoring of the entity's compliance with the King Codes on Corporate Governance is part of the shareholder mandate of the Audit and Risk Committee. The entity has complied with the Code in as far as it applies to it during the period under review.

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

The Protocol is premised on the principles enunciated in the King Codes Report on Corporate Governance for South Africa 2016 (King Code). The entity steadfastly consolidated its position in respect of adherence to the King Codes report on Corporate Governance. The entity practices are, in most material instances, in line with the principles set out in the King Codes. Ongoing steps are however taken to align practices with the King Codes 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 are continually working on ensuring more involvement of communities and individuals in the preparation of plans and project implementation, and a better interface between officials and the public.

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

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

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

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

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

## **SECTION 2: BOARD OF DIRECTORS**

The JDA has a unitary board, which comprises both executive and non-executive directors. Mr Cassim Coovadia is chairperson of the Board and a non-executive director. The JDA's sole shareholder, the City of Johannesburg (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 City of Johannesburg as prescribed in the service delivery agreement, the shareholder compact, the MFMA and the Municipal Systems Act.

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

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

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

The Board of Directors consists 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); and
- (x) Ms Sherylee Moonsamy (as Chief Financial Officer and Executive Director).

The following members were appointed as Independent Audit and Risk Committee members at the AGM of 20 April 2018:

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

**TABLE 7: JDA BOARD OF DIRECTORS FOR THE PERIOD 01 JULY 2018 TO 20 DECEMBER 2018 (MID-YEAR)**

Board member	Capacity: Executive/nonexecutive	Race	Gender	Board committee membership
C Coovadia	Chairperson (Non-executive)	Indian	Male	Board
K Govender	Non-executive	Indian	Male	Audit and Risk (Chair)
P Masilo	Non-executive	Black	Male	Human Resources and Remuneration Social and Ethics Committee
P Zagaretos	Non-executive	White	Male	Human Resources and Remuneration Social and Ethics Committee
P Mashele	Non-executive	Black	Male	Human Resources and Remuneration Social and Ethics Committee
N Ngwenya	Non-executive	Black	Female	Human Resources and Remuneration / Social and Ethics Committee (Chair)
A Steyn	Non-executive	Coloured	Male	Audit and Risk Committee
M Qobo	Non-executive	Black	Male	Audit and Risk Committee Human Resources and Remuneration Social and Ethics Committee

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

The Board meets regularly, retains full and effective control over the company and monitors the implementation of the company's strategic programmes by the executive management through a structured

approach of reporting and accountability. It sets the strategic direction of the JDA and monitors overall performance. All JDA's Board Committees are chaired by non-executive directors and monitor overall performance.

### SECTION 3: BOARD COMMITTEES

#### Board Meeting Attendance

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

**TABLE 8: BOARD AND BOARD COMMITTEE MEETINGS & ATTENDANCE (1 JULY 2018 – 21 DECEMBER 2018)**

Name	Board				Audit & Risk Committee				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	1	1	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
K Govender	2	2	0	0	5	5	0	0	N/A	N/A	N/A	N/A
P Masilo	2	2	0	0	N/A	N/A	N/A	N/A	2	2	0	0
P Zagaretos	2	2	0	0	N/A	N/A	N/A	N/A	2	2	0	0
P Mashele	2	2	0	0	N/A	N/A	N/A	N/A	2	2	0	0
N Ngwenya	2	2	0	0	N/A	N/A	N/A	N/A	2	2	0	0
M Qobo	2	1	1	0	5	3	2	0	2	1	1	0
A Steyn	2	2	0	0	5	5	0	0	N/A	N/A	N/A	N/A
M Dolamo (Independent Audit & Risk member)	N/A	N/A	N/A	N/A	5	3	2	0	N/A	N/A	N/A	N/A
K Onuoka (Independent Audit & Risk member)	N/A	N/A	N/A	N/A	5	5	0	0	N/A	N/A	N/A	N/A
Z Samsam (Independent Audit & Risk member)	N/A	N/A	N/A	N/A	5	4	1	0	N/A	N/A	N/A	N/A

## Board Committees

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

- Audit and Risk Committee
- Human Resources and Remuneration Committee/Social and Ethics Committee

Each committee composition is as follows:

**TABLE 9: BOARD COMMITTEES FOR THE PERIOD (1 JULY 2018 – 21 DECEMBER 2018)**

Composition	Mandate and Quarterly Activities
<b>Audit and Risk Committee</b>	
<p>The Audit and Risk Committee, which consists of three non-executive directors and three independent members, meets not less than four times a year. Most members of this committee are financially literate. The following members served on the committee during the period under review:</p> <ul style="list-style-type: none"> <li>• K Govender (Chairperson)</li> <li>• M Qobo</li> <li>• A Steyn</li> <li>• Z Samsam (Independent Member)</li> <li>• M Dolamo (Independent Member)</li> <li>• K Onuoka (Independent Member)</li> </ul>	<p>The committee has specific responsibility for ensuring that all activities of the JDA are subject to independent and objective review and financial performance oversight. The Audit and Risk Committee has a Charter with clear terms of reference as guided by the provisions of Section 166 of the MFMA. The Committee has the following responsibilities:</p> <p>Reviewing JDA’s internal controls, publishing financial reports for statutory compliance and against standards of best practice, and recommending appropriate disclosures to the Board.</p> <p>Reviewing reports from management, internal and external auditors, to provide reasonable assurance that control procedures are in place and are being followed.</p> <p>Reviewing the half-yearly and annual financial statements before submission to the Board, focusing particularly on any changes in accounting policies and practices.</p>
<b>Human Resources and Remuneration Committee/ Social and Ethics Committee</b>	
<p>In line with the best practice of corporate governance, the Board maintains a Human Resources &amp; Remuneration Committee/Social &amp; Ethics Committee (HR &amp; REMCO/Social &amp; Ethics), comprising of 5 (five) non-executive directors and chaired by a non-executive director. It is responsible for directing human resources policies and strategies for the organisation and approving the remuneration for the Chief Executive Officer, senior executives and staff; the Committee is also responsible for acting as the social conscience of the business and ensuring that the company conducts itself as a responsible corporate citizen. This means ensuring that the JDA conducts its business in a sustainable manner, having regard for the environment, fostering healthy relationships with all its stakeholders and considering the impact of its work within the community. This committee also considers the treatment of and investment in employees, health and safety practices, black economic empowerment and the ethical corporate culture. The following members served on the committee during the period under review:</p> <ul style="list-style-type: none"> <li>• N Ngwenya (Chairperson)</li> <li>• M Qobo</li> <li>• P Masilo</li> <li>• P Mashele</li> <li>• P Zagaretos</li> </ul>	<p>The committee meets not less than 4 (four) times a year. The executive directors are excluded from the HR &amp; Remuneration Committee/Social &amp; Ethics Committee when matters relating to their remuneration are discussed. The committee ensures that the remuneration of the Chief Executive Officer and senior management are within the upper limits as determined by the City of Johannesburg in accordance with the provisions of Section 89(a) of the MFMA.</p> <p>The remuneration of the Chairperson, the non-executive directors and independent audit committee members is determined by the City of Johannesburg.</p>

In addition to the above committees, JDA's operates in a high-risk environment involving planning, development construction and procurement. The Board highlights that there is gap for a specific committee, previously referred to as the Development and Investment Committee, which would examine risks associated with the capital projects such as the financing, returns and project risk profiles. The organisation is currently engaging the Shareholder to address this gap.

### ***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 the City of Johannesburg 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 City of Johannesburg's corporate governance protocol into its charter, which 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 of the King Code. The charter sets out the composition and powers of the Board.

### ***Governance Challenges***

The nature of project implementation on large capital infrastructure projects in a normal environment is technical, costly and complex. The current environment has played numerous additional burdens and complexity. In fact, some of the common issues listed below happen concurrently:

- Poorly performing service providers
- Poorly performing contractors
- Contractors facing economic / business challenges
- SMME disputes resulting in stoppages on site
- Premium paid when appointing new contractors
- Expectations of Clients
- Time and resources to perform due-diligences prior to appointment

The JDA has over its 18 years learnt to handle and address each of the issues above and one of primary the reasons for this was having a dedicated Development and Investment sub-committee. The Development and Investment sub-committee has proven to be essential in assist / advising the board in:

- Fulfilling its oversight responsibilities as it relates to the JDA's identification and prioritisation of infrastructure project development, investments and related risk management and internal control practices;
- Assessing and evaluating the business viability and feasibility of proposed infrastructure projects on behalf of client departments;
- Assessing and evaluating the extent to which proposed JDA projects provide value-for-money, cost- and administrative-efficiency, and economic development impact with a view to making recommendations for approval by the Board.

As without having a dedicated Board sub-committee focused on core business of the JDA it places the organisation and in-turn the City at risk. To address this challenge the Board is motivating to the City to have the Development and Investment sub-committee reconstituted as an additional subcommittee of the Board in addition to the statutorily prescribed subcommittees.

### **SECTION 3: DIRECTORS AND PRESCRIBED OFFICERS REMUNERATION**

The JDA remunerates the non-executive directors and independent audit committee members in accordance with the policy and in the amounts determined from time to time by the City of Johannesburg Metropolitan Municipality, acting in its capacity as the sole shareholder of the JDA. The foregoing position was reaffirmed by special resolution at the 2017 annual general meeting. The non-executive directors and independent audit committee members are paid per meeting. Executive directors and prescribed officers are employees of the JDA and do not receive any additional remuneration by reason of their office. The table below reflects the gross or cost to company amounts paid by the JDA in relation to executive directors, non-executive directors' and independent audit committee members' fees.

**TABLE 10: EXECUTIVE DIRECTOR'S, SENIOR MANAGEMENT AND NON-EXECUTIVE DIRECTOR'S & INDEPENDENT AUDIT COMMITTEE MEMBERS REMUNERATION AND ALLOWANCES UP TO AND INCLUDING THE MIDYEAR (1 JULY 2018 – 31 DECEMBER 2018)**

Name	Designation	Salary/Board Fees (R's)	Pension (R's)	Bonus/Board Retention Fees (R's)	Travel allowance (R's)	Total (R's)
<b>Executive Directors &amp; Senior Management</b>						
C Botes	CEO	815,290			15,000	830,290
Z Tshabalala	CAE	569,292	28,361	140,276		737,928
D Cohen	EM: Strategy & Planning	627,685	32,038			659,723
R Shirinda	Company Secretary	973,681	34,707	161,915		1,170,304
S Moonsamy	CFO	750,441	52,802	-		803,243
BL Seopela	EM: Corporate Services	927,195				927,195
N Mulovhedzi	Senior Development Manager	559,659	39,379	95,336		694,373
P Mkhize	Senior Development Manager	580,363	28,912	143,004		752,279
M. Soni	EM: Development Implementation	620,367	-		60,000	680,367
<b>Sub-Total</b>		<b>6 423,973</b>	<b>216,199</b>	<b>540,531</b>	<b>75,000</b>	<b>7,255,703</b>
<b>Non-Executive Directors &amp; Independent Audit Committee Members</b>						
C Coovadia	Chairperson	80,000				80,000
P Masilo	Board Member	92,000				92,000
M Qobo	Board Member	61,000				61,000
N Ngwenya	Board Member	100,000				100,000
A Steyn	Board Member	97,000				97,000
K Govender	Board Member	107,000				107,000
P Mashele	Board Member	91,000				91,000
P Zagaretos	Board Member	80,000				80,000
M Dolamo	Independent Audit and Risk Committee Member	15,000				15,000
K Onuoka	Independent Audit and Risk Committee Member	25,000				25,000
Z Samsam	Independent Audit and Risk Committee Member	20,000				20,000
<b>Sub-Total</b>		<b>768,000</b>	-	-	-	<b>768,000</b>
<b>TOTAL</b>		<b>7,191,973</b>	<b>216,199</b>	<b>540,531</b>	<b>75,000</b>	<b>8,023,703</b>

The directors' emoluments were taxed according to South African Revenue Services' guidelines. Note that included in the board fees are fees for committee meetings and attendance of interviews for senior staff members.

## **Loans and advances**

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

## **SECTION 4: COMPANY SECRETARIAL FUNCTION**

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

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

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

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

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

## **SECTION 5: RISK MANAGEMENT**

The JDA's Board monitors risk through the Audit and Risk Committee, which ensures that there is an effective risk management process and system in place. The committee recommends risk strategies and policies that need to be set, implemented and monitored. The JDA Board is responsible for identifying, assessing and monitoring the risks reported 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 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 City of Johannesburg's Group Risk and Governance Committee. The committee assesses all risk affecting the CoJ and

its municipal entities in a holistic manner and makes recommendations to the City Manager and Council on the general effectiveness of risk management processes in the City of Johannesburg.

### **Risk Management Process**

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

The following risk management programmes and/or activities were implemented during mid-year of 2018/19 financial year are as follows:

- Strategic Risks Management and Monitoring
- Operational Risks Management and Monitoring
- Universal Regulatory Register (URR) and Compliance Monitoring

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

## **SECTION 6: INTERNAL AUDIT FUNCTION**

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

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

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

### **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 2018 to 31 December 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 ten (10) audits planned. Of the ten (10) audits planned, six (6) audits were completed; three (3) audits are in progress and one (1) audit had not yet started. .

Furthermore, seven (7) tenders that were above R5million were reviewed prior to awarding of the tender. These 7 projects constitute 100% of tenders above R5million received by internal audit for review in the 1st and 2nd quarter of the 2018/19 financial year.

On overall there were seventeen (17) audit projects undertaken by internal audit in the period 01 July to 31 December 2018.

**TABLE 11: PROGRESS MADE AGAINST THE APPROVED 2018/19 ANNUAL INTERNAL AUDIT PLAN**

No.	Audit Description	Progress as at 31 December 2018	Progress Status
1.	Review of the draft 2017/18 Annual Financial Statements	Completed	Audit completed and final report issued to management and the Audit and Risk committee
2.	Review of the 2017/18 Annual Integrated Report	Completed	Audit completed and final report issued to management and the Audit and Risk committee
3.	First Quarter and Second Quarter follow up on Internal and External audit finding	Completed	Follow up reports are submitted to OPCA monthly. Report to the ARC will be presented at ARC meeting in Q3.
4.	Review of the effectiveness of the effective functioning of management oversight committees	In progress	The project is currently in the execution stage. The project is anticipated to be complete by end of February 2019
5.	Review of the fraud risk management programme	Completed	Final report to be presented to ARC at ARC meeting in Q3.
6.	Review of business continuity management framework and its implementation.	Not yet started	The project will commence in the fourth quarter of the 2018/19 financial year.
7.	First Quarter Performance Information Audit (AOPO)	Completed	Final report to be presented to ARC at ARC meeting in Q3.
8.	Internal projects due diligence/ Feasibility Assessment	In progress	The project is currently at reporting stage.
9.	Performance Bonus review	Completed	Audit completed and final report issued.
10.	Cell phone and 3G Management Process Review	In progress	The project is currently at reporting stage.

