a world class African city

JOHANNESBURG ROADS AGENCY SOC (LTD)

Reg. No. 2000/028993/07

ANNUAL INTEGRATED REPORT

2013-2014

In terms of Section 121 of the
Municipal Finance Management Act 56 of 2003 (as amended) and Section 46 of the
Municipal Systems Act, 32 of 2000 (as amended)
Companies Act 71 of 2000

About Our Integrated Report

This is the first attempt at the production of a truly integrated report by the Johannesburg Roads Agency (JRA). At the outset we must clarify that we accept that integrated reporting is a process and not just a document. The move towards integrated reporting will thus be a journey for the JRA, with this report being the first step in the development of our platform to provide clear and concise information to all our stakeholders.

The concepts of strategy, risk, performance and sustainability are inevitably linked and we thus strive to report across these areas so as to provide stakeholders with a true picture of the company.

Our sustainability report remains in its infancy and although we have started to develop a full GRI (Global Reporting Initiative) table we are not yet in a position to report on it to the extent to which we believe we should strive. At this point we are also not yet able to consider having any of the elements of the sustainability report externally assured.

The format of the integrated report follows the directives of our Shareholder, in the form of the Johannesburg City, as well as those of the Treasury as contained in Circulars 11 and 63 of the Municipal Finance Management Act, No 56 of 2003. The template provides for the content and structure of the report to meet the reporting imperatives of municipalities in such a way as to allow for comparisons between municipalities.

While meeting these reporting requirements, we have simultaneously taken into account the juristic nature of the JRA as a company and tried to meet the recommendations of the International Integrated Reporting Framework (IIRF). While striving to meet these diverse requirements we have strictly adhered to the directives of Treasury and thus do not always follow the recommendations of the IIRF. There are also a number of anomalies in the report which arise from the need to meet the sometimes conflicting reporting requirements. The number of items strictly adheres to the Shareholder and treasury format and thus does not always follow the sequence which best practice reporting may indicate.

Despite these challenges, we do believe that the report does still go a long way towards meeting the requirements of integrated reporting, most importantly in providing both historic and forward looking information about the JRA in a clear, accurate and transparent manner enabling all our stakeholders to gain insight into our business. We will continue to look for ways to improve our reporting and remain committed to benchmarking ourselves against other municipal entities and the best reports published within the government sector in general.

COMPANY INFORMATION:

Registration number:	2000/028993/07
Registered address:	66 Sauer Street Johannesburg 2000
Postal address:	Johannesburg Roads Agency Private Bag X70 Braamfontein 2017
Telephone number:	(011) 298-5001
Fax number:	(011) 298-5178
Website:	www.jra.org.za
Bankers:	Standard Bank of SA Limited
Auditors:	Auditor General South Africa (AGSA)

Table of Contents

(Structure of Report - Adherence to Treasury requirements – amended MFMA Circular 11 / Jan 2005)

CHAPTER 1:	**CORPORATE PROFILE & LEADERSHIP**	
1.1	Corporate Profile	6
1.2	Strategic Objectives	6 - 7
1.3	Salient Features	8
1.4	High – Level Organisational Structure • Directorate • Executive Management	9 - 22
1.5	Foreword by Member of the Mayoral Committee (MMC Transport)	23 – 24
1.6	Chairperson's Foreword	25 – 26
1.7	Managing Director's Report	27 - 31
1.8	Chief Financial Officer's Report	32 – 33
1.9	Statement of Responsibility - Cross reference to Financial Statements	34 – 36
CHAPTER 2:	**GOVERNANCE**	
2.1	Corporate Governance Statement	37 – 39
2.2	Board Of Directors	39 – 42
2.3	Board Committees	42 – 46
2.4	Director's Remuneration (Incl. Report of Remuneration Committee)	47 – 51
2.5	Company Secretarial Function	52
2.6	Risk Management and Internal Control	52 – 55
2.7	Internal Audit Function	55 – 56
2.8	Corporate Ethics and Organisational Integrity	56
2.9	Sustainability Report (Report of Social and Ethics Committee)	57 – 63
2.10	Anticorruption and Fraud	64 – 65
2.11	ICT Governance	65
2.12	Supply Chain Management and Black Economic Empowerment	65 - 66
CHAPTER 3:	**SERVICE DELIVERY PERFORMANCE**	
3.1	Core Business	67
3.2	Day to Day Operations	67 - 78
3.3	Highlights and Achievements	79 - 81
3.4	Financial Performance	81
3.5	Capital Projects (Cross reference to Annexure 3)	81 – 84
3.6	Performance against IDP and City Scorecard	84 - 101
3.7	Assessment of Arrears on municipality taxes and service charges	102
3.8	Statement - amounts owed by Gov. Dept. /public entities	102
3.9	Recommendations & Plans for the next Financial Year.	102 -103
CHAPTER 4:	**HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT**	
4.1	Human Resources Management	104 – 109

4.2	Employment Equity	109 – 110
4.3	Skills Development and Training	110 – 114
4.4	Performance Management	114 – 115
4.5	Employee Wellness	115 -116
4.6	Employee Benefits	117 – 118
CHAPTER 5: FINANCIAL PERFORMANCE		
	Introduction, Index and Abbreviations	119 - 122
5.1	Directors' Responsibilities and Approval	123
5.2	Audit Committee Report	124 – 128
5.3	Report of the Auditor General	129 – 133
5.4	Directors' Report	134 – 136
5.5	Company Secretary's Certificate	137
5.6	Statements of Financial Positions and Notes	138- 139
5.7	Statement of Financial Performance and Notes	140
5.8	Statement of Changes in Net Assets	141
5.9	Cash Flow Statement	142 -143
5.10	Statement of Comparison of Budget and Actual Amounts	144 – 149
5.11	Accounting Policies	150 - 164
5.12	Notes to the Annual Financial Statements	165 - 229
5.13	Detailed Income Statement	230 - 234
CHAPTER 6: AUDITOR GENERAL'S FINDINGS		
6.1	Auditors General's Report for the current Financial Year - Cross reference to Financial Statements item 5.3	See 129 - 133
6.2	Historical Audit Findings and Remedial Actions	235 – 237
6.3	Commitment by the Board of Directors	238 – 240
CHAPTER 7: ANNEXURES		
Annexure 1: JRA Balance Scorecard		241 - 245
Annexure 2: Detailed City-Wide Capital Expenditure – As incorporated on 2012/16 IDP – See Capital Projects		N/A
Annexure 3: JRA Capital projects – 2013/14 – 2015/16 – Cross reference		See 81 - 84
CHAPTER 8: GENERAL		
Abbreviations & Acronyms		

CHAPTER ONE

CORPORATE PROFILE & LEADERSHIP

KEY ACHIEVEMENTS:

- *Solid Leadership Structures*
- *JRA 2017 Strategy steering the Company into a positive future*
- *Improved Financial Performance*
- *Find & Fix*
- *VCI Completed*
- *Bridge Management System*

1.1 Company Profile

The Johannesburg Roads Agency (SOC) Ltd commenced its business on the 01 January 2001. The City of Johannesburg (COJ / the City) is the sole shareholder of the Company.

In terms of the founding documents of the Company, and the Service Delivery Agreement entered into between the City and the JRA, the mandate of the JRA is to design, construct and maintain roads and roads related infrastructure.

The City adopted a new governance model in 2006 placing the JRA within the transport sector which includes the Transportation Department and Metrobus, another COJ entity. Administratively, the sector is responsible and accountable to the City Manager whilst politically it is accountable to the Member of the Mayoral Committee (MMC) responsible for Transportation, who is currently Councillor Christine Walters.

The Company's Head Office is situated at 66 Sauer Street, in the Central Business District (CBD) of Johannesburg.

1.2 Strategic Objectives

Our Vision: The JRA's vision is to be the best city roads authority that enables economic growth and sustainability.

Our Mission: The JRA's mission is that we commit to provide quality roads that are accessible, safe and liveable for our communities"

Our Core Values:	Respect	Caring for the customer, prioritising communities, ensuring equity
	Accountability	The man in the mirror, responsible actions
	Ubuntu	Compassion for communities and road users, empathy, humility
	Cooperation	Working together, integration, collaboration and pooling resources
	Honesty	Ethics, transparency, doing the right thing

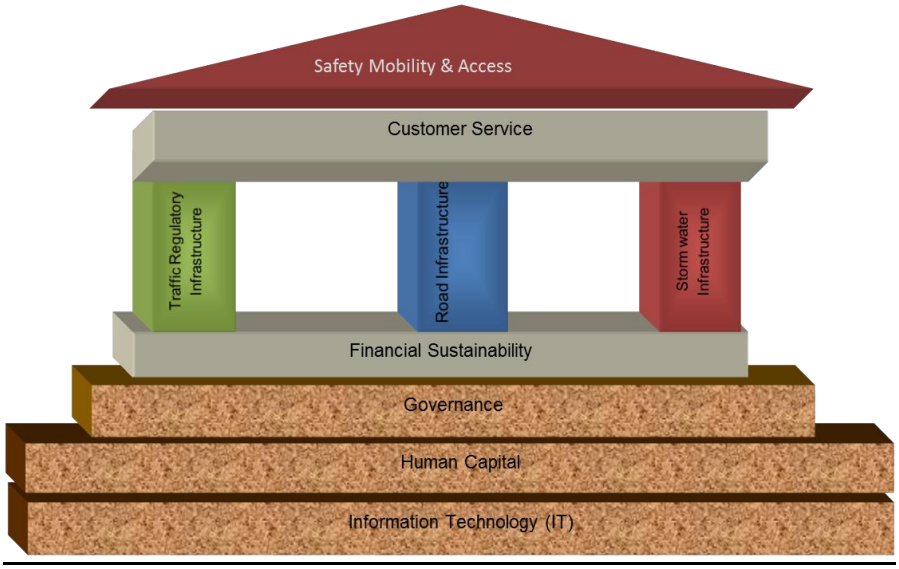
1.3 Salient Features

Who is the JRA and what do we do?

- Municipal Entity solely owned by the City of Johannesburg
- Tasked with the design, construction and maintenance of roads and roads related infrastructure
- Established 2001

How do we do it?

Pillars and enablers



2013/14 Highlights

- Improved Financial Stability – clean audit
- Find & Fix App
- Visual Condition Index (VCI) Completed
- Bridge Management System

Governance

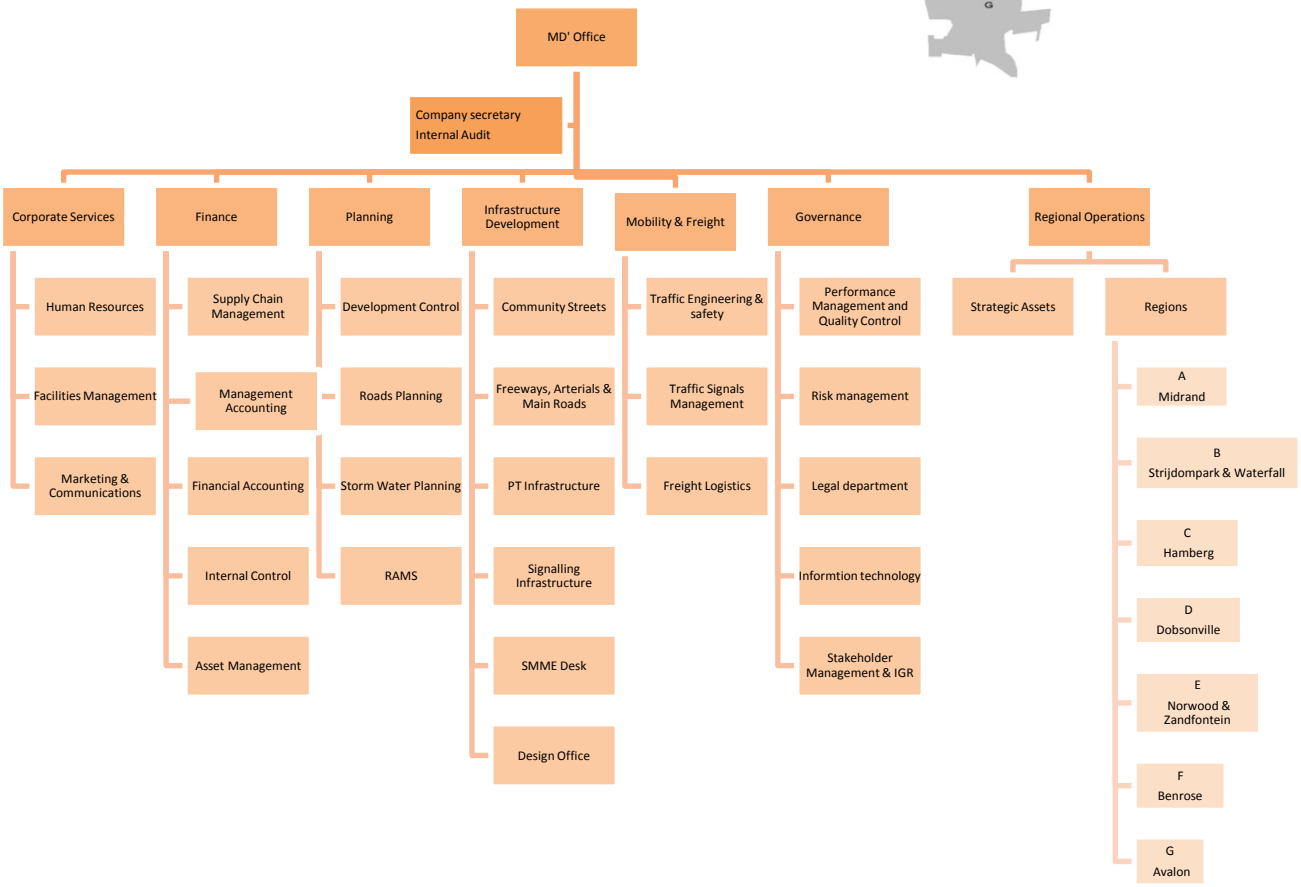
Board: 1 X Independent Chairman
7 X Independent directors
2 X Executive Directors (MD & CFO)

- Audit and Finance Committee
- Risk and IT Committee
- Service Delivery Committee
- Remuneration, HR, Social and Ethics Committee

1.4 The JRA's High-Level Organisational Structure

The business model and structuring of the JRA sees the company managed by Heads of Department (HoDs) who report directly to the Managing Director, who is also the Accounting Officer. There are six HoD positions, plus the Chief Financial Officer, as set out in the organogram below. During the review period the HoD: Governance position has been vacant and thus operational managers in that department have reported directly to the Managing Director.

Table: Organogram and Regions



The operational or service delivery element of the business is organised into seven regions as per the map above. The regions in turn are structured around depots, with traffic signals and RSD being stand-alone depots. Strategic assets, including the motorways depot, asphalt plant and the laboratory, are also managed under Regional Operations.

1.4.1 Directorate

1. **Khehla Shubane (Chairman)**
   Qualifications: BA (Hons), MBA
   First Appointment: 2009 February
   Position: Independent Non-Executive Chairman and member of the Service Delivery Committee

   Mr Shubane joined the JRA in 2009 as the Chairman of the Board. He is one of the long serving members in the current Board of Directors with a lot of experience in being a director. His experience includes serving as a non-director of MMI Holdings, Director's Affairs and Corporate Governance Committee. He served as the Chief Executive Officer of the Nelson Mandela Foundation. He possesses skills in Management and Business Planning and Strategy.

2. **Harry Mashele**
   Qualifications: MBA in Marketing and Industrial Engineering, B. Sc in Physics and Applied Mathematics, Senior Secondary Teachers Certificate (SSTC)
   First Appointment: 2013 March
   Position: Independent Non-Executive member, Chairman of the Audit & Finance Committee, and member of the Risk & IT Committee

   Mr Mashele joined the JRA in March 2013. He was appointed as the Chairman of the Audit Committee as of the 2013 and was reappointed for the 2014/2015 Financial Year. He served as a member of the Service Delivery Committee in 2013/2014 financial year. His skills include Transport and Logistics specialist, Corporate Affairs and Strategy Development. He is experience in being a non-executive member of the board for varies companies, i.e. Protec, B2B Africa and Metro Trading Company (MTC).

3. **Lethabo Mashamaite**
   Qualifications: MBA in Business Administration, Bachelor of Technology-Marketing, National Diploma Marketing
   First Appointment: 2012 March
   Position: Independent Non-Executive member, Chairman of the Remunerations & HR Committee (Incorporating Social and Ethics), and member of the Audit Committee.

   Ms Mashamaite joined the JRA in 2012. From her first appointment, she was appointed a chairman of the Remunerations, HR and Social Ethics

Committee. She was then reappointed for the 2014/205 financial year. In 2013/2014 she serves as a member of the IT sub-committee. She serves as a member of the Audit & Finance Committee for 2014/2015 financial year. Her leadership skills include being a marketing and brand manager, a member of the Black Management Forum.

4. **Erick Ngomane**
   Qualifications: B. Sc. Eng (Civil), GDE (Project Management)
   First Appointment: 2012 March
   Position: Independent Non-Executive member, Chairman of the Service Delivery Committee, and member of the Remunerations, HR, Social & Ethics Committee.

   Mr Ngomane joined the JRA on March 2012. He was appointed a chairman of the Service Delivery Committee and was reappointed for the position for the 2014/2015 financial year. He further possess skills in Public Transport Planning and Studies, Traffic impact studies, Traffic calming and safety studies, Road signs planning and design. He is a member of the South African Institution of Civil Engineers – SAICE.

   He has been involved in the intensive data collection projects for the preparation on Integrated Transport Plans (ITP).

5. **Albert Torres**
   Qualifications: B. Com (Hons), Certificate in Theory of Accounting
   First Appointment: 2014 February
   Position: Independent Non-Executive member, Chairman of the Risk & IT Committee and member of the Audit & Finance Committee.

   Mr Torres is the latest non-executive to join JRA in February 20014. He is a member of the Audit & Finance Committee and the Chairman of the Risk & IT Committee. He is an Accountant by profession.

6. **Nompumelelo Msezane**
   Qualifications: BSc (Ed), BSC (Hons), MSc (Environmental Management), MDP
   First Appointment: 2012 March
   Position: Independent Non-Executive member, and member of the Service Delivery Committee

   Ms Msezane joined the JRA in March 2012. She is a member of the Audit &

Finance Committee and the member of the Service Delivery Committee. Her skills include Environmental Management, Water quality management, Water resource management and public participation.

7. **Mpho Maimane**

   Qualifications: B Com (Hons) Business Management and B Com Information Systems
   First Appointment: 2009 February
   Position: Independent Non-Executive member, member of the Risk & IT Committee and member of the HR & Remunerations Committee.

   Mr Maimane is another member who is long serving as the JRA board member. He was appointed in February 2009. In 2013/2014 he was a chairman of the IT sub-committee. For the 2014/2015 financial year, he remains a member of the Risk and IT committee and a member of the Remunerations Committee. Skills possess by Mr Maimane includes Financial Accounting and IT Specialists. Visionary and goal oriented IT executive with demonstrated experience in planning and budgeting, architecting, developing and implementing world class technology solutions to deliver on strategic direction of the organization.

8. **Linda Nxumalo**

   Qualifications: BABM (Hons), International Business Management Executive Development program
   First Appointment: 2013 March

   Ms Nxumalo joined JRA in March 2013. She is a member of the Remunerations Committee and the Service Delivery Committee. She has the skills in leadership, business transformation, and change management strategy. She is a member of the Black Management Forum. A strong assertive go-getter woman who has been a non-executive director in a number of companies.

9. **James Maina**

   Qualifications: BEng (Hons) (civil), MEng (civil), PhD (civil)
   First Appointment: March 2012.

   Prof. Maina joined the JRA on March 2012. He was overseas during 2013/14 and was reappointed to the Board in October 2014 for the 2014/2015 Financial Year. He is a university Professor with skills in road construction materials, road pavement analysis, design, evaluation and construction

practices as well as Auditing for Quality Assurance and Quality Control in road construction projects.

1.4.2 Executive Management

The details relating to the Executive Committee Members are set out below:

Skhumbuzo Macozoma (38yrs)

Qualifications : BSc (Civil Engineering), WITS University
MSc (Civil Engineering), WITS University

Position: **Managing Director / Chief Executive Officer**

Mr Macozoma joined the JRA in September 2012 and is the accounting officer of the organisation. Mr Macozoma was the Executive: Strategic Business at Sizwe IT Group. He was part of the 2010 FIFA World Cup Organising Committee SA and served as the Chief Officer: Transport and Logistics. He was a joint recipient of the CILTSA Special Logistics Award for the successful execution of the 2010 FIFA World Cup Freight Logistics operations.

Mr Macozoma previously served as the Chief Director: Integrated Infrastructure Network Development at the Department of Transport where his responsibilities included infrastructure planning, coordination and financing. He was also responsible for infrastructure delivery oversight and management. Mr Macozoma also previously served on the boards of the Tshwane Environmental Development Trust and the South African National Roads Agency Limited (SANRAL).

Goodwill Mbatha (39yrs)

Qualifications : CA(SA)

Position: **Chief Financial Officer/ Finance Director**

Mr G Mbatha joined the JRA in 2012 as CFO, and in this capacity has overall responsibility for the JRA finances. His previous appointments include Senior Manager at Deloitte and Senior Manager at the Auditor General. He is a Member of the South African Institute of Chartered Accountants. He has previously worked in the financial and auditing sectors.

Mpho Kau (44yrs)

Qualifications : B. Tech Degree in Civil Engineering

Position: **Head of Department: Infrastructure development**

Mr Kau joined the JRA in 2009 and is the head of the infrastructure development department which deals with the Capital Expenditure Projects. As HoD: ID Mr Kau is responsible for the Capex budget. His previous appointments include Director of Technical Services at Ukhahlamba District Municipality and Office Manager and Senior Technician at BKS (now AECOM). He is a Member of the Institute of Municipal Engineers of South Africa (IMESA). He has previously worked in the consulting and construction sectors.

Thulani Makhubela (43yrs)

Qualifications : Bachelor of Laws (B.luris), Bachelor of Laws (LLB), Certificate in Advanced Labour Law and Certificate in Executive Development Programme.

Position: **Head of Department: Planning**

Advocate Thulani Makhubela has been with the JRA since 2004 and moved to the position as head of planning in 2007. As HoD: Planning he is responsible for the development of business strategies, policies, procedures and performance standards of the JRA, as well as monitoring and reporting on the overall performance of the company. The Planning department is also responsible for development control, design and general co-ordination of infrastructure development. His expertise and previous appointments include working as a Labour Law Consultant for the Counsel for Workers Rights, Legal Advisor for the University of South Africa and practicing as an Advocate. He has worked in several other entities holding various executive positions. He holds various Non-Exec Directorship including, Board: Black Bond (PTY) Ltd (Chairman) and Mathew Goniwe School of Business Leadership (NED).

Mohale Matsuma (46yrs)

Qualifications: B. Admin (Hons) UNIN and IR (Hons)
Stellenbosch

Position: **Head of Department: Corporate Services**

Mr Matsuma is the most recent member of the executive team, joining in 2013. As head of Corporate Services (CS) he is responsible for Human Capital Management as well as the JRA facilities infrastructure and the Marketing and Communications department.

His previous experience includes working as a Senior Manager at the Free State Department of Social Development with approximately 20 years public service experience. He has been a member of the HWSeta Board and served as the Provincial Deputy Chairman of Nehawu & was a Provincial Negotiator.

