City of Johannesburg

Annual Report

2017/18

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Abbreviations

AET	Adult Education Training
AFS	Annual Financial Statements
AG	Auditor-General
ARP	Alexandra Renewal Programme
AWTT	Alternative Waste Treatment Technologies
BOCA	Bus Operating Contract Agreement
BOC	Bus Operating Company
BRT	Bus Rapid Transit
CAPEX	Capital expenditure
CBD	Central Business District
CEO	Chief Executive Officer
CIO	Chief Information Officer
COGTA	Cooperative Development and Traditional Affairs
CPF	Community policing forum
CRO	Chief Risk Officer
CM	City Manager
CoJ	City of Johannesburg
DEA	Department of Environmental Affairs
DDI	Domestic Direct Investment
DWS	Department of Water and Sanitation
EAP	Employee Assistance Programme
ECD	Early Childhood Development
ECDC	Early Childhood Development Centre
EEA	Environmental Education and Awareness
EISD	Environment and Infrastructure Services
EMS	Emergency Management Services
EMT	Executive Management Team
EPWP	Expanded Public Works Programme
ESP	Expanded Social Package
FBS	Free Basic Services
FTC	Fixed Term Contract
GAC	Group Audit Committee
GDARD	Gauteng Department of Agriculture and Rural Development
GDP	Gross Domestic Product
GDS	Growth and Development Strategy
GFIP	Gauteng Freeway Improvement Programme
GHCM	Group Human Capital Management
GHG	Greenhouse Gas

GPAC	Group Performance Audit Committee
GRAP	Generally Recognized Accounting Practice
GRGC	Group Risk Governance Committee
GVA	Gross Value Added
ICT	Information and Communication Technology
IDP	Integrated Development Plan
IIRF	International Integrated Reporting Framework
ILP	Individual Learning Plan
IMATU	Independent Municipal Allied Trade Union
IT	Information Technology
ITS	Intelligent Transport Systems
IWMP	Integrated Waste Management Plan
JCPZ	Johannesburg City Parks and Zoo
JCT	Joburg City Theatres
JDA	Johannesburg Development Agency
JITI	Johannesburg International Transport Interchange
JMPD	Johannesburg Metro Police Department
JOSCHO	Johannesburg Social Housing Company
JPC	Joburg Property Company
JRA	Johannesburg Roads Agency
JW	Johannesburg Water
KPI	Key Performance Indicators
LIS	Library and Information Services Directorate
MFMA	Municipal Finance Management Act
MPAC	Municipal Public Accounts Committee
MFMA	Municipal Finance Management Act
MSA	Municipal Systems Act
MTC	Metro Trading Company
NMT	Non-motorised Transit
NT	National Treasury
OHS	Occupational Health and Safety
OOC	Out of Commission
OPCA	Operation Clean Audit
Opex	Operating Expenditure
PAAZA	Pan African Association of Zoos and Aquaria
PAIA	Public Access to Information Act
PSHB	Polyphagous shot-hole borer
PWD	People with disabilities
RCR	Round Collected Refuse
REMCO	Remuneration Committee
ROI	Return on Investment

SADC	Southern African Development Community
SALGA	South African Local Government Association
SALGBC	South African Local Government Bargaining Council
SAMWU	South African Municipal Workers Union
SANDF	South African National Defence Force
SAPS	South African Police Service
SDBIP	Service Delivery and Budget Implementation Plan
SHRA	Social Housing Regulatory Authority
SLA	Service Level Agreement
TOD	Transit Oriented Development
TOR	Terms of Reference
UDF	Urban Development Framework
UN	United Nations
UPS	Uninterrupted Power Supply
USDG	Urban Settlement Development Grant
VIP	Ventilated improved pit
WBOT	Ward-based outreach teams
WIMS	Waste Information Management System
WMU	Water Management Units
WSP	Workplace Skills Plan
WWTW	Wastewater Treatment Works

About this report

Statutory annual reporting process

The Municipal Finance Management Act (MFMA), the Municipal Systems Act (Section 46) and National Treasury's MFMA Annual Report Circular 63 require the City of Johannesburg (also referenced as 'the City' or 'CoJ') and its municipal entities to prepare an annual report for each financial year covering both financial and non-financial performance. The report is informed by guidelines provided by National Treasury Circular 63. This report is structured as follows;

- Executive Mayor's Foreword
- Statement by the City Manager
- Chapter 1: Introduction and context
- Chapter 2: Governance
- Chapter 3: Service Delivery Performance
- Chapter 4: Organisational Development Performance
- Chapter 5: Group Chief Financial Officer's Report
- Chapter 6: Annual Report of the Group Audit Committee
- Chapter 7: Auditor-General Audit Findings
- Annexures

Referencing content online

The City of Johannesburg's 2017/18 Integrated Annual Report is available on www.joburg.org.za.

Scope and Boundary of the Integrated Report

The boundary of this report is limited to performance reporting as it relates to the City of Johannesburg during 2017/18. The City's Integrated Report will be considered by Council in January 2019 for the period 1 July 2017 to 30 June 2018.

Feedback

The City of Johannesburg aims to establish and maintain constructive and informed relationships with its stakeholders. Accordingly, please direct any feedback on this report to hlulanic@joburg.org.za.

Assurance

The integrity of the Integrated Annual Report is overseen by the City's independent oversight committees (Group Performance Audit Committee and Group Audit Committee) and the City's Municipal Public Accounts Committee. The Auditor-General (South Africa) audited the City's reported financial and non-financial performance.

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Executive Mayor's Foreword

The 2017/18 financial year was a year of truly new beginnings. The multi-party government passed its first budget and IDP, after inheriting a budget that paid little attention to the real challenges affecting the City, and its people.