**TABLE 13: TENDER ABOVE R5 MILLION REVIEWED PRIOR TO AWARDING IN 2018/19**

No.	Audit Description	Progress as 31 December 2018	Progress Status
1.	Pre-qualification of contractors – Bophelong Clinic	Completed	Report issued to the Accounting Officer and the Audit and Risk Committee.
2.	Drieziek Public Transport Facility	Completed	Report issued to the Accounting Officer and the Audit and Risk Committee.
3.	Pre-qualification of contractors – Jabulani phase 7: Construction of Molapo Bridge	Completed	Report issued to the Accounting Officer and the Audit and Risk Committee.
4.	Appointment of main contractor – Rea Vaya BRT systems and Phase 1C (A) – design, build and Maintenance of the ITC System	Completed	Report issued to the Accounting Officer and management. Final report to be presented to ARC at ARC meeting in Q3.
5.	Rea Vaya BRT Selby Phase 2B – Existing bus depot refurbishment	Completed	Report issued to the Accounting Officer and management. Final report to be presented to ARC at ARC meeting in Q3.
6.	Pre-qualification of contractors - Jabulani Phase 6B: Multipurpose building	Completed	Report issued to the Accounting Officer and management. Final report to be presented to ARC at ARC meeting in Q3.

No.	Audit Description	Progress as 31 December 2018	Progress Status
7.	Appointment of main contractor – Ebony Park (Kaalfontein) intersection upgrade and, public environment upgrade at Kaalfontein, Johannesburg, Gauteng.	Completed	Report issued to the Accounting Officer and management. Final report to be presented to ARC at ARC meeting in Q3.

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 follow-up reports 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 monitors the progress made by management on the implementation of recommendations and action plans.

### **Resourcing of the Internal Audit Function and Related Changes**

In terms of the approved structure, the Internal Audit unit consists of a Chief Audit Executive, an Office Administrator; 2 Internal Audit Managers; 2 Internal Auditors and 2 Internal Audit Learners. There are no vacant positions within Internal Audit.

## **SECTION 7: CORPORATE ETHICS AND ORGANISATIONAL INTEGRITY**

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

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

### **Code of Conduct**

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

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

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

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

### **Declaration of interest**

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

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

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

## **SECTION 8: CORPORATE SOCIAL RESPONSIBILITY (CSR) REPORT**

The JDA is currently in the process of developing a Corporate Social Responsibility (CSR) Framework to help guide how the organisation undertakes CSR initiatives. The annual budget for this financial year is R380, 000.00. The JDA together with contractors (Raubex ENZA Ratehang Bama Civils JV) on the Alex Depot expended an amount of R100 036.00 out of the project allocation for CSR to donate goods to assist victims of a fire that gutted over 500 homes in Grenville Rd, Alexandra which is located adjacent to the Alex Depot site.

Table 12 below illustrates the focus areas that guide the type of initiatives that get considered by the JDA:

**TABLE 12: CSR FOCUS AREAS FOR THIS FINANCIAL YEAR:**

<b>Focus areas</b>	<b>Programmes</b>
Area Regeneration	Upgrades to the built environment, area management initiatives which impact on cleanliness, safety and security, improved investment attraction to the area
Arts and Culture	Arts and culture development in underprivileged areas
Community Sport	Support community sports development programmes in underprivileged areas
Conservation and Environment	Support projects that focus on conservation awareness and education including waste management, water conservation, energy and disaster relief programmes (e.g. food gardens)
Education	Support for community or public education facilities; programmes that support the production of indigenous, appropriate knowledge streams relevant to the JDA and its work; programmes that support improvement of Mathematics, Science, Information and Communications Technology, Engineering for underprivileged children.
Health	Support of community clinics; health programmes in community; HIV/AIDS Awareness and community food gardens and poverty alleviation
	Provision of a healthy, open, inclusive and safe working environment; employee engagement and wellbeing

Focus areas	Programmes
Training development	Community training, skills development for unemployed or underemployed; educational programmes in the community; Women and Youth leadership development
	Learnership/internship programme; graduate training programme; bursaries, Participation in national government’s Youth Employment Service (YES4Youth) Programme, and the JDA’s Enterprise Development Programme.
	Ongoing education, training and development of JDA employees, employee wellness programme
Goodwill	Donations – sponsorship (cash or in kind), partnerships e.g. Mandela Day activities, support charities chosen by staff and encourage staff to volunteer for community activities; inclusion of JDA employees in decisions about CSR

## SECTION 9: SUSTAINABILITY REPORT

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

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

During this reporting period, the JDA continued working closely with the Department of Development Planning to communicate the strategic vision for the TOD corridors and the City of Johannesburg’s spatial transformation objectives. The JDA also participated in stakeholder engagements regarding spatial transformation and urban planning and development of good practices.

### **Environmental Impact**

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

- The design of more permeable ground surfaces and soakaways or swales to reduce the storm-water run-off in areas upgraded by the JDA to achieve sustainable urban drainage standards.
- Indigenous and water-wise planting in all landscaping interventions in compliance with City Parks requirements. These interventions are currently being implemented on most of JDA’s public environment upgrades, NMT, streets and BRT related projects across the City.
- The environmental design for crime prevention guidelines as promoted by the City Safety Programme.
- Environmental construction and infrastructure options such as energy-efficient lighting and rainwater harvesting. This design intervention is currently being explored on JDA’s BRT Depots and some Public Health Clinics that are at design stage.

- Environmental health regulations for informal trading where the JDA upgrades trading and taxi facilities. Currently the JDA has four projects relating to the upgrading of Informal Trading and six projects relating to upgrading of Taxi Facilities.
- Including urban environmental management as an integral part of the urban regeneration projects that the JDA implements, such as the upgrading of parks, the construction of storm-water facilities and public transport infrastructure and facilities. Currently the JDA has more than six projects that focus on urban regeneration and public environment upgrades with more emphasis on Randburg, Orange Grove and the Inner City

Five major outcomes define the Joburg 2040 GDS:

- 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
- Outcome 4: Caring, safe and secure communities
- Outcome 5: An honest, transparent and responsive local government that prides itself on service excellence

Outcome 2 highlights the need for “Sustainable human settlements”. The CoJ plans to lead in the establishment of sustainable and eco-efficient infrastructure solutions (for example, housing, eco-mobility, energy, water, waste, sanitation, and ICT) to create a landscape that is liveable, environmentally resilient, sustainable, and supportive of low-carbon economy initiatives. Two of the JDA programmes, transit-oriented node development and greenways, are a direct response to Outcome 2.

- Strategic Economic Node Programme where the objective is to develop nodes that are compact, walkable, liveable, mixed use and mixed income areas and centres around which to density. Currently the JDA is working on the Balfour Park, Randburg and Jabulani TODs, with clearly defined long term (five years) development plans.
- Public Infrastructure Delivery Programme where 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 programme includes the continued roll-out of the Rea Vaya BRT infrastructure and service. Within the greenways programme, for example, the Rea Vaya BRT service has the potential to reduce the city’s transport energy use and the associated carbon emissions in the medium term. The service is currently being used by up to 31 000 people per day, and there is potential to increase the numbers. Currently the JDA is implementing the Phase 1C Rea Vaya infrastructure on behalf of the COJ Transport Department. Phase 1C is the extension of the current BRT phases to the North along Louis Botha Ave, Katherine Ave, William Nicol Drive, Republic Road and Old Pretoria Main Road. This phase seeks to connect Randburg to Sandton, Sandton to Alexandra, Ivory Park to Sandton and all these key area to the Johannesburg CBD.

## **SECTION 10: ANTICORRUPTION AND FRAUD**

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

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

Reviewed Fraud Risk Register was approved by EXCO<sup>3</sup> and is monitored quarterly. The strategic risk register identifies “fraudulent and corrupt activities” as a strategic risk with a high inherent risk rating and medium residual risk rating of nine. Two other strategic risks on the strategic risk register also identify fraud and/or corruption as a root because that can potentially give rise to strategic risks. The strategic risk register sets out specific future actions to mitigate these risks, including conducting regular fraud risk assessments and creating fraud risk awareness.

Critical to the anti-fraud and anti-corruption programme is the prevention strategic pillar as contained in the Fraud Prevention Strategy and Response Plan, part of the prevention strategy, the following fraud risk management documents were reviewed and presented to the Audit & Risk Committee on the 13<sup>th</sup> of November 2018:

- Fraud Risk Management Policies (Both for External & Internal Stakeholders);
- Fraud Prevention Strategy and Response Plan; and
- Whistle-Blowing Policy.

The Committee recommended the reviewed fraud risk management documents for Board approval after effecting certain amendments.

There was one case reported during mid-year of 2018/19 financial year. Refer to the Fraud Case Register below:

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<sup>3</sup> The fraud risk register is approved by EXCO as it is an operational document. The Board approved the strategic risk register which includes fraud and corruption risk.

**TABLE 13 REPORTED CASES IN 2018/19**

<b>Date of Case Reported</b>	<b>Where or to whom it was reported</b>	<b>No. of Employees involved if applicable</b>	<b>Allegation</b>	<b>Nature of the Cases e.g. Corruption, fraud and maladministration</b>	<b>Status (If resolved, State the outcome)</b>	<b>Value (if know/ applicable)</b>
2018/12/07	Chief Executive Officer	One	Unauthorized wavering of Construction penalties	Fraud, corruption or maladministration	Matter referred to Group Forensics and Investigation Services for investigation.	R4.5m
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.	N/A
2018/03/22	CEO/CAE/CR O	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	Unknown
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.	Unknown
2017/07/25	Chief Executive Officer	One	Collusion with a service provider to unduly award a contract	Corruption	Investigation is conducted by Group Investigations Office	Unknown
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. The matter is at the reporting stage.	Unknown
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 has been handed over to Group Legal Service.	Unknown

Note: As per the City's instruction all cases are to investigated centrally through Group Forensics and Investigation Services.

## SECTION 11: ICT GOVERNANCE

The ICT targets set for the period under review were achieved. Activities were mostly focussing on agreed system enablement's with the JDA user community, aimed at role alignments in view of new people, role re-alignments meant to assist in reducing bottlenecks as well as addressing other user challenges

### **Enterprise Resource Planning**

In the period under review, there was a hybrid of functions enabled which included but were not limited to new process workflows for budgets, invoice approvals, OPEX contracts capture, as well as parking of invoices for Finance. Workshops were held to ensure clarity and alignment in understanding of the enablements that need to be done particularly with supply chain team, the Finance team, as well as with the Executive Manager for Development implementation, the Stakeholder Manager and Enterprise Development Manager. Group as well as one on one training was provided for the Finance Team in terms of their role in the approval cycle, as well as for the Executive Manager for Development Implementation in terms of his role in the approval cycle. This process was informed by the change control process, which takes into account new people in the organisation's Finance and the Development implementation units.

Other aligned processes informed by the change management process, looked specifically at role re-alignment in the budget process, which resulted in remapping of functions in an effort to try and address bottlenecks.

### **Network Performance**

In this period under review, network performance has generally been stable. The network was up 100% against a target of 100%. Bandwidth usage has been consistent throughout quarter, with a headroom capacity of about 10%, which is in line with the rest of the quarters in previous years.

There were no packets losses, and there was no instance were utilisation spiked beyond the maximum 40MBS. The saturation index still sits at 0%.

The network interface has been fully (100%) available.

## SECTION 12: COMPLIANCE WITH LAWS & REGULATIONS

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

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

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

- Develop and maintain a system for identifying the legislation that applies to JDA's activities.
- Assign responsibilities for ensuring that legislation and regulatory obligations are fully implemented in JDA.

- Provide training for officials, and other relevant stakeholders in the legislative requirements that affect them.
- Provide officials with the resources to identify and remain up-to-date with new legislation.
- Conduct audits to ensure there is full compliance.
- Establish a mechanism for reporting non-compliance.
- Identify accidents, incidents and other situations where there may have been non-compliance.

In relation to compliance performance, the JDA has detected or registered 2 out of 252 compliance obligations that are non-compliant for the mid-year. JDA has not incurred any fruitless, irregular and unauthorized transactions for the mid-year of 2018/2019. It is also imperative to note that management's accountability for compliance is reinforced by Internal Audit.

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### SECTION 1: HIGHLIGHTS AND ACHIEVEMENTS

The second quarter report has been prepared against the JDA's 2018/19 business plan and adjusted scorecard. Of the JDA's 21 Strategic KPIs, the JDA achieved 57% targeted performance, 10% performance target was partially achieved and 33% performance target not achieved.

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

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

**TABLE 14 SUMMARY OF KPI PERFORMANCE**

IDP Priority /	IDP programmes	No of KPI's	KPI Number (Ref)	Target Achieved (95% - 100% rating)		Target Partially Achieved (80% - 94% rating)		Target not Achieved (<79% rating)	
					%	Count	%	Count	%
<p>Priority 1: Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment, inequality and poverty</p> <p>Priority 2: Ensure pro-poor development that addresses spatial and all forms of income inequality and provides meaningful redress.</p>	<p>Inner city regeneration, including key economic nodes</p> <p>Increased infrastructure investment (from both public and private sectors)</p> <p>Working to cut red tape and improve the ease of doing business in the City</p> <p>Residents live, work and play close to work, leisure and cultural opportunities</p> <p>Efficient and effective transport (Public and Freight) connecting home, work, culture and leisure</p>	9	(1-2-3-4-5-6-7-8-99)	5	56%	0	0%	4	44%
IDP Priority 5: Create an honest and transparent City that fights corruption.	Increasing forensic investigative capability and controls	1	(10)	1	100%	0	0%	0	0%
IDP Priority 8: Enhance our financial sustainability.	Focusing on driving up capital expenditure investment in infrastructure	4	(11-12-1314)	4	100%	0	0%	0	0%
Priority 8: Encourage innovation and efficiency through the Smart City programme.	Focused improvement of ICT equipment and software	1	(15)	0	0%	0	0%	1	100%
Day-to-day Programme	Other IDP or Day-to Day programmes	6	(16-17-18-19-20-21)	2	33%	2	33%	2	33%
		<b>21</b>		<b>12</b>	<b>57%</b>	<b>2</b>	<b>10%</b>	<b>7</b>	<b>33%</b>

## 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 mid-year quarter 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 4th July 2018. The JDA 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 was initially in discussion with the appointed business rescue practitioner and their guarantor. However, no agreement was forthcoming and the contractor's joint venture was terminated due to non-performance. The JDA has begun the process to appoint a new main contractor.
- Although the construction is underway there is no finalization of the agreement regarding the Post Office portion of land which forms part of the JITI development. The matter was raised with JPC, with the view to either purchase the land or to expropriate the land. Currently, a report is in the City's governance system with the intention to present the expropriation option to Council.
- 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 continued 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 - Inner City Traders and Managed Lanes project, 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 as much as possible of the project.
- On the Paterson Park, Work Package 3 - Multipurpose Centre and Sports Facilities project, the JDA terminated the non-performing main contractor. The JDA has appointed a suitable main contractor. .