Darryll Howard Thomas (60yrs)

Qualifications: MSc. Engineering (Transportation Engineering) / BSc. Civil Engineering / Datametrics Diploma / Pr. Eng

Position: **Head of department: Mobility & Freight**

Mr Thomas joined the JRA in April 2013 as HOD: Mobility & Freight Department, and in this capacity has overall responsibility for the Johannesburg Traffic Management / Traffic Control (including traffic signals) / Intelligent Transport Systems (ITS): Traffic Engineering (including geometric / traffic signal design and traffic safety design); Freight Movement Support and Infrastructure Protection (mitigating the effects of vandalism)

He has previously only worked in the Transportation Engineering Sector including eThekweni Transport Authority (Durban); Johannesburg Roads Agency: and Private Sector as ITS and Transportation Consultant
He is a Member of the ITS SA, having served on the Board from 2001 to 2012, including 2 years as President

Hendrik van Tonder (43yrs)

Qualifications : Higher Diploma in Transportation Engineering (UJ), Diploma in Project Management (NQF6), Law Enforcement Officer.

Position: **Acting Head of Department: Regional Operations**

Mr Van Tonder has been the Acting Head of Department for Regional Operations since August 2013. He is responsible for the leadership and direction of the Regional Operations as well as to ensure compliance with the Customer Charter Standards as determined by the City. He previously worked in the traffic engineering sector.

Mr Van Tonder is a member of the South African Road Federation (SARF)

Permanent Invitee: Ms Boaratwa Leshope (32yrs)

Qualifications : BTech Internal Auditing and Certified Fraud Examiner

Position: Chief Audit Executive (Ops Manager Internal Audit)

Ms Leshope joined the JRA in August 2009 as an Audit Manager and was promoted to the position of the Operations Manager Internal Audit in December 2012. In this capacity she has overall responsibility for the management of the Internal Audit Function which includes fraud investigations and awareness. Her previous appointments include working as an Assistant Director and Senior Internal Auditor at the National Department of Public Works, Port Elizabeth Region. She is a Member of the Institute of Internal Auditors and Association of Certified Fraud Examiners). She has 9 years auditing experience with 7 years of experience in fraud examination.

1.4.3 Alignment with the COJ Growth and Development Strategy (GDS) 2040

The COJ GDS 2040 Strategy envisions a city that in the next three decades will be resilient, sustainable and liveable as well as the front-line of a developmental state within the Gauteng City Region (GCR).

The COJ GDS 2040 outreach process required the City to “change its course”. This means that the City will redirect and reorient its collective energy to a new course by setting short-to-medium-term goals in order to pave the way for the long-term realisation of Joburg 2040.

To support the City in changing its course, the GDS 2040 implementation roadmap was approved to facilitate:

- Reprioritisation of the City’s expenditure (budget) to address revenue challenges,
- Infrastructure and systems and address the basics,

- Improvement in stakeholder relations and enhancement of the quality of interaction,
- Residents and clients in the spirit of Batho Pele.

The City's GDS 2040 is implemented through five master programmes by identified organisational clusters in the City. The links between the master programmes, cluster programmes and the Transport Department's strategic objective are set out below. The JRA has defined its role in supporting the City's 10 key priorities and its programmes and priorities are geared to ensuring that the City's objectives listed below are achieved:

Table: GDS 2040 Alignment

GDS Programme	JRA Interventions
Financial Sustainability and Resilience To ensure that the City's financial capacity is secured and preserved in both the short and long term so that the City is able to fund the investments required to achieve the GDS 2040 vision. Since financial sustainability and resilience is a precondition for achieving the City's other priorities it is imperative that it is achieved in the first decade of the period to 2040. For this reason a call has been made across the City to give urgent attention to this priority. It is also for this reason that the majority of work plans identified for this priority need to be completed within the current term of office.	The JRA will contribute to achieving financial sustainability and resilience through ensuring: • Disciplined expenditure management; • Effective management oversight and monitoring of people and processes • Obtaining value for money through smart and efficient supply chain management (SCM) of procurement processes;• Ensuring a financially stable entity with healthy financial reserves.
Agriculture and Food Security The key objective for this programme is to address poverty and income inequality. The City recognises the immediate need for poverty alleviation measures (focusing on the poor and vulnerable) and poverty eradication in the long term to ensure self-reliant communities. Food security exists when all people, at all times, have physical and economic access to sufficient safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life.	The JRA will contribute to this priority by providing a freight logistics-supportive road network system that enables the rapid movement of goods, enables intermodal transfers and provides access to facilities such as food markets and other agricultural facilities. Through the use of urban storm water systems, the JRA will also contribute to the conservation and diversion of surface runoff water into irrigation schemes in support of food production.
Sustainable Human Settlements The key objective for this programme is to address spatial inequality and create the material conditions for economic growth with an emphasis on strengthening the inclusive nature of entrepreneurial,	The JRA will contribute to sustainable human settlements by providing the core road networks that are necessary for mobility and connectivity in communities.

middle, working class and marginalised economic activities. It seeks to transform the human settlement patterns of the past, ensuring inclusive and mixed housing solutions while also promoting economic activities within communities.	This will also serve to attract investment to local economic nodes and thus grow the City's economic base. Some of the interventions will include the improvement of arterial roads and main roads going into communities, the development of complete streets to manage road space demand while ensuring safety and the updating of storm water master plans to manage the impacts of development.
SMME and Entrepreneurial Support The key objective for this programme is to address poverty and, in particular, income inequality and create the material conditions for economic growth with an emphasis on strengthening the inclusive nature of the City's economy. The focus will be on promoting entrepreneurial activity, supporting the middle and working class and recognising marginalised economic activities through the following: • Identifying the key enablers and success factors for entrepreneurial growth in particular, small medium and micro enterprise (SMME) development, and implementing targeted programmes to achieve this. • Identifying both governance frameworks and interventions which will improve and accelerate the development of entrepreneurs. Specific measures will be implemented to address the supply of services and commodities through SMME's and to formalise and support informal economy activities that contribute to the City's economy.	The JRA will continue to develop SMMEs and entrepreneurs through: • The utilisation and support of emerging contractors in 5 the capital works programme • The implementation of Expanded Public Works Programmes (EPWPs) and the application of EPWP principles in normal JRA projects. • The implementation of the Mayoral Jozi@Work programme to provide job opportunities and upliftment in the communities we serve.
Engaged Active Citizenry The strategic intent of the programme is to ensure that citizens of Johannesburg take an active role in their communities and that they participate in the planning and implementation of Government programmes and in service delivery. The key elements include the following: • Rolling out community based planning;-- Promoting active community participation in the execution of key service delivery areas (such as crime	The JRA will contribute to this priority through the rollout of programmes such as 'adopt a street' and 'adopt a pavement'. Communities will also be mobilised to participate in infrastructure protection and road safety programmes. This will also enable the JRA to promote the values of responsible citizenship and solidarity thus enhancing the City's vision of

• Prevention, traffic management, by-law development and enforcement), infrastructure protection and • Community safety programmes • Community education and awareness programmes; • Human development and social cohesion	a caring municipality
Resource Resilience Water is central to economic production and the well-being of the City's residents. Most of the city's water is imported from elsewhere and thus the challenge for Johannesburg is to make the most efficient use of water. With regard to the safe supply of water, Johannesburg has the dual challenge of water scarcity and the increasing cost of water provision and network maintenance. With regard to the protection of essential water resources such as the management of water catchments and ground water, Johannesburg faces the challenges of increasing flood risks and the pollution of water courses and underground water, which limit the potential use of these resources to supplement current water supply. The City is exploring opportunities for complementing current water supply with alternative sources in order to guarantee future supply. The City is embarking on an ambitious programme that seeks to reduce the amount of recyclable waste that goes to landfill sites to zero and to promote the principle of reducing, reusing and recycling waste.	• The JRA will contribute to resource resilience by: • Supporting an ecosystem of complete street-linked storm water systems; • Minimizing flood events to improve the safety of our residents • Ensuring a healthy and clean underground water system • reducing the amount of road related waste that is sent to landfill sites; • Preventing illegal dumping • Waste minimisation
Smart City The success of the Joburg Smart City initiative is largely dependent on the success of two key elements, namely the -Broadband network and connectivity -Information and communication technology (ICT) upgrade The key outcomes of the smart city initiative include: • The City using technology as a base for innovation and service delivery efficiency; • The City becoming a smart institution with	The JRA will support this priority through the rollout of: • Intelligent transport systems (ITS) that include traffic flow management systems; infrastructure security systems; road asset management systems such as the pavement management system and bridge management system; and the geographical information system (GIS). • Remote monitoring systems for traffic signals

high levels of productivity; • Smart service delivery as the norm; • Access to quality CoJ information and ICT services; • Municipal services provided to households utilising the broadband infrastructure.	
Investment Attraction, Retention and Expansion The City realises the importance of investing in logistics infrastructure to facilitate trade and tourism. Seamless mobility on the City's road and rail network will ensure quick turnaround times for goods and passengers between points. The City Deep and Lanseria precincts will play a critical role in unlocking trade investment potential in the City and will result in large quantities of freight transportation to and from Johannesburg	• The JRA will improve mobility for freight moving into and out of the City Deep precinct by providing an efficient road network system • .Attention will also be given to the improvement of the freeway system in the City in order to • unblock known bottlenecks and improve riding quality
Green Economy The green economy concept is relatively new. It refers to the way in which natural resources are used to produce goods for the population Even though this concept is still being developed and has not been applied to its full potential, it reflects significant concerns such as sustainable growth, production, use of natural resources, and protection of the environment. The green economy refers to a low-carbon economy that seeks to ensure efficient use of natural resources, as well as traditional inputs such as labour, capital and fossil fuels.	The JRA will maintain the focus on green economy opportunities by: •Contributing towards energy saving through implementation of solar power, light emitting diode(LED) and uninterruptible power supply (UPS) traffic signals; • Waste minimisation.
Empowering citizens and growing partnerships	The JRA will support the programme By: • Promotion and rollout of community based planning • Community awareness creation and education on road safety • Active community participation in road infrastructure asset management and protection

1.4.4 The City's Cluster Approach

The City of Johannesburg adopted a cluster approach to the planning and implementation of programmes following the launch of the Joburg 2040 Strategy. The approach is intended to co-ordinate the City's programmes around a set of outcomes outlined in this strategy and integrated service delivery.

It is also intended to provide political leadership, guidance and oversight towards the implementation of coordinated activities. These include:

- Identifying priority multi-sectorial programmes for co-ordination and integration;
- Ensuring overall co-ordination and alignment of service delivery;
- Providing guidance and oversight in the implementation of service delivery;
- Overseeing the development of business plans for cross sectorial programmes;
- Overseeing the allocation and use of resources for identified programmes;
- Monitoring the progress and impact of identified programmes;
- Advising the mayoral committee on progress in the implementation of service delivery;
- Prepared a cluster plan which is contained in the City's 2012/16 Integrated Development;
- Plan that provides an overview of the work of various departments and entities in the cluster;
- The cluster plan include a five year delivery agenda with baselines, targets and budgets and a high level overview of the work that the cluster will be completing each year

- The City's Clusters are as follows:

    - Governance Cluster
    - Human & Social Development Cluster
    - Economic Growth Cluster
    - Sustainable Service Cluster

The JRA operates under the sustainable services and economic clusters. These clusters mainly focus on three key concepts: namely resilience, sustainability and liveable urbanism. A resilient city is one that is able to continually change and adapt, yet remain within sustainable thresholds of existence, even when confronted with complexity and uncertainty.

Table: Alignment with Flagship Programmes

FLAGSHIP PROGRAMMES	JRA PROGRAMMES

Urban Water Management o Ensure long term water security for City o Minimise impact of flood events on residents and infrastructure	**Stormwater Management** ▪ Dams: inspections, improvements and upgrading ▪ Conversion of open-channels ▪ Emergency stormwater upgrades ▪ Stormwater infrastructure upgrades
Greenways and Mobility o Improved mobility and accessibility within the City o Reduced traffic congestion o Reduced travel times	**Mobility Management** ▪ Complete Street Conversion Programme ▪ Intelligent Transport Systems ▪ Roads, Reconstruction,, Rehabilitation, Maintenance and Resurfacing ▪ Bridge Rehabilitation, Renewal & Construction
Low Carbon Infrastructure o Reduced carbon emissions o Energy diversity and security of supply o Effective and efficient use of energy	**Alternative power** ▪ Solar Powered Traffic Signals ▪ LED's and UPS Mobility
Integrated Waste Management o Reduced waste to landfill sites o Turn waste into economic resource o Clean environment for public health	**Environmental Legislative Compliance** ▪ Toxic Waste Disposal ▪ Environmental Management ▪ Asphalt Plant Upgrade – Emissions
Sustainable Human Settlements o Efficient urban form o Social development and cohesion o Transformation of deprived spaces	**Socio-Economic Development** ▪ Gravel Roads Projects (Bram Fischerville, Diepsloot, Ivory Park, Orange Farm & Doornkop). ▪ Road-Stormwater Upgrades ▪ Public Transport Road Infrastructure ▪ Non-motorised Road Infrastructure

1.5 Foreword by Member of the Mayoral Committee (MMC Transport)

It is with pleasure that I can confirm that the anticipated turnaround of the JRA under the leadership of Mr Skhumbuzo Macozoma who joined the company in the latter part of 2012, is well advanced. The JRA has also received a clean audit meaning that the audit is unqualified with no matters of emphasis. This is a great accomplishment for management of which they can be justifiably proud.

The initiatives to address both the financial and operational aspects of the company are now well into the implementation stage and delivery in line with the JRA Strategy 2017 is on track, and assured. In this regard I can confirm that the JRA has achieved a state of solvency, and has achieved a clean audit which is a significant achievement.

JRA management continues to strive towards ensuring that the Executive Mayor's commitment in respect of service delivery, specifically in relation to roads and storm water infrastructure, is met.

In furthering the resolve to ensure that the lives of the citizens of Johannesburg are improved, and the JRA contributes to job creation, the procurement process has been revised. The focus has been on greater participation at a community level through the utilization of BB-BEE Companies and SMMEs. During the review period awards to an approximate value of R 307.million were made in respect of Capital projects of which almost 98% of the value of the tenders was awarded to SMMEs and BB-BEE companies.

The company has also commenced an exercise to revisit performance management with the principles of accountability and responsibility being paramount. This will contribute to the various initiates which have been identified for implementation in 2014/15 with the express purpose of raising the service delivery standards, specifically at a regional level.

While I appreciate the challenging environment in which the JRA operates no effort can be spared to deliver to the citizens of Johannesburg, the highest levels of service which they rightly demand.

In closing I again reiterate my confidence in the JRA team including the Board, Mr Macozoma and his executive team and all the staff at the JRA. I commend them on the successful turnaround of the company and encourage them to continue on the path towards excellence.

_____

Councillor Christine Walters
Member of the Municipal Council for Transport

1.6 Chairman's Foreword

This year sees our first attempt along the path of integrated reporting which we as the JRA Board embrace as part of our commitment to transparency and excellence in reporting. This will undoubtedly be a journey. We remain committed to the principles of integrated reporting and endeavour to provide both historic and future indicative information in a clear and transparent manner. We do however also acknowledge the need to comply with the reporting requirements of both the City and Treasury. The result is a hybrid report which we will look to improve upon over time.

The 2013/14 financial year has marked a turning point for the JRA, not least of which because it has achieved solvency, coming from the unenviable position of having a bank overdraft. I am also pleased to report that the entity has received a clean audit.

In addition to this achievement, the process of restructuring and consolidation which the company had embarked upon is starting the bear fruit. While we still have some way to go in the streamlining of our service delivery we are confident that we are now on a path which will enable us to fulfil the expectations of both our Shareholder and the people of the City of Johannesburg.

Like many growing cities, Johannesburg faces the challenge of enabling both people and goods to move quickly, easily and safely within a built up area, primarily through the utilization of the road network, as a critical economic driver

We remain committed to the COJ GDS 2040 (Growth and Development Strategy of Joburg) and have revised our strategy to ensure alignment thereof with the City priorities. As such, we are delighted to play a prominent role in the City's Jozi@Work initiative. The expected job opportunities that will be created will provide further skills and upliftment of people within the communities we serve. Alignment with the City's key objectives and ensuring excellence in service delivery remains at the core of our operation.
Critical engagement with our Stakeholders is a key focus area for the JRA in the year ahead. We have mapped out our framework and look forward to building resilient and sustainable partnerships which will unlock further value to City and ultimately the citizens we serve. I would like to acknowledge the support of our shareholder and encourage them to continue to provide the necessary direction and funding to allow the JRA to deliver on its mandate to the people of Johannesburg.

Our Annual General Meeting was held on the 25th February 2014. Two new non-executive Board members were appointed and seven of the eight previous non-executive directors were reappointed. The Board now comprised of nine (9) Non-Executive Directors and two (2) Executive Directors. All appointments have been made in accordance with the Local Government: Municipal Systems Act. I am

delighted that the Board is comprised of members having the necessary requisite skills, expertise and experience to enable it to fulfil its mandate.

In closing, I thank the serving Board of Directors and Committee Members for their dedication and contribution to the success of the JRA. To Dr James Maine who has left the Board of the JRA, I would like to take this opportunity to thank him for his past contribution to the company.

To the Managing Director, Mr Skhumbuzo Macozoma, his executive team and all the staff of the JRA, once again our thanks for your commitment to your work and our encouragement to continue to strive for excellence in service delivery.

_____

Mr Khehla Cleopas Shubane
Chairman
5th November 2014

1.7 Managing Director's Report

The 2013/14 year has seen many highlights but the period has also been disappointing in certain areas. The JRA was able to make good progress in relation to financial performance. At the beginning of the year, we were confronted by a reality of being technically insolvent by some R 46, 4 million, having an overdraft position of some R 92 million. Through the exercising of significant financial prudency the financial position improved significantly over the term. For the twelve months under review, the total operating expenditure incurred was R 761, 9 million against a year to date adjusted budget of R 781, 044 million. As a result of the additional income accounted for over the adjusted budget of R 15, 4 million, the net position of the JRA as at June 2014 is R 34, 6 million better than budget for the twelve months. The JRA overdraft has decreased by R185.7 million, from R 92.7 million at 30 June 2013 to a 'cash on hand' position of R 93 million at the end of June 2014.

Whilst the performance of OPEX was encouraging, the performance of the CAPEX component of the budget showed improvement but still fell short of the set targets. The total CAPEX expenditure incurred for the twelve months was R 524.41 million against an adjusted budget of R 737, 7 million. This represents a performance of 71 %. Whilst this did not meet our own targets, this spend was achieved against a significantly increased Capex allocation and was double the expenditure of the previous year. Our ability to spend 100% of our allocated budget has been impacted by shortcomings which were identified in the Supply Chain Management (SCM) process and in the Capex unit. This has been addressed during the year but further initiatives to improve our processes, and capacitate the department, remain on-going.

We are pleased with the commitment we have received from the City for an even greater increase in our total budget allocation to R 2.1 Billion for the 2014/15 year. This will enable us to deliver increased services to the community of Johannesburg; however, we remain conscious of the increased responsibility to ensure that we are able to spend the allocation through the procurement of quality services.
With the implementation of the JRA Strategy 2017, approval of the reconfigured company structure and the development of the JRA Strategic Framework for Roads, management is confident that moving forward we will be able to strive to deliver to expectations.

During the year, the JRA experienced challenges beyond its control. The inclement weather experienced during February and March 2014 caused serious damage to the road infrastructure. Additional funding was requested from the City in order to restore all roads damaged during the heavy rain conditions. All severely affected roads were assessed and remedial repairs required were identified accordingly. Repair work was implemented in order to address potholes, patching, bridges and

storm water infrastructure. The financial consequence of the damage to the infrastructure caused by the inclement weather was estimated to be in the order of R 60 million.

Detailed information on the status and achievements of the operations of the JRA, in respect of planning, Infrastructure development, regional operations and mobility and freight, is set out in this integrated report. I would however like to take the opportunity to highlight some of the successes and challenges that we have experienced during the review period in specific areas which are at the heart of the business.

During the year under review the JRA initiated and commenced with the development of the 10 Year Roads Development Plan, the implementation of the JRA Strategy 2017 and its associated plans and the implementation of the new organisational structure approved by the Board.

Planning, based on technical and scientific data, is the foundation of a successful business. To enable us to determine the priorities for infrastructure maintenance and development we have undertaken a number of initiatives.

- The Visual Condition Index (VCI) has given us a clear indication of the condition of the road network while also verifying the asset base. This was used as the starting point for the development of the priority list for the road resurfacing programme. Where the condition of roads had deteriorated to a poor level, they would form part of the rehabilitation and reconstruction programme, as opposed to resurfacing.
- An inspection of the bridges has been undertaken and the Bridge Management System (BMS) updated. This in turn will lead to the development of a citywide prioritization list for work to be undertaken on bridges.
- The commencement of the development of the Global Information System (GIS) will provide a common visual platform while also improving the integrity of the asset data and assisting with the monitoring of the road system.

The determination of priority lists based on the information collected has been completed but we have not lost sight of the need to take into account the community requirements and the increasing pressure for enhanced service delivery. We remain optimistic about the future and believe that we have responded to demands in a manner which is based on sound technical and engineering principles balanced against the need to accelerate services to disadvantaged communities.

The highlight of our Capital Projects was the commencement of the Naledi Bridge in Soweto, the upgrade of roads in the Rosebank area and the progress made towards the elimination of gravel roads in seven townships.
At an operational level our business is managed on a regional basis through our depots. In addition the JRA has dedicated traffic signals and motorways depots as well as four other strategic assets (i.e. Fleet and Plant Depot, Resurfacing Depot,

Asphalt Plant and the Material Testing Laboratory). We continue to address the on-going issues of pothole repairs, reinstatement of roads and out of service traffic signals. This is the area of our business where we face the greatest challenges, not least of which from theft and vandalism. Our teams have been forced into a never ending battle to replace and repair our city infrastructure. This includes not only metal road barriers, signage and manhole covers but also extends to the curb inlets and the problem of cable theft, leaving traffic signals without power. We have undertaken a study to investigate methods of addressing the problem together with our sister entities in the City, and the country as a whole. Alternative materials are being tested as are various security measures around the traffic signal boxes. We continue to strive to ensure the maintenance of legible and correct street signage and road markings.

The coming year will see us place emphasis on our operations, specifically at a regional level. This will mean close performance management of our ability to meet the standards of the customer service charter which deals with, amongst other things, our response time to attend to pothole repairs, stormwater management, manhole cover replacement, reinstatements, the repair of traffic signals and the provision of signage and road markings. In addition the JRA will commence the audit of stormwater infrastructure and sidewalks.

The JRA launched it's 'Find and Fix' mobile application during May 2014. This application has put the JRA in the forefront of using technology for service defects to be reported as well as providing a platform for real time feedback and responses to the community in relation to service defects raised. The mobile application has been well received by the community and the JRA is monitoring the implementation of the application closely. The mobile App received three awards at the Microsoft Partner Awards in 2014 which is a significant achievement. During the coming year we will commence with the migration to the SAP system which we believe will improve our efficiencies.

Without a focused and motivated workforce the company would not be able to achieve little. We acknowledge that we have experienced some challenges in this area, however, the overall business review and re-engineering process which was commenced during the 2012/13 year has now been completed. We are pleased to announce that we are beginning to see the normalization of our day-to-day business and are confident that these changes will start to manifest in the delivery of an enhanced service. Part of the initiative to improve service delivery has required us to focus internally. We believe that a sound foundation of structured, and clear, policies and processes is essential for the organisation. To this end we have committed to, and commenced the project, to achieve ISO 9001 accreditation. As part of this project we have already documented, or reviewed, a number of policies and processes.

As part of the drive to boost our capacity, guarantee supply to contractors and generate income, we have significantly enhanced our Asphalt Plant. Further upgrading of the plant is anticipated in the coming financial years through the roll out of the Five Year Plan, which will enable us to meet our internal requirements, JRA contractor demands and also be able to make available the excess capacity to the general market. Not only will this improve our overall efficiency but will also provide an independent income stream for the entity enabling us to move towards a point where we can supplement the financial support from the City, and the rate payers.