Our multi-party government's budget ensured that the City was able to direct substantial resources away from luxury, nice-to-have expenditure items towards more critical service delivery initiatives aimed at improving the lives of our residents.

Challenges remain but decisive action by the multi-party government has put the City on a path towards financial sustainability, leading to improved revenue collection and job creation.
All of this was made possible by a stable management, under the stewardship of City Manager, Dr Ndivhoniswani Lukhwareni and his very capable senior management team.

The year under review thus bore witness to a City steadily rebuilding itself following years of stagnation.

The year under review
Although major successes have been registered, some of the challenges we faced during our first year in government still remain.

The City's inherited infrastructure backlog of R170 billion continues to grow owing to historic underspending in this regard. The tremendous strain on the City's infrastructure is worsened by an inward migration of approximately 3 000 people a month, which also affects the City's already high unemployment.

The City of Joburg is home to about 5 million residents, more than 800 000 of whom are unemployed. Housing in the City is a priority area that will require a substantial cash injection from National Government, if is to be resolved adequately. The City is faced with a housing backlog, conservatively estimated to exceed 300 000 units, forcing a number of residents to reside across Johannesburg's almost 200 informal settlements.

Enter the Inner City Revitalisation Project - an ambitious, potentially multi-billion Rand project aimed at turning the Joburg Inner City into a construction site by offering a number of buildings to the private sector, to be renovated and turned into affordable, low-cost housing, student accommodation and rental space for small businesses based in the Inner City.

The project really took off in the financial year under review, with the first batch of 84 properties approved by Council to be offered to the private sector for development. More buildings will be offered in the coming financial year.

Be that as it may, for this project to have any reasonable chance of success, the City must continue to pay careful attention to the Rule of Law in the Inner City, and surrounding areas. To this extent, the JMPD recruited 1500 new officers who began their training in November 2017 and are expected begin patrolling the City's streets in 2019. They were recruited to bolster an under-capacitated JMPD.
These new officers will be guided by our equally new Chief of Police, David Tembe, who has managed to energise the JMPD and turn it into a respectable policing unit.

The Rule of Law also extends to the corridors of power, where the City's newly created anti-corruption unit, the Group Forensic and Investigation Services (GFIS) has unearthed more than 4000 cases of corruption and maladministration, involving transactions totaling R24 billion.

In addition to this achievement, the City conducted a skills audit of top management in order to ensure that our employees possess the right skills for the appropriate positions. The audit was hugely successful and revealed that we are on the right track to creating a professional civil service in Johannesburg.

Above all, my administration introduced Diphetogo – an initiative aimed at ensuring that the City directs the majority of its financial resources to those projects that are urgent, and which will have the biggest and most immediate material impact on our people. This initiative – aimed at driving real, transformational change in the City - has seen us direct more money to the things that matter most, including basic services, infrastructure, housing and public safety.

This initiative has enabled the City to extend operating hours at 13 of our clinics. In the 2018/19 financial year, additional financial resources will be deployed to extend operating hours at more clinics.

Still on healthcare, the City launched a number of substance abuse treatment centres to equip the City in its fight against a drugs scourge that threatens to get out of control. Alongside this initiative, is another that is meant to empower our young people.

The creation of Opportunity Centres is a direct response against high unemployment in the City, especially among the youth. In these centres, entrepreneurs across the City have spaces in which to seek information to help build their companies and create jobs.

Financial Performance

The 2017/18 financial year had its challenges. The City functioned within a constrained environment, with a national economy that grew at less than 1%. This situation worsened the country's unemployment and hampered residents' ability to pay for services.

But, even in the midst of struggle, there was victory.

Against the backdrop in which our Country continued to hemorrhage jobs, Johannesburg achieved an additional 109 000 jobs in the first two quarters of 2018 dropping unemployment levels by 1.5%. Even as the economic engine, the ranks of the unemployed in Gauteng swelled by 115 000.
In assessing the socio-economic landscape of South Africa no single issue has greater importance than jobs.

At the centre of so many of our problems, whether it be landlessness or crime or housing, lies the fact that millions of South Africans do not have work.

Despite the prevailing negative environment, the City of Johannesburg's job increase was backed by a record R8.7 Billion rand in facilitated external investment in 2017/18.

This exceeded any prior year's achievement by over R3 Billion.

In the previous financial year, the City embarked on a painful but necessary exercise to drastically cut wasteful expenditure through the introduction of austerity measures. Items affected included self-promoting advertising; marketing; domestic and international travel; consulting and professional fees; and conferences and seminars.

This important exercise netted the City a saving of approximately R500 million.

Armed with this additional cash, the City spent on critical service delivery areas such as the maintenance of traffic and street lights, repair of potholes, upgrade of informal settlements, including on the electrification of Slovo Park, and the capacitation of key City departments such as Development Planning and the Valuations Unit.

At the end of the 2017/18 financial year, the City achieved 93% capital expenditure and 99% expenditure of the Urban Settlements Development Grant.

Future Outlook

The 2017/18 financial year allowed the multi-party government to assume the reins of the City, in the truest way possible. We passed our first budget and IDP and put into motion a programme designed to redirect spending away from nice-to-have items towards critical service delivery projects. With an eye to the future, the multi-party government, comprising the various political parties that make up the coalition that governs the City of Joburg, through the Integrated Development Plan (IDP), evolved its 10-Point Plan into the mayoral 9 priorities, which read as follows:

1. Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021;
2. Ensure pro-poor development that addresses inequality and poverty and provides meaningful redress;
3. Create a culture of enhanced service delivery with pride;
4. Create a sense of security through improved public safety;
5. Create an honest and transparent City that fights corruption;
6. Create a City that responds to the needs of citizens, customers, stakeholders and businesses;
7. Enhance our financial sustainability;
8. Encourage innovation and efficiency through the Smart City programme; and
9. Preserve our resources for future generations.

