

Johannesburg Roads Agency

(Registration number 2000/028993/07)

Annual Financial Statements for the year ended 30 June, 2016

Notes to the annual financial statements

Figures in Rand 2016 2015

8. PROPERTY PLANT AND EQUIPMENT

	2016			2015		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	17,293,715	-	17,293,715	17,293,715	-	17,293,715
Buildings	68,252,907	(12,894,923)	55,357,984	63,118,276	(11,587,676)	51,530,600
Plant and equipment	111,618,450	(72,715,695)	38,902,755	127,857,795	(74,012,695)	53,845,100
Furniture and fittings	13,361,265	(4,913,228)	8,448,037	14,861,277	(8,282,906)	6,578,371
Motor vehicles	44,748,904	(9,378,471)	35,370,433	22,005,011	(6,699,405)	15,305,606
Office equipment	7,107,622	(2,734,062)	4,373,560	7,826,239	(2,992,179)	4,834,060
Computer equipment	33,059,261	(17,082,848)	15,976,413	19,250,495	(10,706,421)	8,544,074
Assets WIP	2,389,319	-	2,389,319	1,592,709	-	1,592,709
Tools and loose gear	461,786	(398,971)	62,815	524,790	(473,371)	51,419
Total	298,293,229	(120,118,198)	178,175,031	274,330,307	(114,754,653)	159,575,654

Reconciliation of property plant and equipment - 30 June 2016

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	17,293,715	-	-	-	-	17,293,715
Buildings	51,530,600	5,134,631	-	-	(1,307,247)	55,357,984
Plant and equipment	53,845,100	4,722,060	(620,059)	-	(19,044,346)	38,902,755
Furniture and fittings	6,578,371	3,169,848	(217,586)	6,346	(1,088,942)	8,448,037
Motor vehicles	15,305,606	23,496,501	-	-	(3,431,674)	35,370,433
Office equipment	4,834,060	713,227	(88,260)	(6,346)	(1,079,121)	4,373,560
Computer equipment	8,544,074	12,809,456	(32,516)	1,592,709	(6,937,310)	15,976,413
Assets WIP	1,592,709	2,389,319	-	(1,592,709)	-	2,389,319
Tools and loose gear	51,419	-	(4)	-	11,400	62,815
	159,575,654	52,435,042	(958,425)	-	(32,877,240)	178,175,031

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8. PROPERTY PLANT AND EQUIPMENT (continued)

Reconciliation of property plant and equipment - 30 June 2015

	Opening balance	Additions	Disposals	Depreciation	Total
Land	17,293,715	-	-	-	17,293,715
Land and buildings	46,502,792	6,189,590	-	(1,161,782)	51,530,600
Plant and equipment	56,422,556	16,650,482	(179,894)	(19,048,044)	53,845,100
Furniture and fittings	1,939,810	5,482,229	(2,377)	(841,291)	6,578,371
Motor vehicles	17,135,523	1,406,251	-	(3,236,168)	15,305,606
Office equipment	1,024,381	4,412,540	(95,301)	(507,560)	4,834,060
Computer equipment	6,194,969	6,858,546	(209,200)	(4,300,241)	8,544,074
Assets WIP	-	1,592,709	-	-	1,592,709
Tools and loose gear	39,750	37,769	-	(26,100)	51,419
	146,553,496	42,630,116	(486,772)	(29,121,186)	159,575,654

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

Assets subject to finance lease (Net carrying amount)

Plant and equipment	2,885,536	9,434,182
Motor vehicles	35,370,433	15,305,606
	38,255,969	24,739,788

The Johannesburg Roads Agency does not have any assets held as security, surety or pledge.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the entity.

Depreciation is provided on all property, plant and equipment other than freehold land and assets under construction, and commences when the assets are ready for its intended use. The useful life of items of property, plant and equipment have been assessed as follows:

Item	Average useful life (years)
Building	50
Plant and equipment	5
Furniture and fittings	6
Motor Vehicles	10
Office equipment	5
Computer equipment	3
Tools and loose gear	5

8.1 Change in accounting estimate

Depreciation	1,787,425	-
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Various movable assets and infrastructure assets with original remaining useful lives varying between 1-6 years have been revised in the beginning of the period to reflect a new depreciable amount and the actual pattern of service potential derived from these assets.

The effect on the current and future periods will be a decrease in the depreciation charge of R 1 087 131 in the current period and an equal increase in the depreciation charge of R 1 787 425 over the next period as per the above table.

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9. INTANGIBLE ASSETS

	2016			2015		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	14,555,327	(13,445,179)	1,110,148	14,060,088	(11,996,744)	2,063,344
Intangible assets under development	23,172,045	-	23,172,045	15,231,097	-	15,231,097
Total	37,727,372	(13,445,179)	24,282,193	29,291,185	(11,996,744)	17,294,441

Reconciliation of intangible assets - 30 June 2016

	Opening balance	Additions	Amortisation	Total
Computer software	2,063,344	247,620	(1,200,816)	1,110,148
Intangible assets under development	15,231,097	7,940,948	-	23,172,045
	17,294,441	8,188,568	(1,200,816)	24,282,193

Reconciliation of intangible assets - 30 June 2015

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	3,445,152	567,600	(48,028)	(1,901,380)	2,063,344
Intangible assets under development	-	15,231,097	-	-	15,231,097
	3,445,152	15,798,697	(48,028)	(1,901,380)	17,294,441

The Johannesburg Roads Agency does not have any intangible assets held as security, surety or pledge.

Other information

Intangible assets under development relates to the ring fenced SAP project which includes an amount of R 2 300 000 for SAP Preferred Card. The cost analysis and allocation of the project will be assessed on completion of the project. Management is in the process of customising the All in One SAP package to meet the business specific needs. The commitment amount of customisation cannot be quantified as at 30 June 2016.

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10. FINANCIAL INSTRUMENTS						
Financial Assets 30 June 2016	0-30 Days	30-60 Days	60-90 Days	>90 Days	Total	
Trade Receivables	441,219,685	37,145,402	15,005,593	39,015,172	532,385,852	
Financial Liabilities 30 June 2016	0-30 Days	30-60 Days	60-90 Days	>90 Days	Total	
Trade Payables	182,828,924	43,339,562	953,681	26,456,467	253,578,634	
Financial Assets 30 June 2015	0-30 Days	30-60 Days	60-90 Days	>90 Days	Total	
Trade Receivables	334,494,696	12,961,409	(109,792)	15,576,073	362,922,386	
Financial Liabilities 30 June 2015	0-30 Days	30-60 Days	60-90 Days	>90 Days	Total	
Trade Payables	39,134,017	240,769	980	58,255	39,434,021	
Financial Assets		Carrying Amount 30 June 2016	Carrying Amount 30 June 2015	Fair Value 30 June 2016	Fair Value 30 June 2015	
Receivables		535,301,644	446,358,562	524,207,262	442,772,311	
Cash and cash equivalents		309,941,032	425,740,217	309,941,032	425,740,217	
		845,242,676	872,098,779	834,148,294	868,512,528	
Financial Liabilities		Carrying Amount 30 June 2016	Carrying Amount 30 June 2015	Fair Value 30 June 2016	Fair Value 30 June 2015	
Payables		417,177,236	674,209,017	415,795,668	674,013,403	
Provisions		50,364,353	29,099,578	50,364,353	29,099,578	
Finance lease obligation		40,048,273	26,506,378	40,048,273	26,506,378	
		507,589,862	729,814,973	506,208,294	729,619,359	
30 June 2016						
Financial Assets by category						
The carrying amounts presented in the statement of financial position relate to the following categories of assets. The trade and other receivables under financial assets excludes non-financial assets such as prepayments, taxes:						
			Loans and receivables	Total		
Trade and other receivables			535,301,644	535,301,644		
Cash and cash equivalents			309,941,032	309,941,032		
			845,242,676	845,242,676		
30 June 2015						
			Loans and receivables	Total		
Trade and other receivables			446,358,562	446,358,562		
Cash and cash equivalents			425,740,217	425,740,217		
			872,098,779	872,098,779		

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10. FINANCIAL INSTRUMENTS (continued)		
Financial Liabilities by category		
The carrying amounts presented in the statement of financial position relate to the following category of liabilities. The trade and other payables under financial liabilities excludes non-financial liabilities such as amounts received in advance, staff costs:		
30 June 2016	Amortised cost	Total
Trade and other payables	417,177,236	417,177,236
Provisions	50,364,353	50,364,353
Finance lease obligation	40,048,273	40,048,273
	507,589,862	507,589,862
30 June 2015	Amortised cost	Total
Trade and other payables	674,209,017	674,209,017
Provisions	29,099,578	29,099,578
Finance lease obligation	26,506,378	26,506,378
	729,814,973	729,814,973

11. DEFERRED TAX

Deferred tax asset/ (liability)

Fixed assets - owned and leased	10,711,671	6,927,141
Finance lease liabilities	(11,213,516)	(7,421,786)
Provision for legal claims	(7,741,703)	(8,147,882)
Provision for impairment of debtors	(1,482,057)	(1,381,934)
Provision for leave pay	(7,472,603)	(7,096,684)
Provision for bonuses	(6,360,315)	-
Retirement benefit liability	(14,065,186)	(12,848,610)
Retirement benefit asset	16,017,554	16,381,536
Discounted debtors	(1,620,655)	(1,004,150)
Discounted creditors	(386,839)	(54,772)
Provision for 13th cheque	(2,750,206)	(2,734,960)
Calculated loss	(10,686,681)	(30,660,349)
Deferred tax asset not recognised	37,050,536	48,042,450

Recognition of deferred tax asset

No deferred tax asset was provided for due to the improbability of future taxable profits to offset these amounts.