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

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

TABLE 15: SUMMARY OF JDA PROGRAMMES

JDA Programme Type	Programme	Description / Purpose
Substantive programmes	1: Inner city transformation programme	Guided by the Mayoral Priority on the Inner City and the Inner City Roadmap the JDA will focus on strengthening the position of the inner city as a critical business and residential node and the primary gateway to transit networks for the city; financial services networks for the City Region; and cross-border trade networks for the African continent. The JDA will continue to implement a phased plan to strengthen inner city precincts, address movement challenges, and improve the quality of the built environment across the inner city. The activities include managing the development of the Johannesburg inner city through capital investments in selected precincts, by overseeing integrated investments by other departments and entities, and by facilitating partnership initiatives.
	2: Strategic economic node programme	The objective is to develop nodes that are compact, walkable, liveable, mixed use and mixed income areas and centres around which to densify. They should be areas where people can live, work and play and have good access to public transit. Guided by the CoJ policy on the categorising of the current city nodes with prospects for growth, the work of the programme is to promote densification, diversification and development in these nodes. The main categories of nodes are: mixed-use/key urban nodes (under various categories), industrial nodes, Transit Oriented Development (TOD) nodes and neighbourhood nodes.
	3: Public infrastructure delivery programme	The objective is to effectively and efficiently deliver social and economic infrastructure projects by focusing on two basic questions: how can the City prioritise the key infrastructure projects that provide the optimal social and economic benefit for the 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.
	4: Greater Alex and Alexandra Renewal Programme (ARP)	The Alexandra Renewal Project (ARP) which is established to coordinate intergovernmental activities to develop Alex. Manage the development of Alexandra through capital investments, overseeing integrated investments by other departments and entities, and facilitating community based initiatives and local economic development strategies. Most of the work involves human settlement development projects such as hostel upgrading, housing development and the construction of community facilities
	5: Economic Empowerment Programme	A cluster of the JDA's economic development programmes that aims to (i) Develop skills and capacity within the construction industry in Johannesburg (ii) Optimise the JDA's contribution to inclusive economic growth and empowerment, and the transformation of the construction industry; and (iii) establish a monitoring and reporting system to measure the impact of the JDA's managing contractor development programme.
Operational programme	6: Good Governance, Management and Administration	This programme manages the governance, administration and operational functions of the JDA, and improves efficiency through Finance, Governance, Risk and Compliance, Supply Chain Management and IT.

**SECTION**

**SECTION 4: PERFORMANCE AGAINST SERVICE STANDARDS**

Section Not Applicable to JDA

**SECTION 5: CAPITAL PROJECTS & EXPENDITURE**

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

The overall year to date capex expenditure at the end of the second quarter was R353.3million against a targeted YTD budget of R314.9 million. This represents 28.04% of the overall annual budget of R1.259 billion.

**TABLE 16: CAPITAL BUDGET MANAGEMENT OVERALL PROGRAMME PERFORMANCE**

<b>Overall Programme Performance</b>	<b>2018/19 Annual Budget</b>	<b>Target YTD</b>	<b>Actual YTD</b>	<b>YTD Target %</b>	<b>% Actual / annual budget Expenditure</b>
	R' 000	R' 000	R'000	%	%
<b>Overall Programme Performance</b>	<b>1,259,869</b>	<b>314,967</b>	<b>353,253</b>	<b>112%</b>	<b>28.04%</b>

## SECTION 6: ORGANISATIONAL PERFORMANCE

The JDA’s progress towards achieving its KPIs is assessed using the performance scorecard, which **TABLE 17: KPI ACHIEVEMENT RATINGS** 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.

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








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




TABLE 18: 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: An inclusive society with enhanced quality of life that provides meaningful redress through pro-poor development									
IDP programme/s	Key Indicator	Target 2018/19	2018/19 Q1 Target	2018/19 Q1 Actual	2018/19 Q2 Target	2018/19 Q2 Actual	Variance	Quarterly Achievement Rating	Explanation of progress variations and steps to be taken to improve performance (as at end of 31 December 2018)
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	1) Number of pre-feasibility plans or studies <sup>4</sup> produced, reviewed or updated	7 Number of prefeasibility plans or studies produced, reviewed or updated	0 pre-feasibility plans or studies produced, reviewed or updated	0	1 pre-feasibility plans or studies produced, reviewed or updated	1	-		Target was achieved. There was one pre-feasibility plan or study produced, reviewed or updated (Land Readiness Assessments for three JDA Development Projects) in Q2 of 2018/19 financial year.
	2) Number of area based or sector based partnerships formalised partnership programmes implemented	5 area-based or sector based partnerships formalised partnership programmes implemented (noncumulative)	0 area-based or sector based partnerships formalised	0	1 area-based or sector based partnerships formalised	1	-		Target was achieved. There was one area-based or sector based partnerships formalised or partnership programmes implemented (TUHF – Sectional Title Pilot Project) in Q2 of 2018/19 financial year.
	3) Number of projects at concept design phase	14 projects at concept design phase (non-cumulative)	0 projects at concept design phase	0	2 projects at concept design phase	0	2		Target was not achieved. The following 2 projects did not achieve the Concept Design Phase Target as planned: Banakekeleni Hospice New Clinic ALEXANDRA EXT.38 E Ward and PTF: Redevelopment of Inner City Ranks.



<sup>4</sup> 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: An inclusive society with enhanced quality of life that provides meaningful redress through pro-poor development									
IDP programme/s	Key Perform Indicator	Target 2018/19	2018/19 Q1 Target	2018/19 Q1 Actual	2018/19 Q2 Target	2018/19 Q2 Actual	Variance	Quarterly Achievement Rating	Explanation of progress variations and steps to be taken to improve performance (as at end of 31 December 2018)
(Public and Freight) connecting home, work, culture and leisure.			<b>Projects</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>		
			Banakekeleni Hospice New Clinic ALEXANDRA EXT.38 E Ward		X (Due in Q2)				<p>Target was not achieved as planned in the second quarter of 2018/19 financial year. There were delays incurred due to budget confirmation as well as prolonged tender evaluation of the submissions which had to take into consideration project scope change. The project has subsequently been combined with Marlboro South and the Alex UDF to form one project.</p> <p>Banakekeleni hospice is now Alex Hospice. Appointment of the next set of professionals cannot be advertised now due to the builder's break, however the ones appointed are adequate to begin with the concept designs at the beginning of the third quarter of 2018/19 financial year. The final set of professional's appointments will be concluded in Q3.</p>




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: An inclusive society with enhanced quality of life that provides meaningful redress through pro-poor development										
IDP programme/s	Key Perform Indicator	Target 2018/19	2018/19 Q1 Target	2018/19 Q1 Actual	2018/19 Q2 Target	2018/19 Q2 Actual	Variance	Quarterly Achievement Rating	Explanation of progress variations and steps to be taken to improve performance (as at end of 31 December 2018)	
			PTF: Redevelopment of Inner City Ranks		X				Target was not achieved as planned in the second quarter of 2018/19 financial year. There were delays incurred due to budget confirmation by client department took longer than anticipated. Additional funds required and a letter requesting such has been sent to CoJ Transportation, awaiting official response. Appointment for procurement of the professional team is underway, and the report has been tabled at BAC. Letters of intent was issued, appointment anticipated to be concluded early January 2019. BEC for other 2 professionals - QS and BM scheduled for the 10 <sup>th</sup> December 2018. Once appointed the Engineer will conduct a status quo.	
	4) Number of projects at detailed design phase	19 projects at detailed design phase (non-cumulative)	0 projects at detailed design phase	0	2 projects at detailed design phase	0	2		Target was not achieved.  The following 2 projects did not achieve the Detailed Design Phase Target as planned: Inner City Partnership Fund and PTF: Redevelopment of Inner City Ranks.	
			<b>Projects</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>			
			Inner City Partnership Fund		X (Due in Q2)				Target was not achieved as planned in the second quarter of 2018/19 financial year. There were delays in procurement processes that have led to delay in appointment of professional team. There are 3 professional approved to begin working in early January 2019. The scope for work has been pre-defined to align with programme and budget.	




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: An inclusive society with enhanced quality of life that provides meaningful redress through pro-poor development									
IDP programme/s	Key Perform Indicator	Target 2018/19	2018/19 Q1 Target	2018/19 Q1 Actual	2018/19 Q2 Target	2018/19 Q2 Actual	Variance	Quarterly Achievement Rating	Explanation of progress variations and steps to be taken to improve performance (as at end of 31 December 2018)
			PTF: Redevelopment of Inner City Ranks		X (Due in Q2)				Target was not achieved as planned in the second quarter of 2018/19 financial year. There were delays in budget confirmation by client department which took longer than anticipated. Additional funds are required and a letter requesting such has been sent to CoJ Transportation, awaiting official response. The project stage is at the appointment of Professionals and a BAC report has been tabled. Letters of Intent was issued and appointment anticipated to be concluded in January 2019. Once appointed the Engineer will conduct a status quo
	5) Number contracts awarded	21 contracts awarded (non-cumulative)	3 contracts awarded	0	4 contracts awarded	1	3		Target was not achieved.  The following 3 projects did not achieve the Contract Award Phase Target; NR: Nodal Regeneration: Parking Solutions for small nodes JOHANNESBURG City Wide, OTHER: AFC and Park and Ride Facility: Design and Construction of a Park n Ride in Greenside Region E.
			<b>Projects</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>		
			Alexandra Sports and Youth Development _SAFA Safe Hub Facility	X					Target was not achieved.  Concept design has been completed and detailed design is at an advanced stage. There were delays in finalizing the approval of the special power of attorney and company resolution to allow submission of SDP for approval which subsequently impacted on timelines for the tender for the main






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: An inclusive society with enhanced quality of life that provides meaningful redress through pro-poor development										
IDP programme/s	Key Perform Indicator	Target 2018/19	2018/19 Q1 Target	2018/19 Q1 Actual	2018/19 Q2 Target	2018/19 Q2 Actual	Variance	Quarterly Achievement Rating	Explanation of progress variations and steps to be taken to improve performance (as at end of 31 December 2018)	
										<p>contractor to be advertised.</p> <p>Tender for main contractor advertised 31<sup>st</sup> July 2018 and closed on the 3<sup>rd</sup> September 2018. Tender evaluation process is underway; greater effort will be made in order to fast-track the adjudication and procurement processes.</p> <p>The main contractor appointment will be made during the third quarter of the 2018/19 financial year. Letters of validity issued on the 24<sup>th</sup> November 2018. The tender is valid until the 4<sup>th</sup> January 2019. Site hand over envisaged to be done mid -January 2019, construction kick-off towards the end of January 2019.</p>
			OTHER: BMC	X (Due in Q1)					<p>Target was not achieved.</p> <p>There were delays in Client Department confirmation of project scope. The tender for the main contractor closed on the 3<sup>rd</sup> September 2018. Prolonged tender evaluation processes in relation to evaluation of the received submissions, where information seeking clarity was requested prior to concluding the evaluation process of the bidders.</p> <p>The report was approved by BAC on the 28<sup>th</sup> November 2018. Currently the report is with Internal Audit for compliance evaluation. Construction of work is anticipated to commence in January 2019.</p>	



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: An inclusive society with enhanced quality of life that provides meaningful redress through pro-poor development										
IDP programme/s	Key Indicator	Perform	Target 2018/19	2018/19 Q1 Target	2018/19 Q1 Actual	2018/19 Q2 Target	2018/19 Q2 Actual	Variance	Quarterly Achievement Rating	Explanation of progress variations and steps to be taken to improve performance (as at end of 31 December 2018)
				OTHER: ICT	X (Due in Q1)					<p>Target was not achieved.</p> <p>Concept design has been completed and detailed design is at an advanced stage. Delays were due to prolonged evaluation processes in relation to evaluation of the received submissions, where information seeking clarity was requested prior to concluding the evaluation process of the bidders.</p> <p>Appointment is for a period of 3 months. CEO has approved the BAC report. Letter of Intent was sent out on the 4<sup>th</sup> December 2018. Construction of work is anticipated to commence mid-January 2019.</p>
				NR: Nodal Regeneration: Parking Solutions for small nodes JOHANNESBURG City Wide		X (Due in Q2)				<p>Target was not achieved.</p> <p>Project cancelled by client department following approval of the JDA 2018/19 Business Plan.</p>

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: An inclusive society with enhanced quality of life that provides meaningful redress through pro-poor development										
IDP programme/s	Key Indicator	Perform	Target 2018/19	2018/19 Q1 Target	2018/19 Q1 Actual	2018/19 Q2 Target	2018/19 Q2 Actual	Variance	Quarterly Achievement Rating	Explanation of progress variations and steps to be taken to improve performance (as at end of 31 December 2018)
				OTHER: AFC		X (Due in Q2)				<p>Target was not achieved.</p> <p>Delays were due to prolonged evaluation processes in relation to evaluation of the received submissions, where information seeking clarity was requested prior to concluding the evaluation process of the bidders.</p> <p>Appointment is for a period of 3 months, finalisation of internal procurement processes to be concluded by 10<sup>th</sup> December, project works anticipated to commence in January 2019.</p>
				Park and Ride Facility: Design and Construction of a Park n Ride in Greenside Region E		X (Due in Q2)				<p>Target was not achieved.</p> <p>The project was delayed by the protracted signing of the wayleave by City Parks. Therefore geotechnical studies could not be concluded for material testing, and as a result the detailed designs could not be approved by JRA.</p> <p>The signing of the wayleave has been resolved. The Bid Specification Committee is scheduled for the 14<sup>th</sup> December 2018, once concluded the tender for appointment of the Main Contractor will be advertised in January 2019.</p>


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: An inclusive society with enhanced quality of life that provides meaningful redress through pro-poor development										
IDP programme/s	Key Indicator	Perform	Target 2018/19	2018/19 Q1 Target	2018/19 Q1 Actual	2018/19 Q2 Target	2018/19 Q2 Actual	Variance	Quarterly Achievement Rating	Explanation of progress variations and steps to be taken to improve performance (as at end of 31 December 2018)
				Paterson Park: Work Package 3 Multipurpose Centre and Sports Facilities		X (Due in Q2)				Target was achieved as planned in the second quarter of 2018/19 financial year. Contract award was finalised on the 16 <sup>th</sup> November 2018.
	6) Number of projects at practical completion		42 projects at practical completion (noncumulative)	2 projects at practical completion	0	6 projects at practical completion	2	4		Target was not achieved.  The following four projects did not achieve the Practical Completion Target as planned: 4th Avenue Clinic Renewal, Alexandra Automotive Hub, Florida Clinic New Clinic FLORIDA EXT C Ward, Linear Markets New Building Alterations ALEXANDRA EXT.45 E Regional. The focus will be on additional project management attention to unlock delays and ensure that construction is underway and that the expected end date remains.
				<b>Projects</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>		
				Claremont Renewal Clinic CLAREMONT B Ward	X (Due in Q1)					Target was not achieved.  Practical completion delayed due to poor performance of the Main Contractor. The contractor was terminated end of September 2018. The New contractor was appointed in December 2018, construction activities to resume January 2019. Site handover completed. Project construction to be fast-tracked to ensure practical completion is achieved by the end of the third quarter.