In line with these priorities, the City undertakes that, in the 2018/19 financial year, we will expand on the Diphetogo programme in order to accelerate the pace of change and improve the quality of life of residents.

Gratitude

I would like to thank the City Manager, Dr Lukhwareni, and the countless other employees of the City who have embraced the notion of Service with Pride.

I would also like to express my appreciation to the Members of the Mayoral Committee for working tirelessly to deliver on our changed mandate in the respective City departments and entities.

I would like to pay tribute to my coalition partners for their significant contribution to this multi-party government and the delivery of change to the residents of Johannesburg. Similarly, the role played by the EFF and their demonstrable commitment to change requires acknowledgement.

Finally, I must thank the Speaker of Council for his ongoing support and the leading role he plays in ensuring that Council fulfills its important oversight function.

In the 2018/19 financial year, I look forward to continued progress in restoring the City of Joburg as a beacon of opportunity. I maintain my belief that a Johannesburg that works is a South Africa that works.

Cllr Herman Mashaba

Executive Mayor

Statement by the City Manager

The 2017/18 financial year has seen significant strides made in the delivery of services, and the ongoing realisation of a new vision for Johannesburg, that of a 'City that Works'.

Johannesburg is a global, competitive city, and while it remains the economic engine of South Africa, and a place of vibrant diversity, like other global cities, it faces ongoing challenges around employment growth and job creation, sustainable development and the creation of a resilient city.

Addressing these challenges remains a key focus in the work of the City. To this end, nine strategic priorities were identified for the 2016/21 term of office, to ensure focused and effective service delivery that prioritises the needs of our residents. While detailed performance information is contained later in this report, here I highlight some of the key successes towards the achievement of these nine priorities.

Priority 1: Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021

The first priority identified for this IDP cycle is that of the promotion of economic development. Specifically, the City aims to create an enabling environment that supports job creation. It will also ensure optimally managed job opportunities within its own institutional framework – with an awareness of additional long-term spin-off prospects of these opportunities, into the wider city environment. By 2021, the City aims to have achieved 5% economic growth.

In 2017/18, departments and entities continued to ensure that wherever possible, procurement and spending targeted small and medium owned enterprises, black owned and women owned companies. Major service delivery entities such as City Power achieved a 40% spend on black owned companies in 2017/18, while the Joburg Property Company supported over 1200 SMMEs through property transactions.

R1.4 billion cumulative rand value (for the financial year under review) attraction of investment in the City's property transactions was achieved, although construction has not yet started on these. The construction value on the ground totalled R1.1 billion.

The Expanded Public Works Programme was another key deliverable under this priority, with entities ensuring that job opportunities for the unemployed are provided through projects in order to ensure the transfer of skills and poverty and income relief. The City created 21 696 EPWP jobs in 2017/18.

The regeneration of CBDs, and the development of areas to attract investment saw significant success, with the Johannesburg Development Agency (JDA) formalising area-based partnerships, completing regeneration plans and awarding contracts. These are concentrated in areas of need, and potential investment. Twelve projects are at a practical completion stage with highlights including the Great

Walk pedestrian bridge and sidewalk, the construction of new sports centres, and the Hillbrow Tower precinct.

Joburg Market saw an 8.71% increase in the tonnage traded in 2017/18, while programmes focused on youth development had Joburg City Theatres providing music and drama tuition programmes to almost 2 000 youths.

JRA's rehabilitation designs were completed and planned for implementation during the coming financial years. Four new pedestrian bridges will improve pedestrian safety and mobility.

Priority 2: Ensure pro-poor development that addresses inequality and poverty and provides meaningful redress

The second priority is focused on redress, development and the upliftment of poor communities. Pro-poor development means ensuring that the City's resources and funds are focused on addressing spatial and all forms of income inequality, in order to ensure inclusive and diverse communities.

Numerous City Power programmes are linked to achieving the priority of pro-poor development. These include job creation programmes, SMME and BBBEE support programmes, a skills development programme, as well as the electrification of informal settlement programme.

Other pro-poor initiatives include the delivery of basic sanitation to 620 households and the provision of 1 159 social housing units for the disadvantaged. A total of 3 597 title deeds were issued to beneficiaries. In 2017/18 numerous groups were given free, or discounted, theatre tickets; this included: almost 35 000 tickets were provided to school learners, over 13 000 to various communities and over 4 500 to senior citizens.

Metrobus provided discounts on coupon fares or multi-journey fares, students and pensioners. Almost 80% of commuters are using coupons for trips bought in advance at a discount of 25%.

Priority 3: Create a culture of enhanced service delivery with pride

Improving the quality of services received by the residents of Johannesburg is the key focus of the third priority. This requires developing a culture of enhanced service-delivery and instilling a sense of pride in the City's employees, especially with regards to the manner in which they interact with the public on a daily basis.

A prerequisite is ensuring that all employees of the City uphold the motto of 'service with pride'. A professional, committed and responsive civil service will help to attract investment, which will in turn stimulate economic growth and job creation.

In 2017/18, City Power successfully launched the LIGHTS ON! Campaign to support the organisation's efforts in acquiring and retaining the right people. Customer responsiveness is also a key aspect of

Johannesburg Water's programmes. In the year under review, the response time to water bursts restored within 48 hours of notification was 89.09% against a target of 95%, and for sewer blockages cleared within 24 hours of notification: 94.94% against a target of 96%. Continued efforts were made to reduce the number of bursts outstanding for longer than seven days. To this end, the number of outstanding works order longer than seven days decreased by 53% year on year. Minimum services standards are being implemented which will improve response times even further.