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12. FINANCE LEASE OBLIGATION		
Minimum lease payments due		
- within one year	13,628,853	11,859,727
- in second to fifth year inclusive	35,768,261	18,865,744
- later than five years	119,621	934,354
	49,516,735	31,659,825
less: future finance charges	(9,468,462)	(5,153,447)
Present value of minimum lease payments	40,048,273	26,506,378
Present value of minimum lease payments due		
- within one year	11,508,334	10,519,708
- in second to fifth year inclusive	28,446,817	15,296,913
- later than five years	93,122	689,757
	40,048,273	26,506,378
Non-current liabilities	28,539,939	15,986,670
Current liabilities	11,508,334	10,519,708
	40,048,273	26,506,378

The average lease term is 3 years and the average effective borrowing rate is 10%.

The entity's obligations under finance leases are secured by the lessor's charge over the leased assets.

13. TRADE AND OTHER PAYABLES

Trade payables	189,158,515	129,668,071
Payments received in advance Jobbings	8,481,621	11,159,248
City of Johannesburg amount received in advance	1,056,832	89,285,538
Accrued leave pay	27,080,849	25,345,299
Accrued staff 13th cheque	9,822,163	9,767,715
Retentions	117,818,553	66,103,609
Payroll accruals	1,503,624	4,120,973
Donations	-	223,500
Capital creditors and accruals	195,956,690	235,623,952
Logged payments	903,349	4,071,505
Value Added Tax (VAT)	48,400,156	72,859,765
Related party payables	24,629,418	25,979,838
Fair value adjustments to payables	(1,381,568)	(195,614)
	623,430,202	674,013,399

Analysis of Related Party Creditors

Gross Related Party Creditors	(24,629,418)	(26,008,398)
Capital Creditors	2,697,045	24,512,931
Operating Creditors	21,932,373	1,495,467
	-	-

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14. PROVISIONS

Reconciliation of provisions - 30 June 2016

	Opening Balance	Additions	Amount utilised/ reversed during the year	Total
Legal claims	29,099,578	2,508,545	(3,959,182)	27,648,941
Performance Bonus	-	22,715,412	-	22,715,412
	29,099,578	25,223,957	(3,959,182)	50,364,353

Reconciliation of provisions - 30 June 2015

	Opening Balance	Utilised during the year	Reversed during the year	Total
Legal proceedings	29,349,578	(250,000)	-	29,099,578
Performance Bonus	10,129,970	(8,081,532)	(2,048,438)	-
	39,479,548	(8,331,532)	(2,048,438)	29,099,578

The performance bonus provision raised at year end is paid based on the overall company performance. During the year the JRA Board received new information and decided to pay the performance bonus for the 2014/2015 financial year.

The legal claims provision relates to the litigation in progress that is likely to be paid by Johannesburg Road Agency based on the previous legal actions taken against the entity. The Legal claims emanates from supply chain related matters which occurred in the past and the employment related matters from former and current employees against JRA. The legal claims for on-going cases have been reassessed in the current year based on new developments in the cases.

15. SHARE CAPITAL

Authorised		
1000 Ordinary shares of R1 each	1,000	1,000
Reconciliation of number of shares issued:		
Reported as at 01 July, 2015	1,000	1,000
Issued		
1000 Ordinary shares of R1 each	1,000	1,000

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16. CONTRIBUTION FROM OWNER		
Opening Balance	181,444,616	123,014,187
Contributions made	46,181,967	58,430,429
	227,626,583	181,444,616

This is an investment from City of Johannesburg. The funding from the City of Johannesburg is utilised to purchase assets and fund other operating costs based on the budget allocation.

17. REVENUE

Revenue arising from exchange transactions is as follows:

Gautrans' maintenance fees	6,723,500	5,788,000
Asphalt sales & DCP Testing	1,053,956	768,814
Jobbings	56,815,354	18,754,029
Reinstatement Income and Wayleave Fees	21,270,416	11,572,762
Tender Deposits	2,573,177	2,612,885
Management fees	25,749,071	17,785,787
Fair value adjustment	(4,083,291)	(2,156,198)
Total revenue from exchange transaction	110,102,183	55,126,079

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

Developer's contribution	38,943,413	52,879,110
Subsidy - The City of Johannesburg Metropolitan Municipality	746,409,000	761,067,000
Total Revenue from non-exchange transactions	785,352,413	813,946,110
Total revenue	895,454,596	869,072,189

18. COST OF ROAD MAINTENANCE

Services rendered

Raw materials (Refer to Note 3.1)	66,308,550	50,639,814
Direct labour costs of road maintenance and related infrastructure (refer to note 21)	324,930,249	283,327,411
Direct expenses	160,537,311	111,671,120
	551,776,110	445,638,345

19. OTHER INCOME

Rental income - Transport Department	3,637,224	3,263,135
Recoveries - Litigation and Provision on bad debts reversal	-	51,536,433
Training income	-	300,563
Recoveries - Logged payments, Fuel, other provision reversal	7,030,696	9,218,375
Insurance claims	9,958,488	10,875,747
	20,626,408	75,194,253

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20. OPERATING (DEFICIT) SURPLUS		
Operating (deficit) surplus of (R 32 320 045) for the year is stated after accounting for the following:		
Operating lease charges		
Equipment		
• Contractual amounts	208,066	223,031
Lease rentals on operating lease - Other		
• Contractual amounts	968,521	798,164
	1,176,587	1,021,195
Amortisation on intangible assets	1,200,816	1,901,380
Depreciation on property, plant and equipment	32,877,240	29,121,185
Employee costs	120,738,766	103,622,336
Employee Costs - Road maintenance and related infrastructure: refer to note 18	324,930,249	283,327,411
21. EMPLOYEE RELATED COSTS		
Employee related costs : Salaries and wages	68,126,294	63,199,075
Employee related costs : Interns stipend	3,466,794	1,884,712
Housing benefits and allowances	1,885,023	3,088,501
Bonus	22,855,974	(2,413,464)
Travel, motor car, accommodation, subsistence and other allowances	4,032,145	7,952,212
Unemployment Insurance Fund	436,557	571,456
Compensation for Occupational Injuries and Disease	3,244,000	2,239,850
Skills Development Levies	895,813	1,105,104
Pension and Leave	15,689,166	25,994,890
Long-service awards	107,000	-
	120,738,766	103,622,336
Remuneration of executive management		
Annual salary	9,331,063	8,180,009
Bonuses (Performance and Annual)	154,212	816,714
Allowances (Travel and Cellphone)	926,890	1,038,521
Contributions to UIF, Medical and Pension Funds	859,777	818,417
	11,271,942	10,853,661
Remuneration of non-executive directors		
Directors fees	1,638,332	1,353,830
Reconciliation of employee costs		
Employee costs -Road maintenance and related infrastructure (refer to note 18)	324,930,249	283,327,411
Employee costs - Indirect	120,738,766	103,622,336
	445,669,015	386,949,747

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22. INVESTMENT INCOME		
Interest income		
Bank and other intercompany interest	32,365,690	17,905,423
Fair value adjustments	1,881,487	2,744,165
	34,247,177	20,649,588
23. DEPRECIATION AND AMORTISATION		
Property plant and equipment	32,877,240	29,121,185
Intangible assets	1,200,816	1,901,380
	34,078,056	31,022,565
24. FINANCE COSTS		
Interest charged - Intercompany	3,745,757	5,375,000
Finance leases	2,123,568	2,637,757
Bank	8	1,122
Fair value adjustments on purchases	1,001,210	357,453
Fair value adjustments on payables	(2,187,163)	(197,959)
	4,683,380	8,173,373
25. TAXATION		
Major components of the tax expense		
Current		
Current tax expense	-	-
Deferred		
Deferred tax expense	-	-
Reconciliation of the tax expense		
Reconciliation between accounting surplus and tax expense.		
Accounting (deficit) surplus	(2,756,248)	181,841,034
Tax at the applicable tax rate of 28% (2015: 28%)	771,749	50,915,490
Tax effect of expenses that are not deductible in determining taxable income:		
Depreciation on non-manufacturing buildings	366,029	325,299
Effect of previously and unused tax losses and deductible temporary difference now recognised as deferred tax assets	(1,137,778)	(51,240,789)
Income tax expense	-	-
No provision has been made for 2016 tax as the entity applied the Section 24C allowance, which allows the entity to deduct for future expenditure. The estimated tax loss available for set off against future taxable income is R - (2015: R -).		
26. AUDITORS' REMUNERATION		
Fees	2,188,523	2,138,318

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27. CASH (USED IN) GENERATED FROM OPERATIONS		
(Deficit) surplus	(2,756,248)	181,841,034
Adjustments for:		
Depreciation and amortisation	34,078,056	31,022,565
Finance costs - Finance leases	2,123,568	2,637,757
Movements in post retirement notional assets and liabilities	5,644,849	(10,610,222)
Movements in provisions	21,264,775	(10,379,970)
Loss on assets written off	-	534,800
Movement in shareholders loan	46,181,967	58,542,050
Assets purchased through finance lease	24,249,112	-
Other non-cash items (fair value adjustments)	205,816	(111,615)
Changes in working capital:		
Inventories	(22,331,970)	7,294,373
Trade and other receivables	(101,174,126)	106,464,041
Trade and other payables	(50,583,200)	31,067,247
	(43,097,401)	398,302,060

28. COMMITMENTS

Commitments in respect of capital expenditure:

Authorised and contracted for		
• Authorised and contracted for (multi-year awards)	1,123,789,398	832,556,090

This committed expenditure relates to JRA property plant and equipment and COJ Capex projects and will be financed by External Finance Funding (EFF), Capital Replacement Reserve (CRR) and Urban Settlement Development Grant (USDG), retained surpluses, existing cash resources, funds internally generated, shareholders loan etc. The 2016/2017 capital budget is R 1 439 941 000 compared to the 2015/2016 capital budget of R 1 340 000 000. The estimated capital budget for the 2017/2018 is R 1 148 295 000 and the 2018/2019 capital budget is R 1 008 100 000. The approved but not yet contracted for budget amount in the 2014/2015 financial year was R 582 684 910. The approved and not yet contracted for budget amount was not disclosed in the current year as the balance is not committed.

The authorised and committed for expenditure relates to property, plant and equipment and Capex projects contracts which have been awarded and the remaining balance after expenditure incurred being the committed amount. The purchase order amounts are committed where the contracted awarded is based on rates on an as and when basis. The amounts committed are inclusive of multi-year projects beyond the 2015/2016 financial year.