A progressive highlight of the year was the C40 Mayors Summit on climate change held in Johannesburg. At the JRA we are engaged in identifying ways in which we can reduce our carbon emissions and increase urban resilience. As part of our commitment to meeting the needs of the current citizens and the expectations of future generations we have commenced with the recycling of road material which is both good for the environment and reduces costs. Other initiatives include the reduction of emissions from the Asphalt plant and the JRA fleet of vehicels and yellow plant.

During the review period our Shareholder reappointed all of our Board members except for one director who was required to spend an extend period of time abroad. One new Board and one Committee member were appointed. Both our Board and its Committees have functioned well during the year, in line with the approved work plans and corporate calendar. We believe that we have made significant strides in our overall governance during the year with enhancements to our Social and Ethics Committee oversight, and reporting, as well as the implementation of a compliance policy which, amongst other things, measures our King III compliance. We continue with the development of an integrated Stakeholder Engagement Policy as well as the entrenchment of our Code of Ethics.

I am pleased to confirm that in 2013/14 we undertook an exercise to review the detailed individual balanced score cards, linked to the company, and City, score cards as well as the strategy. Our 2013/14 performance against strategy is set out in the detailed performance report.

I would like to reaffirm our commitment to be accountable to the citizens of Johannesburg and to be transparent in everything that we do. In the forthcoming year, in addition to continuing to deliver against the customer charter we will also be focused on the systematic upgrading of gravel roads and stormwater systems. We will be launching the road rehabilitation and reconstruction programme which will provide detailed information about the type and timing of road works to be undertaken. The “complete streets” and “corridors of freedom” programmes will be on-going. The former refers to the re-engineering of our streets to provide not only for private vehicles but to also accommodate pedestrians, cyclists and public transport. The focus of the corridors of freedom is to connect all parts of our City,

specifically those historically cut off and isolated areas, thus enabling the free movement of people and goods.

I am also very pleased to be able to confirm that after all our effort towards achieving a clean audit we have finally succeeded. This means that we have an unqualified audit with no matters of emphasis. In this regard I must extend my gratitude to our Audit Committee, to our very capable CFO and the finance department for their dogged determination to meet all the requirements of the PFMA, to our head of performance management who has overseen our performance reporting, to the internal audit department who has kept us focused during the year and to all of the staff who have contributed to this much anticipated audit outcome. I would also like to thank the staff of the AG who worked with us under tight timelines for their patience and guidance.

In closing it remains for me to acknowledge the support and guidance of the MMC for Transport, Councillor Christine Walters who has always worked with the JRA to maximize the service delivery to communities while acknowledging the challenges that we face. I would also like to thank the board members for their commitment and support to myself, my management team and the company as a whole. To my executive management team and staff I would like to take the opportunity to acknowledge and thank them for their dedication to delivering on our mandate, sometimes in the face of a challenging environment. We still have some way to go but I am confident that we have turned the corner. To our Shareholder, the City, and the citizens of Johannesburg, we thank you for the on-going and increased funding, which will enable us to support our motto of “Mobility made Easy”.

We remain committed to creating a centre of engineering excellence at the JRA, creating a company that is capable of delivering on its mandate and a company that provides services to meet customer expectations.

_____

Mr Skhumbuzo Macozoma
Managing Director
1 December 2014

1.8 Chief Financial Officer's Report

Several months of focused actions on the finance turnaround plan and good governance yielded positive results for the JRA in the year ended 30 June 2014. The gains include generation of net cash inflow, positive bank balance, significant reduction in irregular expenditure and availability of funds for service delivery. The JRA became solvent during the first half of the financial year 2012/14 and continued to capitalise yellow plant used for road maintenance. The table below analyses five key ratios for the last three years in line with the Financial Development Plan (FDP) of the City of Johannesburg.

KEY RATIO	Target FDP	2015 Est.	2014	2013	2012	2011
Current ratio	**1.1**	1.0	1.0	0.7	0.5	0.8
Solvency	**2.1**	1.2	1.1	0.9	0.8	1.0
Debt to Revenue	**45%**	11%	11%	12%	13%	11%
Interest to Expenditure	**>7%**	0%	1%	1%	2%	2%
Remuneration to Expenditure	**>30%**	49%	51%	56%	47%	48%

Whilst the current ratio and the solvency ratio have not met the target, the trend is that the financial position has improved significantly from prior two years and the company became solvent in the financial year ended 30 June 2014. The long term debt borrowings and the related interest costs are well within targets following the elimination of the overdraft which affected the cash flows negatively in the past two financial years.

The target on employee costs has not been met. Given the nature of the JRA functions, employee costs are mainly made up of operational departments who generally work on road repairs and maintenance programmes. The proper allocation of these employees costs results in the ration reducing to only 14% of total expenditure. The company is labour intensive and is made up of large internal teams for maintenance.

KEY COMPONENTS		R'000 Est.	R'000	R'000	R'000	R'000
Bank and cash (Overdraft)		50 000	96 606	(50 845)	(151 294)	(126 660)
Solvency (Insolvency)		150 000	108 311	(46 136)	(152 201)	389
Net Surplus (Deficit)		0	120 733	59 761	(160 571)	(42 885)

The bank overdraft which was financed by the City of Johannesburg has been eliminated and the company has been operating with a positive bank balance from the first quarter of the 2014 financial year. The net surplus was generated from

additional revenue earned compared to budget. In addition, the operating strategy resulted in additional savings of material usage on operational programmes compared to capital programmes.

_____

Goodwill Mbatha
Chief Financial Officer
1 December 2014

1.9 Directors' Report, including Statement of Responsibility

Please note that the statutory requirements include a statement of Directors' responsibility and Directors' Report as an integral part of the Financial Report – Chapter 5

We, the Directors, have pleasure in presenting our report on the activities of the Company, for the period ending 30 June 2014.

Directors' responsibilities in respect of the annual financial statements

The directors of the JRA are responsible for the preparation of the annual financial statements of the Company and for the correctness of the information provided in the report. The directors rely on the system of internal controls, together with information provided by management and the internal auditors. In addition hereto reliance is also placed on the comments of the external auditors based on the results of their audit. Against this body of information the Board is able to provide a reasonable assurance:

- as to the reliability and integrity of financial and operating information
- of the compliance of systems with policies, plans, procedures, laws and regulations
- that assets are safeguarded against unauthorized use or dispossession
- as to the economic, effective and efficient utilization of resources
- of the adequate prevention and detection of fraud and irregularities, and
- of the achievement of the approved strategy and established objectives and goals for the company

As far as the Board is aware, no relevant audit information, which may have a bearing on the outcome of these statements, has been withheld from the auditors who have been given unrestricted access to all the financial records and related data. Nothing has come to the attention of the directors to indicate any material breakdown in the functioning of the controls, procedures or systems during the year under review. The external auditors have concurred with the opinion of the Board in this regard and further confirm that they did not identify any material internal control weaknesses during their audit. The entity has achieved not only an unqualified, but a clean, audit report meaning that there are no matters of emphasis (see attached).

Particulars relating to the JRA's internal controls and audit approach, and to the role and function of the Audit and Finance and Risk and IT Committees, are set out in the Governance Report and the Audit Committee Report. The audit approach ensures a thorough understanding of the JRA's financial and business objectives, and also provides an analysis of the underlying systems and procedures.

The focus of risk management entails identifying, assessing, managing and monitoring all known forms of risk. While operating risk cannot be fully eliminated, we endeavour to minimize it by ensuring that the appropriate infrastructure, controls, systems and ethics are applied across all aspects of our business and are managed within approved procedures and constraints.

The details of the company's corporate governance structures and practices have been set out in the governance section of this report as well as the Sustainability and Social & Ethics Committee Report.

An independent examination of the financial statements is carried out by the external auditors in accordance with Generally Recognized Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework of National Treasury. The financial statements were prepared in accordance with these accounting standards as well as the Municipal Finance Management Act, No 56 of 2003 and Companies Act, No 71 of 2008. Appropriate accounting policies, supported by reasonable and prudent judgments and estimates were applied in the preparation of the financial statements. The Directors are of the opinion that the financial statements fairly present the financial performance and cash flows of the company as at 30 June 2014.

Going Concern

The entity is State Owned Company with the City of Johannesburg Metropolitan Municipality (The City) being the sole shareholder. The JRA is wholly dependent on the City for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the City has neither the intention, nor the need, to liquidate or materially curtail the scale of, or funding to, the entity

Events after reporting date

There have been no material changes in the affairs or financial position of the Company since the reporting date.

Corporate Information

- Company Registration number: 2000/028993/07
- Company Secretary: Karen Elizabeth Mills
- Registered Office: 66 Sauer Steer, Johannesburg
- Auditors: Auditor General of South Africa

The Board of Directors acknowledges its responsibility to ensure the integrity of the integrated report. The Board has accordingly applied its mind to the integrated report

and in the opinion of the Board the integrated report addresses all material issues, and presents fairly the integrated performance of the organisation and its impacts.
The Board authorises the integrated report for release to the member from the 5th December 2014 and for general release on the date of the Annual General Meeting.

The annual report was approved by the Board of Directors on the 3rd December 2014 at Johannesburg and is signed on its behalf by:

_____
Chairman of the Board – Mr K Shubane

_____
Managing Director / Accounting Officer – Mr DS Macozoma

_____
Chief Financial Officer – Mr G Mbatha

CHAPTER TWO

GOVERNANCE

KEY ACHIEVEMENTS:

- *Stable and Strengthened Board Leadership*
- *Active Fraud Prevention Initiatives*
- *Effective Risk Measures*
- *Enhanced Compliance Oversight*

2.1 Corporate Governance Statement

2.1.1 Introduction

For the JRA good governance means the competent management of the City resources under our control in a manner that is open, transparent, accountable, equitable and responsive to needs of the people.

Through our approved strategy, performance measurements and systems, as well as our commitment to the Company approved values we subscribe to the value based principles of responsibility, accountability, fairness, transparency and ethical leadership. We strive to fully entrench these principles in our day-to-day operations.

As regards integrated reporting, we recognise that this is more than a report but rather is the culmination of the application of a number of processes and procedures which underpin the wider activities of the organisation. To this end we have embarked on a project to identify and establish, where necessary, the required structures and processes to enable us to fully implement integrated reporting. The existing reporting structures and frameworks are extensive and thus we will look to harness the current information at our disposal while simultaneously attempting to cross reference these frameworks with the GRI (Global Reporting Index) framework. We believe that integrated reporting for this entity will be an extensive exercise and we are targeting the end of the 2015/16 Financial Year for full implementation.
We remain steadfast in our commitment to meeting all the requirements of King III while accepting that the MFMA remains the legislation which takes precedence in the management of a municipal entity.

2.1.2 Compliance

The entity is a wholly owned company of the City of Johannesburg and is thus subject to a wide range of legislation peculiar to government entities, in addition to that applicable to companies. As such compliance remains a core focus for the company and to this end we have approved a Compliance Policy which establishes defined processes to ensure that we are able to monitor our compliance in a holistic manner. To this end we seek to ensure that we are able to meet compliance requirements in terms of major legislation as well as standards, codes and rules associated with our industry. The policy includes a detailed monthly compliance report which is considered every quarter by the Remuneration HR and Social & Ethics Committees, which in turn reports to the Board.

The annual returns in terms of Companies Act No 71 of 2008 (Companies Act) were submitted on time and we believe that we have fundamentally met the requirements of major applicable legislation, particularly the Municipal Systems Act No 32 of 2000 and the Public Finance Management Act No 1 of 1999 (MFMA) and associated Treasury Regulations. Where shortcomings have been identified we have developed detailed corrective actions with associated time lines for completion.

We believe that it is incumbent on us to disclose that we have not as yet met the requirements of the Companies Act in so far as we continue to operate under our original Memorandum and Articles of Association. The Draft Memorandum of Incorporation has been considered and approved by our Board of Directors but we await Shareholder confirmation by way of a resolution to enable us to proceed with the registration thereof.

During the end of 2013/14 and the beginning of 2014/15 we have embarked upon a systematic review of the Code of Conduct in line with the municipal Systems Act No 32 of 2000. To this end we envisage a Code of Ethical Conduct which will encompass a management ethics forum as well as a review of the annual declarations of interests.

As part of the Compliance Policy we also measure our compliance with King III, and, for purposes of transparency, we report that there remain a number of areas of non-compliance. These areas relate primarily to the broader requirements of integrated reporting as well as Stakeholder engagement. A process will commence in the first quarter of 2014/15 to establish a structured Stakeholder engagement framework, including the development of a Stakeholder Engagement Policy. We acknowledge the importance of the recognition of, and engagement with, all of our stakeholders not least of which are the citizens of Johannesburg.

2.1.3 Accountability and Control

The Board is responsible for the preparation and presentation of the information contained in the financial statements in accordance with applicable laws and

regulations. The Board is satisfied that the statements give a true and accurate view of the results and state of affairs of the company. An independent examination of the financial statements has been carried out by the external auditors in accordance with International Auditing Standards and as far as the Board is aware no relevant audit information which may have had a bearing on the outcome of these statements was withheld from the auditors. The financial statements were prepared in accordance Generally Accepted Reporting Practices (GARP). The Board has considered the correctness of the information contained in the integrated report and is satisfied that this provides a true and correct reflection of the business and activities of the JRA.

The annual financial statements included in this integrated report have been prepared on the 'going concern' basis and the directors believe that the company has adequate resources to continue to operate for the foreseeable future.

The Board has responsibility for the system of internal control which enables it, together with the combined assurances provided by management, auditors and Committees, to provide a reasonable assurance against material misstatement and loss and of the maintenance of proper accounting records and reliable financial information. The Board is also responsible for ensuring the adequate prevention and detection of fraud and irregularities and the safeguarding of the company assets. The company has an independent whistle blowing facility hotline which provides all stakeholders with a mechanism for the reporting of irregularities. The internal control system is evaluation by the Internal Audit department in accordance with the annually approved audit schedule.

2.1.4 Governance Structure

<table>
<tr><td colspan="4">Board of Directors</td></tr>
<tr><td>Audit & Finance Committee</td><td>Risk and IT Committee</td><td>Remuneration, Human Resources & Social & Ethics Committee</td><td>Service Delivery Committee</td></tr>
<tr><td colspan="4">Executive Management Team</td></tr>
<tr><td colspan="4">Senior Management</td></tr>
<tr><td colspan="4">Staff</td></tr>
<tr><td colspan="4">Strategy, Performance Management , Systems (Processes & Procedures)</td></tr>
<tr><td colspan="4">Values</td></tr>
</table>

2.2 Board of Directors

The Board has overall responsibility for governance and operates in terms of a Board Charter which clearly defines its primary functions including the determination and direction of strategy, review of performance against the business plan,

determining and monitoring compliance with policies and procedures and the management of risk. The Board retains effective control of the company and will review the formal delegation of authority in 2014/15. The Managing Director is the chief accounting officer in terms of the MFMA.

The governance structure allows that both Board and Committee members have unrestricted access to management as well as all records and information of the Company. The Board has approved a formal process to enable members of both the Board and its Committees to access, at company cost, external advice.

The Board Charter has set out the requisite skills set of the Board and Committees, as a collective. The Board is satisfied that it has the necessary skills and expertise to effectively discharge its mandate. The detailed information relating to each Board and Committee member is set out in the Annexure at the end of this report.

All directors are appointed by the Shareholder annually at the behest of our Shareholder. The Annual General Meeting was held on the 25th February 2014 and all the sitting board members were again appointed save for Dr Maine. Mr Albert Torres joined the Board as a new director. Mr Dhlamini was subsequent to the AGM appointed to the Board but did not formally accepted his appointment.

2.2.1 Independence and Conflict

All the directors are non-executive, save for the Managing Director and the Chief Financial Officer, with the role of the Chairman and the Chief Executive Officer being separate. The executive directors have five year fixed term contracts with the company. It is the opinion of the Board that all the non-executive directors meet the definition of independence, in terms of the Companies Act, municipal legislation and King III. The Audit Committee includes three non-board members which is in contravention of the Companies Act, however, the MFMA takes precedence and these appointments are in accordance with the MFMA and its directives.

Non-executive directors receive no benefit other than director's fees and they are required to disclose all other directorships, as well as any potential conflict of interests. Where a conflict does arise directors are required to excuse themselves from the meeting at which such matters are addressed. Directors' declarations are reviewed annually. In this regard we wish to disclose that in terms of the MFMA and Supply Chain Regulation 44 Board and Committee members will potentially be in breach of the legislation should they undertake work for other municipalities. This matter was previously addressed by way of an exemption granted by the previous Minister of Finance, which exemption has expired. This matter has been addressed with the City's Group Governance department which has engaged with the Treasury Department. This matter is pertinent to a number of the company's Board and

Committee members who also offer their services in a personal capacity to other municipalities, excluding Johannesburg.

The table below indicates the attendance of members at board meetings.

Name	Designation	AGM	Board (4)			
		25 Feb	26 Sept	21 Nov	23 Jan (S)	14 April
K Shubane	Non-executive Director Board Chairman	✓	✓	✓	✓	✓
SM Maimane	Non-executive Director	X	X	✓	X	X
MI Msezane	Non-executive Director	✓	X	X	X	✓
E Ngomane	Non-executive Director Chair - SDC	✓	✓	X	✓	✓
L Mashamaite	Non-executive Director Chair - Remco	✓	✓	✓	✓	✓
L Nxumalo	Non-executive Director	✓	✓	✓	✓	✓
H Mashele	Non-executive Director Chair – Audit & Fin	✓	✓	✓	✓	✓
A Torres	Non-executive Director Chair Risk & IT	N/A	N/A	N/A	N/A	✓
R Theunissen	Independent Audit	✓				
J Maboa	Independent Audit	✓				
D Nyalunga	Independent Audit	N/A				

Succession planning at Board level is managed by the City's Group Governance function. Although the City's Policy, as entrenched in the Board Charter and Committee Terms of Reference, requires annual appointment, continuity, and retention of board / committee experience, is taken into consideration when making appointments. At an organisational level succession planning still requires some further attention, specifically with regards to senior management.

A detailed Board and Committee work plan was only approved in December 2014 however this structured approach to meeting scheduling has now been entrenched, with co-ordination between the City's and entities planning. Meetings are held quarterly with ad hoc meetings being convened should the need arise. Strategy and risk workshops are also scheduled annually, ideally in the third quarter. The format of all the meetings has been agreed with the respective chairs and follows a structured approach with the agenda and background information being distributed before the meetings to facilitate preparation. All members are encouraged to fully participate in meetings with care being taken to ensure that there is no domination thereof by any one individual or group.

2.3 Board Committees

The purpose of the Board Committees is to assist the Board with the discharge of certain responsibilities. During 2013/14 the Board acknowledged the need for a dedicated Information Technology (IT) oversight function and thus formed a sub-committee of the Audit and Risk Committee. Taken into account the growing responsibility and work load of the Audit and Risk Committee, and following the assessment process, during the last quarter of the period under review the Board took a decision to split the Audit and Risk Committee into two stand-alone committees. The Audit and Finance and Risk and IT Committees were thus established and it is the opinion of the Board that this structure follows best practice regarding Audit and Risk functions.

All the Committees have defined mandates and operate under approved Terms of Reference, which were reviewed and updated during the 2013/14 period. The chairs of all the Committees are Board members and report to the Board quarterly. As previously stated, like the Board, all Committees were assessed and the members have unlimited access to all information, and staff members, as they deem necessary to enable them to fully discharge their duties.

All the Committees have complied with, and discharged, their duties in accordance with the approved Terms of Reference and legislation.

The Committees are as follows:

2.3.1 **Audit and Finance Committee (previously Audit and Risk)**

The Committee has complied with Section 94 (7) of the Companies Act and Section 166 of the MFMA. The Committee has a specific mandate which is set out in detail in the Terms of Reference (available on the JRA website) and which is summarised as follows, with references to the legislation being to the MFMA:

- Responsibilities relating to Internal Control [s 166 (2) (a) (i)]
- Responsibilities relating to Internal Audit Services [s166 (2) (a) (i)]
- Responsibilities relating to Accounting and Financial Reporting [s 166(2) (a) (iii) & (iv)]
- Responsibilities relating to Performance Management & Performance Evaluation [s 166 (2) (a) (v)] and [s 166 (2) (a) (viii) respectively]
- Responsibilities relating to Corporate Governance [s166 (2) (a) (vi)]
- Responsibilities relating to Corporate Governance
- Responsibilities relating to the External Audit Function performed by the Auditor-General [s 166 (2) (c)]
- Responsibilities relating to Ethics and Forensic Investigations [s 166 (2) (a) (ix) & s166 (2) (d)]
- Responsibilities relating to Reporting [s 166 (2) (a), (b), (c), s121 (3) (j) and s121 (4) (g)]

The Committee is also mandated to:

- Make submissions to the board on any matter concerning the company's accounting policies, financial control, records and reporting;
- Performed such other oversight functions as determined by the Board;

Your attention is drawn to the earlier part of this report which addresses the independence of the Board and specifically the reference to the non-Board members, referred to as "Independent Audit Committee Members". Prior to the AGM, the Committee was comprised of two board and two independent Audit Committee members, however, following the AGM, three board members and three independent Audit Committee members were appointed. Board members, Mr Mashele remained as the chairman of the Committee while Ms Msezane left the Committee and Ms Mashamaite joined. Independent Audit Committee members Messrs Theunissen and Maboa remained and were joined by Ms Nyalunga. All members meet the qualification requirements of King III being, academic qualifications, or experience, in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management.

Below is the schedule of meetings held and attendance by members:

Name	Audit and Finance (6)					
	11 July	**23 Aug (S)**	**18 Sept**	**15 Nov**	**12 Mar**	**9 June**
Board Members						
M Msezane	✓	X	✓	X	✓	N/A
L Mashamaite	N/A	N/A	N/A	N/A	N/A	✓
H Mashele - **CHAIRMAN**	✓	✓	✓	✓	✓	✓
A Torres	N/A	N/A	N/A	N/A	N/A	✓
Independent Audit Committee Members						
R Theunissen	✓	✓	✓	✓	✓	✓
J Maboa	X	✓	✓	✓	✓	✓
D Nyalunga	N/A	N/A	N/A	N/A	N/A	✓

It has not been the practice of the Committee to meet with the external and internal auditors in closed sessions after every meeting, although the staff of the Auditor-General (AG) does attend meetings. The practice of such closed sessions has been instituted as from 2014/15 and will provide an opportunity for the respective groups/ persons to make any representations they felt are necessary to the Committee. Both the external and internal auditors do have free access to the chairman of the Committee and have the right to free access to all information. Invitees to the Audit and Finance Committee include representatives from Group Governance and Audit as well as the Managing Director, Chief Financial Officer and Internal Audit Manager.

An independent Audit Committee Report from the chair of the Committee is included in this integrated report on Page 124 hereof.

2.3.2 **Risk and IT Committee (Previously part of Audit and Risk Committee)**

The Committee was established in the last quarter of 2013/14 (refer above) and has only held one meeting during the year under review. The IT oversight was previously undertaken by a sub-committee of the Audit and Risk Committee.
The Committee's mandate encompasses the oversight of risk as well as Information Technology although risk oversight is the responsibility of the Audit Committee in terms of the MFMA. The Committee reports through to both the Board and the Audit Committee in accordance with its terms of reference and includes the submission of the minutes and reports of the Committee to the Board. The chairmen of the Audit and Finance and Risk and IT Committees serve on both Committees, and on the Board.

The Committee is comprised of three non- executive Board members with the Managing Director and the Chief Financial Officer also serving on this Committee.

Ms' Mashamaite and Msezane served on the IT Sub-Committee but are not members of the Risk and IT Committee. The Risk and IT Managers are also invitees to the meetings.