Johannesburg City Parks and Zoo distributed 901 fruit trees and 3 064 ornamental trees were planted. The entity also achieved 100% compliance against its grass cutting schedule, and 100% adherence to animal management practices.

Metrobus took 47 drivers through a structured Driver Development Programme focusing on customer centricity, health and safety, fire-fighting and specialised operations training.

Priority 4: Create a sense of security through improved public safety

The focus of this priority is on the need for more visible policing in the city, in order to improve public safety and develop a greater sense of security for the residents of Johannesburg. This will be achieved by deploying additional JMPD personnel on the ground to fight crime. This priority also intends to provide equal access to quality police services and safety support across the entire city.

City Power's focus on combatting cable theft saw seven suspects sentenced to ten years imprisonment each. Safety initiatives were implemented in 11 new parks in 2017/18, bring the total number of parks with such initiatives to 100. These initiatives include park ranger patrols and special blitz operations with SAPS and JMPD.

The City held 6 059 traffic enforcement operations in 2017/18. Other achievements include: 84% of Priority 1 medical calls were responded to within 15 minutes, while 74% of Priority 2 fire calls were responded to within 15 minutes.

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

The fifth priority is critical – continuing the fight against corruption. To this end, the City's newly appointed corruption-fighting team is engaging in active investigations to identify areas of mismanagement and maladministration with the objective of creating an honest and transparent City that serves the poor and fights corruption.

In 2017/18, 16 preventative measures were implemented across all departments and entities, and 99.9% of reported matters were investigated. There were 245 by-law enforcement operations.

Priority 6: Create a City that responds to the needs of citizens, customers, stakeholders and businesses

Priority 6 ensures that customers and citizens feel acknowledged, through the operationalisation of a refined, shared and comprehensive customer care charter that puts people first. Customers will see clear evidence of the care the City takes in responding to queries and delivering quality services. They will experience responsiveness and a proactive stance from all who work within the City, regardless of the mechanism or platform through which the City is engaged.

This priority emphasises the need for efficiency and productivity with the demonstration of 'appropriate leadership and delivery by example' expected of all who those work within and deliver for the City. The needs of stakeholders are also being prioritised to create a more resilient, responsive city.

Priority 7: Enhance our financial sustainability

The City's ability to generate and collect revenue, and enforce a level of financial accountability, is key to its long-term financial stability and to attracting financing and investment in the future. Through this priority, the City will work to improve investor confidence and mobilise financial resources from public and private partnerships, in order to continue to support service delivery and improve the quality of life.

In 2017/18, the City spent 91% of its capital budget, and achieved a surplus of R2.9 billion. Revenue collection was 91%, with the City improving data management for more accurate billing. It also reduced the backlog of queries especially around high estimations on electricity and water readings.

The City received an unqualified audit in 2017/18, a reflection of clean administration. In addition, clean audits were achieved by four municipal entities.

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

Priority 8 is focused on the development of a Smart City, that is conducive to the development of innovative small businesses, and the creation of access to market opportunities. The City's Smart City programme will link its capabilities and create a better-performing government. Partnerships with knowledge partners, technology companies, research institutes and universities that are at the forefront of research and development are being set up, and improved service delivery will take place through real-time monitoring and information management, and optimal management of resources.

Priority 9: Preserve our resources for future generations

The final priority looks at the preservation of the city's resources for future generations. This will foster economic growth, promote social and human development, make sure that there is good governance and do no harm to the environment. Johannesburg will be able to provide a clean, healthy, safe environment to our children's generation and for generations after that.

The City plays an important role in ensuring the preservation of good quality water and clean air, the management of land, and ensuring by-law enforcement regarding the exploitation of natural resources. To this end, a number of waste minimisation initiatives are proposed such as the rollout of separation at source throughout the city and the development of waste management infrastructure supportive of waste minimisation and recycling.

Pikitup ensured the diversion of 94 355 tons of total waste away from landfills. Pikitup provides a waste collection service to 858 313 formal households on a weekly basis. Over 25 000 *240L* bins were delivered in the period under review. The majority of new bins were rolled out to formalised areas as well as providing replacements on backlogs associated with stolen or damaged bins.

In 2017/18, 41 355.5 tons CO_2 in greenhouse gas emissions was offset. Johannesburg City Parks and Zoo also has a number of programmes linked to environmental management in the City. 210 hectares of alien vegetation were cleared in 2017/18, five wetlands were rehabilitated, four areas were cleaned of invasive plants from water bodies and four areas of reeds were controlled. The entity also cleared 25 hectares of river trails.

In 2017/18, the JRA resurfaced approximately 301.12 lane km against an annual target of 250 lane km, across the city (key roads include Jan Smuts Avenue, Rivonia Road, Republic Road, 20th Avenue in Alexandra). The City is also focused on upgrading of road infrastructure, in particular the upgrading of gravel roads to tar roads.

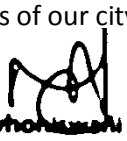
These performance highlights are evidence of a municipal workforce that is delivering services to the City's communities. In 2018/19, the City will continue to improve on its delivery, focusing on the stabilisation of City's finances and fiscal discipline, the implementation of minimum service delivery standards, and the resolution of issues around contracts impacting areas of delivery such as waste management, development initiatives etc.