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: An inclusive society with enhanced quality of life that provides meaningful redress through pro-poor development										
IDP programme/s	Key Indicator	Perform	Target 2018/19	2018/19 Q1 Target	2018/19 Q1 Actual	2018/19 Q2 Target	2018/19 Q2 Actual	Variance	Quarterly Achievement Rating	Explanation of progress variations and steps to be taken to improve performance (as at end of 31 December 2018)
				EBONY PARK Renewal Clinic EBONY PARK A Ward	X (Due in Q1)					Target was achieved in the second quarter of 2018/19 financial year. Practical completion was finalised on the 16 <sup>th</sup> November 2018.
				4th Avenue Clinic Renewal		X (Due in Q2)				<p>Target was not achieved.</p> <p>Delays were due to budget depletion as well as the on-going work stoppages by SMME's and community regular disruptions, neighbouring shack dwellers encroaching the site boundary and building on some of the servitudes, and excessive underground water which appears to be an ongoing problem.</p> <p>Construction commenced on the 8<sup>th</sup> March 2016. Town planning: SG diagrams received 21<sup>st</sup> November 2018 and title deed in progress. CoJ Health will be sending a letter of authority to JPC in order for JPC to issue POAs for SDP and building plan approvals.</p>
				Alexandra Automotive Hub		X (Due in Q2)				<p>Target was not achieved.</p> <p>Practical completion delayed due to budget depletion as well as the on-going work stoppages by SMMEs. Main contractor will commence with works on the 15<sup>th</sup> November 2018. Town planning: awaiting original title deeds from JPC.</p>





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: An inclusive society with enhanced quality of life that provides meaningful redress through pro-poor development									
IDP programme/s	Key Perform Indicator	Target 2018/19	2018/19 Q1 Target	2018/19 Q1 Actual	2018/19 Q2 Target	2018/19 Q2 Actual	Variance	Quarterly Achievement Rating	Explanation of progress variations and steps to be taken to improve performance (as at end of 31 December 2018)
			Florida Clinic New Clinic FLORIDA EXT C Ward		X (Due in Q2)				Target was not achieved.  Practical completion delayed due to poor performance of the Main Contractor; the contract was subsequently terminated. SCM processes fast-tracked to ensure process of appointing a new main contractor to complete the works is concluded by early January 2019.
			Inner City Eastern Gateway		X (Due in Q2)				Target was achieved as planned in the second quarter of 2018/19 financial year. Practical completion was finalised on the 13 <sup>th</sup> June 2018.
			Linear Markets New Building Alterations ALEXANDRA EXT.45 E Regional		X (Due in Q2)				Target was not achieved.  The project has reached the practical completion stage; however the practical completion certificate cannot be issued as the Main Contractor is currently awaiting the Department of Economic Development to allocate security before installation of the solar system is completed. The allocation of security to be fast-tracked to ensure PC is achieved early January 2019
			Noordgesig - Social Precinct Implementation: Phase 1 – Library		X (Due in Q2)				Target was achieved as planned in the second quarter of 2018/19 financial year. Practical completion was finalised on the 22 <sup>nd</sup> November 2018.
	7) Number of Area Based Precinct	3 Area-Based Precinct	0 Area-Based Precinct	0	0 Area-Based Precinct	0	-		There were no area-based precinct management business plans / frameworks developed or Precinct

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: An inclusive society with enhanced quality of life that provides meaningful redress through pro-poor development									
IDP programme/s	Key Performer Indicator	Target 2018/19	2018/19 Q1 Target	2018/19 Q1 Actual	2018/19 Q2 Target	2018/19 Q2 Actual	Variance	Quarterly Achievement Rating	Explanation of progress variations and steps to be taken to improve performance (as at end of 31 December 2018)
	Management business plans / frameworks developed Precinct Management business plans / frameworks programmes implemented	Management business plans / frameworks developed Precinct Management business plans / frameworks programmes implemented	Management business plans / frameworks developed or Precinct Management business plans / frameworks programmes implemented		Management business plans / frameworks developed or Precinct Management business plans / frameworks programmes implemented				Management business plans / frameworks programmes implemented in Q2 of 2018/19 financial year.
	8) Number of JDA Communication and Media related Initiatives	160 JDA Communication and Media related Initiatives (noncumulative)	40 JDA Communication and Media related Initiatives	41	40 JDA Communication and Media related Initiatives	115	+75		Target was achieved.  During period under review there was a total of 6 press media releases issued and a total of 109 social media posts.
	9) Number of area or project baseline, impact or case study performance assessments completed (no cumulative)	4 area or project baseline, impact or case study performance assessments completed (no cumulative)	0 area or project baseline, impact or case study performance assessments completed	0	0 area or project baseline, impact or case study performance assessments completed	0	-		There were no area or project baseline, impact or case study performance assessments completed in Q2 of 2018/19 financial year.

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


National outcome: Outcome 11: Creating a better South Africa and contributing to a better and safer Africa in a better world									
Joburg Outcomes: Outcome 5: An honest, transparent and responsive local government that prides itself on service excellence									
IDP programme	Key Performance Indicator	Target 2018/19	2018/19 Q1 Target	2018/19 Q1 Actual	2018/19 Q2 Target	2018/19 Q2 Actual	Variance	Quarterly Achievement Rating	Explanation of progress variations and steps to be taken to improve performance (as at end of 31 December 2018)
Increasing forensic investigative capability and controls	10) Percentage resolution of Auditor General and Internal Audit findings	100% resolution of Auditor General and Internal Audit findings (cumulative)	10% of internal audit findings resolved	73%	30% of internal audit findings resolved	70%	+40%		Target was achieved.
			50% of AG audit findings of the previous financial year resolved	90%	100% of AG audit findings of the previous financial year resolved	84%	-16%		The outstanding AG Findings relate to policies to be updated, payments within 30 days and liabilities due to client late payments. Management is working to address these internally.

**Priority 7: Enhance our financial sustainability.**


National outcome: Outcome 9: Responsive, accountable, effective and efficient developmental local government system									
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life									
IDP programme	Key Performance Indicator	Target 2018/19	2018/19 Q1 Target	2018/19 Q1 Actual	2018/19 Q2 Target	2018/19 Q2 Actual	Variance	Quarterly Achievement Rating	Explanation of progress variations and steps to be taken to improve performance (as at end of 31 December 2018)
Focusing on driving up capital expenditure investment in infrastructure	11) Percentage of budget spent on city-wide infrastructure	95% budget spent on citywide infrastructure (cumulative)	5% budget spent on city-wide infrastructure	6.66%	25% budget spent on citywide infrastructure	28.04%	+3.04%		Target achieved.
	12) Percentage of JDA capital budget spent	95% spent JDA capital budget (cumulative)	5% spent JDA capital budget	6.77%	25% spent JDA capital budget	47.40%	+22.4%		Target achieved.
	13) Number of solvency and liquidity ratio benchmarks achieved	2 solvency and liquidity ratio benchmarks achieved	2 solvency and liquidity ratio benchmarks achieved	2	2 solvency and liquidity ratio benchmarks achieved	2 solvency and liquidity ratio benchmarks achieved	-		Target achieved.  Although the sweeping account and the long outstanding debtor balance with the City client departments continue to put pressure on the liquidity ratios, the benchmarks were achieved.
	14) Percentage of valid invoices paid within 30 days of invoice date	98% of valid invoices paid within 30 days of invoice date	98% of valid invoices paid within 30 days of invoice date	90%	98% of valid invoices paid within 30 days of invoice date	94%	4%		Target was achieved.  Although the target was met, there are additional measures that are being taken to reduce this variance.  Greater controls will be put in place to monitor the payment processes effectively including addressing related constraints hampering ability to pay service

National outcome: Outcome 9: Responsive, accountable, effective and efficient developmental local government system										
Joburg Outcomes: Outcome 1: A growing, diverse and competitive economy that creates jobs; Outcome 2: Enhanced, quality services and sustainable environmental practices; Outcome 3: An equitable and inclusive society with high quality of life										
IDP programme	Key Performance Indicator	Target 2018/19	2018/19 Q1 Target	2018/19 Q1 Actual	2018/19 Q2 Target	2018/19 Q2 Actual	Variance	Quarterly Achievement Rating	Explanation of progress variations and steps to be taken to improve performance (as at end of 31 December 2018)	
										providers on time


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

National outcome: Outcome 9: Responsive, accountable, effective and efficient developmental local government system										
Joburg Outcomes: Outcome 5: An honest, transparent and responsive local government that prides itself on service excellence										
IDP programme	Key Performance Indicator	Target 2018/19	2018/19 Q1 Target	2018/19 Q1 Actual	2018/19 Q2 Target	2018/19 Q2 Actual	Variance	Quarterly Achievement Rating	Explanation of progress variations and steps to be taken to improve performance (as at end of 31 December 2018)	
Focused improvement of ICT equipment and software	15) Percentage operationalisation and optimisation of ERP System (SAP)	95% operationalisation and optimisation of ERP System (SAP) (cumulative)	10% operationalisation and optimisation of ERP System (SAP)	0%	35% operationalisation and optimisation of ERP System (SAP)	0%	-		<p>Target not achieved.</p> <p>The Implementation Progress Report of JDA operationalisation and optimisation programme of ERP System (SAP) will be presented to JDA EXCO in January 2019.</p> <p>The implementation will commence in the third quarter of the financial year.</p> <p>Thereafter, 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.</p>	




Day-to-day Programme

National outcome: Outcome 9: Responsive, accountable, effective and efficient developmental local government system									
Joburg Outcomes: Outcome 5: An honest, transparent and responsive local government that prides itself on service excellence									
IDP programme	Key Performance Indicator	Target 2018/19	2018/19 Q1 Target	2018/19 Q1 Actual	2018/19 Q2 Target	2018/19 Q2 Actual	Variance	Quarterly Achievement Rating	Explanation of progress variations and steps to be taken to improve performance (as at end of 31 December 2018)
Other IDP or Day-to-Day programmes	16) Percentage spent on Broad-Based Economic Empowerment through local procurement as a share of total expenditure <sup>5</sup>	100% spent on Broad-Based Economic Empowerment through local procurement as a share of total expenditure (noncumulative)	100% spent on Broad-Based Economic Empowerment through local procurement as a share of total expenditure	95%	100% spent on Broad-Based Economic Empowerment through local procurement as a share of total expenditure	93.42%	6.58%		Target partially achieved.


<sup>5</sup> 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<sup>7</sup> 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.

National outcome: Outcome 9: Responsive, accountable, effective and efficient developmental local government system									
Joburg Outcomes: Outcome 5: An honest, transparent and responsive local government that prides itself on service excellence									
IDP programme	Key Performance Indicator	Target 2018/19	2018/19 Q1 Target	2018/19 Q1 Actual	2018/19 Q2 Target	2018/19 Q2 Actual	Variance	Quarterly Achievement Rating	Explanation of progress variations and steps to be taken to improve performance (as at end of 31 December 2018)
	17) Number of EPWP opportunities created <sup>7</sup>	3500 EPWP opportunities created (cumulative)	500 EPWP opportunities created <sup>6</sup>	109	1500 EPWP opportunities created	247	1235		<p>Target was not achieved.</p> <p>The Board and 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.</p> <p>To address the poor performance. Management is committed to ensure that internally an EPWP Champion is identified to address greater EPWP performance, i.e. more EPWP sub-projects and EPWP compliance, i.e. ensuring all the necessary evidence, as required by the Department of Public Works and by the Auditor General is provided.</p> <p>In addition, the JDA is amending the contract governing the construction contracts, which hold the service provider to account on their contractual EPWP commitments.</p>

<sup>6</sup> Represents a minimum threshold target

National outcome: Outcome 9: Responsive, accountable, effective and efficient developmental local government system									
Joburg Outcomes: Outcome 5: An honest, transparent and responsive local government that prides itself on service excellence									
IDP programme	Key Performance Indicator	Target 2018/19	2018/19 Q1 Target	2018/19 Q1 Actual	2018/19 Q2 Target	2018/19 Q2 Actual	Variance	Quarterly Achievement Rating	Explanation of progress variations and steps to be taken to improve performance (as at end of 31 December 2018)
	18) Percentage of SMME expenditure as a share of total expenditure	30% SMME expenditure as a share of total expenditure (noncumulative)	30% SMME expenditure as a share of total expenditure	36%.	30% SMME expenditure as a share of total expenditure	26.31%	3.69%		Target partially achieved.
	19) Percentage spend on JDA operating budget against approved operating budget	95% spend on JDA operating budget against approved operating budget (cumulative)	25% spend on JDA operating budget against approved operating budget	27%	50% spend on JDA operating budget against approved operating budget	50%	-		Target achieved.
	20) Percent age implementation of the strategic risk management action plan findings resolved	95% implementation of the strategic risk management plan findings resolved <sup>7</sup> (cumulative)	10% implementation of the strategic risk management action plan findings resolved	22%	35% implementation of the strategic risk management action plan findings resolved	50%	15%		Target achieved.