Below is the schedule of meetings held and attendance by members:

Name	Risk and IT (est. May 2014)		
	IT Sub Committee (2)		Risk & IT
	2 Aug	11 Oct	23 June
S M Maimane	✓	✓	✓
M Msezane	✓	✓	N/A
L Mashamaite	✓	✓	N/A
H Mashele	N/A	N/A	✓
A Torres **Chairman**	N/A	N/A	✓
S Macozoma	N/A	N/A	✓
G Mbatha	N/A	N/A	✓

2.3.3 **Service Delivery Committee**

This Committee oversees the main function of the JRA and is of critical importance in ensuring that the commitments made to the Shareholder and the people of Johannesburg, as regard the delivery of services, are met.

The Committee is thus mandated to oversee service delivery which encompasses Regional Operations (roads and stormwater), Mobility and Freight (traffic signals, road markings and freight management), Infrastructure development (Capex projects) and Planning.

The Committee is comprised of four non- executive Board members with the Managing Director also serving on this Committee. The respective operational Heads of Department are invitees to the meetings.

Below is the schedule of meetings held and attendance by members:

Name	Service Delivery (4)			
	31 July	29 Oct	11 Mar	17 Jun
K Shubane	✓	✓	✓	✓
M Msezane	x	X	✓	✓
E Ngomane - **Chairman**	✓	X	✓	✓
L Nxumalo	✓	X	✓	✓
S Macozoma	✓	✓	✓	✓

2.3.4 **Human Resources, Remuneration and Social and Ethics Committee**

This Committee has a dual function in so far as, in addition to overseeing remuneration and human resource issues, it fulfils the legislated social and ethics mandate. During the year the Committee reviewed the Terms of Reference and incorporated the Social and Ethics mandate, including taking into account the requirements of ethics as recommended by the Ethics Institute.

The Committee is currently engaged in the review of a number of policies including the Remuneration and Performance Management Policies. A detailed and formalised human resource strategy is also being developed by management

The Committee consists of four independent non-executive directors and the Managing Director is also a Committee member but only has a vote in respect of the social and ethics mandate of the Committee. He excuses himself from any decisions regarding remuneration and thus the Committee composition meets the practice guidelines of King III. The Head of Department: Corporate Services is a standing invitee to the meeting.

In terms of the Companies Act (Social and Ethics Committee) the Committee is required to report to Shareholders at the Annual General Meeting on the matters within its mandate. The Sustainability and Social and Ethical Committee Report, which includes the detailed manner in which the Committee has fulfilled its mandate, should be read in conjunction with this report. (See Page 57).

Below is the schedule of meetings held and attendance by members:

Name	**Remuneration, Social and Ethics (6)**					
	31 July (S)	**27 Aug**	**19 Nov**	**14 Jan (S)**	**14 Mar**	**17 June**
S Maimane	✓	✓	✓	X	✓	✓
E Ngomane	X	✓	X	X	X	✓
L Mashamaite - **Chairman**	✓	✓	✓	✓	✓	✓
L Nxumalo	✓	✓	✓	✓	✓	X
S Macozoma	N/A	N/A	N/A	N/A	N/A	✓

A separate Remuneration Report from the Committee (item 2.4) is included in this report.

2.4 Remuneration Report

The Remuneration Report is presented in conjunction with the Human Resources Report (see Chapter Four) and the Governance Report (see Chapter Two), both of which form part of the Integrated Annual Report.

The Annual General Meeting was held in February 2014 and the Remuneration Policies (Staff and Non-Executive Director Policies in respect of remuneration) were put to, and approved by the Shareholder.

2.4.1 Remuneration Policy

The Remuneration Philosophy and Policy remain aligned with that of the City of Johannesburg with an acknowledgement that remuneration remains a prime driver in the attraction, motivation and retention of the best employees. At the JRA the principles of market competitiveness, consistency and fairness are the foundation of our remuneration approach together with affordability and an appreciation of the accountability attached to the use of public funds.

The JRA is committed to continually strive to attain excellence in service delivery and understands that this is dependent on a skilled and motivated workforce. To this end the company has a performance bonus scheme in place to incentivise high performance while remaining conscious of the need to ensure that the City gets value for money.

2.4.2 Governance

The Remuneration, Human Resources and Social & Ethics Committee (The Remco Committee), as delegated by the Board, exercises oversight in respect of remuneration and the social and ethics (S&E) mandate as per the legislation. This Committee is comprised of four directors, all of whom are non-executive as well as the Managing Director who only has a vote in respect of S&E matters. The executive remuneration packages and performance bonus payments are considered by the Committee and approved by the Board.

The JRA has nine levels of employees. Those from level four upwards participate in a performance management system which is linked to the performance incentive scheme. Employees below level four (Salaried employees as opposed to Cost To Company) do not participate in the performance incentive scheme but enjoy the benefits of the thirteenth cheque. The performance management system currently only applies to employees of level four and above and ensures that these employees

have an approved performance contract, including measurable key performance indicators (KPIs), which are linked back to the strategic objectives of the company and the key priorities of the City. It is the intention of management to extend the performance management system to all staff of the JRA.

The JRA does not have employees engaged in activities outside of the area of Johannesburg and it is thus unnecessary for it to take into account any differentiation in reward arising from different geographic locations.

Annual increases are dependent on market comparisons, individual and company performance and budget allocation. A salary benchmarking exercise was scheduled for 2014 but was delayed on the back of the review of job descriptions and specifications as against the general industry and construction sector norms.

No ex - gratia payments were made to directors or staff. The company does not provide staff loans in accordance with applicable credit legislation. Study assistance is made available to staff in accordance with the company bursary policy.

2.4.3 **Components of Remuneration**

The JRA uses two methods of remuneration. The one is the salaried structure which is applicable to level 5 and below employees and includes the outcome of negotiations with Organised Labour. In respect of level 4 and above employees, a CTC package structure is applicable which comprises a fixed guaranteed package, including retirement contributions, as well as the variable structuring applicable to elective benefits. This structuring allows for a degree of flexibility to take into account employees' personal requirements. The elective structuring options extend to choice of medical cover and the level of retirement fund contributions in excess of the prescribed minimum.

As set out above, employees at level five and above participate in the performance linked incentive bonus scheme whereas employees below level five are guaranteed a thirteenth cheque.

The Company is a state owned entity with the City of Johannesburg being the sole shareholder. As such we do not believe that there is scope for the establishment of any share incentive / profit share scheme.

2.4.4 **Executive Directors and Management Remuneration**

Following the appointment of the Chief Financial Officer to the Board in February 2014, the JRA now has two executive directors, being the Managing Director and the

Chief Financial Officer. In addition there are five further members of the executive management Team (EMT), being the Heads of Department for Planning, Infrastructure Development, Corporate Services, Regional Operations and Mobility & Freight. The position of Head of Department: Governance remains vacant and the role is currently filled by the Managing Director. All EMT members have 5 Year Fixed-Term contracts with a 30 day notice period in the case of termination except for the Managing Director, who is subject to a two month notice period. There are no restraints of trade applicable.

All EMT members are required to sign confidentiality agreements. The remuneration of EMT members is recommended by the Remuneration Committee for approval by the Board. The performance assessments of EMT are also overseen by the Committee for recommendation to the Board.

Remuneration information in respect of executive management for the 2013/4 financial year (comparison 2012/13) is attached as an annexure at the end of this report.

2.4.5 **Non-Executive Directors and Committee Members**

Non- executive directors are appointed in accordance with the founding documents of the entity as well as the Governance Framework of the City of Johannesburg (See Governance Report). The Directors' Remuneration Policy is determined by the City of Johannesburg, as the sole Shareholder, and is approved at the Annual General Meeting.

The directors' fee is determined in accordance with the Remuneration Policy of the City of Johannesburg.

The non-executive directors' remuneration is structured on the basis of a base fee, in the form of an annual retainer, and a meeting attendance fee. Additional remuneration is paid to the chairpersons of the Board and Committees. Non-executive directors and committee members are also rewarded for additional work which they undertake on behalf of, and at the behest of, the company over and above attendance at, and preparation for, formal meetings in accordance with the City's Remuneration Policy.

The City of Johannesburg, as Shareholder, has confirmed that non-Board members (Independent Audit Committee Members) who serve on Committees will be remunerated as full Committee members.

Fees paid to non-executive directors (including committee members) for the 2013/14 period, is listed below. All payments are made in the individuals' private capacity and no payment is made in a representative company capacity. Please refer to the

Governance Report for the meeting attendance per person as the fees are calculated per meeting:

Table: Non- Executive Director & Independent Audit Committee Members Remuneration

Name - Non- Executive Directors	**Fees Paid (inclusive annual retainer – rounded to closest R 1000)**	
	Payment 2012/13 R	**Payment 2013/14 R**
KC Shubane (Chairman)	166 500	127 000
L Mashamaite (Remco chair)	182 500	120 000
H Mashele (Audit Chair)	45 000	118 000
E Ngomane (Service Delivery Chair)	125 000	65 500
L Nxumalo	39 000	90 000
SM Maimane	113 000	52 500
M Msezane	91 000	52 500
A Torres (Risk Chair)	N/A	20 000
J Maina	100 000	N/A
J Maboa (Indep. Audit Com. Member)	35 000	50 000
R Theunissen (Indep. Audit Com. Member)	39 000	60 000
Nyalunga (Indep. Audit Com. Member)	N/A	5 000
Additional members no longer on Board	*274 000	N/A
TOTAL	**1 210 000**	**760 000**

Directors and Officers Liability insurance cover is in place, through the City, in respect of potential liability attached to the execution of duties as directors or officers of the company. All cover is in accordance with that available in terms of current legislation.

This report has been considered by the Remuneration Committee

_____

Ms L Mashamaite
Chairman – Remuneration Committee
13 November 2014

Table: Executive Remuneration

Name	Designation	Total 2012/13	Total 2013/14
Macozoma Dennis Skhumbuzo	Managing Director	1 517 000	1 940 105,64
Makhubela Thulani	Head: Planning	1 174 000	1 292 692,10
Mbatha Goodwill Phukwane	Chief Financial Officer	1 140 000	1 173 640,61
Thomas Darryll Howard	Head: Mobility & Freight	275 000	1 187 640,60
Kau Mpho	Head: Infrastructure Development	N/A	1 290 172,50
Matsuma Mohale	Head: Corporate Services	N/A	975 602,60
Van Tonder Hendrik	Acting Head: Regional Operations	N/A	

Name	Monthly Salary	JRA Medical	Cellphone Allow	Travel Allowance	Bonus	JRA Pension	Back Pay	Additional Perf	Non Pensionable	UIF	SDL	Total 2013/14
Kau Mpho Henley Laurel	823 378,28	37 296,00	15 180,00	144 000,00	132 387,08	110 128,57	14 721,29			1 784,64	11 296,64	1 290 172,50
Macozoma Dennis Skhumbuzo	1 158 582,45		9 660,00	128 160,00		93 131,64	24 898,47		505 619,28	1 784,64	18 269,16	1 940 105,64
Makhubela Thulani	958 839,06	23 727,60	23 100,00	132 000,00	121 354,39	4 606,68	14 779,00			1 784,64	12 500,73	1 292 692,10
Matsuma Mohale Samson	804 814,60		6 600,00	106 800,00		46 718,70				1 487,20	9 182,10	975 602,60
Mbatha Goodwill Phukwane	892 558,12	22 140,00	17 820,00	120 000,00	40 350,16	53 763,23	14 373,44			1 784,64	10 851,02	1 173 640,61
Thomas Darryll Howard	963 044,29		7 920,00	128 160,00		56 879,42	18 674,24			1 784,64	11 178,01	1 187 640,60
Van Tonder Hendrik Johannes	338 101,93	32 302,80	7 920,00	46 767,96	42 586,80	45 336,48	2 480,76	128 976,00		1 784,64	5 668,36	651 925,73
Grand Total	**5 939 318,73**	**115 466,40**	**88 200,00**	**805 887,96**	**336 678,43**	**410 564,72**	**89 927,20**	**128 976,00**	**505 619,28**	**12 195,04**	**78 946,02**	8 511 779,78

2.4.6 **Evaluation**

During the year under review an internal assessment of both the Board and all its Committees was conducted in accordance with King III and at the behest of the Board Chairman. The assessment highlighted some areas which required corrective actions. Implementation of these actions, which have been considered and accepted by the Board, and the Committees, has been commenced and will be completed during 2014/15. It is anticipated that an independent assessment will be undertaken in 2014/15 under the auspices of the City's Group Governance department.

2.5 Company Secretarial Function

A new company secretary was appointed in December 2013, following the resignation of the incumbent in September 2013. The appointment of the company secretary meets with the requirements of the legislation and King III. Members have unlimited access to the company secretary who acts as an advisor to the Board and the Committees with regards to process, procedure, compliance, governance and legislated obligations and requirements. A directors' toolkit which includes JRA and industry specific information as well as general guidance as to the discharge by the directors of their responsibilities and the process to be followed by members to access external expert opinion, was compiled and distributed in 2014. The Board has satisfied itself that the company secretary is qualified to perform her duties in accordance with the applicable legislation and is a fit and proper person for the post.

2.6 Risk Management and Internal Controls

2.6.1 **Introduction**

A comprehensive risk management process, supported by the Risk and IT Committee and the Board, has been implemented by Management. This is aligned with the City's identified risks and the JRA risk department attends, and participates in, the Group Risk process.

Quarterly risk reports are submitted to the various oversight bodies.

2.6.2 **Risk Management Process**

Risk identification and assessment is an on-going process based on the activities of the JRA. Internal control mechanisms and mitigation actions are developed and implementation and effectiveness thereof are monitored and measured.

The JRA considers a variety of risks, including but not limited to strategic, financial, human resources, operational, compliance and reputational risk.

The JRA conducts an annual risk review in collaboration with the City, the Board, the Risk Committee and management. This process is supported by an on-going risk management process at departmental level with all staff encouraged to take ownership of risk

2.6.3 **Risks**

The table below is a summarised representation of the JRA risks.

Table: Summary of Risks

Risk No	Categorisation	Background	Risk	Risk progress
Risk 1	Financial Sustainability	Funding levels are unpredictable for the MTEF. The Operational budget for 2014-2015 has increased only by 4% against the adjusted budget for the 2013-2014 Financial Year	Insufficient funds to recruit staff as per the new structure to meet operational requirements (Customer Service Charter.) The JRA's inability to spend the allocated CAPEX funds is an emerging risk. A CAPEX dashboard has been developed to monitor progress of CAPEX projects on regular basis	The movement in the residual risk changed from medium to low Action plans to improve the management of risk have been implemented: ▪ Introduction of stringent financial controls, ▪ Company solvency position improved, and ▪ Implementation of Auditor General 2011-12 and 2012-13 audit findings
Risk 2	Deterioration of the City's Road Infrastructure (e.g. traffic signals, roads & stormwater)	Growth in Joburg population – expected to reach between 6 – 8 million by 2040 and associated increase in traffic volume The road condition assessment concluding in 2013 confirms the deterioration of road quality since 2008	Failure of road infrastructure to meet requirements and increasing demands	• The completion of the Visual Condition Index (CVI) has enabled the launch of the resurfacing programme in 2013-14. The JRA will launch the rehabilitation programme in 2014-15 - . will enable JRA to plan adequately the re-investment of road infrastructure and prepare sustainable funding plans for the network • The installation of LED

				traffic signal lights has been completed, while the expanded remote monitoring system coverage and the re-cabling project (are on track.
Risk 3	Congestion due to large traffic volumes and rerouting impact of toll roads	The existing road infrastructure is already under pressure from increasing traffic volumes and infrastructure limitations (e.g. traffic signal malfunctioning), making congestion inevitable. Tolled roads are adding to traffic volumes to our network as traffic moves off the tolled roads onto the JRA infrastructure.	Increased congestion and pressure on JRA road infrastructure	• Implementation of signal phasing upgrades and geometric improvements • SLA with SANRAL to implement the freeway management system and traffic surveillance • Roll out of remote monitoring system - coverage of 75% of traffic signals by 2015. • Traffic Management Centre upgraded • Gravel roads upgrade incorporates complete street approach (sidewalks, cycle lanes, raised pedestrian crossing etc.). • Traffic counts on the City's roads to determine e-toll impact - The findings will form part of the City's response plan.
Risk 4	Unsustainable road infrastructure provision due to population growth and urban sprawl	significant population growth within the City of Johannesburg with demand on roads also increasing	Inability of infrastructure to meet demand resulting from increased housing developments	• Movement in the residual risk remains - all identified action plans are currently in the process of being implemented. • The SLA with CoJ Housing JRA has been concluded to enable the JRA to be directly involved in road construction for new housing projects. • Development Control Unit is engaging the private developers to ensure full compliance with JRA and standards.

				•
Risk 6	Disaster Recovery (DR) Management and Business Continuity Plan	Telkom is in the process of laying the wires which will assist to communicate and transact between JRA head office and DR-site. The JRA recovery off site location is hosted at the Telkom Data Centre in Centurion. In the event of disaster / natural events such as floods etc., JRA is be able to transact from the Disaster Recovery system with an the effective real-time recovery objective	Currently JRA is not ready to conduct and invoke a full DR placing business continuity at risk	• Movement in the residual risk remains unchanged • Redundancy for power has been upgraded by means of dedicated uninterruptable power supply • Utilization of virtual technology to assist with reducing recovery times. • Internal backups take place on a daily basis - tapes sent offsite on a weekly basis. • Draft Business Continuity Plan is in place
Risk 7	Non-compliance to legislation, policies and procedures	Mapped to the City's Top 14 risk Although the legislation is continually changing, the JRA strives to comply with the relevant laws and legislations such as King III and Company's Act etc	Non-compliance with legislation	• Supply Chain officials, Executive Team and members of Bid Committees signed the supply chain management function pledge • Compliance policy approved and implemented • SHE has been capacitated • Legislation gap analysis being conducted

2.7 Internal Audit Function

Internal Audit provides a supportive role to the management of the organisation and the Audit and Finance Committee of the Board. The units' primary objective is to provide an assurance function by identifying and evaluating significant exposures to risk, and contributing to the improvement of risk management processes, governance and internal control systems. This is achieved through an independent and objective evaluation of the company's system of internal controls, as well as identification and reporting of the significant business risks and exposures which are brought to the attention of management and the Audit and Finance Committee. This is achieved through the presentation of comprehensive internal audit reports.

In order to meet its responsibility with respect to providing reliable financial information, the entity maintains financial and operational systems of internal controls. These controls are designed to provide reasonable assurance that transactions are concluded in accordance with management authority, that the assets are adequately protected against material loss or unauthorised acquisition, use or disposal and those transactions are properly authorised and recorded. The system includes a documented organisational structure, levels of responsibility, and established policies and procedures, including a Code of Ethics, as well as a system of careful selection, training and development of people. These are all communicated to the parent municipality. The entity also includes the.

Internal audit reviews the operation of the internal control systems for adequacy and effectiveness in mitigating risks and reports its findings, and recommendations, to management and the board of directors. Corrective actions are taken to address control deficiencies as well as other opportunities for improving the systems. The board, operating through its audit committee, provides oversight of the financial reporting process and internal control systems. There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. As a result only reasonable assurance as to the effectiveness of the internal control system over financial statement preparation and safeguarding of assets can be provided. A documented and tested business continuity plan is being developed to ensure the continuity of business-critical activities.

The internal control process has been in place up to the date of approval of the annual report and financial statements. Based on the assessment the entity believed that, as at 30 June its internal control systems and reported on same through the internal audit reports as at 30 June 2013. The controls were found to be adequate with a need for improvement on the effective implementation and monitoring thereof so as to ensure that the controls are working as intended and the goals are achieved.

Audits completed as per the 2013/14 annual audit plan included

- Normal Audits completed
- Follow up audits completed
- Continuous audits
- Ad hoc Audits

2.8 Corporate Ethics and Organisational Integrity

Please refer to the Sustainability Report

2.9 Sustainability Report

(Including report from the Social and Ethics Committee and Stakeholder Engagement Report)

2.9.1 Background

The Board has considered the best format for a Sustainability Report. Given the mandate of the Social and Ethics Committee, together with its need to report to Shareholders, it is the view of the company that the issues of sustainability, stakeholder engagement and the report from the Social and Ethics Committee to Shareholders are best incorporated into one report from the Chairperson of the Social and Ethics Committee.

The City of Johannesburg has clearly communicated its commitment to long term sustainability and the JRA fully endorses this position. Such long term sustainability is a major challenge facing not only the City and the JRA but the world at large. The need to foster development and deliver citywide services is paramount but cannot be undertaken without consideration for our environment.

We are committed to supporting the position of the City in this regard through senior management leadership, inclusion of sustainability as a consideration in our strategic approach and operations and the development of transparent and accurate reporting mechanisms to ensure we are able to monitor our progress. The concept of sustainability, and what it means for the JRA, is being refined within the broader context of its positions as an operating entity of the City. This will contextualise sustainability for the JRA within the broad sustainability objectives of the City. We have identified the need for the development and implementation of a number of processes and procedures which will support and measure our performance against the sustainability objectives.

We acknowledge that best practice dictates that we adopt the Global Reporting Initiative (GRI) list as the basis for our reporting template. The JRA is not yet able to report against these standards, however, in line with current MFMA reporting requirements we have reported against a number of the required indicators in terms of our performance reporting (see Chapter 3).

2.9.2 Oversight Structures

The Social and Ethics Committee operates in terms of approved terms of reference and has discharged its mandate in terms of both the legislation and the said terms of reference. The oversight of sustainability, and stakeholder engagement, are two of

the functions delegated to the Social and Ethics Committee by the Board. The Committee reports to the Board quarterly and is required to report to Shareholders annually, and to answer questions at the annual general meeting. A quarterly Stakeholder Engagement Report is submitted to, and considered by, the Board.

Neither the JRA, nor its auditors in the form of the Auditor-General, are yet at a point where any of the items in the Sustainability Report can be externally assured. This is an aspect of sustainability reporting which will have to be developed within the public entity environment

2.9.3 **Material Aspects of Sustainability**

The primary areas of sustainability that the JRA has considered are:

Community	**Customer**	**Employees**
• Enterprise Development (SMMEs) • BB-BEE • Environment (Green Economy) • Fraud and corruption	• Customer Charter Standards	• Excellent health and safety • Excellent employer

2.9.3.1: Community

The areas of **Enterprise / SMME Development** and the support of **BB-BEE** (cross refer to 2.12 below) remain a primary focus of the JRA and are in line with the City's Growth and Development Strategy 2040, which is summarised in Chapter One of the report. Projects are awarded through the Supply Chain Management tender processes but are geared towards supporting entities which meet the legislated BB-BEE requirements. The company is also very aware of the need, and benefits, of identifying, developing and supporting SMMEs. As far as is possible both SMMEs and cooperative organisations (Coops) are and it is the intention of the City to empower citizens and grow partnerships through community based service delivery models.

2014/15 will see the JRA embark on an aggressive programme to drive SMME and Coop development through the establishment of an SMME desk as well as ring fencing of funding for this purpose. Without detracting from the core business of the JRA, the company will partner with various private entities and institutions to enable it to offer value adding development and training opportunities to SMMEs. Increased opportunities for community involvement will include limited road and stormwater maintenance, employment opportunities in construction projects as well as participation in road infrastructure asset management protection.

Payment of service providers within the required 30 days of invoice as required in terms of the legislation (MFMA and Regulations) pertaining to state entities is also strictly monitored and remains a priority for the company.