Operating leases - as lessee (Fleet)

Operating lease payments represent rentals payable by the entity according to the fleet lease agreement from the City of Johannesburg Metropolitan Municipality. The fleet lease is for 5 years or more and will expire in 2018/19 financial year.

Minimum lease payments due		
- within one year	17,265,786	12,681,225
- in second to fifth year inclusive	8,002,663	14,587,001
	25,268,449	27,268,226

Operating leases - as lessee (Printers and Copiers)

Operating lease payments represent rentals payable by the entity according to the rental agreement. The entity is on the month to month lease term. No contingent rent is payable.

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29. CONTINGENCIES

Economic entity

Johannesburg Roads Agency (Proprietary) Limited

These are legal claims that have arisen in the normal course of business and represent the possible amounts that could be awarded should the claims succeed against the entity. No provision has been made as management believes the claims will not succeed. Refer to cases below:

Lucienne Nanetter Raab & Others v JRA & Others (The applicants for an order directing the respondents not to allow construction vehicle to gain access to a construction site from Fulwell road in Bryanston. The JRA has issued a way-leave to the developers to conduct the work.

Surprise Mbatha vs JRA. The Applicant has lodged an application for review to set aside the arbitration award to the effect that her dismissal not was substantively and procedurally unfair. Amount involved in the current year is not quantifiable.

Applemint vs JRA. JRA was served a letter of demand to do work on his property which has experienced a sinkhole as a result of the storm-water drain running through his property. Amount involved in the current year is not quantifiable.

Post-retirement medical aid benefits for certain former employees were withdrawn in 2015 financial year which resulted in significant reduction in the post-retirement medical aid liability. There is risk that the beneficiaries with withdrawn benefits might sue the entity as they have been members of the post-retirement medical aid for more than 10 years.

Legal claims - contingent Liabilities

Telkom SA SOC Ltd vs JRA (A special plea has been filed and awaiting the plaintiff to apply for a trial date herein)	24,999	24,999
Midnight Moon Trading (Pty) Ltd (Dispute on quality of work).	-	3,870,167
RCI Solutions V JRA - The plaintiff has served a letter of demand the JRA for payments on projects that they have worked on.	-	3,012,123
Bareki Management Consulting v JRA (The plaintiff issued summons for payment of an outstanding invoice issued on or about the 15th May, 2011.	-	159,373
Khumo ya Kgomotso v JRA (The plaintiff issued summons for the payment of an outstanding invoice.)	-	3,650,066
	24,999	10,716,728

Legal claims - Contingent Assets

The following were contingent assets for the year.

JRA vs Nomakhephu - The plaintiff issued summonses claiming services rendered for the provision of supply chain management services. He alleges that the JRA failed or refused to pay for services rendered. The assessment by JRA legal unit for winning the case is medium. Amount involved (R 316 926.27).

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30. RELATED PARTIES					
Relationships					
Directors	Refer to Directors' report note				
Ultimate controlling entity	The City of Johannesburg Metropolitan Municipality				
Controlling entity	The City of Johannesburg Metropolitan Municipality				
Other members of the group	City of Johannesburg Property Company (Pty) Ltd City Power Johannesburg (Pty) Ltd Johannesburg City Parks (Pty) Ltd Johannesburg Development Agency (Pty) Ltd Johannesburg Metropolitan Bus Services (Pty) Ltd Johannesburg Social Housing Company (Pty) Ltd Johannesburg Water (Pty) Ltd Pikitup Johannesburg (Pty) Ltd Johannesburg Civic Theatre (Pty) Ltd Johannesburg Fresh Produce Market (Pty) Ltd				
Members of key management	Directors' remuneration				
Related party balances					
Amounts included in trade receivables regarding related parties					
The City of Johannesburg Metropolitan Municipality	483,752,223	333,256,840			
City Power Johannesburg SOC Ltd	336,191	14,090			
Johannesburg Water SOC Ltd	9,527,736	3,150,114			
Johannesburg City Parks and Zoo	918,948	80,940			
Johannesburg Fresh Produce Market (Pty) Ltd	-	149,937			
	494,535,098	336,651,921			
Amounts included in trade payables regarding related parties					
The City of Johannesburg Metropolitan Municipality	15,379,346	17,236,540			
Johannesburg Water	10,244	2,156			
Pikitup Johannesburg (Pty) Ltd	1,780,263	-			
Johannesburg City Parks and Zoo	4,757,225	540,229			
Johannesburg Development Agency	2,697,045	8,200,913			
Johannesburg City Theatre	5,295	-			
	24,629,418	25,979,838			
Other related parties accounts					
The City of Johannesburg Metropolitan Municipality - Equity	(227,626,583)	(181,444,616)			
The City of Johannesburg Metropolitan Municipality - Post Retirement Benefits Notional Account	57,205,550	58,505,486			
The City of Johannesburg Metropolitan Municipality - Specialised Vehicle Lease	(36,921,037)	(16,532,532)			
The City of Johannesburg Metropolitan Municipality - amount received in advance	(1,056,831)	(89,285,538)			
City of Johannesburg Metropolitan Municipality - Gratuity	1,418,177	4,617,378			
The City of Johannesburg Metropolitan Municipality - Sweeping Bank Account (Cash and Cash Equivalents)	297,080,779	425,737,966			
	90,100,055	201,598,144			
Executive Management Salaries 30 June 2016	Annual salary	Bonus	Allowances	Contributions	Total
Matsuma Samson Mohale - Head Corporate Services	1,102,939	-	136,080	77,271	1,316,290
Makhubela Thulani Sydney - Head Planning	1,053,419	-	139,920	104,434	1,297,773

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30. RELATED PARTIES (continued)					
Seadimo Sindane - Head: Regional Operations	1,313,237	-	7,920	14,996	1,336,153
White John Robert - Acting Head of Infrastructure Department (1/7/2015 - 30/4/2016)	637,321	12,782	70,880	121,544	842,527
Kau Mpho - Head of Infrastructure Department (from 1 May 2016)	161,019	-	25,320	9,391	195,730
Fikile Ramatseba - HOD: Performance Governance & IT, MD'S Office	1,179,690	-	67,920	112,694	1,360,304
Motsherane Lufuno - Acting Head Corporate Services (25 February 2016 - 30 June 2016)	377,080	-	26,640	61,745	465,465
Darryl Howard Thomas: Mobility and Freight	1,122,284	-	136,080	76,966	1,335,330
	6,946,989	12,782	610,760	579,041	8,149,572
Executive Management Salaries 30 June 2015	Annual Salary	Bonuses	Allowance s	Contributions	Total
Matsuma Samson Mohale - Head Corporate Services	1,029,024	71,381	136,080	73,438	1,309,923
Makhubela Thulani Sydney - Head Planning	982,841	92,871	139,920	98,596	1,314,228
Van Tonder Hendrik Johannes - Acting Head of Infrastructure Department to 31/1/2015	382,275	32,104	132,637	96,533	643,549
Fikile Ramatseba - HOD: Performance Governance & IT, MD'S Office (appointed February 2015)	430,267	-	53,300	66,945	550,512
Seadimo Sindane - Head: Regional Operations (appointed March 2015)	411,351	-	2,640	4,735	418,726
Darryl Howard Thomas: Mobility and Freight	1,045,887	156,148	136,080	75,319	1,413,434
	4,281,645	352,504	600,657	415,566	5,650,372

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30. RELATED PARTIES (continued)

Related party transactions

Income from related parties

The City of Johannesburg Metropolitan Municipality - Subsidies	746,409,000	761,067,000
The City of Johannesburg Metropolitan Municipality - Other	20,220,077	7,873,753
The City of Johannesburg Metropolitan Municipality - Interest from Sweeping Bank Account	28,520,590	20,649,588
The City of Johannesburg Metropolitan Municipality - Management Fees	25,749,071	17,785,787
City Power Johannesburg SOC Ltd	282,545	144,050
Johannesburg Water SOC Ltd	17,467,233	8,469,737
Johannesburg City Parks and Zoo	1,150,397	235,684
Johannesburg Fresh Produce Market (Pty) Ltd	1,097,690	131,524
	840,896,603	816,357,123

Purchases from related parties

The City of Johannesburg Metropolitan Municipality	24,037,228	26,695,484
Johannesburg Water SOC Ltd	6,803,904	20,917
Johannesburg City Parks and Zoo	4,498,970	2,452,528
Johannesburg City Theatres	31,750	52,632
City Power Johannesburg SOC Ltd	15,829,020	-
Pikitup Johannesburg (Pty) Ltd	1,514,983	-
	52,715,855	29,221,561

The entity had a timing difference in the recording of the expenditure transaction with City Power in the prior year of R 11 792 216.43.