In conclusion, let me thank the Executive Mayor, Members of the Mayoral Committee and other political leadership for their support over the past financial year. The Speaker of Council, Section 79 Committees and the City's advisory committees have also played critical roles in supporting and monitoring delivery in the City.

On the administrative side, I am grateful to the Chief Operations Officer, Group Chief Financial Officer, Group Heads, Cluster Conveners, Executive Heads, Boards of Directors, Managing Directors and the entire staff of the City and its entities for their support in ensuring effective service delivery and the

achievement of the City's goals, especially in so far as they related to ongoing clean governance and a professional civil service.

As we continue to emphasise in all of our programmes and projects, we aim to establish an honest and responsive government; that listens to the people and prioritises their needs. 2017/18 has seen significant progress in this regard, and I remain committed to our leadership's goals of delivering services to the people of Johannesburg with pride and dignity, and ensuring that we always put the residents of our city first.



Dr Ndivhoniwani Lukhwareni

City Manager

1. Introduction and context

On an annual basis, the City of Johannesburg prepares an Annual Report, to provide an overview of its performance in the previous financial year. This is based on the requirements of the Municipal Systems Act (MSA), 32 of 2000, Section 46(2), as well as the MFMA Circular 63 on annual reporting. The report reflects the City's governance arrangements, its performance against the indicators and targets contained in the annual review of the Integrated Development Plan, financial information including the report of the Auditor-General, and detailed financial statements.

The municipality and municipal entities prepare an annual Integrated Report (IR) in accordance with the International Integrated Reporting Framework (IIRF) as well as Treasury Regulations, King IV on Corporate Governance, the Municipal Finance Management Act (MFMA) (Act No. 56 of 2003), Circular 63, the Municipal Systems Act (MSA) (Act No. 32 of 2000) and the Companies Act (Act No. 71 of 2008).

It is the cornerstone of the City of Joburg Municipality to structure and manage its administration, budgeting and planning process to give priority to basic needs of the community, and to promote the social and economic development of the community; and participate in the National and Provincial development programmes as required by Section 153 of the Constitution.

The City of Joburg has made commendable strides in ensuring that public administration is governed by the democratic values and principles enshrined in the Constitution. These include the following principles:

- A high standard of professional ethics must be promoted and maintained;
- Efficient, economic and effective use of resources must be promoted;
- Public administration must be development-orientated;
- Services must be provided impartially, fairly, equitably and without bias;
- People's needs must be responded to, and the public must be encouraged to participate in policy-making;
- Transparency must be fostered by providing the public with timely, accessible and accurate information;
- Good human-resource management and career-development practices, to maximise human potential, must be cultivated; and
- Public administration must be broadly representative of the South African people , with employment and personnel management practices based on ability, objectivity, fairness, and the need to redress the imbalances of the past to achieve broad representation.

The City of Johannesburg has a clear vision and mission:

- Vision: A Joburg that works, is a South Africa that works!

- Mission: To create an enabling economic environment by making Joburg more responsive in the delivery of quality services.

In reflecting on this vision and mission, and to provide context for the detailed performance assessment which follows in Chapter 3, it is useful to review the city's demographic and socio-economic position.

1.1 Johannesburg: An overview

Johannesburg is the largest metropolitan municipality in South Africa, home to approximately 5.4 million people[1]. It is the economic and financial hub of the country, with an average annual population growth rate of 3.01% between 2007 and 2017. It is projected that the population could increase to 7.6 million in the next 20 years[2], providing both opportunities for the City, as well as challenges, in planning for the delivery of services, infrastructure and other key considerations.

While the city experiences substantial economic migration, it has committed itself to bringing about change and opportunities to the current population, and to create an environment where the growing population can prosper[3].

Demographics

Johannesburg residents make up 36% of Gauteng's population and 8% of the population of South Africa. Population density in the city has increased from 1 962 persons per kilometre squared in 2001, to 2 698 persons / km^2 in 2017.

There has been little change in the broad age structure of the City's population between 1996 and 2016. The population pyramid reflects a large youth population (persons aged 14 to 35 years) which constitutes over 33.2% of the total population. The proportion of the population aged 65 years and older also increased between 1996 and 2016.

In addition to the age distribution, the overall age dependency burden in the CoJ declined from about 41 dependents for every 100 persons in the working age group (2001) to 31 dependents for every 100 persons in the working age group (2016). The overall age dependency burden is lower in the CoJ than in Gauteng and nationally in 2016. This is primarily owing to marked differences in child dependency between the CoJ and the national population relative to differences in elderly dependency between the CoJ and the national population.

[1] 2017/18 Annual performance review
[2] 2017/18 Annual performance review
[3] CoJ 2016/21 IDP

The total number of households in Johannesburg is currently estimated at 1.85 million; 62% of them male-headed and 36% female-headed. The number of households could increase from about 1.85 million in mid-2016 to about 2.16 million in 2021. This implies an annual growth rate of 3.5% to 3.9% during this period. It is also projected that household size could become smaller over time in the city[4].

Household size in Johannesburg has remained quite stable over the last ten years (2007 to 2017) with about three individuals per household. Given Johannesburg's expanding population however, this means that there are more and more households that the municipality needs to cater for in terms of service delivery[5].

Economic overview

Johannesburg, with a current average GDP per capita of R117 251 , is categorised as an upper-middle income economy (World Bank, 2016). However, the Quarterly Labour Survey indicated in June 2017 that the overall unemployment level, using the narrow definition, was 28.3% while the broader definition of unemployment levels was at 30.2%[6]. Of those employed, 78% are occupied in the formal sector, 8% in the informal sector and 13% in private households[7].