The company has subscribed to the City of Johannesburg's approach to the **environment, specifically the "Green Economy"** and in this regard has commenced with the acquisition of equipment which will allow for the recycling of road surface material. The facilities department has also implemented a number of initiatives that will reduce the carbon footprint of the company through efficient energy utilization and recycling of paper.
On a macro level the JRA is supporting the City's integration of transportation policies to promote green mobility. This includes the development of the corridors of freedom (cross reference to section 3.5.2 for explanation of concept) and the prioritization of public transport, as well as bicycle and pedestrian transport, through the complete streets programme.
Stormwater management interventions through the conversion of open drains, the expansion of the capacity of the current systems, the upgrading of old infrastructure and local master planning also support the green approach to City management and development.

The JRA is not excluded from the scourge of **fraud and corruption**. Management commenced with a complete overhaul of the procurement system and the tender processes are in line with the requirements of National Treasury. The Supply Chain Management (SCM) department has been capacitated and the executive management team is exercising strict oversight thereof with the centralization of procurement. The contracting processes of the company have been overhauled and the accounting officer has reserved certain authority to himself in this regard.
The 2014/15 period will see the entity embark on an ethics drive with the starting point being the clarification of various policies and procedures underpinning ethical behaviour, including the review of the disciplinary code. All municipal employees, including those of Municipal Entities, are bound by the Code of Conduct as set out in Schedule 2 of the Municipal Systems Act No 44 of 2003. Accordingly employees must declare any interests they have in entities doing business with the municipality and they must obtain written consent thereto. They may not accept gifts or donations nor may they engage in work outside that for which they employed by the JRA. Training in this regard will be undertaken and the Code will be strictly applied. The JRA has taken the approach that it has zero tolerance for any form of fraud or corruption. The disciplinary code will be strengthened to ensure that perpetrators are dealt with swiftly and to the full extent of the internal processes and the law.

2.9.3.2 Customer

The **Customer Charter** is the agreement between the JRA and City and regulates delivery of services to the citizens of Johannesburg. Our performance against this

charter is set out in detail in Chapter 3 of this report and the reader is referred to that section of the report. The attainment of the customer charter standards remains an on-going challenge for the JRA and our overall performance in respect of the review period dropping to 58.5%. This has resulted in a number of interventions being undertaken by the company specifically in relation to service delivery at a regional level and the ability of the company, through the supply chain management processes, to fully spend the Capital allocation and thus maximise service delivery.

Third party liability insurance is in place through the City of Johannesburg. A separate function exists within the legal department to deal with claims which are logged, investigated internally and then submitted to the insurers via the brokers. Typically claims relate to personal injury as a result of accidents predominantly suffered by pedestrians and damage to motor vehicles as a result of potholes.

2.9.3.3 Employees

We recognise our staff as a critical element for success and a fundamental stakeholder in the business. The area of **Health and Safety** has been a focus for management during the review period; however the number of work related injuries remains a concern. This is being addressed through a number of planned interventions which will take place in 2014/15, including the identification of prevalent injuries and a vehicle emission test programme. The internal Occupational Health Policy will also be reviewed. A health and safety report is regularly submitted to the Social and Ethics Committee which is now able to properly exercise oversight. A workplace Health and Safety Committee is still to be constituted.
Employee wellness will be addressed through the identification and appointment of an external service provider, to assess the current status of the company with a view to developing a comprehensive employee wellness programme.

The management of **leave** remains a manual process. The oversight and regulation of sick leave utilisation and absenteeism is an on-going challenge with management acknowledging that this would be best addressed through the implementation of an automated system , which will be considered in the 2014/15 FY. This, together with the wellness programme, will start to address the problem of absenteeism and abuse of the leave system.

The business continues to uphold **freedom of association** and the right to collective bargaining with recognition agreements with SAAMWU and IMATU. No incidences of discrimination, on the grounds of gender, race, sexual or religious preference, disability or age in respect of employment and occupation, have been reported.

2.9.4 **Stakeholder Engagement**

The JRA has not had a detailed Stakeholder Engagement Framework however this is to be fully developed in 2014/15. The Board has identified this as a shortcoming in its oversight obligations and King III compliance.

That said, the JRA has however undertaken a number of engagement initiatives and a dedicated position of manager stakeholder engagement and inter-governmental relations exists within the office of the managing director. Each region has a Regional Operations Manager (ROM) who is the interface between the community and the JRA as well as between the political heads at a community / regional level.

The JRA operates within the framework of the Municipal Systems and Structures Acts and as such reports to the City of Johannesburg quarterly. The Chairman of the Board meets with the MMC (Municipal Councillor) on a quarterly basis to address any issues of a service delivery nature. The JRA regularly receives, and replies to, questions from the Section 79 Portfolio Committee. This is a Committee of the Municipal Council established in terms of the Municipal Structures Act. The Committee is accountable to the Council and has an oversight role. It is made up of councillors from various political parties. The Committee has no decision making powers and can only make recommendations.

The company remains aware of the dissatisfaction with service delivery and in this regard we remain committed to meeting the Customer Charter Service Standards which are a compact between the City, its MOEs and the citizens of Johannesburg. Our performance against the standards is reported on in detail in Chapter 3 of the report. It is the intention of the JRA to move to a point where it is able to report on a regional, and ward, basis as regards service delivery and capital projects.

2.9.5 **Ethics**

The establishment of the Social and Ethics Committee was partly in response to the implementation of the Companies Act of 2008, which in turn legislated aspects of the Committee mandate. The Company amended the terms of reference of the Social and Ethics Committee during 2013/14, specifically to address the oversight of ethics which was not addressed in any detail in the legislation.

The issue of ethical behaviour is a topically one amongst most state owned entities, with the JRA being no exception. The S&E Committee oversees the issue of ethics and the process to ensure that ethics are embedded in the corporate culture of the Company has commenced in earnest in the review period. A number of initiatives in this regard are planned for the 2014/15 period and will include demonstrable support by leadership for ethical behaviour based on the Code of Ethical Conduct.

Structures, systems and processes are being developed and implemented to ensure that all stakeholders are familiar with, and adhere to, the accepted ethical standards.

The provisions of the Municipal Employees Code of Conduct will be strictly managed and enforced. The Code includes provisions relating to conflict of interests, handling of confidential information, entertainment, use of company services and property and the receiving of gifts. The JRA operates a gift register and all staff members are required to disclose gifts received. All Board and Committee meetings commence with a declarations of interests. Breaches of the Code of Ethics, as well as other matters of impropriety, may be reported through access to the Whistle Blowing hotline by all stakeholders.

The internal system for the recording and management of complaints was handled through the City of Johannesburg's reporting line, however, the JRA has also launched its own Find-n-Fix on line application which allows members of the public to report faults directly to the JRA.

The JRA is committed to working against corruption in all its forms, including nepotism, extortion and bribery. An externally managed Whistle Blowers facility hotline is in place and all matters reported through the hotline are brought to the attention of the Committee.

2.9.6 **Statutory Obligations**

The JRA will have a formal disclosure in terms of the Promotion of Access to Information Act, 2000 (The Act) although requests for information are currently entertained by the company. Issues are also raised through the office of the Public Protector. No formal dispute resolution process exists and this will be addressed in 2014/15 so as to ensure the speedy and effective resolution of disputes.

All statutory information required to be published in terms of the legislation applicable to the JRA, all requisite submissions and all requests for information, have been fully complied with, although the required information to be published on the company website still remains a work in progress. As part of the compliance process a detailed compliance report is reviewed by management monthly and is submitted to the various Committees and the Board quarterly. The Governance Report (Chapter Two) has been reviewed by the Social and Ethics Committee.

Aspects of sustainability, including, but not limited to, staff, training and employment equity issues are addressed in detail in the Human Resources Report and are not replicated in this report, and should be read in conjunction herewith.

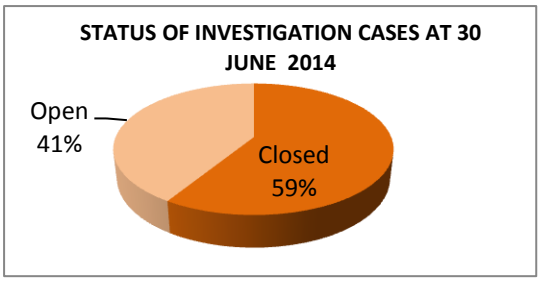
We welcome any feedback on our sustainability practices and in this regard please contact our company secretary whose details are listed at the end of the integrated report.

_____

Ms L Mashamaite
Chairman – Social and Ethics Committee
13 November 2014

2.10 Anticorruption and Fraud

Total allegations on the investigation cases register relating to 2013/14 financial year, as at 30 June 2014 were seventeen (17). 59% (10/17) cases have been closed and 41% (7/17) cases were still open.



All the allegations received were followed up and investigated through the Internal Audit department, progress reports on matters are presented monthly to the Executive Management Team, quarterly to the Audit and Finance Committee and any matters requiring the attention and oversight of the Board are highlighted through the Audit and Finance Committee report to the Board.

The register of fraud matters is summarised as follows:

NO	CATEGORY	STATISTICS
1	Theft	7
2	Procurement irregularities	5
3	Conflict of interest	2
4	Recruitment irregularities	2
5	Wayleave mismanagement	1
	TOTAL	**17**

<u>Fraud Prevention Measures</u>

The following measures were implemented during the financial year to create awareness to employees and service providers:

- Board approved Fraud Prevention Plan implemented
- A COJ centralised fraud hotline for use by all entities has been established and is managed by an independent service provider appointed by COJ.
- Internal measures implemented:
  - Fraud hotline contact details included in standard bid documents.
  - Screen saver with hotline contact details implemented.
  - Fraud hotline posters were displayed in all JRA buildings including the regions.

- Fraud awareness workshops were conducted at Head Office Staff meetings and management meetings.

Future / On-going Initiatives

- SCM policy has been finalized and approved by the Board for implementation.
- The Code of Ethical conduct to be approved by the Board.
- Declaration of interest standardized and being implemented.
- Talent acquisition and management policy to be approved by the Board.
- Strengthening of internal control on-going and continuous process.

2.11 ICT Governance

During the course of the review period, and as explained in section 2.3 above, a separate Risk and IT Committee was formed. This has allowed for a more dedicated focus on Information Technology.
The JRA does not have a Chief Information Officer and the IT department falls under the HoD: Governance and is managed on a day to day basis by the IT manager. The department reports formally to the Risk and IT Committee quarterly.

An IT Governance Framework is to be developed with the objective of institutionalising ICT governance as an integral part of corporate governance within the company. This will take into account the legislative framework, including King III, as well as the International Organisation for Standardisation / International Electro-Technical Commission 38500 (ISO /IEC 38500) and the Control Objectives for Information and Related Technology (COBIT).

2.12 Supply Chain Management and Black Economic Empowerment

The entity has adopted Supply Chain Management systems in compliance with the provisions of the MFMA and the National Treasury: Municipal Supply Chain Management Regulations, 2005. An SCM unit monitors the implementation of the entity's SCM policies in line with the regulations which seeks to modernises financial governance and improve accountability and transparency in the entity's processes. The entity's SCM policies provide for the exclusion of awards to persons in the service of the state subject to the exemptions and regulations issued by National Treasury from time to time.

The entity has implemented the three-stage bidding process with separate Bid Specification, Bid Evaluation and Bid Adjudication committees established.

The Supply Chain Management Policy of the JRA

The entity has adopted Supply Chain Management systems in compliance with the provisions of the MFMA and National Treasury: Municipal Supply Chain Management Regulations, 2005. This includes a detailed Supply Chain Management Policy with the SCM unit being the primary implementer thereof. The policy seeks to ensure that the JRA complies with the Treasury regulations which seeks to modernise financial governance and improve accountability and transparency in the entity

The Capital projects implemented during the review period served as a mechanism for ensuring participation by SMME's, Cooperatives and BB-BEE companies. As part of this initiative, a process was commenced to establish a register of SMME's and Cooperatives on a regional basis. During 2013/14 awards to an approximate value of R 307.million were made of which almost 98% of the value of the tenders was awarded to SMMEs and BEE companies.

No unsolicited bids were awarded by the JRA during the year under review. The entity has implemented the three –stage bidding process with separate Bid Specification, Bid Evaluation and Bid Adjudication committees having been established.

Awards to state employees

- *Legal requirements*

  The JRA enforces the prohibition against granting awards to state employees through the declaration of interest forms. Employees are required to declare their interests in line with the legislation and these declarations are then monitored.
- *The challenges experienced by the entity*

  This process is not effective given the lack of suitable software and tools to further interrogate the declarations or submissions by bidders to ensure compliance and identify possible awards to state employees.
- *Mechanism in place or to be put in place to deal with the challenges.*

  A system to address this shortcoming is being investigated and the entity will consider the procurement of software to assist in identifying state employees.

  Suppliers identified, and blacklisted by National Treasury will be blocked from the JRA Supplier Database.

CHAPTER 3

SERVICE DELIVERY PERFORMANCE

KEY ACHIEVEMENTS:

- *2277 Lane km of gravel road maintained;*
- *402.13 Lane km of roads resurfaced;*
- *47,688 curb inlets (Ki's) cleaned;*
- *6 CCTV Cameras have been installed;*
- *2129 Lane km of faded road markings painted;*
- *422 Traffic Signal intersections fitted with Remote Monitoring units;*
- *72 traffic signals re-cabled;*
- *Construction of pedestrian bridge in Alexandra*
- *Mayoral Project – Jan Smuts resurfacing*
- *Bridge Management System*
- *Completion of Le Roux Bridge in Midrand*

3.1 Core Business

(Cross reference to Chapter One)

The company's operational activities during the year under review continued to support delivery of service aligned to the Key Delivery Pillars being:-

- Traffic Regulatory Infrastructure;
- Road Infrastructure;
- Stormwater Infrastructure

3.2 Day to day operations

The JRA delivers services on a per region, per ward basis. The structure to support the service delivery activities divided into:

3.2.1. (a) **Mobility and Freight (M&F)**

Mobility and Freight is responsible for managing the mobility on our road infrastructure. This includes networks intelligence management of traffic signals, networks engineering, overload control and infrastructure performance management.

Key Operations- Mobility & Freight

Key Operation	Core Processes

Key Operation	Core Processes
To ensure sound transit infrastructure	❖ JRA Road Safety Policy Development ❖ Safety Management ❖ Congestion management system ❖ Incident management ❖ Traffic signaling control systems ❖ Gautrain support ❖ Road markings ❖ Removal of old/obsolete markings ❖ New road signage / poles ❖ New street names ❖ Maintenance :Road signage/poles street names ❖ Removal of illegal road closures ❖ Removal of illegal structures
To ensure a sound traffic regulatory system	❖ Geometric designs ❖ Safety improvement designs ❖ Traffic signal phasing designs ❖ Directional signage
To ensure sound social contract management (awareness, education, training, promotion, marketing communication)	❖ Mobility network status ❖ Traffic volume data ❖ Traffic safety improvement investigation reports
To ensure sound business excellence	❖ Business management/leadership: ❖ Strategic positioning ❖ Business development ❖ Organisation culture development ❖ Business performance management ❖ Stakeholder relations management/communication ❖ Corporate governance ❖ Service delivery

3.2.1. (b) **Regional Operations (RO)**

Regional Operations is responsible for all routine maintenance and repairs including reactive work. This is a region-based operation with each region having its own management structure and support staff.

Included in the regional structure is the strategic asset department which includes the Asphalt Plant, the Laboratory and the Motorways depot.

(Cross reference to Chapter One which details the regions)

Key Operations- Regional Operations

Key Operation	Core Processes
To ensure sound transit infrastructure	❖ Construction &Small road widening ❖ Intersection improvements ❖ Curb and gutter ❖ Speed humps ❖ Traffic islands ❖ New guardrails ❖ Minor maintenance and reinstatement ❖ Curb and gutter ❖ Speed humps ❖ Traffic islands ❖ Vegetation control / removing grass growing on the road ❖ Sweeping of roads ❖ Major Road maintenance / resurfacing of roads ❖ Pre patching ❖ Seals ❖ Overlays ❖ Raising of manholes ❖ Maintenance of gravel roads ❖ Grading ❖ Rip and reshape ❖ Re-gravelling ❖ Dust control ❖ Wayleaves process management ❖ Application management ❖ Reinstatements ❖ Level 1 Bridge maintenance
To ensure a sound traffic regulatory system	❖ Maintain regulatory signage
To ensure a sound storm water management system	❖ Construct sub surface drains ❖ Construct side drains ❖ High level vehicle entrance construction/cleaning ❖ Safety fencing ❖ Infrastructure inspections ❖ Dam wall maintenance

Key Operation	Core Processes
	❖ Storm water safety signage ❖ Cleaning ❖ Repair structure ❖ Replace covers ❖ Unblock pipes ❖ Removal of silt / Clearing of channels ❖ Rubbish/litter traps
To ensure sound business excellence	❖ Business management/leadership ❖ Strategic positioning ❖ Business development ❖ Organization culture development ❖ Business performance management ❖ Stakeholder relations management / communication ❖ Corporate governance ❖ People and financial management
To ensure business continuity	❖ Jobbing / other ❖ Manufacture and sales of asphalt.

3.2.1(c) **Infrastructure Development (ID)**

Infrastructure Development is responsible for the development and construction of new road infrastructure, including bridges. This development involves the entire process from designs to construction to project management up to project handover.

For detailed performance please refer to section 3.5 (Capital Projects) below.

Key Operations- Infrastructure Development

Key Operations	Core Processes
To ensure sound transit infrastructure	❖ Detailed road infrastructure designs ❖ Project planning ❖ Development of infrastructure plans and approvals
To ensure sound social contract management (awareness, education, training, promotion, marketing communication)	❖ Support implementation of projects with focus on EPWP compliance.

Key Operations	Core Processes
To ensure sound business excellence	❖ Contract administration (tender procedures, contract administration)
To ensure business continuity	❖ Projects acquisitions and sales.

3.2.2 **Support Services**

3.2.2. (a) **Planning**

Introduction

All Management positions of the Department were filled. We are still struggling with the recruitment of engineers for the Roads and Storm Water Planning unit and the benchmarking and research positions in the Strategic Planning Dept. This is mainly due to the salary demands and the unavailability of engineers in the market. To address this issue, we have embarked on a head hunting exercise.

The Development of the 10 year Roads Development Plan

Having developed the JRA Strategy 2017 and the Strategic Framework for Roads, the last remaining outstanding strategic document was the 10 Year Roads Development Plan. In December 2013, consultants were procured and immediately commenced with the work of developing this milestone document. By the end of the financial year, the document with 95% completed with the remaining 5% accounted for by consultation process and final input from stakeholders.

The 10 Year Roads Development Plan, is a Plan that contains a prioritised road-based infrastructure programmes and projects that systematically map out JRA's approach and ambitions to constructing, repairing and maintain roads and road related infrastructure. It contains short term (1-3 years) and medium term (4-10 years) priority lists of projects and costing thereof.

JRA 2017 Strategy Review

2014 marked one year since the development of the Company's Strategy 2017. In line with good governance and practice, the company reviewed the Strategy, confirmed its keys focus area and assessed the gains made and possible improvement areas. The reviewed Strategy and action plans were presented to and approved by the Board.

Development Control (Private and Public)

During the course of the year, the planning department (Development Control) continued assessing various Township Planning applications, land use applications, scrutinising building and site development plans as well as addressing correspondence received. These are summarised as follows:-

(a) In the year, 94.1% of all town planning applications were completed within the 60 day period.

(b) 97.0% of all rezoning applications were completed within the 28 day period.

Roads and Storm-water Planning

- Storm-water Master-planning

In the year under review, the storm-water master plan was completed for the entire greater Soweto area. This is a milestone in our quest to deal with the flooding issues that have plagued the Soweto area in recent time. Other localised master planning and related activities completed in the year includes:

- Mulburton – Ground Water Investigation
- Mmesi Park – Stormwater Masterplanning and detailed design
- Weltevredenpark – River investigation on the Klein Jukskei River
- Olivedale – Flooding, Stormwater Masterplanning and remedial actions
- Robinson Canal – Scoping
- Oakdene – Flooding, Stormwater Masterplanning and remedial actions
- Northriding - Flooding, Stormwater Masterplanning and remedial actions

- Floodline Determination

During the year the following were covered from a floodline determination point of view:

- Alexandra, Far East Bank and Rembrandpark
- Winchester Hills
- Honeydew,Douglasdale and Harveston Agricultural Holding Areas
- Greenstone
- Glen Austin and President Park

Road Asset Management Systems

- Visual Condition Assessment (VCA)

The JRA successfully completes an update of its VCA. This is an important planning tool for pavement management. Furthermore, the organisation is now better placed to make data driven submission for the funding of roads maintenance and related matters.

- BMS-Visual Condition Assessment on Bridges

The update of our BMS commenced in Dec 2013. By the end of the financial year under review, a total of 65% of our bridges and structure had been assessed. The implementation of the BMS is a major milestone for the JRA and the City. The outcome of the BMS is an engineering empirical document based on engineering principles to guide the JRA in respect of prioritising the plans for preservation, rehabilitation and reconstruction of the Bridges.

- GIS review and upgrade

By the end of the financial year a total of 52 wards out of the 130 wards of the COJ had been completed. During the term under review, the JRA made significant progress with respect of the data verification in all the regions. We have appointed and firm of Consultants who have been engaged to review and upgrade our GIS. This is a major milestone for the JRA and the City given the importance of this data.

Key Operations- Planning

Key Operation	❖ **Core Processes**
To ensure sound transit infrastructure	❖ Integrated transit infrastructure master planning (including Developers Contributions, CBP, CIMS) ❖ Infill roads planning ❖ Preliminary investigations and designs on future roads ❖ Development risk management: ❖ Design intent/environmental authorization ❖ Management of external development risks (JDA, Province, Housing, etc.) ❖ Business assets management and monitoring
To ensure sound social contract management	❖ Conduct Research and benchmarking programmes

Key Operation	❖ Core Processes
(awareness, education, training, promotion, marketing communication)	❖ Information / knowledge management ❖ Inter-governmental relations (including COJ, Province, private stakeholders) ❖ Compliance to legislative requirements
To ensure sound business excellence	❖ Business management/leadership ❖ Strategic positioning ❖ Business development ❖ Organization culture development ❖ Business performance auditing ❖ Stakeholder reporting ❖ Stakeholder relations management / communication ❖ Corporate governance ❖ People and financial Management
To ensure business continuity	❖ Business transformation/strategic planning

3.2.2. (b) **Corporate Services(CS)**

(Cross reference to Chapter 4)

Corporate Services is responsible for the human capital management including training, employee relations, employee wellness and skills development. In support of the operational activities of the company, Corporate Services provides a sound working environment and promotes harmonious employer/employee relations, whilst monitoring the organizational climate to ensure that it remains conducive to improved productivity. It is also responsible for corporate communications, customer services and public relations. Facilities management is also part of corporate services.

Key Operations- Corporate Services

Key Operation	❖ Core Processes
To ensure sound work environment	❖ Human Capital Management. ❖ Skills Development and Capacity building. ❖ HR Processes management. ❖ Competency assessment and profiling. ❖ Payroll Management. ❖ Discipline Management. ❖ Learnerships Opportunities. ❖ Internship Intake and Training.
To ensure sound social contract management	❖ EPWP Training. ❖ Marketing the JRA brand.

Key Operation	❖ Core Processes
(awareness, education, training, promotion, marketing communication)	❖ External Communication. ❖ Media Relations
To ensure sound business excellence	❖ Employee Relations management. ❖ Customer satisfaction surveys. ❖ Skills development / improvement. ❖ Sound HR policies and practices. ❖ Assets Security.

3.2.2. (c) **Finance (FIN)**

(Cross reference to CFO's Report – 1.8)

Finance is responsible for the recording and reporting on all financial transactions and safeguarding of organizational assets.