Key management information

CLASS	DESCRIPTION	NUMBER
Non-executive board members	Excluding acting during the year	9
Independent audit committee members	Excluding acting during the year	3
Executive management	Excluding acting during the year	7

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31. DIRECTORS' EMOLUMENTS

Executive

30 June 2016

	Annual Salary	Bonuses	Allowances	Contributions	Total
Dr. S Phillips - Managing Director (appointed 1 May 2016)	284,484	-	61,610	44,459	390,553
GP Mbatha CA(SA) - Chief Financial Officer (CFO)	1,288,115	-	127,920	118,109	1,534,144
M Kau - Acting Managing Director (1 July 2015 to 30 April 2016)	811,475	141,430	126,600	118,167	1,197,672
	2,384,074	141,430	316,130	280,735	3,122,369

30 June 2015

	Annual Salary	Bonus	Allowances	Contributions	Total
S Macozoma - Managing Director (Resigned 30 April 2015)	1,794,188	343,528	137,820	123,031	2,398,567
GP Mbatha CA(SA) - Chief Financial Officer (CFO)	1,209,529	87,432	127,920	110,608	1,535,489
M Kau - Acting Managing Director (from 1 May 2015)	894,647	33,252	172,124	169,212	1,269,235
	3,898,364	464,212	437,864	402,851	5,203,291

Non-executive

30 June 2016

	Directors' fees	Total
J Manche (Chairperson)	225,882	225,882
M Ramasia	39,928	39,928
L Nxumalo	151,760	151,760
H Mashele	211,065	211,065
R Theunissen (Independent Audit Committee member)	62,744	62,744
L Mashamaite	249,850	249,850
A Torres	166,568	166,568
N Msezane	132,358	132,358
J Maina (resigned 29 June 2016)	88,988	88,988
P Govender (appointed 15 March 2016)	55,916	55,916
J Maboja (Independent Audit Committee member)	55,902	55,902
ES Ngomane	135,765	135,765
D Nyalunga (Independent Audit Committee Member)	61,606	61,606
	1,638,332	1,638,332

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31. DIRECTORS' EMOLUMENTS (continued) 30 June 2015

	Directors' fees	Total
J Manche (Chairperson)	88,988	88,988
M Ramasia	21,678	21,678
L Nxumalo	126,160	126,160
H Mashele	218,306	218,306
R Theunissen (Independent Audit Committee member)	69,442	69,442
L Mashamaite	224,601	224,601
SM Maimane	3,970	3,970
N Msezane	105,212	105,212
A Torres	158,278	158,278
J Maina	38,046	38,046
KC Shubane	103,666	103,666
J Maboja (Independent Audit Committee Member)	69,442	69,442
ES Ngomane	99,753	99,753
D Nyalunga	26,288	26,288
	1,353,830	1,353,830

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32. PRIOR PERIOD ERRORS

The prior period errors noted below are based on the changes made to enhance the Annual Financial Statements disclosure notes. The enhancements do not affect the Statement of Financial Position, Statement of Performance and the Cashflow Statement.

The prior period error on the disclosure notes arises from a decision taken by COJ Group Accounting to enhance the disclosure notes in the current financial year to ensure the relevance and reliability of the information presented in the annual financial statements.

The correction of the error(s) results in adjustments as follows:

Effect of changes:	
Statement of Financial Position	Nil
Statement of Financial Performance	Nil
Statement of Cashflow	Nil

The correction of the error results in the restatement of comparative figures as follows - 30 June 2016

The Intercompany Sweeping bank account has always been disclosed as a normal balance and a decision was taken by COJ Group Accounting in the current financial year to disclose the balance as a Related Party. The effect of the change is only on the related party disclosure note. See below the effect of the change in the prior year.

Related Party Note 30: Intercompany Sweeping bank account

Detail	Balance previously reported	Prior period error	Restated Balance
Intercompany Sweeping Bank Account	-	425,737,966	425,737,966

The correction of the error results in the restatement of comparative figures as follows - 30 June 2016

The Interest from the Intercompany Sweeping Bank Account and the Management Fees has always been disclosed as normal income transactions and a decision was taken by COJ Group Accounting in the current financial year to disclose the income as a Related Party transaction. The effect of the change is only on the related party disclosure note. See below the effect of the change in the prior year.

Related Party Note 30: Interest on Intercompany Sweeping bank account and Management Fees

Detail	Income previously reported	Prior period error	Restated amount
Management Fees	-	17,785,787	17,785,787
Interest on Intercompany Sweeping Bank	-	20,649,588	20,649,588
	-	38,435,375	38,435,375

The correction of the error results in the restatement of comparative figures as follows - 30 June 2016

The Employee Benefit Asset has always been disclosed as a balance linked to the employee benefit obligation. A decision was taken by COJ Group Accounting in the current financial year to reclassify to Loan to Shareholder. The effect of the change does not change the fact that it is a notional account for the employee benefit asset which resulted from the initial recognition of the employee benefit obligation. See below the effect of the change in the prior year.

Loans to shareholder - Note 4

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32. PRIOR PERIOD ERRORS (continued)

Detail	Balance as previously reported	Prior period error	Restated Balance
Employee Benefit Asset	-	(58,505,487)	-
Loans to Shareholders - Employee Benefit Asset	-	58,505,487	58,505,487
	-	-	58,505,487

The correction of the error results in the restatement of comparative figures as follows - 30 June 2016

The Commitments Note has been enhanced in the current year to ensure proper disclosure of the committed amount. A decision was taken by COJ Group Accounting in the current financial year to not disclose the approved and not yet contracted for amount to provide a fair and more reliable presentation. The approved and not contracted for balance was only linked to one year's budget versus the committed amount contracted for over the period of two years. The effect of the change only affects the prior year disclosure note. See below the effect of the change in the prior year.

Commitments Note 28

Detail	Balance as previously reported	Prior period error	Restated Balance
Approved and not yet contracted for	582,684,910	582,684,910	-

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33. RISK MANAGEMENT

Financial risk management

The entity's activities expose it to a variety of financial risks arising from the use of financial instruments during the ordinary course of business. The entity does not speculate in the trading of derivative instruments.

Risks to which the entity is exposed to can be classified into the following major categories:

Liquidity risk

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

Interest rate risk

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

The entity's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the entity to cash flow interest rate risk. Borrowings issued at fixed rates expose the entity to fair value interest rate risk.

The entity's exposure to interest rate risk is limited, as the entity has no significant interest-bearing liabilities.

Interest rate sensitivity

The effect of a 1% change in interest rates on financial liability is presented below:

	Movement in interest rate (%)	Increase/(decrease) in deficit
30 June 2016		
Loans from shareholder	1	-
Loans from shareholder	(1)	-
	-	-
30 June 2015		
Loans from shareholder	1	-
Loans from shareholder	(1)	-
	-	-

Credit risk

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

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

No credit limits were exceeded during the reporting period, and management does not expect any deficits from non-performance by these counterparties.

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34. GOING CONCERN

We draw attention to the fact that at 30 June 2016, the entity had accumulated surplus of R 164 071 186 (30 June 2015 accumulated surplus: R 166 827 430 and that the entity's total assets exceeds its liabilities by R 391,698,769 (30 June 2015: R 348 273 046).

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

The entity is wholly dependent on the City of Johannesburg Metropolitan Municipality for continued funding of operations.

The annual financial statements are prepared on the basis that the entity is a going concern and that the City of Johannesburg Metropolitan Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the entity. A letter of comfort is issued each year by the City of Johannesburg Metropolitan Municipality regarding the ability of the entity to carrying on as a going concern in the future.

35. EVENTS AFTER THE REPORTING DATE

Management is not aware of any matter or circumstance arising since the end of the financial year which will materially alter the report as submitted.

36. UNAUTHORISED EXPENDITURE

The entity did not have unauthorised expenditure in the current year.

37. FRUITLESS AND WASTEFUL EXPENDITURE

Reconciliation of fruitless and wasteful expenditure

Companies House - CIPC penalty	1,000	-
Interest on Eskom account	4,981	-
Interest on Telkom account	47,259	9,038
Interest on late payment of Pension Fund contributions	-	2,140
Scholtz Attorneys - legal fees & interest	-	25,862
	53,240	37,040

Reconciliation

Opening balance	37,040	22,932
Fruitless and wasteful expenditure: condoned by council	(37,040)	(22,932)
Fruitless and wasteful expenditure: current year	53,240	37,040
	53,240	37,040

The entity incurred penalty on Companies House account of (R1 000) as at 30 June 2016 due to late submission on CIPC.

Interest charged on the Telkom account as at 30 June 2016 (R47 259) June 2015 (R 9 038) is due to late payments. The JRA officials had discussions with Telkom and half of the interest charged was reversed. No further engagements are in place. A new process is in place where invoices are electronically emailed by Telkom and a new payment process of the key accounts has been put in place in instances where invoices are received late.

Interest charged on the Eskom account as at 30 June 2016 (R 4 981) is due to late payments. Management had engagements with Eskom and more than half of the interest has been recovered. No further engagements are in place. Management has made arrangements to receive invoices electronically and measures are in place to pay suppliers in instances where invoices are received late. A new process is in place where a new payment process of the key accounts has been put in place which has curbed the interest charged by the key suppliers.

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38. IRREGULAR EXPENDITURE		
Reconciliation of irregular expenditure		
Ambassador Air - Expired contracts	-	91,310
Dakalo Cleaning Services - Services rendered with no contract in place	-	81,904
Document Warehouse - Expired contract	-	138,910
Rentokil - Expired contract	-	316,279
Metrofile - Transgressions of SCM procedures	6,927	31,053
Provox Centre for Public Relations	-	4,994
D & F Commodity Broking CC	-	92,280
Makhosi Engineers and Project Managers - Expired tax clearance certificate	281,664	-
Bolt & Engineering Distributors - missing documents for unsuccessful bidder	44,118	-
Xuma Technologies - missing documents for unsuccessful bidder	14,912	-
	347,621	756,730

Reconciliation of irregular expenditure

Opening balance	756,730	3,636,537
Irregular expenditure: condoned by council	(756,730)	(3,636,537)
Irregular expenditure: current year	347,621	756,730
	347,621	756,730

Action taken by Management regarding irregular expenditure

A circular was issued to all staff on irregular expenditure advising that employees who cause the company to incur irregular expenditure will face disciplinary hearing. Condonation reports were required to be written by the relevant department citing the following: Background of the actions that led to irregular expenditure, actions taken against the employee or support in the form of education of SCM processes and the amount involved.

Irregular expenditure is not permitted and controls have been put in place to prevent, detect and correct any such transactions that might occur. Where irregular expenditure occurs, a condonation report is submitted. Irregular expenditure is reported to Executive Management Team, Audit Committee, the Board of Directors and the City of Johannesburg.

The contract was terminated and SCM processes were followed to appoint a new service provider during the year. The expenditure noted occurred during July 2015 and August 2015 while SCM was still in the process of appointing service providers.

Management is in the process of enhancing a demand plan for goods or services to improve the management and compliance with the supply chain regulations.

39. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS

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

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

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

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40. DEVIATION EXPENDITURE		
Reconciliation of Deviation expenditure		
Afhco Holdings - Impracticality - Afhco Holdings was the only supplier in the JRA Head Office vicinity to offer parking services in a radius of 500 meters.	107,010	-
Triakon Professional Engineering Services - Emergency - The collapse of stormwater manhole caused a sinkhole which imposed danger to the children and other people.	1,507,775	-
Ambassador Air - Emergency - appointment for the repairs of the air-conditioning system at JRA Head Office.	456,215	-
Ambassador Air Services (Pty) Ltd - Emergency - appointment for the repairs of the air-conditioning system at JRA Head Office.	881,870	-
Ambassador Air Services (Pty) Ltd - Emergency - appointment for the repairs of the air-conditioning system at JRA Head Office.	980,134	-
Egoli Gas - Emergency - Relocation of gas line on the Emmarentia dam wall which posed a safety threat.	664,984	-
Makhosi Engineers and Project Managers - Emergency - Health and safety threat at Asphalt Plant due to the emissions which resulted in air pollution	281,664	-
Best Enough Trading - Impracticality - Filling of a critical post (risk manager) whilst the tender process to appoint a panel was underway	193,778	-
SNA Civil Structural Engineering (Pty) Ltd - Emergency - Investigation into the collapse of the bridge support structure onto M1 Motorway at Grayston Drive.	1,195,500	-
Bowman Gilfillan - Impracticality - appointment for the legal services to respond to summons whilst tender process was underway	382,366	-
Manoti Building Construction cc - Emergency - Repairs of the cracked glass, sealing and installation of glass façade at the Johannesburg Roads Agency Head Office building.	427,230	-
Van Velden Duffey Incorporated - Impracticality - appointment for the legal services to respond to summons whilst tender process was underway	38,412	-
Game Shopping Centre - Impracticality - Purchase of long service awards vouchers from Game Stores for qualifying employees.	107,000	-
Dick King Lab Supplies (Pty) Ltd - Sole supplier - The Procurement of mould and plates for matest gyratory compactor from sole supplier.	29,725	-
Maverick Trading 59 cc - Emergency - Supply and delivery of non-metal products (Kl Tops and Slabs) as a result of shortages experienced at the depots due to increased demand.	5,000,000	-
Triakon Engineering cc - Emergency stormwater and Gabion reinstatement at Wyoming Berario which posed safety risk and damages to infrastructure.	496,638	-
PWC Research Services (Pty) Ltd - Impracticality - Renewal of the Remchannel software which was developed by PWC and it was impractical to find a new provider to work on the Remchannel.	64,500	-
Gilcels Construction and Projects - Emergency admin block sewage line blockage at Hamburg depot.	6,000	-
Eskom Holdings - Sole supplier - Appointment for the re-routing of the electrical cables at the Nxumalo Bridge	3,875,931	-
Oracle Corporation -- Impracticality - Renewal of software licenses (Oracle) which is currently being used by JRA. It was impractical to find a new provider.	1,889,363	-
Community Advertiser CC T/A Cherry Apple Media - Impracticality - Cherry Apple Media was appointed to render services to the JRA for advert placement on specialised publications. The appointment was made whilst the tender process was being initiated.	1,003,606	-
South African Institute of Civil Engineering - Sole supplier - Appointment of South African Institute of Civil Engineering to provide an independent review and technical opinion:	57,000	-

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40. DEVIATION EXPENDITURE (continued)		
AECOM SA - Emergency appointment - Professional Services for the M1 Double Decker Viaduct in Johannesburg	-	119,708
ARQ CONSULTING Engineers - Emergency appointment - Professional Services for the M1 Double Decker Viaduct in Johannesburg	-	100,161
Thembakele Consulting Engineers - Emergency appointment - Professional Services for the Design & Construction monitoring of stormwater management system at David Street, Olivedale	-	767,495
SNA Civil Structural Engineers - Emergency appointment - Professional Services for Urgent repair work on the M1 Double Decker Bridge	-	7,881,500
Africa on Air, a Division of Prime Media - Sole provider - appointment of service provider in the electronic media to broadcast the Live Reads and adverts of the Citizen Pride Campaign	-	2,234,917
Otis Pty Ltd - Emergency appointment - The Upgrade of basement Elevator at JRA Head office	-	1,124,000
Egoli Gas - Sole supplier - Bulk Gas Supply to the Asphalt Plant	-	550,741
Gillcels Construction & Projects cc - Emergency appointment - Repairs to a Burst Pipe at the Laboratory – Main Ablution Facilities	-	4,200
Madisha and Associates cc - Emergency Appointment of Stormwater Project in Auckland Park Country Club, Culvert	-	825,203
Madisha and Associates cc - Emergency Appointment Stormwater Project in Auckland Park, BRT Wall	-	825,203
Lettam Building & Civils cc - Emergency Appointment – Remedial Interventions at Erven 98 & Rooiels Road, Sharonlea Extension 1	-	200,000
Molemo Consulting Engineers - Emergency Appointment – Stormwater Project in Surrey Road, Ferndale	-	959,955
Molemo Consulting Engineers - Emergency Appointment – Stormwater Project in Grosvenor Road, Bryanston	-	851,955
SAP - (Sole supplier - New accounting software)	-	17,414,232
Rodecon Engineering - Sole Supplier - Calibration of weighbridges at Asphalt Plant	-	148,392
AHI Carries SA - Emergency Appointment - Repairs of air-condition systems at JRA Head Office	-	10,436
Bizstrat Intelligent Business - Sole Supplier - Sole provider for the 5th Business continuity management disaster recovery and risk management conference	-	20,497
Document Warehouse - Sole Supplier - Storage facilities for JRA documents	-	411,064
Moodie & Robertson - Emergency appointment for legal services	-	50,000
	19,646,701	34,499,659

Africa Insight Com - Sole supplier - Procurement of insight JDE support for JRA's inventory management, JRA uses the JDE system as one of the ERP System for the Logistics management therefore due to the postponement of the migration to SAP - Appointment based on rates.

Wacker Neuson and Reef Chain Saw - sole provider of repairs and maintenance of all types of Wacker Neuson equipment - Appointment based on rates.

Project Portfolio Office - Sole supplier - Project portfolio office is currently used by infrastructure development department, the licenses were also issued to Planning when the system was initiated, ID further issued licenses to individuals within JRA to view information reported and recorded on PPO - Appointment based on rates.

Intervate Solution Pty (Ltd) - Sole supplier - Intervate Solution provides the Find and Fix app as well as the maintenance, support and licensing of the Find & Fix.

Detailed Income statement

Figures in Rand	Note(s)	2016	2015 Restated*
Revenue			
Gautrans' Maintenance Fees		6,723,500	5,788,000
Asphalt sales & DCP Testing		1,053,956	768,814
Jobbings		56,815,354	18,754,029
Reinstatements Income and Wayleave Fees		21,270,416	11,572,762
Tender deposits		2,573,177	2,612,885
Management Fees		25,749,071	17,785,787
Interest on fair value debtors		(4,083,291)	(2,156,198)
Developer's Contribution		38,943,413	52,879,110
City of Johannesburg subsidy		746,409,000	761,067,000
		895,454,596	869,072,189
Cost of road maintenance			
Opening stock		(18,772,002)	(29,569,388)
Purchases		(246,827,486)	(151,513,548)
Closing stock		38,753,627	18,772,002
Labour costs		(324,930,249)	(283,327,411)
	18	(551,776,110)	(445,638,345)
Gross surplus		343,678,486	423,433,844
Other income			
Rental income		3,637,224	3,263,135
Recoveries - Legal, provision for bad debts		-	51,536,433
Training income		-	300,563
Recoveries - Unallocated receipts, JPC, Fuel		7,030,696	9,218,375
Insurance claims		9,958,488	10,875,747
Interest received	22	34,247,177	20,649,588
		54,873,585	95,843,841
Expenses (Refer to page 73)		(396,624,939)	(329,263,278)
Operating surplus	20	1,927,132	190,014,407
Finance costs	24	(4,683,380)	(8,173,373)
(Deficit) surplus for the year		(2,756,248)	181,841,034

Johannesburg Roads Agency

(Registration number 2000/028993/07)

Annual Financial Statements for the year ended 30 June, 2016

Operating expenses

Advertising		(20,112,363)	(2,960,121)
Assets expensed		(958,422)	(534,798)
Auditors remuneration	26	(2,188,523)	(2,138,318)
Bank charges		(65,897)	(105,558)
Hostel charges		(1,202,064)	(1,265,264)
Conferences and seminars		(2,662,330)	(1,113,847)
Consulting and professional fees		(59,644,459)	(56,162,893)
Consumables		(4,893,023)	(3,432,822)
Call center services		(1,988,414)	(3,028,000)
Safety		(6,092)	(29,780)
Depreciation, amortisation and impairments		(34,078,056)	(31,022,565)
Directors and committee members' fees		(1,621,305)	(1,353,830)
Employee costs		(120,738,766)	(103,622,336)
Entertainment		(1,211,246)	(624,313)
Legal claims provision		(2,391,778)	-
Interest and penalties		(103,558)	(3,957)
General expenses		(736,649)	(587,063)
Bursaries and subsidies paid		(1,089,065)	(1,485,077)
IT expenses		(12,457,761)	(15,140,016)
Insurance		(16,109,954)	(12,110,519)
Lease rentals on operating lease		(1,176,587)	(1,021,195)
Legal expenses		(1,195,415)	(1,306,890)
Levies		-	12,983
Magazines, books and periodicals		(67,145)	(183,677)
Medical expenses		(135,138)	(43,158)
Printing and stationery		(4,772,625)	(3,909,247)
Promotions		(2,212,388)	(945,438)
Protective clothing		(5,627,261)	(2,087,883)
Repairs and maintenance		(17,633,193)	(12,920,799)
Security and Cleaning		(19,314,699)	(16,037,188)
License Expenses		(4,635,813)	(6,828,771)
Staff welfare		(541,604)	(71,703)
Subscriptions		(165,918)	(208,253)
Telephone and fax		(21,461,587)	(15,513,644)
Training		(3,573,030)	(3,560,101)
Travel - local		(675,497)	(586,871)
Utilities		(29,177,314)	(27,330,366)
		(396,624,939)	(329,263,278)

The supplementary information presented does not form part of the annual financial statements and is unaudited

Statutory requirements include a statement of Directors' responsibility and Directors' Report as an integral part of the Financial Report

We, the Directors, have pleasure in presenting our report on the activities of the Company, for the period ending 30 June 2016.