Johannesburg is also one of the cities with the highest levels of inequality in the world. Poverty and inequality remain one of the city's biggest challenges influenced largely by factors such as spatial inequality and jobless growth, reinforced by low skills levels. 37% of people are still living below the poverty line and approximately 610 000 households are considered poor[8].

Linked to the challenge of unemployment are the high levels of youth unemployment (approximately 40%). This has been identified in the City's IDP as one of the most pressing socio-economic challenges, and a major obstacle to transformation growth, opportunity and development.

Even though Johannesburg faces a number of economic challenges, the city has made great progress in social and economic issues[9].

In examining Johannesburg's economic sectors, it is noted that most of Johannesburg's GVA is concentrated in the tertiary sector which consists of four broad economic sectors namely the trade, transport, finance and the community services sector. The finance sector accounts for 29.6% of the City's GVA and remains the biggest employer in Johannesburg accounting for 27.3% of total employment, followed by the trade sector which employs 21.4% of the formal sector workers. The

[4] CoJ 2016/21 IDP
[5] 2017/18 Annual performance review
[6] 2017/18 Annual performance review
[7] CoJ 2016/21 IDP
[8] 2017/18 Annual performance review
[9] CoJ 2016/21 IDP

electricity and agriculture sector employ the smallest share of the formal sector workers at only 0.5% and 0.7% respectively, while the informal economy accounts for 14.3% of the total employment in Johannesburg. The structure of the economy, which is mostly confined to the service sector, influences employment patterns in the City creating a need to rejuvenate primary and manufacturing sectors of the Johannesburg economy as well as capitalising on ICT and the fourth industrial revolution[10].

Human Development

Over the last decade, the region experienced an 8% increase in the level of human development (currently rated 0.71). This can be attributed to improvements in living standards and specifically health, education and income. Human development will continue to positively respond as the city continues to target the reduction of, and education about, HIV prevalence, and the reduction of infant mortality rates[11].

Approximately 42% of the city's poor population are considered food insecure. The effects of inequality and marginalisation further exacerbate the inability of Joburg's poor to participate in the economy and, subsequently, their inability to access food. Food insecurity also has a ripple effect on health and nutrition.

Challenges

In the 2017/18 IDP review, the City identified a number of key challenges for the city. These include:

- Slow economic growth: Since then new structural weaknesses in the global economy have become apparent, the Rand has weakened significantly against the Dollar, and interest rates are starting to increase. Structural inequalities in the economy have not been addressed and the persistence of youth unemployment, income inequality and poverty remain. The unemployment rate is estimated at 25% (official definition) and 40% (broader definition); with youth most affected.
- Service delivery: The City experiences a number of service delivery breakdowns. Some of these breakdowns are due to a lack of infrastructure maintenance. Lack of direct infrastructure departmental/municipal entities coordination and planning for the short to medium term has resulted in the decay of infrastructure, which contributes to the slow pace of service delivery.

[10] 2017/18 Annual performance review
[11] CoJ 2016/21 IDP

- Poverty and inequality: The very poor (survivalist) spend over 50% on food and 20% on transportation. The “working poor” earning under R2 500 monthly spend over 35% on transport and 20% on food. The city’s Gini coefficient (income inequality) is one of the highest in the world at over 0.66 well above the distress level of 0.4 identified by the UN. Furthermore, food security (and the linked question of food resilience) is a citywide challenge; with estimates of the proportion of food insecure residents running as high as 41% in acutely deprived areas. Johannesburg’s post-apartheid spatial patterns reinforce the apartheid development trajectory. Poor people are densely populated on the periphery.
- Environmental decay: Climate change: Joburg ranked 13th in the world in terms of GHG emitters and is the largest GHG emitting city in South Africa. Other climate risks include heat wave related deaths; flood risks; water and energy demand, disease vectors. Natural resources scarcity: there are water shortages projections by 2019; acid mine drainage also poses further risks to already polluted resources; infrastructure and health of citizens is a concern. The City produces approximately 1.8 million tons of garbage each year, the bulk of which ends up in landfills, however the City is running out of landfill sites.
- Corruption: Corruption continues to rob the poor. According to the Gauteng City Region Observatory, 89% of sampled research participants agree that corruption has a negative impact on democracy and 78% of research participants, believe that public servants are not adhering to Batho Pele principles.
- Inadequate police visibility: Currently, there is a perception that residents in Joburg have severe safety concerns. While many of these can only be addressed by the SAPS, there is work that the City government can do in terms of its metro police, law enforcement and emergency services to increase safety. The city is still experiencing a social disconnect and a decline in social connectiveness. This is seen, for example, with xenophobic attacks and increasing levels of crime. A great deal of work remains for the CoJ in terms of building a cohesive and inclusive community.
- Informal economy: The informal economy is providing goods and services to the people of Johannesburg which they would otherwise not have been able to afford. This, in turn, makes them part of the formal economy as additional money can be spent on formal (and legal) goods and services. The informal economy also provides many people with a job, and therefore releases pressure on state to provide via welfare. The challenge is to engage and include the informal economy, and to establish those involved as legal entities.

Despite these challenges, the City of Johannesburg remains an opportunity-rich and vibrant city, that continues to engage with the typical concerns associated with developing cities; challenges of migration, infrastructure backlogs and city rejuvenation, the need for improvement in residents’ welfare, increased job opportunities, and capital formation. These informed the development of City strategies and plans for 2017/18.