Key Operations- Finance

Key Operation	Core Processes
To ensure sound financial management	❖ Management of the budget process and budgets to ensure cost control and adherence ❖ Management of revenue collection and payments to ensure the business is financially sustainable ❖ Instill a culture of good governance ❖ Identification and mitigation of operational risks ❖ Maintenance of business relationships with key service providers
To ensure safeguarding of organisational assets	❖ Management of asset register and effecting controls to safeguard such assets ❖ Risk management of all current assets (stock, debtors and cash).
To ensure an efficient and effective supply chain management	❖ Management of sourcing of goods and services through acceptable procurement processes ❖ Maintenance of an accurate supplier database ❖ Management of supplier performance ❖ Reviewing and implementing controls ❖ Management of the administration of contracts

Key Operation	Core Processes
	❖ Reporting on deviations and non-compliance
To ensure that JRA attains a clean audit	❖ Timely responsiveness and resolution of audit queries ❖ Management, implementation and reporting on audit findings ❖ To prepare and review the standard operating procedures and policies around procurement processes, payments, revenue collection and reporting ❖ Management of controls and enforcement of compliance to relevant regulatory frame work ❖ To effect controls to minimize audit risks
To ensure timely and quality reporting is submitted to stakeholders	❖ Management of monthly, quarterly , year-end and ad-hoc reporting ❖ Education of business users and suppliers and enforcement of good governance around payments
To ensure sound business excellence	❖ Education of business users and suppliers and enforcement of acceptable operational standards ❖ Maintenance of stakeholder relationships (Examples: SARS, COJ,SHU, MOEs, Bank) ❖ Risk management around payments ❖ Compliance with the regulatory and statutory framework ❖ Education of business users and suppliers and enforcement of good governance around payments

3.2.2. (d) **Governance, Performance and IT (GPI)**

The following functions fall under the Governance, Performance and IT Department:

- Stakeholder Engagement and Inter-Governmental Relations
- Information Technology
- Company Performance and Quality Assurance
- Legal

- Risk

The head of department position has been vacant during the year and the various functions have thus reported directly to the Managing Director.

Key Operations – Governance, Performance & IT

Key Operation	Core Processes
To ensure fair and transparent stakeholder engagement	❖ Manage Stakeholder and inter-Governmental relations ❖ Instill culture of fairness and transparency ❖ Manage reputational risk and restore public trust ❖ Maintenance good relationships with key stakeholders ❖ Pursue strategic partnerships
To ensure a reliable and sound IT system	❖ Ensure the implementation of a sound IT Governance framework in line with good governance principles and statutory requirements ❖ Manage company information and database ❖ Ensure reliability and accessibility of information and communications ❖ Management of IT hardware and software systems and end user requirements ❖ Deploy smart technology to improve service delivery and road user experience
To ensure an efficient and effective performance and quality management system	❖ Ensure ISO 9000 compliance ❖ Management and monitoring of company performance ❖ Reporting on performance ❖ Management of monthly, quarterly , year-end and ad-hoc reporting ❖ Provide quality assurance of JRA infrastructure delivery programmes
To ensure an effective legal system that safeguards the JRA interests	❖ Legal advisory and support. ❖ Drafting and negotiation of contracts and agreements ❖ Management of litigation and support on labour related disputes ❖ Management of third party claims

To ensure a Risk management system that identifies and manages JRA risks effectively	❖ Implementation of an Enterprise Risk Management Framework including the Identification, assessment and mitigation of risks ❖ Management of risk registers
To ensure a sound system of overall governance and compliance	❖ Management of compliance oversight ❖ Ensure system of effective governance ❖ Provide internal audit services to ensure that proper internal controls are in place

3.3 Highlights and Achievements

Regional Operations Department

- The Regional Operations Department have achieved the following during 2013-14 :
  - Of the reported 12,028 potholes, a total of 8,665 were repaired within 3 days (72.04%);
  - Of the reported 1660 reinstatements, a total of 998 were repaired within 3 days (60.12%);
  - Of the reported 37 missing manhole covers, a total of 16 were repaired within 3 days (43.24%);
  - A total of 2277 L/km of gravel road was maintained against a target of 2700 l/km (84.3%);
  - A total of 144,419 potholes were repaired against a target of 88,000 (>100%);
- Road Rehabilitation activities completed:
  - Resurfacing= 221.61 L/km against an annual target of 120 L/km;
  - Deep patching = 21.42 L/km against an annual target of 7.80 L/km;
  - Skin Patching = 9.18 L/km) against an annual target of 5.20 L/km;
  - Crack Sealing = 21668.00 kg against an annual target of 50400kg
- Asphalt production:

  During the year, a total of 77,723.31 tons of asphalt was produced against a target of 20,000 tons (>100%).

Mobility & Freight Department

During the year, the Mobility & Freight Department achieved the majority of the operational KPI's relating to Traffic Signal maintenance, Traffic Signs & Markings maintenance and Traffic Engineering.

- **Traffic Signals:**
  - Year to date a total of 3627 Traffic Signal Faults were reported. Of these, 2792 were repaired within 24 hrs. (76.9 %);
  - The average time to resolve 100% of faulty traffic signals' service requests, excluding power outages was 30.02 hrs.
- **Road Markings & Signage:**

- During the year, 228 out of the reported 250 damaged / missing signs were replaced within 7 working days (91.2%);
- Of the 10 requests received for incorrect spelt street names during the year, all were resolved within 7 working days (100%);
- A total of 2129 lane km of faded lane markings were painted against a target of 1500 lane km (>100%);
- During the year a total of 619 poles mounted street names have been maintained against a target of 4000 (15%); The tender for the supply of street name plates was cancelled due to irregularities in the tenders received.
- As at year end, a total of 2677 signs upgraded against a target of 3000 (89.2%);
- For the year, a total of 44849 street names were painted against a target of 40000 (>100%)

➢ **Traffic Engineering Work:**

- 4 detailed designs for geometric improvements;
- 309 site investigations;
- 25 safety audits completed against a target of 24 (>100%);
- 41 investigations in relation to petitions;
- 186 Traffic Impact Studies completed;
- 255 signal phasing's designs.

Planning Department

- The Development of the 10 year Roads Development Plan
- JRA 2017 Strategy Review
- Storm-water Master-planning - storm-water master plan was completed for the entire greater Soweto area.
- Visual Condition Assessment (VCA) - successfully completes an update of its VCA.
- BMS-Visual Condition Assessment on Bridges - By the end of the financial year under review, a total of 65% of our bridges and structure had been assessed.
- GIS review and upgrade - By the end of the financial year a total of 52 wards out of the 130 wards of the COJ had been completed.

Support Departments

- Clean audit
- Attainment of solvency
- Capacitation and restructuring of SCM (Supply Chain Management)

- Capacitation of Human Capital Department
- Find-&-Fix application
- Commencement of ISO 9000 accreditation programme

3.4 Financial Performance

(Please cross reference the CFO's Report section 1.8)

3.5 Capital Projects

3.5.1 Report from the Infrastructure Department tasked with Capital Projects

The 2013/14 financial year marked the City's recommitment to investment in the road infrastructure within the City of Johannesburg. This was evident from the 2013/14 CAPEX budget that had more than doubled from the previous year's budget growing from R 290 million to R 737.7 million. This trend will continue over the Medium Term Expenditure Framework, therefore enabling the JRA to address the needs of the citizens of the City with regard to road infrastructure.

Implementation of the Capital Programme began in earnest from the start of the financial year. Where possible, tenders for projects were requested on a multi-year basis. This approach mainly applied to the Gravel Roads Upgrading as well as the Conversion of Open Storm Water Channels to Underground Drainage Systems. In addition, bridge programmes implemented in the financial year under review, including the Naledi and Le Roux Avenue bridge projects, have been addressed as multi-year projects.

Challenges were however experienced with the procurement of contractors for the gravel roads upgrade and conversion of open stormwater channels projects. During the evaluation of the gravel road tenders it was found that none of the tenderers were responsive, causing serious implementation delays.. Alternative procurement procedures through the use of Regulation 32 of the MFMA had to be used. For the Conversion of Open Storm Water Channels projects only one appointment could be made due to the validity period of tenders having expired. The Conversion of Open Drains in Diepsloot resulted in a procurement exception. This project was combined with the Gravel Roads Upgrade project in Diepsloot and implemented under a Regulation 32 appointment, as mentioned above, took place. Implementation of the Gravel Roads Upgrade programme commenced during the fourth quarter. The JRA has applied for a rollover of the unspent budget for these projects from the USDG office.

Tenders from consulting engineers for the Design and Construction Supervision for emergency and critical storm water projects (approximately 20) were advertised during the third quarter. Consultant appointments have been received for eight of these projects and design work continued during the fourth quarter. Construction on these projects will be carried out in 2014/15.

Heavy rainfall during the third quarter resulted in damage to nine bridges across the City of Johannesburg. Existing consultant and contractor on the bridge rehabilitation project were assigned to carry out the necessary repairs. Construction on the bridges commenced during March and April 2014.The estimated cost of the repairs for these bridges was R 37million. In addition the estimated cost for the repair of flood damaged roads was R22.7 million.

A Reprioritisation of the JRA Capital Expenditure 2013/14 report was approved by the City of Johannesburg. This reprioritisation of the 2013/14 budget included amounts of R 37 million for the repair of bridges and R 23 million for repair of flood damaged roads. Road repairs have been completed and the bridge repairs will be completed in the 2014/15 financial year.

From a partnership perspective, a Service Level Agreement was concluded with SANRAL to implement various projects on behalf of the JRA. These projects included the construction of the Le Roux Bridge and the upgrading of the M1 including associated rehabilitation of bridge structures. SANRAL is also implementing the City Deep Freight Hub programme in accordance with the tripartite agreement signed in the last financial year between the Gauteng Provincial Department of Roads and Transport, SANRAL and the JRA. The programme comprises of seven projects. These projects form part of JRA's CAPEX multi-year programme and are currently at various stages of implementation.

The appointment of a contractor for the Naledi/ Protea North Bridge was completed in March 2014. The contractor has commenced with piling operations. With the new design alignment, Eskom pylon cables need to be raised to ensure adequate height clearance. Eskom will carry out this work later in 2014.

The resurfacing programme was undertaken by the JRA's Road Resurfacing Depot (RSD) which is being augmented by external capacity in the form of three contractors. The total Lane Km resurfaced for the year is 402.13 Lane Km against a target of 125 Lane Km. Additional budget was allocated to this project during the budget reprioritisation

A total of thirty four expansion joints were replaced on various bridges during the year by the contractor appointed for the rehabilitation of bridge expansion joints project.

From a traffic signal capital infrastructure perspective, the following was achieved during the term:

- A total of 60 adaptive control devices were installed against an annual target of 50 (>100%);
- A total of, 422 Intersections were fitted with remote monitoring devices against a target of 330 (>100%).
- During the 442Traffic signals were upgraded to SARTSM requirements against an annual target of 400 (>100%);

- A total of 228 Traffic signals controllers were upgraded against a target of 160 (>100%);
- During the year 72 intersections were re-cabled against a target of 65 (>100%);
- A total of 257 signals phasing's were upgraded against a target of 200 (>100%);

The EPWP training needs are being finalized. To date the number of EPWP jobs opportunities created is 226.

In line with CoJ's objectives, key programme of SMME and Entrepreneurial Support and *Jozi@Work* approach, the JRA database for SMMEs and Co-operatives has been completed. The names of the registered SMMEs in the respective regions are being given to successful bidders on the projects in order for the SMMEs to be afforded an opportunity to bid for work.

The JRA is also embarking on an initiative to establish an SMME Development Desk that will provide a platform for emerging contractor support. This intervention is critical for SMME development and sustainability and is intended to facilitate support in the areas of finance, technical skills and business management. The JRA will mobilise partnerships with various players in the market to ensure that such support is made available to SMME's. The JRA is currently capacitating the organisational structure in order to put this project into effect.

3.5.2 **COJ's Future Strategies**

- "Corridors of Freedom"

The City of Johannesburg is embarking on a new spatial vision for the City in line with the GDS 2040
Strategy based on corridor Transit-oriented Development.

The shape of the future City will consist of well-planned transport arteries – the "Corridors of Freedom" –linked to interchanges where the focus will be on mixed-use development – high-density accommodation, supported by office buildings, retail development and opportunities for leisure and recreation. In the future Joburg residents will live closer to their workplace and be able to work, stay and play without having to use private motorised transport. Safe, affordable and convenient buses, cycling and pedestrian activity will replace the carbon-burning private car.

The "Corridors of Freedom" will transform entrenched settlement patterns which have shunted the majority of residents to the outskirts of the City, away from economic opportunities and access to jobs and growth.
In this way we will be re-defining and re-stitching our City together to create a new future.

The focus areas for the implementation of the “Corridors of Freedom” are as follows:

In the medium term - 2016

- Soweto to CBD along Perth Empire
- CBD to Alex
- Alex to Sandton
- Turffontein node

In the long term - 2040

- Sandton/Randburg to Diepsloot
- Alex to Ivory Park
- Mining Belt

3.6 Performance against IDP and City Scorecard

In support of the objectives of the IDP, the JRA implemented the following projects during 2013-14

Customer Charter Priority Programme

JRA Programme	Project	Key Performance Indicators	Measurement unit	Budget Stream	Annual Target	Annual Budget R'000	Achieved (2013-14)
Asset Preservation (Roads)	Reinstatements	% of Reinstatement of reported road excavations / trenches completed by stakeholders and reinstated within 3 days	%	Opex	90%	(Refer to Roads Management Programme)	During the year, of the reported 1660 reinstatements, a total of 998 were repaired within 3 days (60.12%)
Asset Preservation (Roads)	Pothole repairs	% of Potholes repaired within 3-days	%	Opex	90%	(Refer to Roads Management Programme)	During the year, of the reported 12028 potholes, a total of 8665 were repaired within 3 days (72.04%)

JRA Programme	Project	Key Performance Indicators	Measurement unit	Budget Stream	Annual Target	Annual Budget R'000	Achieved (2013-14)
Asset Preservation (Traffic Signals)	Traffic Signal maintenance	% of faulty traffic signals repaired within 24 hours	%	Opex	90%	(Refer to Mobility & Freight Programme)	During the year, a total of 3627 Traffic Signal Faults were reported. Of these, 2792 were repaired within 24 hrs. (76.98 %). The average time to resolve 100% of faulty traffic signals' service requests, excluding power outages during the year was 30.02 hrs.
Asset Preservation (Signage)	Missing Stop + Traffic Signs	% of all missing Stop and Traffic Signs replaced within 7 days	%	Opex	90%	(Refer to Mobility & Freight Programme)	During the year, a total of 250 missing traffic signs were reported. Of these, 228 were replaced within 7 working days. (91%)
Asset Preservation - Mobility Freight (Signage)	Incorrect Street Name spelling	% of incorrect street name spelling corrected within 7 days	%	Opex	90%	(Refer to Mobility & Freight Programme)	During the year, 10 incorrect spelled street names were reported all of which were corrected within 7 days. (100%)

JRA Programme	Project	Key Performance Indicators	Measurement unit	Budget Stream	Annual Target	Annual Budget R'000	Achieved (2013-14)
Asset Preservation (Stormwater)	Missing Manhole Covers replacement	% of missing Manhole covers replaced in 3 days	%	Opex	90%	(Refer to Roads Management Programme)	During the year, of the reported 37 missing manhole covers, a total of 16 were repaired within 3 days (43.24%)

Programmes in support of the IDP

A) *CAPEX Programmes*

City's Priorities	JRA Programme	Projects	Key Project Performance Indicators	Measurement unit	Measurement Source	R'000 2013/14 Total Budget	R'000 2014/15 Total Budget	R'000 2015/16 Total Budget	2013/14 Performance Target	Achieved (2013-14)

City's Priorities	JRA Programme	Projects	Key Project Performance Indicators	Measurement unit	Measurement Source	R'000 2013/14 Total Budget	R'000 2014/15 Total Budget	R'000 2015/16 Total Budget	2013/14 Performance Target	Achieved (2013-14)
Sustainable Human Settlements	New Roads: Construction and Upgrades	MOB - Complete Streets (Streets Alive) New Roads: Construction and Upgrades JOHANNESBURG F City Wide	% of road completed	%	Project Audited Report - CoJ	R 15 000	R 45 000	R 70 000	100%	As at year end, 100% of the project plan was completed. In total 2.1 km of roads were retrofitted as per the Complete Street Retrofit programme.
Sustainable Human Settlements	New Roads: Construction and Upgrades	MISCL - Gravel Roads: Bram Fischerville New Roads: Construction and Upgrades BRAM FISCHERVILLE C Ward 49	Km of road constructed	km	Project Audited Report - CoJ	R 25 000	R 35 000	R 35 000	5 km	During the year, a total of 1.24 km of gravel road was surfaced against a target of 5 km.
Sustainable Human Settlements	New Roads: Construction and Upgrades	MISCL - Gravel Roads: Orange Farm New Roads: Construction and Upgrades ORANGE FARM G Ward 1,2,3&4	Km of road constructed	km	Project Audited Report - CoJ	R 25 000	R 57 340	R 68 340	5 km	During the year, a total of 1.24 km of gravel road was surfaced against a target of 5 km
Sustainable Human Settlements	New Roads: Construction and Upgrades	MISCL - Gravel Roads: Diepsloot New Roads: Construction and Upgrades DIEPSLOOT WEST EXT.3 A Ward	Km of road constructed	Km	Project Audited Report - CoJ	R 25 000	R 46 060	R 47 060	5 km	During the year, 1.37 km of gravel roads were surfaced against a target of 5 km.
Sustainable Human Settlements	New Roads: Construction and Upgrades	MISCL – Gravel Roads: Doornkop/Thulani. New Roads: Construction and Upgrades DOORNKOP C Ward 50	Km of road constructed	Km	Project Audited Report - CoJ	R 16 100	16 100	100%	3.2 km	During the year, 0.250 km of gravel road was surfaced against a target of 3.2 km.

City's Priorities	JRA Programme	Projects	Key Project Performance Indicators	Measurement unit	Measurement Source	R'000 2013/14 Total Budget	R'000 2014/15 Total Budget	R'000 2015/16 Total Budget	2013/14 Performance Target	Achieved (2013-14)
Sustainable Human Settlements	New Roads: Construction and Upgrades	MISCL - Gravel Roads: Lawley New Roads: Construction and Upgrades LAWLEY EXT.1 G Ward 112	Km of road constructed	Km	Project Audited Report - CoJ	R 20 000	20 000	100%	4 km	No gravel roads were surfaced against a target of 4 km. Progress as at year end: >Planning completed, >Consultant appointment , >PDR completed, >DDR completed, >Contractor appointed
Sustainable Human Settlements	New Roads: Construction and Upgrades	RNP004_James Street Extension New Roads: Construction and Upgrades ENNERDALE G Regional Ward 6	% of road constructed	%	Project Audited Report - CoJ	R 1 000	R 1 000	R 5 000	100%	There was no progress in respect of the implementation of the project. (0%) SCM processes have delayed the project
Sustainable Human Settlements	Renewal Roads: Construction and Upgrades	BRIDR - Road Reconstruction Programme Renewal Roads: Construction and Upgrades JOHANNESBURG F City Wide	Km of road constructed	Km	Project Audited Report - CoJ	R 25 000	R 70 000	R 75 000	7.1 Km	No roads were reconstructed (0 km against a target of 7.1 km) Progress as at year end:- > Planning completed; > Consultant appointed; > PDR completed.
Sustainable Human Settlements	Renewal Roads: Construction and Upgrades	MOB - City Deep Freight Hub. Renewal Roads: Construction and Upgrades CITY DEEP F City Wide	% of road network upgraded	%	Project Audited Report - CoJ	R 30 000	R 30 000	R 30 000	100%	No roads were upgraded as per the project plan. (0% against a target of 100%) Progress as at year end:- > Planning completed

City's Priorities	JRA Programme	Projects	Key Project Performance Indicators	Measurement unit	Measurement Source	R'000 2013/14 Total Budget	R'000 2014/15 Total Budget	R'000 2015/16 Total Budget	2013/14 Performance Target	Achieved (2013-14)
										> Contractor (SANRAL) appointed
Investment attraction, retention and expansion	Renewal Roads: Rehabilitation	BRIDR - Resurfacing of Roads Renewal Roads: Rehabilitation JOHANNESBURG F City Wide	Lane Km of road rehabilitated	L/Km	Project Audited Report - CoJ	R 100 000	R 543 173	R 850 620	125 Km	A total of 402.13 lane km has been resurfaced against a target of 125 lane km
Investment attraction, retention and expansion	Renewal Roads: Rehabilitation	BRIDR - Resurfacing of M1 Motorway. Renewal Roads: Rehabilitation MELROSE E City Wide	% of road rehabilitated	%	Project Audited Report - CoJ	R 50 000	R 150 000	R 200 000	100%	During the year, no roads were resurfaced, no drainage was repaired and no bridge repairs were implemented. (0% against a target of 100%) Progress as at year end is as follows: > Planning completed; > Contractor (SANRAL) appointed
Investment attraction, retention and expansion	Renewal Roads: Construction and Upgrades	MOB - Guardrails Renewal Roads: Construction and Upgrades JOHANNESBURG F Regional	Linear meters (Guardrail renewals)	Lm	Project Audited Report - CoJ	R 10 000	R 30 000	R 35 000	20576 Lm	No guardrails were repaired during the year. SCM processes delayed the project Progress as at year end: > Contractor appointed

City's Priorities	JRA Programme	Projects	Key Project Performance Indicators	Measurement unit	Measurement Source	R'000 2013/14 Total Budget	R'000 2014/15 Total Budget	R'000 2015/16 Total Budget	2013/14 Performance Target	Achieved (2013-14)
Sustainable Human Settlements	New Bridges	BRID 05 - Naledi / Protea Bridge (Between Wards 20 and 14) New Bridges (Pedestrian and Vehicles) NALEDI D Regional Ward 20	% of bridge completed	%	Project Audited Report - CoJ	R 20 000	R 10 000	R 0	60%	During the year, 45% of the bridge was constructed against targeted 60%.
Sustainable Human Settlements	Renewal Bridges	MISCL - Pedestrian Bridge in Alexandra New Bridges (Pedestrian and Vehicles) ALEXANDRA EXT.4 E Ward 105	% of bridge completed	%	Project Audited Report - CoJ	R 8 000	R 0	R 0	100%	The project was completed in November 2013. The construction of the bridge was completed in accordance with the project plan (100%)
Sustainable Human Settlements	Renewal Bridges	BRID 11 - Bridge Rehabilitation Renewal Bridges (Pedestrian and Vehicles) JOHANNESBURG F City Wide	% of bridge completed	%	Project Audited Report - CoJ	R 3 000	R 3 000	R 3 000	100%	The project is complete in terms of the implementation plan (100%) Additional budget was allocated to this project for the repair of flood damaged bridges.
Sustainable Human Settlements	Renewal Bridges	BRID 10 - Bridge Expansion Joints Renewal Bridges (Pedestrian and Vehicles) JOHANNESBURG F City Wide	Number of bridge joints completed	Number	Project Audited Report - CoJ	R 7 000	R 15 000	R 15 000	11	During the year, a total of 34 joints have been replaced against a target of 11
Sustainable Human Settlements	New Gravel Road	MISCL - Gravel Roads: Ivory Park New Gravel Road IVORY PARK EXT.9 A Ward	Km of road constructed	Km	Project Audited Report - CoJ	R 25 000	R 47 700	R 49 800	5 Km	During the year, 2 km of gravel road was surfaced against a target of 5 km

City's Priorities	JRA Programme	Projects	Key Project Performance Indicators	Measurement unit	Measurement Source	R'000 2013/14 Total Budget	R'000 2014/15 Total Budget	R'000 2015/16 Total Budget	2013/14 Performance Target	Achieved (2013-14)
Sustainable Human Settlements	Gravel Roads Upgrade	MISCL - Gravel Roads: Tshepisong. New Roads: Construction and Upgrades TSHEPISONG C Ward 128	Km of road constructed	Km	Project Audited Report - CoJ	R 25 000	20 000	100%	5 Km	During the year, 0.81 km of gravel road was surfaced against a target of 5 km
Sustainable Human Settlements	Gravel Roads Agricultural Holdings-Renewal	MISCL – Gravel Roads Agricultural Holdings-Renewal City Wide	Km of road constructed	Km	Project Audited Report - CoJ	R 5 000	R 2 500	R 2 500	3.33 km	During the 12 km of roads re-gravelled in Regions A & C
Sustainable Human Settlements	New Catchments	CATCH 20 Braamfontein Spruit: Flood Plain Development and Bank Protection New Catchments BRAAMPARK B Regional Ward 87& 117	% of Project completed	%	Project Audited Report - CoJ	R 4 000	R 3 000	R 5 000	100%	There was no progress on the project during the year. Consultant has not been appointed. (0%) Unspent budget was transferred to Bridge Rehabilitation as per the approved reprioritisation report
Sustainable Human Settlements	New Stormwater Management Projects	MISCL - Emergency, Critical and Urgent Depot Stormwater Improvements New Stormwater Management Projects JOHANNESBURG F City Wide	% of improvements completed	%	Project Audited Report - CoJ	R 45 000	R 30 000	R 30 000	100%	In total 78.2% of the project was completed against a target of 100% Unspent budget was transferred to Bridge Rehabilitation as per the approved reprioritisation report

City's Priorities	JRA Programme	Projects	Key Project Performance Indicators	Measurement unit	Measurement Source	R'000 2013/14 Total Budget	R'000 2014/15 Total Budget	R'000 2015/16 Total Budget	2013/14 Performance Target	Achieved (2013-14)
Sustainable Human Settlements	New Stormwater Management Projects	MISCL - Integrated Roads and Stormwater Master planning New Stormwater Management Projects JOHANNESBURG F City Wide	% of Masterplan completed	%	Project Audited Report - CoJ	R 8 000	R 3 000	R 3 000	100%	The annual project plan has been completed (100%)
Sustainable Human Settlements	Renewal Stormwater Management	CATCH 215 - Kliptown Stormwater Upgrade (Phase 10: Low Level Bridge) Renewal Stormwater Management Projects KLIPSPRUIT WEST EXT.1 D Ward 11	% of Project completed	%	Project Audited Report - CoJ	R 1 000	R 15 000	R 15 000	100%	No progress was made in relation to the project plan during the year (0%) Consultant's tender to be re advertised
Sustainable Human Settlements	Renewal Stormwater Management	MISCL - Dam Rehabilitation: New Canada Renewal Stormwater Management Projects PENNYVILLE C Regional Ward 70	% of rehabilitation completed	%	Project Audited Report - CoJ	R 10 000	R 0	R 0	100%	There was no progress against the project plan (0%) Proposed solution completed and presented including implications; Impact of the proposed intervention on various stakeholders required Council decision; EISD processing submission to Council for consideration; Unspent funding has been transferred to the road resurfacing programme
Sustainable Human Settlements	Renewal Stormwater Management	MISCL - Conversion of Open Drains to Underground/Covered Drains in Ivory Park.	Km of channels completed	Km	Project Audited Report	R 15 000	R 15 000	R 15 000	3.2 km	During the year, no open storm water channels were converted to underground systems against a target of 3.2 km.