Incorporation

The entity was incorporated on 17 November 2000 and obtained its certificate to commence business on the same day.

Review of Activities

The entity is engaged in construction and maintenance of roads, traffic signals and storm water infrastructure and operates principally in Johannesburg, South Africa.

The operating results and state of affairs of the entity are fully set out in the attached annual financial statements. For further details reference can be made to the Chairman's Report and the Accounting Officer's Report. These reports do not form part of the annual financial statements and can be requested from the company secretary.

Responsibility and Assurances

The Directors are required by the Municipal Finance Management Act, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Directors to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period ended.

The directors rely on the system of internal controls, together with information provided by management and the internal auditors. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

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

The directors have noted with concern that a number of control shortcomings which were identified as previous audit findings were not addressed timeously. This has resulted in a regression in the audit outcome and has raised questions around the functioning of the controls, procedures or systems during the year under review. Despite this, the Directors are still of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement.

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 although shortcomings have been brought to the attention of management for remedial interventions. The entity has not been able to maintain its clean audit but has been given an unqualified audit report with two no matters of emphasis (see attached).

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.

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.

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 2015.

Going Concern

The entity is a 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.

This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The approved operating budget for the 2015/2016 financial year is R R919 200 000 and the approved capital budget for the 2015/2016 financial year is R 1 340 500 000.

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 and Business Address: 66 Pixley Seme Street, Johannesburg
- Auditors: Auditor General of South Africa

Directors' interests in contracts

The Directors have declared that they do not have any interests in the contracts of the entity.

Accounting Policies

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

Share Capital

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

Board

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

Name	Nationality	Status
S Phillips (Managing Director)	South African	Appointed 1 May 2016
GP Mbatha (Chief Finance Director)	South African	Reappointed March 2016
L Nxumalo	South African	Reappointed March 2016

H Mashele	South African	Reappointed March 2016
E Ngomane	South African	Reappointed March 2016
L Mashamaite	South African	Reappointed March 2016
N Msezane	South African	Reappointed March 2016
Prof J Maina	South African	Reappointed March 2016 /Resigned May 2016
A Torres	South African	Reappointed March 2016
J Manche(Chairperson)	South African	Reappointed March 2016
B Ramasia	South African	Resigned March 2016
P Govender	South African	Appointed March 2016

Controlling Entity

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

Special Resolutions

It was resolved that the remuneration of the non-executive directors and independent audit committee members of the Company for the year ended 30 June 2016 and 30 June 2017, be approved, in accordance with the City of Johannesburg Metropolitan Municipality policy dealing with the remuneration of non-executive directors and independent audit committee members and further, that the remuneration of the executive directors of the company for the period ending 30 June 2016 and 30 June 2017 be paid subject to the upper limits of remuneration as determined by the City of Johannesburg Metropolitan Municipality in terms of section 89 of the Local Government: Municipal Finance Management Act, 2003.

Bankers

Standard Bank Limited.

Auditors

The Auditor-General of South Africa will continue in office for the next financial period.

Meetings

Ten (10) Board meetings as well as three (3) workshops and one (1) interview process with the new MD took place. Six (6) Audit and Finance, four (4) Risk and IT, seven (7) Service Delivery and six (6) Remuneration Social & Ethics Committee meetings were held during the period 1 July 2015 to 30 June 2016.

Conclusion

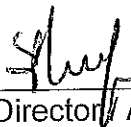
The Board of Directors acknowledges its responsibility to ensure the integrity of the integrated report. The Board has accordingly applied its mind to the integrated report and in the opinion of the Board the integrated report addresses all material issues, and presents fairly the integrated performance of the organisation and its impacts.

The Board authorises the integrated report for release to the member from the 2nd December 2016 and for general release on the date of the Annual General Meeting.

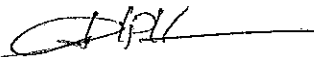
The annual report was approved by the Board of Directors on the 2nd December 2016 at Johannesburg and is signed on its behalf by:



Chairman of the Board – Ms J Manche



Managing Director/ Accounting Officer – Dr S Phillips



Chief Financial Officer – Mr G Mbatha

5.8 Audit Committee Report

Please cross refer to Audited Financial Statements.

5.9 Report of the Auditor-General of South Africa

Please cross refer to Audited Financial Statements.

- 5.10 **Accounting Policies – cross refer to Audited Financial Statements**
- 5.11 **Notes to the Annual Financial Statements – cross refer to Audited Financial Statements**
- 5.12 **Statement of Comparison of Budget and Actual Amounts – cross refer to Audited Financial Statements**
-

CHAPTER SIX

AUDITOR-GENERAL FINDINGS

6.1 Historical Audit Findings and Remedial Action

Management is still in the process of addressing the three audit findings that remained unresolved as at 30 June 2016, which involve leave provisions, processes to ensure that all valid invoices from suppliers are paid within 30 days, and implementation of certain aspects of the IT governance framework of which the action plan is only due in 2018.

6.2 Commitment by the Board of Directors

The Board of Directors has prioritized the resolution of audit findings during 2015/16 and in this regard delegated the monitoring and oversight thereof to the Audit and Finance Committee (AFC). The chairman of the AFC undertook engagements with management to ensure findings were addressed adequately. At an operational level this matter has been made a standing agenda item for the Executive Management Team meetings under the direct control of the Managing Director.

The Board remains committed to ensuring that all audit findings, both from the Internal Audit Unit and the Auditor-General, are addressed appropriately and with the required degree of urgency and prioritization.

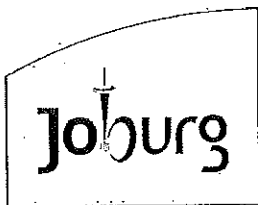
6.3 Mitigating Strategies on the Assessment of the Integrated Reporting and MFMA Circular 63.

Please cross refer to the introduction "About our annual Integrated Report". The framework as directed by the City of Johannesburg has been used and broadly conforms to MFMA Circular 63.

ACRONYMS

Acronym	Detail	Acronym	Detail
AFS	Annual Financial Statements	LLB	Bachelor of Laws
B Proc	B Proc – <i>Baccalaureus Procuratoris</i>	MFMA	Municipal Financial Management Act
BEE	Black Economic Empowerment	NSDS	National Skills Development Strategy
BB-BEE	Broad Based Economic Empowerment	OHASA	Occupational Health and Safety Act
CAPEX	Capital Expenditure	Opex	Operational Expenditure
COBIT	Control objectives for information technology	PAYE	Pay as you earn
CoJ	City of Johannesburg	PDR	Preliminary Design Report
DDR	Detailed Design Report	RITC	Risk and IT Committee
EAP	Economic Active Population	RFQ	Request for Quotation
EE Act	Employment Equity	SCM	Supply Chain Management
EFF	External Finance Fund	SDBIP	Service Delivery Budget Implementation Plan
EFT	Electronic Financial Transfer	SMMEs	Small Medium Micro Enterprises
EMT	Executive Management Team	SWMP	Storm Water Master Plan
GRAS	Group Assurance Services	UPS	Uninterrupted Power Supply
JDE	JDE Accounting System	USDG	Urban Settlement Development Grant
JSIP		VAT	Value Added Tax

ANNEXURES

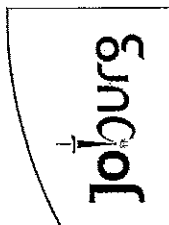


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Mobility made easy

Name	Designation	AUDIT						RISK & IT						SDE						REMCO					
		Q1		Q2		Q3		Q4		Q1		Q2		Q3		Q4		Q1		Q2		Q3		Q4	
		09 Sep	23 Nov	27 Jan (W)	25 Feb	10 Jun	14 Sep	04 Nov	02 Feb	09 Jun	15 Jun	20 Jul	04 Sep	13 Nov	28 Jan	04 Mar	17 May	20 Jun	9 July (5 5) Interchange Project (All Board members were invited	11- Sep	21 Sept (5 6) Interchange Project & Strategy	06- Nov	17- Feb	27- May	
J Manche	Non-executive Director / Chairman																								
MI Msezane	Non-executive Director																								
L Mashamafte	Non-executive Director Chair - Remco																								
E Ngomane	Non-executive Director / Chair SDC																								
H Mashele	Non-executive Director Chair Audit																								
L Nxumalo	Non-executive Director																								
A Torres	Non-executive Director Chair Risk & IT																								
J Maina	Non-executive Director																								
B Ramasia	Non-executive Director																								
P Govender	Non-executive Director																								
Mbatha	Chief Financial Officer																								
M Kau / S Phillips	S Phillips Managing Director as from May 2016																								



a world class African city

Performance against Annual Performance Plan (Company Scorecard)

JRA – Annual Company Performance – 2015-16

Programme 1: City Priority Programmes

(A) Customer Charter –

Kpi No	Project	Key Performance Indicators	Budget Stream	Baseline 2014/15	Budget (Amended)	Annual Target (Amended)	Progress (Annual)	Comments (Reasons for non-conformance) / Progressive Milestones	Measures taken to improve performance / Action Plans (Where performance is behind schedule)
1	Reinstatements	% of Reinstatement of reported road excavations / trenches completed by stakeholders and reinstated within 3 days	OPEX	61.5%	(Refer to Roads Management Programme)	100% of reported Reinstatement Service Requests completed and resolved within 3 days	Reported 1513 Achieved 1118 73.89%	The shortage of operational staff at Regional levels remains a challenge for depots. This shortage is specific to general workers and the consequence is teams that are not fully capacitated to carry out activities.	The replacement of staff members to address the shortage gap has commenced. We expect the incumbents to commence duties in the first quarter of the 2016/2017 Financial Year.