<sup>7</sup> From Red and Amber to Green Status

National outcome: Outcome 9: Responsive, accountable, effective and efficient developmental local government system									
Joburg Outcomes: Outcome 5: An honest, transparent and responsive local government that prides itself on service excellence									
IDP programme	Key Performance Indicator	Target 2018/19	2018/19 Q1 Target	2018/19 Q1 Actual	2018/19 Q2 Target	2018/19 Q2 Actual	Variance	Quarterly Achievement Rating	Explanation of progress variations and steps to be taken to improve performance (as at end of 31 December 2018)
	21) Percentage of predetermined objectives targets achieved	85% of predetermined objectives targets achieved	85% of predetermined objectives targets	71%	85% of predetermined objectives targets achieved	57%	28%		<p>Target was not achieved.</p> <p>The following KPI's were not achieved:</p> <ul style="list-style-type: none"> <li>- #3 No. of concept design phase</li> <li>- #4 No. of detailed design phase</li> <li>- #5 No. of contracts awarded</li> <li>- #6 No. of projects at practical completion</li> <li>- #15 Operationalisation and optimisation of ERP System (SAP)</li> <li>- #17 EPWP Opportunities created</li> </ul> <p>The following KPI's were partially achieved:</p> <ul style="list-style-type: none"> <li>- #16 % spent on Broad-Based Economic Empowerment through local procurement as a share of total expenditure</li> <li>- #18 % of SMME expenditure as a share of total expenditure.</li> </ul>

## 6.1 PROGRAMME EXPENDITURE

For period ended 31 December 2018

TABLE 19: EXPENDITURE BY FUNDING SOURCE

Projects per Funding Source	CAPEX FOR QUARTER			CAPEX YEAR TO DATE				Annual	Budget
	Actual	Budget	Variance	Actual	Budget	Variance	Variance	Budget	Used
	R	R	R	R	R	R	%	R	%
<b>PUBLIC TRANSPORT CORRIDOR DEVELOPMENT</b>									
Paterson Park: Work Package 3 - Multipurpose Centre and Sports Facilities	R 3 036 832	R 8 000 000	(R 4 963 168)	R 3 036 832	R 10 000 000	(R 6 963 168)	(69.63%)	R 40 000 000	7.59%
Land packaging: Land acquisition	0	R 3 200 000	(R 3 200 000)	0	R 4 000 000	(R 4 000 000)	(100.00%)	R 16 000 000	0.00%
Brixton Social Cluster: Work Package 2: Library, Pool and Related Facilities	0	R 7 270 800	(R 7 270 800)	0	R 9 088 500	(R 9 088 500)	(100.00%)	R 36 354 000	0.00%
Corridor branding - public art and placemaking programme	R 1 992 744	R 1 000 000	R 992 744	R 1 992 744	R 1 250 000	R 742 744	59.42%	R 5 000 000	39.85%
<b>Sub-total</b>	<b>5 029 576</b>	<b>19 470 800</b>	<b>(14 441 224)</b>	<b>5 029 576</b>	<b>24 338 500</b>	<b>(19 308 924)</b>	<b>(79.33%)</b>	<b>97 354 000</b>	<b>5.17%</b>
<b>JDA ON BUDGET</b>									
Alexandra UDF_Implementation_of the Alex Land Agreement	0	R 300 000	(R 300 000)	0	R 375 000	(R 375 000)	(100.00%)	R 1 500 000	0.00%
Inner City Eastern Gateway_TOD and Movement Corridors	0	R 300 000	(R 300 000)	0	R 375 000	(R 375 000)	(100.00%)	R 1 500 000	0.00%
Marlboro South Light Industrial Business Hub_Skills Development Centre	0	R 300 000	(R 300 000)	0	R 375 000	(R 375 000)	(100.00%)	R 1 500 000	0.00%
Jabulani TOD: Phase 5 - Bolani Road	0	R 3 000 000	(R 3 000 000)	0	R 3 750 000	(R 3 750 000)	(100.00%)	R15 000 000	0.00%
Regeneration of Lenasia CBD and Anchorville Industrial Hub – Region G	0	R 300 000	(R 300 000)	0	R 375 000	(R 375 000)	(100.00%)	R 1 500 000	0.00%

Projects per Funding Source	CAPEX FOR QUARTER			CAPEX YEAR TO DATE				Annual	Budget
	Actual	Budget	Variance	Actual	Budget	Variance	Variance	Budget	Used
	R	R	R	R	R	R	%	R	%
CORR - Turffontein Corridor of Freedom Traffic Impact Assessment (TIA), Stormwater Masterplan and New Construction: Phase 2	R20 663 780	R 5 000 000	R 15 663 780	R20 663 780	R 6 250 000	R 14 413 780	230.62%	R25 000 000	82.66%
CORR - Perth Empire Corridor of Freedom Traffic Impact Assessment (TIA), Stormwater Masterplan and New Construction: Phase 2	R20 633 159	R 5 000 000	R 15 633 159	R20 633 159	R 6 250 000	R 14 383 159	230.13%	R25 000 000	82.53%
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	R 7 786 013	R 4 000 000	R 3 786 013	R 7 786 013	R 5 000 000	R 2 786 013	55.72%	R20 000 000	38.93%
Ivory Park UDF_ Development Catalytic Node infrastructure projects	0	R 2 600 000	(R 2 600 000)	0	R 3 250 000	(R 3 250 000)	(100.00%)	R13 000 000	0.00%
Alexandra Sports and Youth Development: SAFA Safe Hub Facility	R15 405 889	R 4 000 000	R 11 405 889	R15 405 889	R 5 000 000	R 10 405 889	208.12%	R20 000 000	77.03%
Diepsloot Development Renewal Precinct Redevelopment DIEPSLOOT WES A Regional	R 4 080 608	R 3 000 000	R 1 080 608	R 4 080 608	R 3 750 000	R 330 608	8.82%	R15 000 000	27.20%
Banakekeleni Hospice New Clinic ALEXANDRA EXT.38 E Ward	0	R 200 000	(R 200 000)	0	R 250 000	(R 250 000)	(100.00%)	R 1 000 000	0.00%
Operational Capex New Operational Capex NEWTOWN F City Wide	R 507 216	R 200 000	R 307 216	R 507 216	R 250 000	R 257 216	102.89%	R 1 000 000	50.72%
Upgrading of Pioneer Park Turffontein	R 7 945 474	R 4 000 000	R 3 945 474	R 7 945 474	R 5 000 000	R 2 945 474	58.91%	R20 000 000	39.73%
Roodepoort CBD regeneration Renewal Precinct Redevelopment REGION C	0	R 300 000	(R 300 000)	0	R 375 000	(R 375 000)	(100.00%)	R 1 500 000	0.00%
<b>Sub-total</b>	<b>77 022 139</b>	<b>32 500 000</b>	<b>44 522 139</b>	<b>77 022 139</b>	<b>40 625 000</b>	<b>36 397 139</b>	<b>89.59%</b>	<b>162 500 000</b>	<b>47.40%</b>

Projects per Funding Source	CAPEX FOR QUARTER			CAPEX YEAR TO DATE				Annual	Budget
	Actual	Budget	Variance	Actual	Budget	Variance	Variance	Budget	Used
	R	R	R	R	R	R	%	R	%
<b>COMMUNITY DEVELOPMENT (Com Dev)</b>									
Brixton Social Cluster: Work Package 2 : Library, Pool and Related Facilities	0	R 100 000	(R 100 000)	0	R 125 000	(R 125 000)	(100.00%)	R 500 000	0.00%
Lehae MPC New Construction LEHAE G	R 3 234 074	R 3 600 000	(R 365 926)	3 234 074	R 4 500 000	(R 1 265 926)	(28.13%)	R18 000 000	17.97%
Johannesburg Library F	0	R 200 000	(R 200 000)	0	R 250 000	(R 250 000)	(100.00%)	R 1 000 000	0.00%
Kaalfontein MPC New Construction	0	R 2 000 000	(R 2 000 000)	0	R 2 500 000	(R 2 500 000)	(100.00%)	R10 000 000	0.00%
Ivory Park Swimming Pool	0	R 4 000 000	(R 4 000 000)	0	R 5 000 000	(R 5 000 000)	(100.00%)	R20 000 000	0.00%
MPC Matholesville	0	R 4 400 000	(R 4 400 000)	0	R 5 500 000	(R 5 500 000)	(100.00%)	R22 000 000	0.00%
Drieziek MPC	0	R 3 000 000	(R 3 000 000)	0	R 3 750 000	(R 3 750 000)	(100.00%)	R15 000 000	0.00%
Minor works at various facilities	0	R 1 000 000	(R 1 000 000)	0	R 1 250 000	(R 1 250 000)	(100.00%)	R 5 000 000	0.00%
<b>Sub-total</b>	<b>3 234 074</b>	<b>18 300 000</b>	<b>(15 065 926)</b>	<b>3 234 074</b>	<b>22 875 000</b>	<b>(19 640 926)</b>	<b>(85.86%)</b>	<b>91 500 000</b>	<b>3.53%</b>
<b>INTEGRATED CITY DEVELOPMENT GRANT (ICDG)</b>									
Noordgesig - Social Precinct Implementation: Phase 2 - Square	R 7 773 281	R 1 600 000	R 6 173 281	R 7 773 281	R 2 000 000	R 5 773 281	288.66%	R 8 000 000	97.17%
Inner City Eastern Gateway	R 497 093	R 3 700 000	(R 3 202 907)	R 497 093	R 4 625 000	(R 4 127 907)	(89.25%)	R18 500 000	2.69%
Watt Street Precinct	R 7 060 214	R 3 111 800	R 3 948 414	R 7 060 214	R 3 889 750	R 3 170 464	81.51%	R15 559 000	45.38%
<b>Sub-total</b>	<b>15 330 588</b>	<b>8 411 800</b>	<b>6 918 788</b>	<b>15 330 588</b>	<b>10 514 750</b>	<b>4 815 838</b>	<b>45.80%</b>	<b>42 059 000</b>	<b>36.45%</b>

Projects per Funding Source	CAPEX FOR QUARTER			CAPEX YEAR TO DATE				Annual	Budget
	Actual	Budget	Variance	Actual	Budget	Variance	Variance	Budget	Used
	R	R	R	R	R	R	%	R	%
<b>EMERGENCY MANAGEMENT SERVICES (EMS)</b>									
Fire Station - Alexandra and 'Be Safe Centre' New Building ALEXANDRA EXT.25 E Regional	285 386	R 340 000	(R 54 614)	285 386	R 425 000	(R 139 614)	(32.85%)	1 700 000	16.79%
<b>Sub-total</b>	<b>285 386</b>	<b>340 000</b>	<b>( 54 614)</b>	<b>285 386</b>	<b>425 000</b>	<b>( 139 614)</b>	<b>(32.85%)</b>	<b>1 700 000</b>	<b>16.79%</b>
<b>ECONOMIC DEVELOPMENT</b>									
Orange Farm Business Support Centre	488 250	R 100 000	R 388 250	488 250	R 125 000	R 363 250	290.60%	500 000	97.65%
<b>Sub-total</b>	<b>488 250</b>	<b>100 000</b>	<b>388 250</b>	<b>488 250</b>	<b>125 000</b>	<b>363 250</b>	<b>290.60%</b>	<b>500 000</b>	<b>97.65%</b>
<b>HEALTH DEPARTMENT</b>									
Claremont Renewal Clinic	444 213	R 2 000 000	(R 1 555 787)	444 213	R 2 500 000	(R 2 055 787)	(82.23%)	10 000 000	4.44%
Florida Clinic New Clinic FLORIDA EXT C Ward	1 956 424	R 2 200 000	(R 243 576)	1 956 424	R 2 750 000	(R 793 576)	(28.86%)	11 000 000	17.79%
Ebony Park Clinic	3 857 387	R 1 200 000	R 2 657 387	3 857 387	R 1 500 000	R 2 357 387	157.16%	6 000 000	64.29%
Bophelong Clinic	7 574	R 2 500 000	(R 2 492 426)	7 574	R 3 125 000	(R 3 117 426)	(99.76%)	12 500 000	0.06%
Zandspruit New Clinic	43 772	R 60 000	(R 16 228)	43 772	R 75 000	(R 31 228)	(41.64%)	300 000	14.59%
Naledi Clinic	651 278	R 300 000	R 351 278	651 278	R 375 000	R 276 278	73.67%	1 500 000	43.42%
Princess Renewal Clinic Ward C	0	R 60 000	(R 60 000)	0	R 75 000	(R 75 000)	(100.00%)	300 000	0.00%

Projects per Funding Source	CAPEX FOR QUARTER			CAPEX YEAR TO DATE				Annual	Budget
	Actual	Budget	Variance	Actual	Budget	Variance	Variance	Budget	Used
	R	R	R	R	R	R	%	R	%
<b>Sub-total</b>	<b>6 960 648</b>	<b>8 320 000</b>	<b>(1 359 352)</b>	<b>6 960 648</b>	<b>10 400 000</b>	<b>(3 439 352)</b>	<b>(33.07%)</b>	<b>41 600 000</b>	<b>16.73%</b>
<b>DEP OF HOUSING</b>									
Braamfischerville Ext 12&13:Roads and Stormwater Management Systems including a Pedestrian Bridge New Bulk Infrastructure BRAAMFISCHERVILLE EXT.13 C Ward	80 021	R 3 699 600	(R 3 619 579)	3 922 674	R 4 624 500	(R 701 826)	(15.18%)	18 498 000	21.21%
<b>Sub-total</b>	<b>80 021</b>	<b>3 699 600</b>	<b>(3 619 579)</b>	<b>3 922 674</b>	<b>4 624 500</b>	<b>( 701 826)</b>	<b>(15.18%)</b>	<b>18 498 000</b>	<b>21.21%</b>
<b>INNER CITY FUND (ICF)</b>									
Inner City Partnership Fund	546 158	R 3 700 000	(R 3 153 842)	546 158	R 4 625 000	(R 4 078 842)	(88.19%)	18 500 000	2.95%
Park Station to Civic Centre PEU (Park Station Regeneration)	0	R 240 000	(R 240 000)	0	R 300 000	(R 300 000)	(100.00%)	1 200 000	0.00%
<b>Sub-total</b>	<b>546 158</b>	<b>3 940 000</b>	<b>(3 393 842)</b>	<b>546 158</b>	<b>4 925 000</b>	<b>(4 378 842)</b>	<b>(88.91%)</b>	<b>19 700 000</b>	<b>2.77%</b>
<b>NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT (NDPG)</b>									
Jabulani TOD: Phase 6a - Safe Hub	30 565 398	R 7 005 420	R 23 559 978	30 565 398	R 8 756 776	R 21 808 623	249.05%	35 027 102	87.26%
Jabulani Phase 7	0	R 4 568 555	(R 4 568 555)	0	R 5 710 694	(R 5 710 694)	(100.00%)	22 842 776	0.00%
Alexandra Automotive Hub	7 000 000	R 1 400 000	R 5 600 000	7 000 000	R 1 750 000	R 5 250 000	300.00%	7 000 000	100.00%
<b>Sub-total</b>	<b>37 565 398</b>	<b>12 973 976</b>	<b>24 591 422</b>	<b>37 565 398</b>	<b>16 217 470</b>	<b>21 347 929</b>	<b>131.64%</b>	<b>64 869 878</b>	<b>57.91%</b>

Projects per Funding Source	CAPEX FOR QUARTER			CAPEX YEAR TO DATE				Annual	Budget
	Actual	Budget	Variance	Actual	Budget	Variance	Variance	Budget	Used
	R	R	R	R	R	R	%	R	%
<b>TRANSPORTATION PTIS FUNDING:</b>									
Phase 1C Stations	10 789 233	R 15 000 000	(R 4 210 767)	10 789 233	R 18 750 000	(R 7 960 767)	(42.46%)	75 000 000	14.39%
Selby Depot	817 294	R 19 000 000	(R 18 182 706)	817 294	R 23 750 000	(R 22 932 706)	(96.56%)	95 000 000	0.86%
Alex NMT Loop	23 381 405	R 4 043 478	R 19 337 927	23 381 405	R 5 054 348	R 18 327 057	362.60%	20 217 392	115.65%
ITS (Fibre Loop and CCTV)	17 055 709	R 6 000 000	R 11 055 709	17 055 709	R 7 500 000	R 9 555 709	127.41%	30 000 000	56.85%
Alexandra Depot	16 092 348	R 10 000 000	R 6 092 348	16 092 348	R 12 500 000	R 3 592 348	28.74%	50 000 000	32.18%
Section 15 Phase 2 (Close - out // Louis Botha Mixed)	28 678 994	R 8 000 000	R 20 678 994	28 678 994	R 10 000 000	R 18 678 994	186.79%	40 000 000	71.70%
Section 15K (Watt Interchange Station Road Works and Bridges)	59 854 274	R 20 000 000	R 39 854 274	59 854 274	R 25 000 000	R 34 854 274	139.42%	100 000 000	59.85%
Gandhi Square ( Stations)	0	R 3 000 000	(R 3 000 000)	0	R 3 750 000	(R 3 750 000)	(100.00%)	15 000 000	0.00%
OTHER Passenger Information Signage at Stations (at Totem, strip maps, "you are here" etc.)	0	R 3 000 000	(R 3 000 000)	0	R 3 750 000	(R 3 750 000)	(100.00%)	15 000 000	0.00%
OTHER: BMC	0	R 8 500 000	(R 8 500 000)	0	R 10 625 000	(R 10 625 000)	(100.00%)	42 500 000	0.00%
OTHER: ICT	0	R 5 400 000	(R 5 400 000)	0	R 6 750 000	(R 6 750 000)	(100.00%)	27 000 000	0.00%
OTHER: Land	4 900 371	R 1 600 000	R 3 300 371	4 900 371	R 2 000 000	R 2 900 371	145.02%	8 000 000	61.25%
Greenstone Terminal	0	R 300 000	(R 300 000)	0	R 375 000	(R 375 000)	(100.00%)	1 500 000	0.00%
Emthonjeni Terminal	0	R 4 620 000	(R 4 620 000)	0	R 5 775 000	(R 5 775 000)	(100.00%)	23 100 000	0.00%
Old Pretoria Road	1 812 779	R 580 000	R 1 232 779	1 812 779	R 725 000	R 1 087 779	150.04%	2 900 000	62.51%
<b>Sub-total</b>	<b>163 382 407</b>	<b>109 043 478</b>	<b>54 338 929</b>	<b>163 382 407</b>	<b>136 304 348</b>	<b>27 078 059</b>	<b>19.87%</b>	<b>545 217 392</b>	<b>29.97%</b>