City's Priorities	JRA Programme	Projects	Key Project Performance Indicators	Measurement unit	Measurement Source	R'000 2013/14 Total Budget	R'000 2014/15 Total Budget	R'000 2015/16 Total Budget	2013/14 Performance Target	Achieved (2013-14)
		Renewal Stormwater IVORY PARK EXT.7 A Ward 79			- CoJ					Progress at year end: > Planning completed, > Consultant appointed, > PDR completed, > Detailed Design completed, > Contractor appointed Unspent budget was transferred to Road Resurfacing as per the approved reprioritisation report; Contractor's tender to be re advertised; Project can only be re-advertised after 6 months as per CIDB regulations
Sustainable Human Settlements	Renewal Stormwater Management	MISCL - Conversion of Open Drains to Underground/Covered Drains in Diepsloot. Renewal Stormwater DIEPSLOOT WES A Ward 95 & 113	Km of channels completed	Km	Project Audited Report - CoJ	R 9 000	R 9 000	R 9 000	2 km	During the year, no open storm water channels were converted to underground systems against a target of 2km. Progress at year end: > Planning completed, > Consultant appointed, > PDR completed, > Detailed Design completed, > Contractor appointed, Construction is in progress and monitored against project plan

City's Priorities	JRA Programme	Projects	Key Project Performance Indicators	Measurement unit	Measurement Source	R'000 2013/14 Total Budget	R'000 2014/15 Total Budget	R'000 2015/16 Total Budget	2013/14 Performance Target	Achieved (2013-14)
Sustainable Human Settlements	Renewal Stormwater Management	MISCL - Conversion of Open Drains to Underground/Covered Drains in Orange Farm. Renewal Stormwater ORANGE FARM G Ward 1,2,3&4	Km of channels completed	Km	Project Audited Report - CoJ	R 15 000	R 15 000	R 15 000	0.7 km	During the year, no open storm water channels were converted to underground systems against a target of 700m Progress at year end: > Planning = completed , > Consultant appointed, > PDR = completed; > DDR = completed Unspent budget was transferred to Road Resurfacing as per the approved reprioritisation report
Sustainable Human Settlements	Renewal Stormwater Management	MISCL - Conversion of Open Drains to Underground/Covered Drains in Bram Fischerville. Renewal Stormwater Management Projects BRAM FISCHERVILLE C Ward 49	Km of channels completed	Km	Project Audited Report - CoJ	R 9 500	R 9 500	R 9 500	2 Km	During the year, no open storm water channels were converted to underground systems against a target of 2 km. Progress at year end: > Planning = completed, > Consultant appointed, > PDR = completed; > DDR = completed Unspent budget was transferred to Road Resurfacing as per the approved reprioritisation report

City's Priorities	JRA Programme	Projects	Key Project Performance Indicators	Measurement unit	Measurement Source	R'000 **2013/14 Total Budget**	R'000 2014/15 Total Budget	R'000 2015/16 Total Budget	**2013/14 Performance Target**	**Achieved** (2013-14)
Smart City	New Mobility: Intelligent Transportation System & Networks	MOB - Installation of New Warranted Traffic Signals in Wards 13, 16, 19, 20, 73, 87, 101 & 103 New Mobility: Intelligent Transportation System & Networks JOHANNESBURG F City Wide	Number of new traffic signals installed	New Traffic Signals (intersections)	Project Audited Report - CoJ	R 5 000	R 5 000	R 5 000	10 intersections	During the year, new traffic signals were installed at 10 intersections out of a target of 10 intersections
Smart City	New Mobility: Intelligent Transportation System & Networks	MOB - CCTV Cameras - 6 New Mobility: Intelligent Transportation System & Networks JOHANNESBURG F City Wide	Number of CCTV cameras installed	Number	Project Audited Report - CoJ	R 2 000	R 2 500	R 2 500	5	During the year, 6 CCTV Cameras have been installed against a target of 5
Smart City	New Mobility: Intelligent Transportation System & Networks	MOB - Traffic Signal Adaptive Control New Mobility: Intelligent Transportation System & Networks JOHANNESBURG F City Wide	Number of adaptive units installed	Number	Project Audited Report - CoJ	R 10 000	R 15 000	R 20 000	50 intersections	During the year, 60 intersections were fitted with Adaptive Control Devices against a target of 50 intersections
Smart City	New Mobility: Intelligent Transportation System & Networks	MOB - Remote Monitoring / UTC (Urban Traffic Control) New Mobility: Intelligent Transportation System & Networks JOHANNESBURG F City Wide	Number of remote monitoring units installed	Number	Project Audited Report - CoJ	R 14 000	R 14 000	R 7 000	330 intersections	During the year, 422 intersections were fitted with Remote Monitoring units out of a target of 330 intersections

City's Priorities	JRA Programme	Projects	Key Project Performance Indicators	Measurement unit	Measurement Source	R'000 2013/14 Total Budget	R'000 2014/15 Total Budget	R'000 2015/16 Total Budget	2013/14 Performance Target	Achieved (2013-14)
Smart City	Renewal Mobility: Intelligent Transportation System & Networks	MOB - SARTSM: Upgrade of Existing Signalised Intersections Renewal Mobility: Intelligent Transportation System & Networks JOHANNESBURG F City Wide	Number of traffic signals upgraded to SARTSM requirements	Number	Project Audited Reports - CoJ	R 25 000	R 25 000	R 10 000	400	During the year , 442 intersections upgraded to SARTSM compliance out of a target of 400
Smart City	Renewal Mobility: Intelligent Transportation System & Networks	MOB - Traffic Management Centre Renewal Mobility: Intelligent Transportation System & Networks JOHANNESBURG F City Wide	% of networks completed	%	Project Audited Report - CoJ	R 5 000	R 2 000	R 2 300	100%	75% of project completed
Smart City	Renewal Mobility: Intelligent Transportation System & Networks	MOB - Upgrading Controllers and Phasing Renewal Mobility: Intelligent Transportation System & Networks JOHANNESBURG F Regional	Number of controllers & phasing's installed	Number	Project Audited Report - CoJ	R 15 000	R 16 000	R 16	150 intersection	During the year, 228 traffic signal controllers have been upgraded out of a target of 160. During the year, 257 traffic signals phasing's upgraded against a target of 200
Smart City	Renewal Mobility: Intelligent Transportation System & Networks	MOB - Geometric Improvements Renewal Mobility: Intelligent Transportation System & Networks JOHANNESBURG F City Wide	Number of Improvements completed	Number	Project Audited Report - CoJ	R 5 000	R 5 000	R 5 000	10 Designs; 3 intersections upgraded	Year to date, four (4) detail design were completed. No construction has taken place. Construction to take place in 2014/15. Unspent budget was transferred to Storm water master planning as per the approved reprioritisation report

City's Priorities	JRA Programme	Projects	Key Project Performance Indicators	Measurement unit	Measurement Source	R'000 2013/14 Total Budget	R'000 2014/15 Total Budget	R'000 2015/16 Total Budget	2013/14 Performance Target	Achieved (2013-14)
Smart City	Renewal Mobility: Intelligent Transportation System & Networks	MOB – Re-cabling of Old Redundant Cables at Signalized Traffic Intersections Renewal Mobility: Intelligent Transportation System & Networks JOHANNESBURG F City Wide	Number of adaptive units installed	Number	Project Audited Report - CoJ	R 10 000	R 10 000	R 5 000	65	Year to date, 72 traffic signals re-cabled against a target of 65
Investment attraction, retention and expansion	Design Future Schemes	MISCL - Investigate and Design Future Schemes New Operational Capex JOHANNESBURG F City Wide	% of road constructed	%	Project Audited Report - CoJ	R 4 000	R 4 000	R 4 000	100%	The project plan is 100% complete
Investment attraction, retention and expansion	New Developers Contribution	BRID 05 - Le Roux Avenue Bridge New Developers Contribution HALFWAY HOUSE ESTATE A Regional Ward 112	% of bridge completed	%	Project Audited Report - CoJ	R 35 700	R 25 000	R 16 200	100%	Project is complete. (100%)
Resource Sustainability	New Plant and Equipment	CS - Capital Equipment New Plant and Equipment JOHANNESBURG F City Wide	% of Project completed	%	Project Audited Report - CoJ	R 15 000	R 15 000	R 15 000	100%	Funds spent and equipment delivered
Resource Sustainability	New Computer Software	CS - GIS, Laser Inspection, Web and Mobile Tools. New Computer Software JOHANNESBURG F City Wide	% of Project completed	%	Project Audited Report - CoJ	R 3 900	R 500	R 500	100%	The annual progress against the project plan is 100%. Data collection is proceeding.

City's Priorities	JRA Programme	Projects	Key Project Performance Indicators	Measurement unit	Measurement Source	R'000 2013/14 Total Budget	R'000 2014/15 Total Budget	R'000 2015/16 Total Budget	2013/14 Performance Target	Achieved (2013-14)
Resource Sustainability	New Computer Software	CS - Document Management System within JRA. New Computer Software JOHANNESBURG F City Wide	% of Project completed	%	Project Audited Report – CoJ	R 2 000	R 0	R 0	100%	100% SharePoint development completed; Scanning of documents initiated and partially completed. Additional training to be scheduled for business units if required;
Green Economy	New Operational Capex	MISCL - Environmental Compliance New Operational Capex JOHANNESBURG F City Wide	% of compliance finalised	%	Project Audited Report - CoJ	R 1 500	R 1 500	R 1 500	100%	No progress to date.(0%) The tender was re-advertised as the first tender process did not yield positive outcomes.

B) ***OPEX Programmes***

City Priority	JRA Programme	Project	Key Performance Indicators	Measurement unit	Budget Stream	Annual Target	Annual Budget R'000	Achieved (2013-14)
Roads Management Programme								

Sustainable Human Settlements	Asset Preservation (Roads)	Gravel Road Maintenance	Length of gravel road maintained (Lane km) blading, re-graveling, rip and re-shaping	L/Km	Opex	**2700**	**19 900**	During the year, a total of 3562 L/km of gravel road was maintained against a target of 2700 l/km
Sustainable Human Settlements	Asset Preservation (Roads)	Potholes repairs	No of potholes repaired	No	Opex	**88 000**	**26 492**	During the year, a total of 144,432 potholes were repaired against a target of 88000
Sustainable Human Settlements	Asset Preservation (Roads)	Resurfacing (Patching & Milling)	Length of road 1. Patching, Milling, Crack Sealing (R 80 mil); 2. Resurfacing - M2 (R30 mil); 3. Resurfacing - Regions (R 10 mil)	Km	Opex	**89**	**122 218**	During the year, the following was achieved: > Resurfacing= 221.61 L/km; > Deep patching = 21.42 L/km; > Skin Patching = 9.18 L/km;
Sustainable Human Settlements	Asset Preservation (Roads)	Miscellaneous: Repair Footways, Kerbs , Gutters, Patching, Guardrails, Vegetation Control	100% compliance with Implementation Plan (Miscellaneous: Repair Footways, Kerbs , Gutters, Patching, Guardrails, Vegetation Control)	%	Opex	**100%**	**79 000**	During the year, 49.03 % of the annual implementation plan was achieved against a target of 100%. During the year, the following was completed:- - 6,318.4 m2 of Concrete footway repairs ; - 2661.7 m2 of Asphalt footway repairs - 8903.8 lm of kerb and gutter repairs; - 1095 lm of Guardrails repaired; - 1,098,510.28 lm Level 1 maintenance - 762,075.25 m2 of Vegetation control (skoffeling) completed
Sustainable Human Settlements	Asset Preservation (Roads)	Road Asset Management System (RAMS)	% improvement of Road Assets Management System (RAMS) PMS BMS (etc.)	%	Opex	**100%**	**R13 202**	The project was completed as per the project plan A detailed inspection report and Preliminary Design Report for four Soweto bridges has been completed.
Resource Sustainability	Finance Management	Production of asphalt in support of Rehabilitation and Renewal Roads programmes	Tons of Asphalt produced (own consumption) Excludes external sales	Tons	Opex	**22 000**	**R 31 122**	During the year, a total of 77,723.31 tons of asphalt was produced against a target of 22,000 tons

Bridge Management Programme								
Sustainable Human Settlements	Asset Preservation (Bridges)	Bridge and Motorway Structures and Systems Maintenance (Vehicular + Pedestrian)	5 Bridges and motorway structures / systems maintained	No	Opex	**5**	**R 17 351**	During the year, 12 bridges were maintained against a target of 5
Stormwater Management Programme								
Sustainable Human Settlements	Asset Preservation (Stormwater)	Repair and Clearing of Stormwater Systems (Ki's)	No of SW drains / Kerb Inlets (Ki's) cleaned	No	Opex	**55 000**	**R 51 000**	During the year, a total of 47,688 kerb inlets (Ki's) were cleaned against a target of 55000
Mobility Freight programme								
Smart City	Asset Preservation (Signage)	Upgrading and maintaining street names (pole mounted street names)	Number of Street name (Poles mounted) upgraded	No	Opex	**4000**	**R 5 926**	Year to date (annum), a total of 619 pole mounted street names plates against a target of 4000 (15%)
Safer Cities	Asset Preservation (Signage)	Upgrading and maintaining faded Road Markings	Total Lane km of faded road marking upgraded	Lane km	Opex	**1 500**	**R 18 306**	During the year a total of 2129 lane km of faded road markings were painted against a target of 1500.

3.7 Assessment of Arrears on Municipal Taxes and Service Charges – Not Applicable

3.8 Statement on Amounts Owed by Government Departments and Public Entities

Amounts owed by Government Departments:	R 3 682 million
Amounts owed by Public Entities:	R 37 926 million

3.9 Recommendations and Plans for Next Financial Year

The Goals and Objectives of the JRA for the next financial year include:

Alignment to the GDS 2040:-

- Financial Sustainability and Resilience
- Agriculture and Food Security
- Sustainable Human Settlements
- SMME and Entrepreneurial Support
- Engaged Active Citizenry
- Resource Resilience
- Smart City
- Investment Attraction, Retention and Expansion
- Green economy

Objectives:-

- Building a leading, responsive and activist transportation sector in the City which works in partnership with stakeholders and residents;
- Planning, policies and co-ordination for integrated and sustainable transport;
- Building co-responsibility and a value based culture to enable behavioural change towards transport issues;
- Providing high quality, safe, accessible, affordable and environmentally friendly public transport services;
- Building, maintaining and managing our road infrastructure and systems to ensure safety, accessibility and mobility for all road users including pedestrians;
- Transforming the construction, maintenance and management of storm water drainage to respond to climate change and water scarcity and ensure the safety of residents and infrastructure;
- Building, maintaining and managing public transport and non-motorised transport infrastructure to support walking, cycling and the use of public transport.

Implementation will include:-

- Establishment of a SMME Desk to support the City’s Jozi@Work initiative
- Improvements in our Supply Chain Management processes
- Recycling of Asphalt across the JRA
- Asphalt Plant upgrades and expansion of markets
- Implementation of Stakeholder Engagement Framework
- Strategic Asset Review
- Completion of the 10 Year Roads Plan
- A prioritisation process for the 2014-2015 rehabilitation and resurfacing program
- Key focus on performance management in Regional Operations and Service Delivery
- Commence with the implementation of ISO 9001:2008
- Migration to SAP
- Focus on Employee Development
- Focused fiscal expenditure on key projects

CHAPTER FOUR

HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT

KEY ACHIEVEMENTS:

- *Human Resource Management*
- *Performance Management*
- *Skills Development and Training*

4.1 Human Resources Management

4.1.1 Socio-Economic Context

Unemployment is a familiar affliction of our age, but its nature, causes and cures remain matters of dispute. As with many familiar things, closer examination leads to a deepening mystery. Its pathology is complex, with social as well as economic ramifications.

In the world of today which is characterised by globalization, the unemployment problem has become a worldwide problem. It is endemic in both developed and developing countries, but for developing countries, this problem brings more challenges (increased poverty) and complications (political and social instability).

According to Statistics South Africa, the unemployment Rate in South Africa increased to 25.20% in the first quarter of 2013 from 24.90% in the fourth quarter of 2012. In South Africa, the unemployment rate measures the number of people actively looking for a job as a percentage of the labour force.

4.1.2 Talent Acquisition Processes and Regulations

The JRA prides itself as an employer which supports the principles of employment equity, and equal opportunity based on competition, equity, and fairness. Employees are recruited, selected, appointed, transferred and promoted on the basis of fairness and non-discrimination in line with the Employment Equity Act, 1998 (Act 55 of 1998) and Employment Equity (EE) Policy of the CoJ.,
The JRA recognises a need to recruit and select suitably qualified employees, as well as those with potential for development. Our employees are selected not only for their ability to contribute to the achievement of the JRA mandate but also for their potential to contribute to improved service delivery to citizens. The training and

development process also aims to provide employees with an opportunity for personal and career growth.

The JRA policy prohibits discrimination, directly or indirectly, against any current or prospective employees with respect (but not limited) to race, gender, age, political opinion, religion, marital status, ethnic or social origin, sexual orientation, or medical status. During the financial year 125 new employees joined the organization.

4.1.3 Total workforce by employment type, employment contract, region, broken down by gender

Head Office

Employment type	work force	employment contract	region	Male	female
Top management	1	contract	Head office	1	
Senior management	11	11 permanent	Head office	9	2
Professionally qualified and experienced specialists and mid-management	50	50 permanent	Head office	32	18
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	32	32 permanent	Head office	17	15
Semi-skilled and discretionary decision making	45	45 permanent	Head office	41	4
Unskilled and defined decision making	33	30 permanent 3 interns	Head office	21	12

Region A

Employment Type	Work Force	Employment Contract	Region	Male	Female
Top management	0	0	0	0	0
Senior management	1	1 permanent	Region A	1	0
Professionally qualified and experienced	2	2 permanent	Region A	1	1

specialists and mid-management					
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	2	2 permanent	Region A	2	0
Semi-skilled and discretionary decision making	19	19 permanent	Region A	17	2
Unskilled and defined decision making	68	68 permanent	Region A	63	5

Region B

Employment Type	Work Force	Employment Contract	Region	Male	Female
Top management	0	0	0	0	0
Senior management	1	1 Permanent	Region E	1	0
Professionally qualified and experienced specialists and mid-management	1	1 Permanent	Region E	1	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	4	4 Permanent	Region E	3	1
Semi-skilled and discretionary decision making	37	37 Permanent	Region E	34	3
Unskilled and defined decision making	107	107 Permanent	Region E	85	22

Region C

Employment Type	Work Force	Employment Contract	Region	Male	Female
Top management	0	0	0	0	0
Senior management	1	1 Permanent	Region C	1	0
Professionally qualified and experienced specialists and mid-management	1	1 Permanent	Region C	0	1
Skilled technical and academically qualified workers, junior management,	5	5 Permanent	Region C	5	0

supervisors, foremen, and superintendents					
Semi-skilled and discretionary decision making	18	18 Permanent	Region C	14	4
Unskilled and defined decision making	66	66 Permanent	Region C	51	15

Region D

Employment Type	Work Force	Employment Contract	Region	Male	Female
Top management	0	0	0	0	0
Senior management	1	1 Permanent	Region C	1	0
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	4	4 Permanent	Region C	1	3
Semi-skilled and discretionary decision making	32	32 Permanent	Region C	26	6
Unskilled and defined decision making	85	85 Permanent	Region C	61	27

Region E

Employment Type	Work Force	Employment Contract	Region	Male	Female
Top management	0	0	0	0	0
Senior management	1	1 Permanent	Region E	1	0
Professionally qualified and experienced specialists and mid-management	1	1 Permanent	Region E	1	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	4	4 Permanent	Region E	3	1
Semi-skilled and discretionary decision making	37	37 Permanent	Region E	34	3

Unskilled and defined decision making	107	107 Permanent	Region E	85	22

Region F

Employment Type	Work Force	Employment Contract	Region	Male	Female
Top management	0	0	0	0	0
Senior management	1	1 Permanent	Region F	1	0
Professionally qualified and experienced specialists and mid-management	2	2 Permanent	Region F	1	1
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	2	2 Permanent	Region F	2	0
Semi-skilled and discretionary decision making	30	30 Permanent	Region F	25	5
Unskilled and defined decision making	82	82 Permanent	Region F	60	22

Region G

Employment Type	Work Force	Employment Contract	Region	Male	Female
Top management	0	0	0	0	0
Senior management	1	1 Permanent	Region C	1	0
Professionally qualified and experienced specialists and mid-management	1	1 Permanent	Region C	1	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	3	3 Permanent	Region C	2	1
Semi-skilled and discretionary decision making	19	19 Permanent	Region C	17	2
Unskilled and defined decision making	86	86 Permanent	Region C	61	25

Strategic Assets

Employment Type	Work Force	Employment Contract	Region	Male	Female
Top management	0	0	0	0	0
Senior management	1	1 Permanent	Region C	1	0
Professionally qualified and experienced specialists and mid-management	6	6 Permanent	Region C	6	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	18	18 Permanent	Region C	14	4
Semi-skilled and discretionary decision making	117	117 Permanent	Region C	96	21
Unskilled and defined decision making	280	280 Permanent	Region C	219	61

4.2 Employment Equity / Staff Demographic Profile

All Municipal Owned Entities are obliged to align to the COJ Economic Active Population Programme and as such, the JRA uses the demographics of the COJ Economic Active Population (EAP) to determine its 'relevant labour market'. The table below indicates the applicable percentages that will be used in reporting in relation to the set numerical goals and targets of designated groups in the JRA. The COJ statistics are utilized only as a benchmark. The EAP statistics are based on the latest information available from the Department of Statistics South Africa (SSA).