Kpi No	Project	Key Performance Indicators	Budget Stream	Baseline 2014/15	Budget (Amended)	Annual Target (Amended)	Progress (Annual)	Comments (Reasons for non-performance) Progress re Milestones	Measures taken to improve performance Action Plans (Where performance is behind schedule)
2	Pothole repairs	% of Potholes repaired within 3-days	OPEX	73.4%	(Refer to Roads Management Programme)	100% of reported Potholes Service Requests completed and resolved within 3 days	Reported 15008 Achieved 8447 56.28%	The shortage of operational staff at Regional levels remains a challenge for depots. This shortage is specific to general workers and the consequence is teams that are not fully capacitated to carry out activities.	The replacement of staff members to address the shortage gap has commenced. We expect the incumbents to commence duties in the first quarter of the 2016/2017 Financial Year .
3	Traffic Signal maintenance	% Traffic Signals repaired within 24 hrs	OPEX	81.17%	(Refer to Roads Management Programme)	100% of reported faulty Traffic Signals Service Requests completed and resolved within 24 hrs	Reported 2092 Achieved 1727 82.55%	Staff resource constraints continued to hamper the effective operation of the department. 100% compliance to service standards could not be achieved with current staff levels.	A professional ethos plan has been implemented across the Mobility & Freight department as a foundation for improving performance. This includes: a. Doing things right first time b. Pay attention to details c. Understanding that problems require solutions
4	Incorrect Street Name spelling	% of incorrect street name spelling corrected within 7 days	OPEX	21%	(Refer to Roads Management Programme)	100% of reported incorrect spelling of street names Service Requests completed and resolved within 7 days	Reported 12 Achieved 8 66.67%	Human capacity is the biggest challenge and accordingly Regions have had no option but to re-arrange teams in order to try to deal with the Hotspots List and backlogs. While the SCM process for the new the contract is yet to start, there is a need to extend the expired contracts. SCM to use other means to mitigate a lack of contracts.	HCM to stabilise the shortage of human capacity in general and the new contract for the provision of street name plates to be in place as soon as possible.
5	Missing Manhole Covers replacement	% of missing Manhole covers replaced in 3 days	OPEX	34.34%	(Refer to Roads Management Programme)	100% of reported missing manhole covers Service Requests completed and resolved within 3 days	Reported 219 Achieved 84 38.36%	Some Regions are still clearing the backlog on manhole covers .	The roll out of the current material used in manhole covers will reduce the rate of theft and vandalism . We also expect the reduction to be as a result of the existence of the Infrastructure Protection Unit.

Kpi No	Project	Key Performance Indicators	Budget Stream	Baseline 2014/15	Budget (Amended)	Annual Target (Amended)	Progress (Annual)	Comments (Reasons for non-conformance) Progress re Milestones	Measures taken to improve performance (Action Plans where performance is behind schedule)
6	Clearing of blocked storm water drains	% reported blocked storm water drains (K1's) cleared within 3 days from time of logged call	OPEX	70.7%	(Refer to Roads Management Programme)	100% of reported blocked kerb inlets (K1's) Service Requests completed and resolved within 3 days	Reported 4138 Achieved 2674 64.62%	The backlog was a bit high though the team made a good effort in trying to meet the target. No additional machinery was solicited, however there has been an improvement on the planning and the usage of the resources.	Regional Operations across all Regions are currently training staff members to perform road marking and signs activities. RFQ's process is used to acquire paint and other street furniture in the absence of a fixed contract. The paint contract is awarded, and work will be scheduled and attended to. This includes clearing of backlogs.
7	Road marking lanes / signs repaired	% reported road marking lanes / signs repaired within 3 days from time of logged call;	OPEX	15.98%	(Refer to Roads Management Programme)	100% of reported road marking lanes / signs Service Requests completed and resolved within 3 days	Reported 1239 Achieved 357 28.8%	The increased demand for service requests linked to this activity is placing a strain on the depot resource capacity which is already under capacitated. Depots are struggling to keep up with the demand, being both service requests logged as well as backlogs	Regional Operations across all Regions are currently training staff members to perform road marking and signs activities. RFQ's process is used to acquire paint and other street furniture in the absence of a fixed contract. The paint contract is awarded, and work will be scheduled and attended to. This includes clearing of backlogs.

(B) Corridors of Freedom

Kpi No	Project	Key Performance Indicators	Budget Stream	Baseline 2024/25	Budget (Amended)	Annual Target (Amended)	Progress (Annual)	Comments (Reasons for non-compliance) Progress Milestones	Measures taken to improve performance Action Plans (where performance is behind schedule)
8	CATCH - Louis Botha Corridor Stormwater Masterplan and Upgrading Renewal CORRIDORS OF FREEDOM	Preliminary Design Report (PDR) and Detailed Design Report (DDR) completed for Stormwater upgrades in Louis Botha Corridor	CAPEX	New	R 2 000 000,00	Preliminary Design Report (PDR) and Detailed Design Report (DDR) completed for Stormwater upgrades in Louis Botha Corridor	Preliminary Design (PDR) and Detailed Design Report Not completed.	The original target (PDR,DDR) was not achieved because the JRA Senior Management and CoJ Management decided and agreed to transfer the project to the Johannesburg Development Agency (JDA).	The SLA between JDA and the JRA are currently being finalised by Legal Department and Facility Department.
9	CATCH - Empire Perth Corridor Stormwater Masterplan and Upgrading Renewal CORRIDORS OF FREEDOM	Preliminary Design Report (PDR) and Detailed Design Report (DDR) completed for Storm Water upgrades in Empire Perth Corridor	CAPEX	New	R 2 000 000,00	Preliminary Design Report (PDR) and Detailed Design Report (DDR) completed for Storm Water upgrades in Empire Perth Corridor	Preliminary Design (PDR) and Detailed Design Report Not completed.	The original target (PDR,DDR) was not achieved because the JRA Senior Management and CoJ Management decided and agreed to transfer the project to the Johannesburg Development Agency (JDA).	The SLA between JDA and the JRA are currently being finalised by Legal Department and Facility Department.
10	CATCH - Turffontein Corridor Stormwater Masterplan and Upgrading Renewal CORRIDORS OF FREEDOM	Preliminary Design Report (PDR) and Detailed Design Report (DDR) completed for Storm Water upgrades in Turffontein Corridor	CAPEX	New	R 2 000 000,00	Preliminary Design Report (PDR) and Detailed Design Report (DDR) completed for Storm Water upgrades in Turffontein Corridor.	Preliminary Design (PDR) and Detailed Design Report Not completed.	The original target (PDR,DDR) was not achieved because the JRA Senior Management and CoJ Management decided and agreed to transfer the project to the Johannesburg Development Agency (JDA).	The SLA between JDA and the JRA are currently being finalised by Legal Department and Facility Department.

(C) Community Based Projects (CBP)

Kpi No	Project	Key Performance Indicators	Budget Stream	Baseline 2014/15	Budget (Amended)	Annual Target (Amended)	Progress (Annual)	Comments (Reasons for non-performance) Progress re Milestones	Measures taken to improve performance Action Plans (where performance is behind schedule)
11	CBP - Gravel Roads rehabilitation + stabilization (Region A)	Km of identified gravel roads resurface and stabilise (gravel roads -- Graveling) Sedibeng Street, Kagiso Street in Rabie Ridge Ext.5 and Katanang Street in Rabie Ridge Ext.4	City - CAPEX	New	R 533 520,00	1.080 Km of identified gravel roads rehabilitated (eg. resurface and stabilise) Sedibeng Street (0.340 km), Kagiso Street (0.320 km) in Ext.5 and Katanang Street (0.420 km) in Ext.4	0 Km achieved	The target was not achieved due to delays in investigations that were conducted for designs.	The tender process for the panel of consultants is in progress. The consultant will be appointed in quarter one of 2016/17 for designs.
12	CBP - Resurfacing (Region A)	Km of road Resurfacing (Nanyuki Rd from Sunninghill Hospital to Malindi Rd)	City - CAPEX	New	R 270 000,00	1.5 Km of road Resurfaced (Nanyuki Rd from Sunninghill Hospital to Malindi Rd)	1.5 Km achieved		
13	CBP - Resurfacing (Region A)	Km of Resurfacing of Buleiwa Makomane str, tarring of Phakwe and Xinimbela streets	City - CAPEX	New	R 220 000,00	0 Km of road Resurfaced	0 Km achieved	Milestone was achieved: Roads have been identified for resurfacing during 2016/17	
14	CBP - Road Safety (Region A)	% implementation of Street calming measures identified adjacent to Ebony Park Primary Speed humps, in Kaalfontein	City - CAPEX	New	R 150 000,00	100% implementation of identified Street calming measures Ebony Park Primary in Kaalfontein (Speed humps),	Street calming measures (speed humps) completed : Ebony Park Primary in Kaalfontein (100%)		
15	CBP - New Traffic Signals (Region D)	Traffic Signal installed in Protea Glen on the Major Impala intersection	City - CAPEX	New	R 700 000,00	1 x Traffic Signals installed in Protea Glen on the Major Impala intersection	1 x Traffic Signal installed: Protea Glen on the Major Impala intersection		