Projects per Funding Source	CAPEX FOR QUARTER			CAPEX YEAR TO DATE				Annual	Budget
	Actual	Budget	Variance	Actual	Budget	Variance	Variance	Budget	Used
	R	R	R	R	R	R	%	R	%
<b>OTHER</b>									
UN Habitat Public Spaces Project	646 308	R 195 064	R 451 243	754 423	R 243 831	R 510 593	209.40%	975 322	77.35%
Sub-total	646 308	195 064	451 243	754 423	243 831	510 593	209.40%	975 322	77.35%
<b>DEPARTMENT OF SOCIAL DEVELOPMENT (SOC DEV)</b>									
Perth Empire Corridor Co - Production Zone for Social Development Renewal of Corridors of Freedom Intervention (Social Development One Stop Centre) Renewal Corridors of Freedom Intervention WESTBURY B Regional (Westbury TDC)	13 000 000	R 2 600 000	R 10 400 000	13 000 000	R 3 250 000	R 9 750 000	300.00%	13 000 000	100.00%
Louis Botha - Co - Production zone for social interventions Renewal Corridors of Freedom Intervention ORANGE GROVE E Regional	0	R 460 000	(R 460 000)	0	R 575 000	(R 575 000)	(100.00%)	2 300 000	0.00%
<b>Sub-total</b>	<b>13 000 000</b>	<b>3 060 000</b>	<b>9 940 000</b>	<b>13 000 000</b>	<b>3 825 000</b>	<b>9 175 000</b>	<b>239.87%</b>	<b>15 300 000</b>	<b>84.97%</b>
<b>TRANSPORTATION COJ FUNDING</b>									
Kazerne Public Transport Facility	11 893 805	R 13 720 000	(R 1 826 195)	11 893 805	R 17 150 000	(R 5 256 195)	(30.65%)	68 600 000	17.34%
Complete Streets: (KFW - German Development Bank): Orlando East to UJ Soweto Route	207 353	R 800 000	(R 592 647)	207 353	R 1 000 000	(R 792 647)	(79.26%)	4 000 000	5.18%

Projects per Funding Source	CAPEX FOR QUARTER			CAPEX YEAR TO DATE				Annual	Budget
	Actual	Budget	Variance	Actual	Budget	Variance	Variance	Budget	Used
	R	R	R	R	R	R	%	R	%
Park and Ride Facility: Design and Construction of a Park n Ride in Greenside Region E	13 709	R 800 000	(R 786 291)	13 709	R 1 000 000	(R 986 291)	(98.63%)	4 000 000	0.34%
PTF: Small Public Transport Facilities: DRIEZIEK EXT.3	1 959 323	R 6 760 000	(R 4 800 677)	1 959 323	R 8 450 000	(R 6 490 677)	(76.81%)	33 800 000	5.80%
PTF Small Public Transport Facility Design and Construction of Zola Public Transport Facility New Nodal Transport Facilities ZOLA D Regional	73 873	R 1 000 000	(R 926 127)	73 873	R 1 250 000	(R 1 176 127)	(94.09%)	5 000 000	1.48%
PTF: Small Public Transport Facilities: Orange Farm Ext 7 (Region G)	113 715	R 1 000 000	(R 886 285)	113 715	R 1 250 000	(R 1 136 285)	(90.90%)	5 000 000	2.27%
Small: Public Transport Facility in Zakariya Park Region G	510 465	R 600 000	(R 89 535)	510 465	R 750 000	(R 239 535)	(31.94%)	3 000 000	17.02%
PTF: Redevelopment of Inner City Ranks	0	R 2 000 000	(R 2 000 000)	0	R 2 500 000	(R 2 500 000)	(100.00%)	10 000 000	0.00%
Inner City Transport Masterplan	0	R 434 783	(R 434 783)	0	R 543 478	(R 543 478)	(100.00%)	2 173 913	0.00%
Inner City Managed lanes	10 959 446	R 3 200 000	R 7 759 446	10 959 446	R 4 000 000	R 6 959 446	173.99%	16 000 000	68.50%
Parking Management	0	R 173 913	(R 173 913)	0	R 217 391	(R 217 391)	(100.00%)	869 565	0.00%
Feasibility Study for Braamfontein	0	R 347 826	(R 347 826)	0	R 434 783	(R 434 783)	(100.00%)	1 739 130	0.00%
Feasibility Study Integrated Corridor Management	0	R 434 783	(R 434 783)	0	R 543 478	(R 543 478)	(100.00%)	2 173 913	0.00%
Lenasia Scholar Transport Masterplan	0	R 121 739	(R 121 739)	0	R 152 174	(R 152 174)	(100.00%)	608 696	0.00%
Roodepoort CBD Transport Masterplan	0	R 226 087	(R 226 087)	0	R 282 609	(R 282 609)	(100.00%)	1 130 434	0.00%
<b>Sub-total</b>	<b>25 731 689</b>	<b>31 619 130</b>	<b>(5 887 441)</b>	<b>25 731 689</b>	<b>39 523 913</b>	<b>(13 792 224)</b>	<b>(34.90%)</b>	<b>158 095 651</b>	<b>16.28%</b>
	=	=	=	=	=	=	=	=	=
<b>TOTAL</b>	<b>349 302 642</b>	<b>251 973 849</b>	<b>97 328 793</b>	<b>353 253 411</b>	<b>314 967 311</b>	<b>38 286 100</b>	<b>12.16%</b>	<b>1259 869 243</b>	<b>28.04%</b>

## 6.2 ECONOMIC DEVELOPMENT

A cluster of the JDA's economic development programmes that aims to:

- (i) Develop skills and capacity within the construction industry in Johannesburg
- (ii) Optimise the JDA's contribution to inclusive economic growth and empowerment, and the transformation of the construction industry; and
- (iii) Establish a monitoring and reporting system to measure the impact of the JDA's managing contractor development programme.

**TABLE 20: EPWP PERFORMANCE**

JDA Programme	Quarter 1 EPWP Opportunities created in 2018/19 FY	Quarter 2 EPWP Opportunities created in 2018/19 FY	Mid-Year EPWP Opportunities created in 2018/19 FY
Programme 1	13	18	31
Programme 2	88	43	131
Programme 3	8	77	85
Programme 4	0	0	0
<b>TOTAL</b>	<b>109</b>	<b>138</b>	<b>247</b>

## 6.3 GOOD GOVERNANCE, MANAGEMENT AND ADMINISTRATION

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

## SECTION 7: 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, 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 City of Johannesburg’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 year to date:

- 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. For the 1<sup>st</sup> and 2<sup>nd</sup> quarter there were 15 service providers appointed where less than three quotations were returned or obtained to a combined value of R 392 719 Excluding VAT) .

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 8: BLACK ECONOMIC EMPOWERMENT

The JDA reports on the BBBEE share of both actual expenditure and contractual commitments for all active contracts. The table below shows the BBBEE share of capital and operating expenditure. For the period 1<sup>st</sup> July 2018 to 31<sup>st</sup> December 2018, the overall BBBEE share of expenditure was R 351 554 867. This translates into an achievement of 93.4% BBBEE claimed against quarterly expenditure. **TABLE 21: SUMMARY OF BBBEE EXPENDITURE<sup>8</sup>**

Description	Mid-Year 2018/19		
	Total Expenditure	BBBEE Claimed	BBBEE %
Capex	R327 245 971	R 307 846 611	94%
Opex	R24 308 896	R20 563 799	85%
<b>Consolidated Opex and Capex</b>	<b>R351 554 867</b>	<b>R328 410 410</b>	<b>93.4%</b>

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.

<sup>8</sup> The reason why there is a difference in total expenditure and expenditure claimed for BBBEE is that the JDA’s 5% Development Fee and retentions have been excluded

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

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

TABLE 22: BBEE POINTS

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

## SECTION 9: ENTERPRISE / SMME DEVELOPMENT

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

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

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

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

The JDA reports on the SMME share of both actual expenditure and contractual commitments for all active contracts. The table below shows the SMME share of capital and operating expenditure. The SMME share of JDA’s operating and capital expenditure was R 92 487 313 for the period 1<sup>st</sup> July 2018 to 31<sup>st</sup> December 2018. This constitutes an achievement of 26.31% for the period under review.

TABLE 23: SUMMARY OF SMME EXPENDITURE<sup>9</sup>

<sup>9</sup> 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.

Description	Mid-Year 2018/19	
	SMME Expenditure	SMME %
Capex	R 87 459 332	26%
Opex	R 5 027 981	21%
<b>Consolidated Opex and Capex</b>	<b>R 92 487 313</b>	<b>26.31%</b>

## SECTION 10: STATEMENT ON AMOUNTS OWED BY AND TO GOVERNMENT DEPARTMENTS AND PUBLIC ENTITIES

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

**TABLE 24: AMOUNTS OWED BY AND TO GOVERNMENT DEPARTMENTS AND PUBLIC ENTITIES**

Name of department	Balance	Comments
	R' 000	
City of Johannesburg - CAM & USDG	4,947	The Balance relates to amount current claims that are not more than 30 days
City of Johannesburg- Transport	125,388	Balance mainly relates to amounts outstanding which are over 90 days.
City of Johannesburg - Department of Transportation	30,430	Balance mainly relates to amounts outstanding from June and some claims which are over 60 days
City of Johannesburg - EMS	33,191	Balance mainly relates to amounts outstanding for longer than 180 days.
City of Johannesburg - Department of Health	4,655	Balance mainly relates to amounts outstanding for more than 90 days
City of Johannesburg - GSPCR	3,850	Balance mainly relates to amounts outstanding for longer than 180 days.
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)	50,893	Balance mainly relates to amounts outstanding for more than 90 days.
<b>Total</b>	<b>253,354</b>	

## CHAPTER 4: HUMAN RESOURCES & ORGANISATIONAL MANAGEMENT

### SECTION 1: HUMAN RESOURCE MANAGEMENT

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

Until recently the JDA was a non-unionised work environment. Since November 2016, the JDA has started with IMATU (Independent Municipal and Allied Trade Union) membership subscriptions. . Recently employees have indicated an interest in switching to SAMWU (The South African Municipal Workers' 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 is 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, Personal Assistants.
- Semi-skilled includes drivers and receptionists.
- Unskilled includes general workers and house keepers.

Of the 112, 19 are vacant and 17 are unfunded and will be kept in the abeyance until funds become available.

In terms of physical location, 93 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.

### **HR Policies**

The JDA recently reviewed and updated all its HR policies to be in-line with legislation and good practice.

### **Organisational Development**

The JDA is preparing to embark on an organisational development (OD) process in order to review the current structure of the organisation and explore possible new approaches to deliver on the mandate. The OD process will be done in full consultation of both staff and Union in a participatory process.

### **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.

**TABLE 26: COST OF SICK LEAVE – EMPLOYEES ONLY ON JDA PAYROLL ONLY**

Salary band	Total sick leave	Proportion of sick leave without medical certificate	Employee sick using leave	Total employees in post <sup>10</sup>	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	6	0	0
Senior management	8	0	6	16	0.375	28 675
Middle management	38	0	12	33	0.364	96 822
Skilled technical/junior management	63	0	15	28	0.535	104 479
Semi-skilled	30	0	2	3	0.666	14 638
Unskilled	6	0	2	6	0.333	2 820
<b>TOTAL</b>	<b>145</b>	<b>0</b>	<b>37</b>	<b>93</b>	<b>0.397</b>	<b>247 434</b>

<sup>10</sup> The total of 93 excludes ARP staff, leave management administered by the CoJ

## SECTION 2: EMPLOYEE REMUNERATION (TOTAL COSTS INCLUDING EXECUTIVES)

The total remuneration costs for the period under review were R 25 398 128, 76. 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 period is, R 376 185, 42.

## SECTION 3: KEY VACANCIES

The following key vacancies have are recorded:

**TABLE 25: KEY VACANCIES**

<b>Vacancies</b>
Development Facilitation Manager
Facilitation Manager
IT Officer
Executive Manager: Development Facilitation
Executive Manager: Marketing and Communications
Development Manager
Marketing and Communication Officer
SCM Officer
General Worker

**TABLE 26: STAFF ESTABLISHMENT**

<b>Description</b>	<b>Mid-Year 2018/19</b>				
	<b>Approved no. of posts per approved organogram</b>	<b>Additions to structures</b>	<b>No. of employees</b>	<b>No. of vacancies</b>	<b>% of vacancies</b>
Top management level	1	0	1	0	0%
Executive management	8	0	6	2	25%
Senior management	17	0	16	1	6%
Middle management	49	0	33	16	33%
Skilled technical/junior management	27	9	28	0	0%
Semi-skilled	4	3	3	0	0%
Unskilled housekeepers/cleaners	6	0	6	0	0%
<b>Total</b>	<b>112</b>	<b>12</b>	<b>93</b>	<b>19</b>	<b>17%</b>

The basis for turnover rates for period under review staff turnover is 4%.