1.2 The City's strategic direction

Given these challenges and opportunities, the City has developed a series of strategic plans, that will respond to, and achieve, its outcomes and vision. These include:

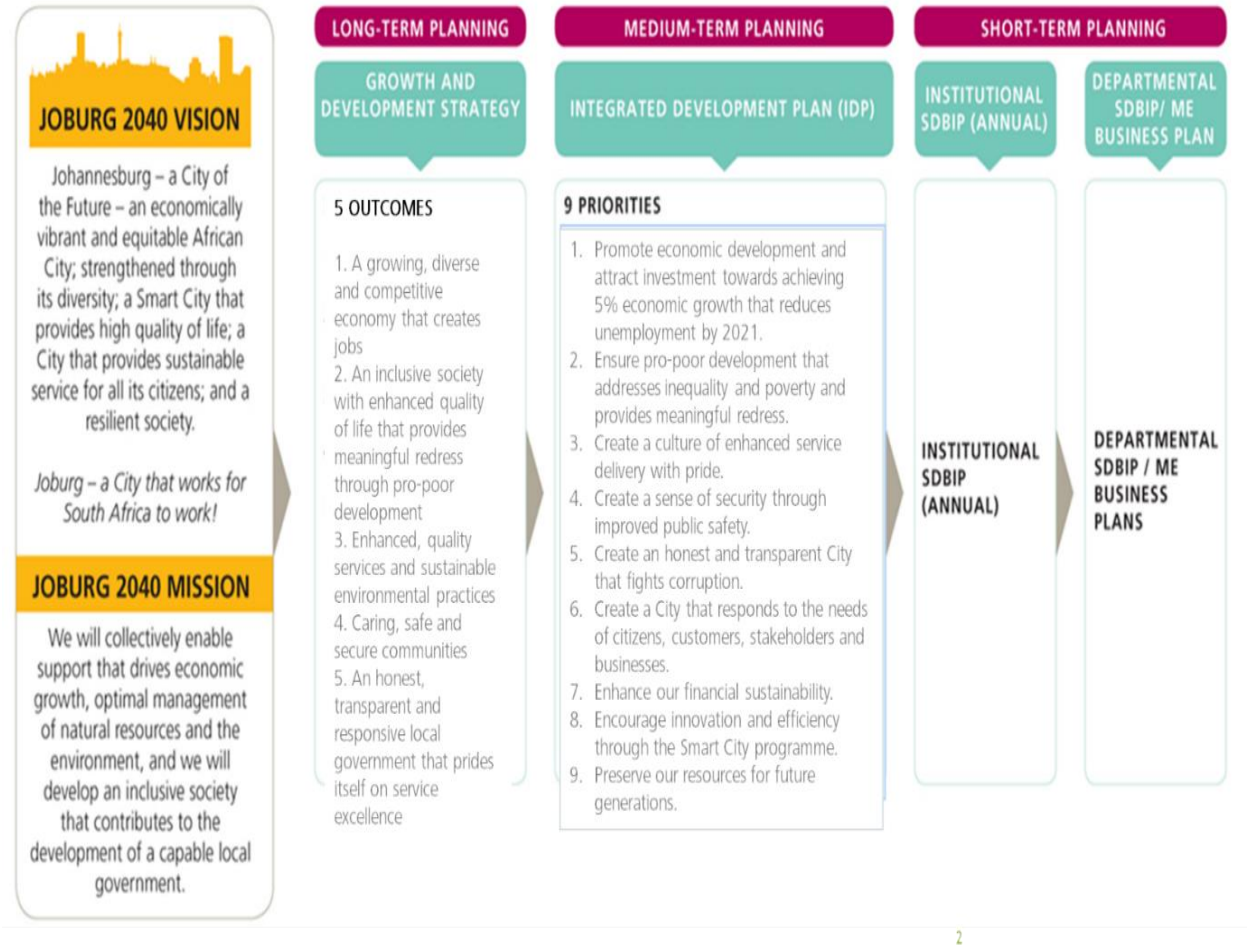
- Long-term plans in the form of the Growth and Development Strategy (GDS);
- Medium-term planning i.e. the City's regular five-year Integrated Development Plans (IDP); and
- Short-terms plans which are contained in the annual Service Delivery and Budget Implementation Plan (SDBIP) and annual IDP reviews, as well as in the annual business plans of departments and municipal entities.

The long-term strategy identifies five key growth and development outcomes for the City:

- A growing, diverse and competitive economy that creates jobs;
- An inclusive society with enhanced quality of life that provides meaningful redress through pro-poor development;
- Enhanced, quality services and sustainable environmental practices;
- Caring, safe and secure communities; and
- An honest, transparent and responsive local government that prides itself on service excellence.

In addition, nine strategic priorities were identified as key for this term of office. These are detailed in the figure below.

Figure 1: CoJ strategic planning



Through these integrated set of plans, the City ensures that on an annual and medium-term basis, it consistently delivers on programmes and projects intended to achieve a longer term vision.

In the 2017/18 financial year the City has been dedicated to improving service delivery, taking care of the poor, eliminating corruption and growing the economy. The City has made it a priority to build a professional public service and to deliver services with pride. This has included a strong focus on visible service delivery such as developing and improving services in poorer areas as well as investing in the maintenance and repair of the City's infrastructure. Johannesburg is working to institute new business friendly service standards and to enhance the performance of its civil service through the introduction of the Group Forensics Investigation Services to help combat corruption; a skills audit to align capacity and the ongoing Service with Pride programme.

1.3 Future Outlook

In 2017/18, the strategic agenda of the City was focused on delivering 'Service with Pride'. This reflected the City's desire to get the basics right and necessitated a departure from the 'business-as-usual' approach to governing the City.