Table: EAP Representatives Profiles for Males and Females as at 31 March 2014

Population Group	Economically Active Population %		
	Male	Female	Total
People with Disabilities			0.54%
African	68.%	24%	92.%
Coloured	0.8%	0.9%	1.7%
Indian	0.4%	0.06%	0.46%
Whites	3,7%	1.6%	5.3%

Table: Employment Equity / Staff Demographic Profile as at 31 March 2014

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	M	F	
Top management	5	0	0	1	0	0	0	0	0	0	6
Senior management	10	0	0	7	4	0	0	4	0	0	25
Professionally qualified and experienced specialists and mid-management	94	6	4	31	51	3	1	6	3	0	199
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	279	6	2	13	78	4	0	15	0	0	397
Semi-skilled and discretionary decision making	67	1	0	2	31	2	0	2	0	0	105
Unskilled and defined decision making	637	3	1	5	215	1	0	1	0	1	864
TOTAL PERMANENT	1092	16	7	59	379	10	1	28	3	1	1596
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	1092	16	7	59	379	10	1	28	3	1	1596

Table: Statistics for the equitable representation, (Section 54 EE Act) as at 31 March 2014

Present And Expected		Male				Female				Foreign Nationals		Total
		A	C	I	W	A	C	I	W	Male	Female	
All Employees	Current	1092	16	7	59	379	10	1	28	3	1	**1596**
	Proposed	1186	64	30	80	432	50	20	50	3	1	**1904**

4.3 Skills Development and Training

The objective of employee training and development is to prosper in this present day diverse and regressed economy. It is imperative to invest in ongoing training and development to improve proficiencies in production as well as to acquire the greatest return on the investment in human capital.

Training is related to the skills an employee must acquire to improve the probability of achieving the organisation's overall business objectives and goals, as well as their individual goals. It also provides an opportunity and broad structure for the

development of human resources' technical and behavioral skills in an organization and helps the employees in attaining personal growth.

4.3.1 **Training Processes and Regulations**

As per the Skills Development legislation, the annual Workplace Skills Plan (WSP) and Annual Training Report (ATR) were developed and submitted to the Construction Seta.

The WSP forms the basis of all training programmes and activities undertaken during the financial year. The Annual Training Report was compiled and indicated all training initiatives performed within the JRA.

The Training, Development and Succession Planning policy as well as the Bursary Scheme and Subsidized Education Scheme policy were developed and presented to the various stakeholders during the financial year. Once the Labour Organizations have been consulted on these policies, they will be submitted to REMCO and Board for final approval which is expected in 2014/15.

4.3.2 **Highlights of the financial Year**

The HR Department arranged several training programmes during the financial year. The summary below of the various training programmes held during the year indicate that a variety of staff training requirements was made available to address the shortage of skills within the organization, thereby contributing to the achievement of departmental goals and objectives.
Several bursaries were allocated to external students and to the children and relatives of employees in line with the JRA policy.

A number of interns were appointed in HR, Finance, IT, Electrical and Civil Engineering sections of our business. They have received the necessary trained and were provided with an opportunity to gain practical experience within the working environment. Several meetings were held with University of Johannesburg (UJ) and The University of the Witwatersrand (WITS) with a view to establishing partnerships..

Engineering and Technical skills were the focus point of the training and development initiatives with several training programmes offered to Engineering Candidates. This provides an opportunity to earn CPD points which supports the continued registration of engineers. .

4.3.3 **Engineers' Programmes**

The National Skills Development Strategy (NSDS III) has identified and declared engineering a scarce skill in respect of which more emphasis should be placed to ensure that organizations provide the necessary training to meet both their and the national needs.. This means that organizations like the JRA are inevitably faced with the challenges of engineering skills shortages. To address some of the challenges it faces, the JRA has initiated a number of training programmes aimed at developing the capacity of the current engineers and technicians while simultaneously, both through the partnership with academic institutions and the bursary policy, attempts to identify and assist new students to develop engineering skills..

4.3.4 **National Treasury Minimum Competency Regulations**

The National Treasury has introduced the minimum competency levels for all employees in the finance and the Supply Chain Management sections. In terms of the legislation the applicable date for full compliance has already passed and thus no new employee shall be employed to work in the finance and supply chain departments if they are found not to meet the minimum competency levels. An implementation plan to ensure that incumbents are up skilled to meet the minimum requirements has been implemented. This includes a process to provide assistance to all the employees in these sections to acquire the required minimum competency levels and training has commenced.

The majority of the modules have been completed and there are only a few employees that are still to receive the necessary training. It is anticipated that the JRA will be fully compliant with the minimum competency levels by 2014/15.

4.3.5 **ECSA Road to Registration**

The Engineering Council of South Africa (ECSA) is a statutory body established in terms of the Engineering Profession Act (EPA), 46 of 2000. The ECSA's primary role is the regulation of the engineering profession. Its core functions are the accreditation of engineering programmes, registration of persons as professionals in specified categories and the regulation of the practice of registered persons.

The JRA provides its employees with the necessary assistance for registration with, and accreditation by, professional bodies such as the ECSA.

About 23 JRA employees have been assisted to attain registration through Continuing Professional Development programmes in order to achieve full professional recognition in the applicable engineering and technical fields.

The table below indicates all the training interventions implemented during the 2013/14 financial year:

TRAINING UNDERTAKEN FOR THE FINANCIAL YEAR 2013-2014					
Strategic Skills Priority	**Education and Training Priority**	**Internal**	**External Training Provider**	**Total Number of training**	**Employee Category**
Improve Efficiency	Engineering Mentorship	-	40	40	Engineers
	Interns	14	-	14	Various Categories
	Degrees/Diplomas	-	52	52	Various Categories
	Bursaries	-	2	2	Engineering
	Road to Registration	-	23	23	Engineering
	Trade Testing	-	3	3	Technicians
Development Management & Supervisory skills	Inspectors Training	-	104	104	Inspectors
	Internal Audit Department Conference	-	7	7	Auditing
	ITC Conference	-	3	3	Auditing
	Report Writing & Minute taking	-	13	13	Administrators
	Municipal Finance Training	-	262	262	Finance/ Supply Chain Management
	Supervisory Training	-	75	75	Area Supervisors/ Team Leaders
	Coaching & Mentorship Training (Generic)	-	10	10	Various Categories
	Coaching & Mentorship Training (Technical)	-	7	7	Engineering
	Traffic Counting Machines Training	-	12	12	Traffic Counters
	Excel Training	-	60	60	Various Categories
	ISO 9001 QMS	-	3	3	Managers
	Sharepoint Training	-	46	46	IT/SCM
	Health & Safety Representatives Training	-	50	50	Various Categories
	Recognition of Prior Learning	-	30	30	Team Leaders/ General workers
	Optimizing Intersections Training	-	31	31	Technicians/ Engineering
	Geometrics Design	-	26	26	Technicians/

	Training				Engineering
	Traffic Safety Officer Training	-	34	34	Technicians/ Safety Officers/ Traffic Counters
	Road Construction & Maintenance Training	-	20	20	Engineering
	Stormwater Management Training	-	26	26	Engineering
	Engineering Contracts Management	-	1	1	Engineering
	Performance Management Training	-	3	3	Managers/Officers
	Evacuation Management Training	-	66	66	Various Categories
	First Aid Training	-	79	79	Various Categories
	Construction Regulation Workshop	-	8	8	Safety Officers/Managers
	Extended Public Works Programme Training	-	218	218	Unemployed
TOTAL		**14**	**1314**	**1328**	

4.4 Performance Management

The JRA Performance Management Policy requires that the performance of all employees be appraised on a regular basis in order to promote improved performance which is guided by the set targets as per the Key Performance Indicators, on an individual basis, by department and on an overall company basis.

Performance Management is applicable in respect of all management levels on the organisational structure (Level 4 and above). The balanced scorecard is the tool used for measurement. The performance indicators are linked to the Company objectives and the IDP scorecard. Additional objectives are included to reinforce the culture of governance and risk management among managers.

The performance management process is a pre-requisite for the payment of an annual performance bonus to qualifying employees. Staff participates in two formal performance review sessions with their line manager during the year. During these performance review sessions, developmental areas are discussed and training requirements addressed.

Training of underperforming officials is being introduced as part of our coaching and mentorship process to improve the performance levels. Performance Management is

being adopted as a positive management strategy rather than a punitive process, and in this way employees are encouraged to be part of the process.

The entity will continue to set new standards of service delivery and our customer relationship programme will serve continue to serve as a pillar for our success. We remain firm in our commitment to building sound stakeholder relationships and managing both short-term and long-term plans to standards that will ultimately benefit our communities. The challenges that we face are the increasing demands for service and the limits of our budget, which, while increasing still falls short of providing the necessary resources to enable us to do all that is demanded of us. Against this background we continue to strive for operational effectiveness and will focus on improving the infrastructure of Johannesburg

4.5 Employee Wellness

4.5.1 **Wellness Programme**

The need for a structured wellness programme has been identified and, after due consideration, it has been determined that such a programme will be best delivered by an external service provider specialised in the field. To this end an employee wellness strategy will be developed in 2014/15.

The JRA acknowledges that personal problems or challenges not associated with an employee's job function can have an adverse effect on the employee's well-being, job performance and productivity. This may lead to strained working relations, absenteeism, poor work performance, lowered productivity and poor service delivery. The JRA also recognizes that it is beneficial to assist employees with their personal and workplace challenges rather than to terminate services through the rigid application of disciplinary processes. To this end counselling interventions are rendered to employees and at the same time external specialist referrals are made where necessary

It is the aim of the JRA 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.

4.5.2 **HIV / AIDS**

While we accept that wellness within the context of our employees goes beyond the issue of HIV/AIDS, the JRA recognises that this remains is a global concern and that

South Africa in particular is still experiencing an HIV/AIDS epidemic. JRA further acknowledges the seriousness of this epidemic and significant impact it has for the employees of the JRA and their families.

The HIV/AIDS Policy adopted by the JRA seeks to ensure a consistent and equitable approach to the prevention of HIV/AIDS amongst employees and to manage the consequences of HIV/AIDS in the workplace. The Policy was developed jointly with the employer and Organised Labour.
The JRA is committed to creating an environment where human rights and the dignity of all employees, includes those living with HIV/AIDS, are recognised and promoted. We are aslo committed to making every endeavour to ensure that the confidentiality of any health information concerning our employees is maintained, in line with medical ethics and acceptable norms and standards.

The JRA, in partnership with the City's Health Department, continues to create awareness and to educate employees about HIV/AIDS.. Counselling and support is continuously offered to employees and their families.

4.5.3 **Employee Retention**

Employee Retention is an on-going process of analysing, developing and effectively utilising talent to meet business needs. It is designed to support the leadership, career planning and development of all employees. Its primary focus is to develop an understanding of the skills, experience and capabilities that the business needs in order to deliver on its objectives

In order for the entity to mitigate the risks of losing highly skilled, competent and knowledgeable employees the JRA shall amongst others implement the following Actions:

- Conduct regular salary market surveys to remain competitive
- Conduct regular surveys to determine employee attitudes and satisfaction.
- Recognise good performance
- Provide development opportunities
- Allow voluntary rotation, to give employees opportunities to learn new jobs and activities

4.5.4 **Leave Management**

The entity is committed to the management of leave for its employees and supervisors are charged with the responsibilities to manage leave of employees within their respective unit. Against this background it is however acknowledged that challenges exist with the current manual leave management system. It is anticipated that this system will become fully automated in 2014/15.

4.6 Employee Benefits

The JRA provides employment benefits to its employees as prescribed in the Basic Conditions of Employment Act (BCEA).

4.6.1 **Pension Fund Benefits**

The JRA provides pension benefits to its employees through membership of the accredited funds as listed below:

The benefit is facilitated by the employer and allows for the investment of employees' retirement funds contributed to by both the employer and employees.

The contribution split ranges from 7.5% to 9.5% employee contributions and from 15% to 22.5% employer contribution. The full contribution is borne by the TCTC employees.

NAME OF PENSION FUND	NUMBER OF EMPLOYEES
E joburg Retirement Fund	1059
Municipal Gratuity Fund	150
Municipal Employees Fund	38
City of Johannesburg	301
National Fund for Municipal Workers	1
TOTAL	**1549**

4.6.2 **Medical Aid**

Participation in a medical aid scheme is compulsory for all employees however employees do enjoy freedom of choice. Through arrangements with the JRA employees may enjoy membership of the below mentioned funds:.

The split contribution is 60% for employer and 40% for employee. TCTC employees pay full amount

NAME OF MEDICAL SCHEME	NUMBER OF EMPLOYEES
BONITAS	231
HOSMED	46
KEYHEALTH	49

LA HEALTH	155
SAMWUMED	359
TOTAL	**840**

4.6.2 **Other Benefits**

NAME OF BENEFIT	QUALIFICATION	CONDITION	RELATED AMOUNT/ RANGES
Housing Subsidy	Employee must be a permanent employee to qualify. Only Basic salaried employee get this benefit as employees on TCTC have their benefits incorporated on their package	Employees should submit their Mortgage bond documents to HR	R648.00
Hostel allowance	Employee must be a permanent employee to qualify. Only Basic salaried employee get this benefit as employees on TCTC have their benefits incorporated on their package	Employees should submit the lease agreement copy which they signed with either Joshco or City Housing department	R632.00
Travelling (locomotion allowance)	Employee must be a permanent employee to qualify. Only Basic salaried employee get this benefit as employees on TCTC have their benefits incorporated on their package	Depend on the position and level, employees submit their car registration papers. The car should be registered on their names.	The amount currently is R3500.00.Employees are also required to submit their log sheets for the period of 6months in order for HR to consider additional loco adjustment
Cell phone allowance	Employee must be a permanent employee to qualify.	Depend on the position and level.	Depend on the level, allowance ranges from R440 to R 800.00

CHAPTER 5

ANNUAL FINANCIAL STATEMENT

All indexed reports have been integrated into Financial Statements:

5.1 Directors' Responsibility and Approval

Cross reference section 1.9 (Chapter 1) as per Format required by COJ / Treasury and repeated in financial statements

5.2 Report of the Audit Committee

See Financial Statements

Chapter 6 - Report of the Auditor General

See Financial Statements

5.4 Directors' Report (including statement of responsibility)

Cross reference section 1.9 (Chapter 1) as per Format required by COJ / Treasury and repeated in financial statements

5.5 Company Secretary's Certificate

See Financial Statements

5.6 Financial Statements

CHAPTER 6

AUDITOR GENERAL'S FINDINGS

6.1 Report of the auditor-general to Gauteng Provincial Legislature and the council on Johannesburg Road Agency SOC Ltd

See Financial Statements

6.2 Historic Audit Findings and Remedial Actions

6.2.1 2012/13 AG Audit Findings Status

Out of the 61 findings raised by the Auditor General in the 2012/13, 82% (50/61) has been resolved and 18 %(11/61) unresolved as at 30 November 2014.

6.2.2 2013/14 AG Audit Outcome

The table below summarises the draft audit opinions for the past two years:

	30 JUNE 14	30 JUNE 13
AUDIT OPINION		
Preparation and presentation of AFS	Unqualified	Unqualified
COMPLIANCE		
Payments not made within 30 days	Clean	Reported
Material changes to the AFS	Clean	Reported
Irregular expenditure – non compliance	Clean	Reported
PERFORMANCE INFORMATION		
Performance information	Unqualified	Unqualified
Material amendments to performance information reported	Reported	Not reported

The table below illustrates the progress on unresolved findings per focus area taking into account the current year audit process:

No	Status Unresolved issues are as follows:	Comments – Internal Audit	Comments – Management (CFO)
1	**AOPO**	Achievement of KPI's still a challenge, management have implementing various control measures to address the root causes. Which include: • Development of Standard Operating Procedures for Regional Operations. • Monthly monitoring of regional performance through activity report analysis. • Meetings held with teams to identify performance shortcomings and root causes, with intervention put in place through the Business Performance Unit. • Procurement of certain material contracts. • Implementation of forward planning in terms of CAPEX Programme. • Development and Implementation of the Integrated Procurement Plan and Capex Plan	The audit opinion on Performance Information is still Unqualified. *AGSA 2013/14 findings relate to:* Certain KPI's have not been met. Material amendments were made to performance information reported. *(Although AG reported amendments being material, the changes made to the report are not viewed by JRA to be material; JRA had reported performance against Kpi's as "%" achievement and "km" achieved. At the request of the AG and to keep Kpi's SMART, the performance report was amended to report only "km" achieved so as to avoid any confusion that may arise. This had no impact on the JRA reported performance but rather a wording issue only)*
2	**Un-updated policies and procedures.**	Work in progress and continuous, with significant progress made on approval by the board of certain key policies such as talent acquisition, leave policy, delegation of authority amongst others. The implementation of the ISO standard and the process of obtaining ISO 9001 accreditation is in progress with various procedures in process of being developed and some already finalized.	The policy review process is continuous.
3.	**Irregular expenditure.**	• A significant improvement has been made in this regard in terms of the quantum of irregular expenditure reported at year end as compared to the previous financial years. • Internal Controls has been strengthened with most of the contracts that led to irregular expenditure being cancelled and new ones procured. • The irregular expenditure was noted and supported by the audit and Finance Committee and the Board as not being fruitless and wasteful but that value was derived from the services. Condonation report submitted to the City for approval by Council final outcome still to be	• Irregular expenditure reduced from R14m to R3m.

No	Status Unresolved issues are as follows:	Comments – Internal Audit	Comments – Management (CFO)
		received. • Continuous strengthening of controls is being undertaken: o With notices being issued to staff after investigations has been undertaken. o Capacitation of the Contract Management Unit, with the Unit playing more of an active role in monitoring of contracts. o Procurement of various new contracts in progress with critical ones already procured.	
4	**Payment within 30 days.**	There is a significant improvement in the % of invoices not paid within 30 days as compared to prior years. Internal controls strengthened with the implementation of centralized supplier invoice box, continuous engagement with user departments and implementation of two payment runs.	Whilst a finding has been raised, this is not part of the audit report as the number of invoices not paid within 30 days is 13% and explanations were provided.
5	**Leave control deficiencies(6)**	HR has embarked on clean up exercise.	Certain leave deficiencies were identified but the errors are not material.

The Auditor General raised 35 findings in the current year audit for the year ended 30 June 2014 compared to 61 findings in the prior year.

6.3 Commitment by the Board of Directors

COMMITMENTS MADE TO THE AGSA IN 2012-13 FYE				
Outline of initiatives and commitments made	**Focus area targeted by initiative / commitment**	**Key stakeholder**	**Date of implementation**	**Status November 2014**
Misstatements in financial statements A system of preparing financial statements will be developed and will include: • Timelines of when supporting schedules will be ready, • When the review process should take place on the draft and the final • Internal audit will review the financial statements and agree supporting schedules to the financial statements. • A costing system will be developed	Financial and Performance Management	Accounting officer and CFO	**Throughout the 2013/14 financial year**	An audit file supporting AFS was prepared AFS were reviewed
Compliance with laws and regulations Checklists have been implemented in supply chain and expenditure units to monitor compliance with MFMA and SCM regulations. Circular on Financial Controls on irregular, unauthorised, fruitless and wasteful expenditure communicated to all employees, compliance will be continuously monitored and reported.	Procurement and contract management	Accounting officer and CFO	**Throughout the 2013/14 financial year**	Irregular expenditure decreased significantly from R 14,027 million to R 3,439 million. Expired contracts have been resolved by August 2014
Recruitment Process internal controls Ensure compliance to all recruitment process and that all supportive documentations are maintained and quality assurance done Internal audit will be capacitated with skilled staff Finance unit will be capacitated to reduce the use of consultants in the year	Human resource management	Accounting officer, Human resource manager	**Throughout the 2013/14 financial year**	Recruitment Policy (talent acquisition) revised and approved by board for implementation. Internal Audit approved to play observer role in recruitment process as a short term control. Preparations for migration to SAP HR module advanced and rollout imminent.
Compliance with relevant legislation and laws	Human resource management	Accounting officer, Human	**Throughout the 2013/14 financial**	Four policies revised and approved by board for implementation. (Talent

COMMITMENTS MADE TO THE AGSA IN 2012-13 FYE				
Outline of initiatives and commitments made	**Focus area targeted by initiative / commitment**	**Key stakeholder**	**Date of implementation**	**Status November 2014**
Implement effective HR practices and monitor compliance.		resource manager	**year**	acquisition, CoID Policy, Conditions of Service, Leave Policy) Two policies to be considered by Board in Nov 2014 for approval. (Training and Development Policy, and Bursary. Policy) Four policies currently being revised. (Performance Management, Shift Policy, Car Allowance Policy, Overtime Policy)
Policies and procedures Ensure that all Company policies are reviewed, updated and approved by the board as well as monitor compliance	Financial and performance management	Accounting Officer	**Throughout the 2013/14 financial year**	Policies and procedures are reviewed on a regular basis. A total of thirty two (32) policies were reviewed

NEW COMMITMENT 2013/14 FY AUDIT				
COMMITMENTS MADE TO THE AGSA IN 2014-15 FYE				
Outline of initiatives and commitments made	**Focus area targeted by initiative / commitment**	**Key stakeholder**	**Date of implementation**	**November 2014**
Predetermined objectives Material amendments made to the Going forward, the BPM&QA office commits: a. To report to the Board and City any changes to the current scorecard (2014-15) that may result from the Mid-year budget review; b. To report to the City any changes to the Business Plan (and SDBIP) as a result of changes to the scorecard (above) c. That such changes (a and b above) will be reported following the approval of the Mid-Year budget (this will presumably be in Feb 2015)	AOPO	Ops Manager – Business Performance & Quality Assurance	22 /11/14 and on-going throughout the 2014/15 FY	The JRA Annual Performance Report for 2013-14 was amended to remove references to "%" and replaced with "km" where applicable. All superfluous information was removed. The amended JRA Annual performance Report was submitted to the AG on 22 November 2014
Leave management The electronic leave management system will continue to be implement and for us by all departments. All manual leave forms will be signed and dated.	Financial and performance management	HOD - CS	01 /02/14	The JRA is in the process of making preparations to migrate to SAP.
Implement effective HR practices and monitor compliance Ensure that all Company policies are reviewed, updated and approved by the board as well as monitor compliance.	Financial and performance management	HOD- Corporate Services	01 /02/14	Company policies are being reviewed.

ANNEXURES

Annexure 1	JRA Balance Scorecard
Annexure 2	Detailed City-Wide Capital Expenditure – as Incorporated on 2012/16 IDP – not applicable
Annexure 3	JRA Capital Projects 2013/14 – 2015/16 – cross refer section 3.6 Capex