**TABLE 27: TURNOVER RATE (MID-YEAR 2018/19)**

<b>Details</b>	<b>Total active employees at the beginning of financial year</b>	<b>Terminations during financial year (YTD)</b>	<b>Turnover rate</b>
	<b>No.</b>	<b>No.</b>	<b>%</b>
2018/19	94	4	4%

A total of 4 terminations recorded, with an equity distribution as follows;

**TABLE 28: TERMINATIONS**

Position	Male				Female				Non South African		Total
	A	C	I	W	A	C	I	W	Male	Female	
	Development Facilitation Manager	1	0	0	0	0	0	0	0	0	
Facilities Manager	0	0	1	0	0	0	0	0	0	0	1
General Worker	1	0	0	0	0	0	0	0	0	0	1
IT Officer	1	0	0	0	0	0	0	0	0	0	1
<b>Totals</b>	<b>3</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>

**TABLE 29: RESIGNATIONS FOR 30 NOVEMBER 2018 (STILL REFLECTED IN DECEMBER PAYROLL)**

Position	Male				Female				Non South African		Total
	A	C	I	W	A	C	I	W	Male	Female	
	Marketing & Communication Officer	0	0	0	0	1	0	0	0	0	
SCM Officer	0	0	0	0	1	0	0	0	0	0	1
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>

**Retention Initiatives**

The JDA remains committed to developing strategies to mitigate resignations through various initiatives, which 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 4: EMPLOYMENT EQUITY

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

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

The Employment Equity Plan 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 30: 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	
Executive Management	2	0	0	1	2	0	1	0	0	0	6
Senior Management	6	1	0	1	7	0	1	0	0	0	16
Professionally qualified and experienced specialists and mid-management	15	0	0	0	14	1	1	2	0	0	33
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	5	0	0	0	21	1	1	0	0	0	28
Semi-skilled and discretionary decision making	1	0	0	0	2	0	0	0	0	0	3
Unskilled and defined decision making	2	0	0	0	4	0	0	0	0	0	6

Occupational Levels									Foreign Nationals		Total
	Male				Female				Male	Female	
	A	C	I	W	A	C	I	W			
<b>Total Permanent</b>	<b>31</b>	<b>1</b>	<b>0</b>	<b>3</b>	<b>50</b>	<b>2</b>	<b>4</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>93</b>

The JDA status for period under review:

- 88% of employees are African
- 62 % of employees are female
- 56% of employees in senior management positions are black females
- 2% of the JDA has employees have physical disabilities. This percentage is equal to the City of Johannesburg’s strategic target of 2%.

The JDA is committed to improve the percentage representation of people from designated groups across all occupational categories.

**TABLE 31: STAFF MOVEMENTS**

Staff movements	African		Coloured		Indian		White		Total
	Male	Female	Male	Female	Male	Female	Male	Female	
Appointments	5	4	0	0	0	0	0	0	9
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
Resignations	3	0	0	0	1	0	0	0	4
<b>Total</b>	<b>8</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13</b>

## SECTION 5: SKILLS DEVELOPMENT AND TRAINING

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

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

- Understanding the educational requirements of the organisation, based on competency assessments and pivotal training
- Best practice learning design
- Timely and appropriate learning delivery
- Assessment of the impact of learning interventions on overall company performance.

The JDA has created a culture of both on-the-job and off-the-job learning, which is embraced by all employees. This is illustrated by 60% submission rate of Individual Learning Plans.

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 Human Resources 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 R 630,000.00 has been allocated for training and development for the 2018/19 financial year. 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 6: PERFORMANCE MANAGEMENT

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

The JDA uses a scorecard to evaluate employee performance. Individual performance indicators are linked to the JDA’s objectives and the City of Johannesburg’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 7: DISCIPLINARY MATTERS AND OUTCOMES

No disciplinary inquiries or matters in the period under review.

## SECTION 8: LEAVE AND PRODUCTIVITY MANAGEMENT

The 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 in this mid-year is Annual leave with a total of 322 days, with Sick leave being the second most utilised leave type, with a total of 196 days, Study Leave being the third most utilised leave type, with a total of 41 days and Family Responsibility Study leave being the least utilised leave type, with a total of 24 days.

**TABLE 32: LEAVE ANALYSIS PERFORMANCE FOR MID-YEAR 2018/19**

Type of Leave	July 2018	Aug 2018	Sept 2018	Oct 2018	Nov 2018	Dec 2018	Total
Annual Leave	58	15	41	166	42	0	322
Sick Leave	39	4	8	140	5	0	196
Family Responsibility	1	0	2	20	1	0	24

Study Leave	8	0	0	26	7	0	41
<b>TOTAL</b>	<b>106</b>	<b>19</b>	<b>51</b>	<b>352</b>	<b>55</b>	<b>0</b>	<b>583</b>

## SECTION 9: EMPLOYEE WELLNESS

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

The JDA receives statistical information on the issues discussed to enable it to identify and implement solutions to the particular issues raised. The identities of the employees who use this service remain strictly confidential. The JDA holds Wellness Day events every quarter. Employees can have their basic health assessed and receive feedback and guidance on corrective measures and counselling.

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.

### ***HIV/AIDS in the Workplace***

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

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

In the period under review, the JDA and ICAS held a wellness day, where HIV/AIDS awareness was 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 2018/19 financial year. These audits identify risks and cases of noncompliance 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 92.59%. The areas of non-compliance include:

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

## CHAPTER 5: FINANCIAL PERFORMANCE

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

#### STATEMENT OF FINANCIAL POSITION FOR THE QUARTER ENDED 31 DECEMBER 2018

	Quarter ended 31 December 2018			Year to date			Notes
	Actual	Budget	Variance	Actual	Budget	Variance	
	R'000	R'000	R'000	R'000	R'000	R'000	
<b>ASSETS</b>							
<b>Non-current assets</b>	33,291	24,080	9,211	33,291	24,080	5,913	1
Property, plant and equipment	6,299	7,030	-731	6,299	7,030	-731	
Deferred tax	5,450	2,152	3,298	5,450	2,152		
Intangible assets	21,542	14,898	6,644	21,542	14,898	6,644	
<b>Current assets</b>	419,554	1,175,462	-755,908	419,554	1,175,462	-860,675	2
Trade and other receivables	253,354	1,114,029	-860,675	253,354	1,114,029	-860,675	
Vat Receivable	166,198	61,431	104,767	166,198	61,431	-	
Cash and cash equivalents	2	2	0	2	2	0	
<b>Total assets</b>	452,845	1,199,542	-746,697	452,845	1,199,542	-854,762	
<b>EQUITY AND LIABILITIES</b>							
<b>Capital and reserves</b>	44,266	55,446	-11,180	44,266	55,446	-11,180	

Contribution from owner	16,278	16,278	-0	16,278	16,278	-0	
Accumulated surplus/ (deficit)	27,988	39,168	( 11,180)	27,988	39,168	( 11,180)	
<b>Non-current liabilities</b>	<b>44,398</b>	<b>47,749</b>	<b>( 3,351)</b>	<b>44,398</b>	<b>47,749</b>	<b>( 3,351)</b>	
Provisions	5,127	-	5,127	5,127	-	5,127	
Deferred taxation	1,634	15,867	( 14,233)	1,634	15,867	( 14,233)	
Project funds payable	37,637	31,882	5,755	37,637	31,882	5,755	3
<b>Current liabilities</b>	<b>364,181</b>	<b>1,096,347</b>	<b>-732,164</b>	<b>364,181</b>	<b>1,096,347</b>	<b>-732,166</b>	<b>4</b>
Loans from shareholders	170,413	946,902	( 776,489)	170,413	946,902	( 776,489)	
Trade and other payables	188,607	144,545	44,062	188,607	144,545	44,062	
Project funds payable	0	0	0	0	0	0	
Finance lease obligation	34	444	( 410)	34	444	( 410)	
Bank Overdraft	0	1	1	0	1	( 1)	
Provisions – bonus	5,127	4,455	672	5,127	4,455	672	
<b>Total equity and liabilities</b>	<b>452,845</b>	<b>1,199,542</b>	<b>-746,695</b>	<b>452,845</b>	<b>1,199,542</b>	<b>-746,697</b>	

Notes	
1	Variance is mainly due to Intangible assets variance as this asset is under construction since certain phases has not been Implemented, the variance will change once the asset is available for use.
2	Variance is due to the lower than expected trade receivables balances which includes amounts owing from City of Johannesburg departments for development projects implemented in the 2017/18 and 2018/19 financial years. The JDA contracts with suppliers with regards to the development projects implemented by the JDA on behalf of the City of Johannesburg and pays these suppliers within the legislated period of 30 days. These expenditure items are then claimed from the City with the inclusion of the JDA management fee. Majority of the long outstanding claims related to the City of Johannesburg which results into negative impact on liquidity ratio due to the interest rate charged by City.
3	The variance relates to project funds payable that includes amounts transferred from GNDC on the sale of No.1 Central Place
4	The variance is due to the following two components which is Loans from shareholders and trade payable the comments for the variance are as follows : (1) Loans from Shareholders : There was a decreases from the loan to shareholders due to claims that were settled during the current quarter (2) Trade and other payable: The increases due to invoices received in December and all invoices are within 30 days.

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

### STATEMENT OF FINANCIAL PERFORMANCE FOR THE QUARTER ENDED 31 DECEMBER 2018

	31 December 2017	Original approved	Quarter ending 31 December 2018			Year to date			Notes
	Actual	budget	Actual	Budget	Variance	Actual	Budget	Variance	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Gross revenue	32,019	129,074	26,217	27,958	( 1,741)	41,095	42,983	( 1,888)	5
Operating costs	( 49,250)	( 121,705)	( 25,068)	( 30,426)	5,358	( 54,191)	( 60,853)	6,662	6
<b>Gross surplus/ (deficit)</b>	<b>( 17,231)</b>	<b>7,369</b>	<b>1,149</b>	<b>( 2,469)</b>	<b>3,618</b>	<b>( 13,096)</b>	<b>( 17,870)</b>	<b>4,774</b>	
Other operating income and expenditure	( 17,678)	( 7,369)	( 4,673)	( 1,842)	( 2,831)	( 10,970)	( 3,685)	( 7,286)	
Interest expense	( 17,678)	( 7,369)	( 4,673)	( 1,842)	( 2,831)	( 10,970)	( 3,685)	( 7,286)	7
Interest income	0	0	0	0	0	0	0	0	
<b>Deficit before tax</b>	<b>( 34,909)</b>	<b>0</b>	<b>( 3,524)</b>	<b>( 4,311)</b>	<b>787</b>	<b>( 24,066)</b>	<b>( 21,554)</b>	<b>( 2,512)</b>	
Taxation									
<b>Surplus/ (Deficit) after tax</b>	<b>( 34,909)</b>	<b>0</b>	<b>( 3,524)</b>	<b>( 4,311)</b>	<b>787</b>	<b>( 24,066)</b>	<b>( 21,554)</b>	<b>( 2,512)</b>	

<b>Notes</b>	
5	Management fees are budgeted for in accordance with the capital project expenditure. The overall revenue budget for management fees is higher than the projected capital expenditure due to significant budget cuts on capital expenditure which affects the management fees. This will be adjusted accordingly in the mid-year adjustment process to be aligned to the capital allocated budgets.
6	Variance is mainly due to budget reductions to be implemented during the mid-year adjustment period. The reduction in the overall expenditure budgets will be aligned to the reduced management fees to ensure a balanced budget.
7	The interest expenditure incurred relates to interest charged on an overdrawn treasury account balance. The overdrawn balance is mainly due to long outstanding claims that were received late or still outstanding from the various departments. The JDA contracts with suppliers with regards to the development projects implemented by the JDA on behalf of the City of Johannesburg and pays these suppliers within the legislated period of 30 days. These expenditure items are then claimed from the City with the inclusion of the JDA management fee. Majority of the long outstanding claims related to the City of Johannesburg. Although the recovery time for claims has reduced, the JDA still incurs capital expenditure during the claims recovery period which results in final overdraft balance on the treasury sweeping account.

### SECTION 3: CASH FLOW STATEMENT

#### CASH FLOW STATEMENT FOR THE QUARTER ENDED 31 DECEMBER 2018

	Quarter ended 31 December 2018			Year to date			Notes
	Actual	Budget	Variance	Actual	Budget	Variance	
	R'000	R'000	R'000	R'000	R'000	R'000	
<b>Cash flows from operating activities</b>	<b>171,345</b>	<b>( 453,054)</b>	<b>624,399</b>	<b>171,345</b>	<b>( 453,054)</b>	<b>624,399</b>	
<i>Receipts</i>	20,155	0	20,155	20,155	0	20,155	R
Grants	0	0	0	0	0	0	
Interest received	558,224	145,118	413,106	558,224	145,118	413,106	
Cash receipts from CAPEX funding							8
Other receipts	2,618	300	2,318	2,618	300	2,318	
	0	0	0	0	0	0	
	0	0	0	0	0	0	
<i>Payments</i>	( 43,728)	( 18,324)	( 25,404)	( 43,728)	( 18,324)	( 25,404)	
Employee cost	( 354,953)	( 570,954)	216,001	( 354,953)	( 570,954)	216,001	
Suppliers	( 10,970)	( 9,194)	( 1,776)	( 10,970)	( 9,194)	( 1,776)	9
<b>Cash flows from investing activities</b>	<b>132</b>	<b>50</b>	<b>82</b>	<b>132</b>	<b>50</b>	<b>82</b>	Interest paid
							10

<i>Expenditure to maintain operating capacity</i>							
Property, plant and equipment acquired	132	50	82	132	50	82	<b>11</b>
Proceeds from sale of property, plant and equipment	0	0					
	0	0	0	0		0	
Purchase of intangible <b>11</b> assets							

<b>Cash flows from financing activities</b>	<b>( 167,170)</b>	<b>453,004</b>	<b>( 625,929)</b>	<b>( 167,170)</b>	<b>453,004</b>	<b>( 625,929)</b>	
Movement in project funds payable	5,755	0	0	5,755	0	0	
Proceeds from Shareholders' loan	300,648	453,082	( 152,434)	300,648	453,082	( 152,434)	<b>10</b>
Repayments of Shareholders' loan	( 473,000)	0	( 473,000)	( 473,000)	0	( 473,000)	
Finance lease repayments	( 573)	( 78)	( 495)	( 573)	( 78)	( 495)	

<b>Net increase/(decrease) in cash and cash equivalents</b>	4,307	0	4,307	4,307	0	4,307	
<b>Cash and cash equivalents at beginning of the</b>	2	2	0	2	2	0	

<b>year</b>						
<b>Cash and cash equivalents at the end of the year</b>	4,309	2	4,307	4,309	2	4,307

Notes	
8	Variance relates to development claims that were received in the period of July to December for claims submitted in June 2018.
9	Variance due to payment made during July for the capital expenditure incurred in June 2018.
10	The interest expenditure incurred relates to interest charged on an overdrawn treasury account balance. The overdrawn balance is mainly due to long outstanding claims that were received late or still outstanding from the various departments. The JDA contracts with suppliers with regards to the development projects implemented by the JDA on behalf of the City of Johannesburg and pay these suppliers within the legislated period of 30 days. These expenditure items are then claimed from the City with the inclusion of the JDA management fee. Majority of the long outstanding claims related to the City of Johannesburg. Although the recovery time for claims has reduced, the JDA still incurs capital expenditure during the claims recovery period which results in final overdraft balance on the treasury sweeping account. The outstanding balance as at the end of the first quarter relates to balances that owed from the 2017/18 financial year.
11	Assets purchased related to computer equipment for new employees.
12	The overdrawn balance is mainly due to long outstanding claims that were received late or still outstanding from the various departments. The JDA contracts with suppliers with regards to the development projects implemented by the JDA on behalf of the City of Johannesburg and pay these suppliers within the legislated period of 30 days. These expenditure items are then claimed from the City with the inclusion of the JDA management fee. Majority of the long outstanding claims related to the City of Johannesburg. Although the recovery time for claims has reduced, the JDA still incurs capital expenditure during the claims recovery period which results in final overdraft balance on the treasury sweeping account. The outstanding balance as at the end of the first quarter relates to balances that were owed from the 2017/18 financial year.
13	Finance lease payments variance generally due the extension of the original leases until December 2018, originally a new tender process would have resulted in reduced number of overall printers currently leased.