Kpi No	Project	Key Performance Indicators	Budget Stream	Baseline 2014/15	Budget (Amended)	Annual Target (Amended)	Progress (Annual)	Comments (Reasons for non-conformance) Progress re Milestones	Measures taken to improve Performance Action Plans (where performance is behind schedule)
16	CBP - New Traffic Signals (Region D)	Traffic Signal installed in Glen Ridge Ext 16 on Randfontein Road Intersection	City - CAPEX	New	R 700 000,00	1 x Traffic Signals installed in Glen Ridge Ext 16 on Randfontein Road Intersection	1 x Traffic Signal installed R 559 and Sunrise Ave, Zuurbekom 297-IQ (Traffic Signal # R2333)		
17	CBP - Road Rehabilitation and upgrading (Region E)	Km Gravel Road Upgrading to surfaced road; remaining portion of Blandford Rd between Hyperion and Witkopp Rd as per annual project plan (Multiyear project) Box Cutting; Layer works.	City - CAPEX	New	R 4 000 000,00	0.8 Km gravel road upgraded remaining portion of Blandford Rd between Hyperion and Witkopp Rd (Box Cutting; Layer works)	0 Km achieved	SCM process delayed. The construction tender closed in November 2015 and served at Bid Evaluation and Adjudication in Q4	The appointment of the contractor was accelerated. The contractor was appointed in July 2016 and construction will commence during 2016/17
19	CBP - Pedestrian Foot Bridge (Region E)	Preliminary Design Report (PDR) for reconstruction of Foot Bridge between River Park and Lombardy East	City - CAPEX	New	R 1 500 000,00	Preliminary Design Report (PDR) for reconstruction of Foot Bridge	Preliminary Design Report (PDR) Not completed	The project delayed due to EIA approval process. Still awaiting approval from GDARD.	JRA has no control over the timelines for the EIA approval.
20	CBP - Stormwater management (Region E)	Preliminary Design Report (PDR); EIA application submission; WUL submission for installation of Gabions (Ward 115, Klein Jukskei erosion protection), Corlett Drive.	City - CAPEX	New	R 1 500 000,00	Preliminary Design Report (PDR); EIA application submission; WUL submission for installation of Gabions (Ward 115, Klein Jukskei erosion protection), Corlett Drive.	Preliminary Design Report (PDR), Environmental Impact application and Water Use License (WUL) submission Not completed / submitted.	The project delayed due to EIA approval process. Still awaiting approval from GDARD.	JRA has no control over the timelines for the EIA approval.
21	CBP - Pedestrian Foot Bridge (Region F)	Preliminary Design Report for the construction of a small bridge over Denver Canal (adjacent to Denver Hostel)	City - CAPEX	New	R 150 000,00	Preliminary Design Report for the construction of a small bridge over Denver Canal (adjacent to Denver Hostel).	Preliminary Design Report (PDR) Not completed	Due to delays in investigations that were conducted for designs, the target was not met. The tender is at evaluation stage.	The quotation for the appointment of consultants will be advertised in 2016/17.

Kpi No	Project	Key Performance Indicators	Budget Stream	Baseline 2014/15	Budget (Amended)	Annual Target (Amended)	Progress (Annual)	Comments (Reasons for non-conformance) Progress re: Milestones	Measures taken to improve performance Action Plans (where performance is behind schedule)
22	CBP - Road Rehabilitation and upgrading (Region G)	% Roads Maintenance Implementation in Region G as per annual project plan	City - CAPEX	New	R 1 500 000,00	100% implementation of roads maintenance plan	Construction implementation completed 100%	CoJ identified additional work to be completed in 2016/17	The additional work will be implemented in 2016/17 if the budget will be allocated
23	CBP - Road Rehabilitation and upgrading (Region G)	% Dzaqza Projects Road Maintenance implementation as per annual plan	City - CAPEX	New	R 2 000 000,00	100% implementation of Dzaqza Projects Road Maintenance plan	Construction implementation completed 100%	CoJ identified additional work to be completed in 2016/17	The additional work will be implemented in 2016/17 if the budget will be allocated

Programme 2 – Roads Management

(A) Roads - Renewal (Improvements / Upgrades)

Kpi No	Project	Key Performance Indicators	Budget Stream	Baseline 2014/15	Budget (Amended)	Annual Target (Amended)	Progress (Annual)	Comments (Reasons for non-conformance) Progress re: Milestones	Measures taken to improve performance Action Plans (where performance is behind schedule)
24	MOB - Guardrails, Renewal Roads: Construction and Upgrades JOHANNESBURG F Regional (Installation/repia cement of guardrails along main roads.)	Km of Guardrail installed /replaced along main roads	CAPEX	8.47 Km	R 4 000 000,00	6 km of Guardrail installed /replaced along main roads	0 Km achieved	Tenders closed in March 2016 and were non-responsive.	The new procurement process has been initiated by Supply Chain for 2016/17 financial year.

Kpi No	Project	Key Performance Indicators	Budget Stream	Baseline 2014/15	Budget (Amended)	Annual Target (Amended)	Progress (Annual)	Comments (Reasons for non-conformance) Progress re Milestones	Measures taken to improve performance Action Plans (where performance is behind schedule)
25	BRID 05 - Le Roux Avenue Widening; New Roads; Construction and Upgrades HALFWAY HOUSE ESTATE A Regional	% implementation of preparation for road construction (Le Roux Ave widening) as per annual project plan	CAPEX	PDR; DDR	R 8 000 000,00	100% implementation of annual project plan for Le Roux Avenue Widening. HALFWAY HOUSE ESTATE	Le Roux Ave widening completed 100%		
26	MOB - City/Deep Freight Hub, Renewal Roads; Construction and Upgrades CITY DEEP F City Wide	% of road network upgraded as per annual project plan:- (1.) Rosherville Bridge and Road (DDR); (2) Bonsmara Road / Rosherville Rd (Construction implementation); (3) Cleveland Bridge (DDR);	CAPEX	PDR; DDR	R 30 000 000,00	100% implementation of annual project plan (Multi-year project) > DDR: Rosherville Bridge and Road; > Partial construction of implementation of Bonsmara Rd (20% of multiyear project)	Detailed Design Report (DDR) completed Partial construction (73%) of Bonsmara Road completed		

Kpi No	Project	Key Performance Indicators	Budget Stream	Baseline 2014/15	Budget (Amended)	Annual Target (Amended)	Progress (Annual)	Comments (Reasons for non-conformance) Progress re Milestones	Measures taken to improve performance Action Plans (where performance is behind schedule)
27	MOB - Complete Streets (Streets Alive). New Roads: Construction and Upgrades JOHANNESBURG F City Wide	Km road retrofit projects completed as per annual project plan in Soweto, Diepsloot, Ivory Park, Orange Farm, Bram Fischerville, Alexandra and Doornkop (multi year project)	CAPEX	0 Km	R 25 000 000,00	0.67 Km of road retrofit projects (Walkways) completed as per annual project plan in Soweto, Diepsloot, Ivory Park, Orange Farm, Bram Fischerville, Alexandra and Doornkop	2.17 Km achieved	-The walkway was constructed in Diepsloot. - Construction work is in progress in Orange Farm and Ivory Park. - Alexandra/ Wyneburg contractor was appointed in Q4 - Bram Fischerville and Soweto construction tenders evaluated and served at Bid Evaluation and Adjudication Committees in Q4.	

(B) Roads - Reconstruction / Rehabilitation

Kpi No	Project	Key Performance Indicators	Budget Stream	Baseline 2014/15	Budget (Amended)	Annual Target (Amended)	Progress (Annual)	Comments (Reasons for non-conformance) Progress re Milestones	Measures taken to improve performance Action Plans (where performance is behind schedule)
28	REHAB - Road Rehabilitation and Reconstruction Programme - Renewal Roads: Construction and Upgrades JOHANNESBURG F City Wide (Roads in very poor condition all over the City that require urgent intervention according to PIMS to improve VCI (Visual Condition Index).)	Km of roads rehabilitated as identified in Pavement Management System (PMS)	CAPEX	0 Km	R 110 000 000,00	12.8 km of identified roads in Pavement Management System (PMS) rehabilitated	31.17 Km achieved		

(C) Roads – Resurfacing

Kpi No	Project	Key Performance Indicators	Budget Stream	Baseline 2014-15	Budget (Amended)	Annual Target (Amended)	Progress (Annual)	Comments (Reasons for non-conformance) Progress or Milestones	Measures taken to improve performance Action Plans (where performance is behind schedule)
29	RESUR - Resurfacing of Roads - City Wide. Renewal of Roads: Rehabilitation JOHANNESBURG City Wide	Lane Km of roads resurfaced (CAPEX) city-wide to improve the visual condition index as identified in Pavement Management System (PMS)	CAPEX	675.6 Lane Km	R 221 941 000,00	506.96 Lane Km of road resurfaced City-Wide.	587.69 Lane Km achieved		
30	Resurfacing, Drainage and miscellaneous Bridge upgrade (M1 Double Decker Bridge)	% of roads resurfaced (M1 Motorway) city-wide to improve the visual condition index according to annual project plan a) Upgrade of M1 to GFIP (Gauteng Freeway Improvement Project) standards (14%) b) Repairs of Double Decker Bridge (20%) c) Repairs of Oxford Rd & Federation Bridges (66%)	CAPEX	Scoping: Geometric layout	R 101 756 000,00	100% implementation of annual project plan	Target 14% Achieved 14% 100% achieved		
31						100% implementation of annual project plan	Target 20% Achieved 20% 100% achieved	The contractor informed the JRA that he has under-priced on certain items of the bill of quantities, there are currently financial challenges.	The recommendation is to terminate the contract as it will be difficult to implement work with the current contract.
32						100% implementation of annual project plan	Target 66% Achieved 22% 33.3% achieved	The work is implemented in partnership with SANRAL. Due to SANRAL lengthy procurement process, the target was not met.	Work is accelerating on and will be completed as planned.

(D) Roads – Routine Maintenance

Kpi No	Project	Key Performance Indicators	Budget Stream	Baseline 2014/15	Budget (Amended)	Annual Target (Amended)	Progress (Annual)	Comments (Reasons for non-conformance) Progress re Milestones	Measures taken to improve performance (Action Plans (where performance is behind schedule))
33	According to PMS light road rehabilitation work is urgently required to prolong the life of roads in poor condition between 5 to 6 years depending on type of surface treatment. It includes all regions plus access to motorways.	Implementation of Light roads rehabilitation (as per VCA/VCI) as per Implementation Plan :- Deep Patching (m2); Skin Patching (m2); Milling (L/Km); Crack Sealing (Kg)	OPEX	New	R 20 400 000,00	Implementation of light roads rehabilitation as per Implementation Plan:- Deep Patching 34000 m2; Skin Patching 22000 m2; Milling 10 L/Km; Crack Sealing 52800 Kg	Deep Patching target 34 000 m2 Achieved 53 776.53 m2; Skin Patching target 22000 m2 Achieved 28 956.53m2; Milling target: 10 L/Km Achieved 0 L/km; Crack sealing 52 800 Kg Achieved 44 210 Kg	Plant breakdown; Weather increment, Crack sealing Machine breakdown for over 30 days.	We worked overtime to recover the lost production due to breakdowns.