STATEMENT OF CHANGES IN NET ASSETS FOR THE PERIOD ENDED 31 DECEMBER 2018

	Share capital	Share premium	Total share capital	Accumulated surplus	Total net assets
	R'000	R'000	R'000	R'000	R'000
Opening balance as previously reported	60	16 278	16 278	56 260	72 538
Adjustments	0	0	0	0	0
Prior year adjustments				0	0
<b>Balance at 01 July 2017</b>	<b>60</b>	<b>16 278</b>	<b>16 278</b>	<b>56 260</b>	<b>72 538</b>
Changes in net assets					
Surplus for the year	0	0	0	( 4 207)	( 30 727)
Total changes	0	0	0	52 053	68 331
<b>Balance at 01 July 2018</b>	<b>60</b>	<b>16 278</b>	<b>16 278</b>	<b>52 053</b>	<b>68 331</b>
Changes in net assets					
Deficit for the year	0	0	0	( 24 065)	( 24 065)
Total changes	60	16 278	16 278	27 988	44 266
<b>Balance at 31 December 2018</b>	<b>60</b>	<b>16 278</b>	<b>16 278</b>	<b>27 988</b>	<b>44 266</b>

## SECTION 4: RATIO ANALYSIS

Key Performance Area	Target	Actual 31 December 2017	Actual 31 December 2018	Notes
Current ratio	Above 1 : 1	1.14:1	1.15 : 1	1
Solvency ratio	Above 1 : 1	1.14:1	1.11 : 1	2
Salaries to expenditure ratio	Below 60%	62%	67%	3
Revenue	R42.9 million	R32 million	R41.95million	
Expenditure (including taxation)	R64.5 million	R66.3 million	R65.16 million	
Surplus / (Deficit)	(R 21.6 million)	(R34.9 million)	(R24.06 million)	
Total net assets	R47.4 million	R46.9 million	R44.26 million	
Capital expenditure	25%	21%	28.04%	4

Notes	
1	<b>Current ratio</b> is just above the target and is over by 0.01% compared with last year quarter two. Included in current liabilities is the sweeping account with the shareholder which increases with the interest on a monthly basis.
2	<b>Solvency ratios</b> is just above the target and lower than the second quarter of the previous year mainly due to invoices that were received in December which were raised as payables on the statement of financial position. The continued pressure on the overall loan from shareholder due to long outstanding debtors still puts pressure on the liquidity ratios.
3	<b>Remuneration to expenditure ratio</b> was based on employee costs of R 43.7 million against total operational expenditure of R 65 million. This translates to almost 67% of the total operational expenditure relates to employee costs. The JDA is primarily a service-orientated entity as a majority of the operational costs relate to employee remuneration which results in the JDA exceeding the general target of 60%. Generally during the first quarter, operational expenditure is lower due to most of the operational plans and the procurement of these services are still being finalised which further contributes to the higher ratio.
4	Capital expenditure exceeds the target of the approved budget by 3.04%.

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

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

## SECTION 6: PENDING LITIGATIONS AND POSSIBLE LIABILITIES

CASE / MATTER	AMOUNT CLAIMED	DATE INSTITUTED	DESCRIPTION	CURRENT STATUS	ANTICIPATED COMPLETION DATE	CHANCES OF SUCCESS
Ubuntu Kraal (Pty) Ltd vs JDA	± 23 555 160, 06 million	13/12/2013	Damages suffered by Ubuntu Kraal as a result of "alleged" negligence by the JDA and other parties.	<p>On Friday, 13 December 2013 the JDA was served with summons. The summons relate to the "alleged" negligence on the part of the JDA during the widening of the Klipspruit Valley Road during the construction of the BRT routes around 2010. It is alleged that as a consequence of such construction, which resulted in flooding in 2010 and 2011, damages to buildings and properties to the tune of approximately R23 555 160, 06 was incurred by the plaintiff. The JDA has been cited as the first defendant and the City of Johannesburg as the second defended in the matter, together with other 5 defendants.</p> <p>The JDA has appointed Routledge Modise Attorneys (T/A Hogan Lovells) to assist in defending the matter.</p> <p>Routledge Modise have handed over the matter to the insurers attorneys at the request of the JDA's insurers (Webber Wentzel Bowens). The matter is being defended by the JDA and City of Johannesburg's insurer's lawyers. The Matter was set for trial in June 2018 but was withdrawn from the trial roll. There have been no developments since the matter was removed from the trial roll in June 2018. The plaintiff has remained inactive.</p>	Not yet determined at this stage.	Not yet determined at this stage.

CASE / MATTER	AMOUNT CLAIMED	DATE INSTITUTED	DESCRIPTION	CURRENT STATUS	ANTICIPATED COMPLETION DATE	CHANCES OF SUCCESS
Tembu Convenience Centre CC vs City of Johannesburg 1 <sup>st</sup> Defendant and Others (JDA-2 <sup>nd</sup> Defendant)	± R10 488 324 million		Damages suffered by Tembue Convenience Centre CC as a result of “alleged” extensive permanent road diversions and/or closures having been effected in order to cater for the BRT system in the area known as “Soweto to Parktown Bus Rapid Network, Section 1, Moroka Police Station to Modderspruit Culvert”. It is alleged that COJ or the JDA failed to comply with the relevant legislation and ordinances.	<p>The JDA is defending the matter through its attorneys (Mchunu Inc.) The matter was heard in court on 1 June 2017.</p> <p>The JDA successfully defended the matter. However, the applicant filled an appeal with the Supreme Court of Appeal. The matter was heard at the Supreme Court of Appeal on 20 November 2018.</p> <p>On 29 November 2018, the JDA received the judgement in its favour where it successfully defended the matter once again at the Supreme Court of Appeal.</p>	Completed	Succeeded
Achusim Chijoike vs (JDA 1 <sup>st</sup> Defendant) and Sykmark Security Services (Pty) Ltd (2 <sup>nd</sup> 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.	<p>The JDA was incorrectly cited as a party to the proceedings. Particulars of defence were submitted to the plaintiff accordingly.</p> <p>The Plaintiff has to date not responded to our pleadings.</p> <p>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.</p> <p>We still await feedback from the Plaintiff’s attorneys.</p>	The matter stopped at pleadings stage and is likely not going to proceed.	Not determined. yet

CASE / MATTER	AMOUNT CLAIMED	DATE INSTITUTED	DESCRIPTION	CURRENT STATUS	ANTICIPATED COMPLETION DATE	CHANCES OF SUCCESS
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 Sonnenburg 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, 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 be accommodated by the Department of Housing. The parties are working together to reach agreement without protracted litigation processes.	On-going	Good
Grayston Bridge Collapse (scaffolding)		2015	<p>The scaffolding supporting the bridge collapsed in 2015 resulting in 2 fatalities and an additional 9 people injured as a result of the collapse.</p> <p>The matter was investigated by the Department of Labour and a hearing commenced in 2016 and concluded in July 2018.</p>	Heads of argument have been submitted to the commission by the legal representatives of the parties concerned and it is expected that the commissioner will provide his ruling in December 2018 pronouncing on the guilt or innocence of the parties.	31 October 2018	Good

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

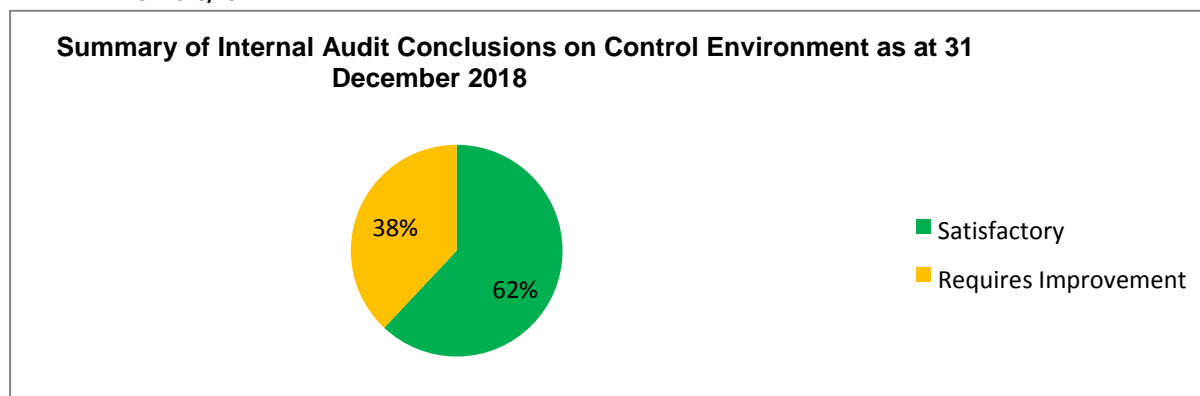
No claims within the mid-year report of 2018/19 financial year.

## CHAPTER 6: INTERNAL & EXTERNAL AUDIT FINDINGS

### SECTION 1: RESULTS OF INTERNAL AUDITS

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 as at mid-year of 2018/19 financial year. On overall there were seventeen (17) audit projects undertaken by internal audit in the report period of which 13 audits have been completed as at 31 December 2018.

**FIGURE 5: OVERVIEW OF AUDIT CONCLUSION ON CONTROL ENVIRONMENT MADE FROM AUDITS COMPLETED BY INTERNAL AUDIT AS AT MID-YEAR OF 2018/19**



Below is an indication of the overall internal audit conclusions on the control environment on each of the 13 audit completed with reports issued by internal audit as at 31 December 2018 for the 2018/19 financial year

**TABLE 33: PROGRESS AGAINST THE APPROVED 2018/19 ANNUAL INTERNAL AUDIT PLAN**

No.	Audit Description	Progress as at 31 December 2018	Overall Conclusion
1	Review of the draft 2017/18 Annual Financial statements	Completed	Requires improvement
2	Review of the 2017/18 Annual Integrated Report	Completed	Requires improvement
3	1st quarter and 2nd follow up on internal and external audit findings	Completed	Requires improvement
4	Review of the effectiveness of the effective functioning of management oversight committees	In progress	Not applicable-audit is in progress
5	Review of the fraud risk management programme	Completed	Satisfactory
6	Review of business continuity management framework and its implementation.	Not yet started	Not applicable-audit is in progress
7	1st quarter performance information audit (AOPO)	Completed	Requires improvement
8	Internal project due diligence/ feasibility assessment	In progress	Not applicable-audit is in progress
9	Performance Bonus review	Completed	Requires improvement
10	Cell phone and 3G Management Process Review	In progress	Not applicable-audit is in progress
11	Pre – Qualification of contractors – Bophelong Clinic	Completed	Satisfactory
12	Drieziek Public transport facility	Completed	Satisfactory
13	Pre – Qualification of Contractors – Jabulani phase 7	Completed	Satisfactory
14	Appointment of main contractor – Rea Vaya BRT systems and Phase 1C (A) – design, build and Maintenance of the ITC System	Completed	Satisfactory

No.	Audit Description	Progress as at 31 December 2018	Overall Conclusion
15	Rea Vaya BRT Selby Phase 2B – Existing bus depot refurbishment	Completed	Satisfactory
16	Pre-qualification of contractors - Jabulani Phase 6B: Multipurpose building	Completed	Satisfactory
17	Appointment of main contractor – Ebony Park (Kaalfontein) intersection upgrade and, public environment upgrade at Kaalfontein, Johannesburg, Gauteng.	Completed	Satisfactory

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 34: CONTROL ENVIRONMENT CONCLUSION EXPLANATION**

Control Environment	Definition	Indicator
<b>Unsatisfactory</b>	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.	<ul style="list-style-type: none"> <li>• A breakdown in the overall management of a part of the business or the process being reviewed.</li> <li>• Primarily “Catastrophic” risk findings.</li> <li>• Actions are likely to bring JDA’s brand and reputation into disrepute.</li> <li>• A breakdown in accounting, reporting and other key financial and operating controls.</li> <li>• Non-existent financial and operating controls.</li> <li>• Non-compliance to laws and regulations.</li> </ul>
<b>Requires improvement</b>	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.	<ul style="list-style-type: none"> <li>• Primarily “Major or moderate” risk findings.</li> <li>• Inadequate compensating controls.</li> <li>• Overall control environment of the audited process/focus area is of a vulnerable standard.</li> <li>• Overall control environment for the audited process/focus area is of an adequate standard.</li> </ul>
<b>Satisfactory</b>	Audit results indicate that sufficient reliance can be placed on the design and operation of internal controls to mitigate the risks to which the activity under review is exposed.	<ul style="list-style-type: none"> <li>• Primarily “Minor or insignificant” risk findings.</li> <li>• Overall control environment for the audited process/focus area is of the required standard.</li> <li>• Adequate compensating controls in place.</li> </ul>

## SECTION 2: PROGRESS ON RESOLUTION OF INTERNAL AUDIT FINDINGS

**TABLE 35: INTERNAL AUDIT FINDINGS**

Financial Period	Total Unresolved Findings	Total Resolved Findings %	Total Findings %
2013/14	0	2	2
2014/15	2	15	17
2015/16	6	39	45

Financial Period	Total Unresolved Findings	Total Resolved Findings %	Total Findings %
2016/17	11	47	58
2017/18	30	10	40
<b>Total</b>	<b>49</b>	<b>113</b>	<b>162</b>
<b>Percentage</b>	<b>30%</b>	<b>70%</b>	<b>100%</b>

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.

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, 2016/17 and 2017/18 financial period:

**TABLE 36: AUDITOR GENERAL FINDINGS**

Financial Period	Total Unresolved Findings	Total Resolved Findings	Total Findings
2014/15	1	10	11
2015/16	2	32	34
2016/17	1	5	6
2017/18	5	0	5
<b>Total</b>	<b>9</b>	<b>47</b>	<b>56</b>
<b>Percentage</b>	<b>16%</b>	<b>84%</b>	<b>100%</b>

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 financial year. The following corrective actions 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 becomes 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: 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 entity has put in place, to provide reasonable assurance that the organisation will achieve its objectives, prevent fraud and corruption from occurring, protect resources from waste, loss, theft or misuse and to ensure that resources are used efficiently and effectively.

The JDA has a system of internal control to provide cost-effective assurance that the entities goals will be economically, effectively and efficiently achieved. In line with the MFMA, the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors and the King Code Report on Corporate Governance, Internal Audit provided the Audit and Risk Committee and Management with quarterly internal audit reports in terms of its approved annual 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.

## ANNEXURES

### ANNEXURE 1: ACRONYMS AND ABBREVIATIONS

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