Looking forward to the rest of the term, the City aims to accelerate delivery of the administration's mandate to deliver change through its Diphetogo approach. The principle behind Diphetogo is the recognition that for too long, the City has tried to do too much, with too little. Through Diphetogo the City will direct its limited resources to the most important priorities and needs of its residents to bring about real change. The key to accelerating change is narrowing focus to the most critical needs of the City. The City has identified key non-negotiables that will form the basis of the interventions and programmes:

- Economic growth and job creation;
- Basic services delivery;
- Infrastructure development, repairs and maintenance;
- Public safety, including substance abuse; and
- Housing provision.

Through Diphetogo the City is set on delivering transformative change and making a real difference for the residents of Johannesburg.

1.4 Overview of this report

The 2017/18 Annual Report provides detailed information on the City's performance. Further information for each of the Municipal Entities can also be obtained from their individual Annual Reports, available on the relevant websites.

Following this introduction, the Annual Report provides detail on the City's governance, including an overview of its structure and various committees, its Executive arm and public participation initiatives.

Chapter 3 highlights service delivery for each of the municipal entities and core departments, providing information on performance highlights, capacity including staff and budget, and challenges faced.

This is followed by a chapter detailing organisational performance in the City, for the 2017/18 financial year. Chapter 5, 6 and 7 present the Group Chief Financial Officer's Report, Annual Report of the Group Audit Committee and Auditor-General Audit Findings respectively.

Finally, annexures to this report detail firstly the AG's responsibility for the audit, and then the City's detailed annual financial statements for 2017/18.

2. Governance

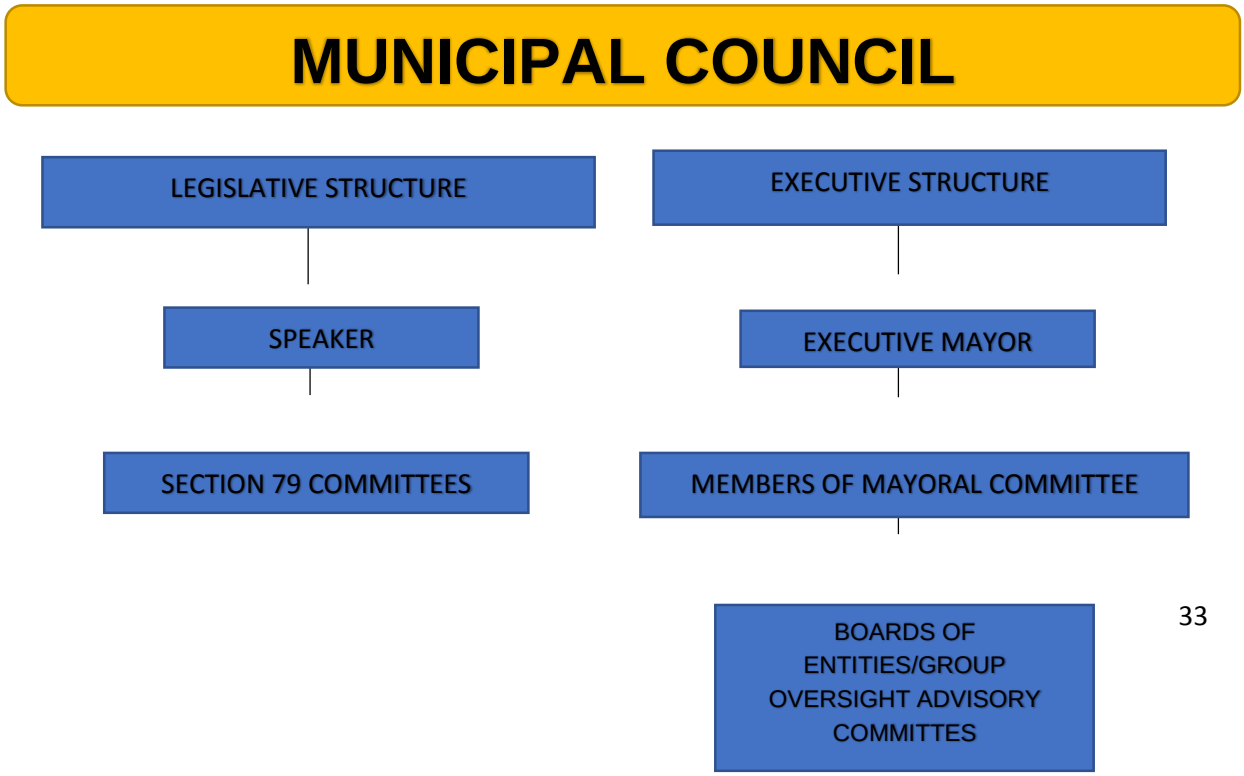
The City of Johannesburg Metropolitan Municipality is a Category A Municipality in South Africa as defined in the Municipal Structures Act, Act No. 117 of 1998 as amended. In line with having a well-defined politically governed system, the municipality upholds the principles of a well governed administrative system. At the heart of a well governed administration, lie the principles of King IV on Good Corporate Governance. These principles are not only adopted at the Municipal Entity level, but equally apply to the departments that form the Core administration of the Group.

The City's governance model mirrors National and Provincial government, as it is made up of the executive and legislative functions. The legislative function is the political administration or Council, led by the Council Speaker and holds monthly meetings to discuss Council's matters. The Executive arm consists of the Mayoral Committee chaired by the Executive Mayor as well as an administrative function led by the City Manager (CM).

The key role of Council is to focus on legislative, participatory and oversight roles. Council delegated its executive function to the Executive Mayor and the Mayoral Committee. Its principal role is that of a policy maker. The municipal council is mandated with the role of formulating and approving bylaws, approving policies and programmes which will be for the best interest of the public. It also debates issues publicly, facilitates political debate and discussion and plays an oversight role in the municipality.

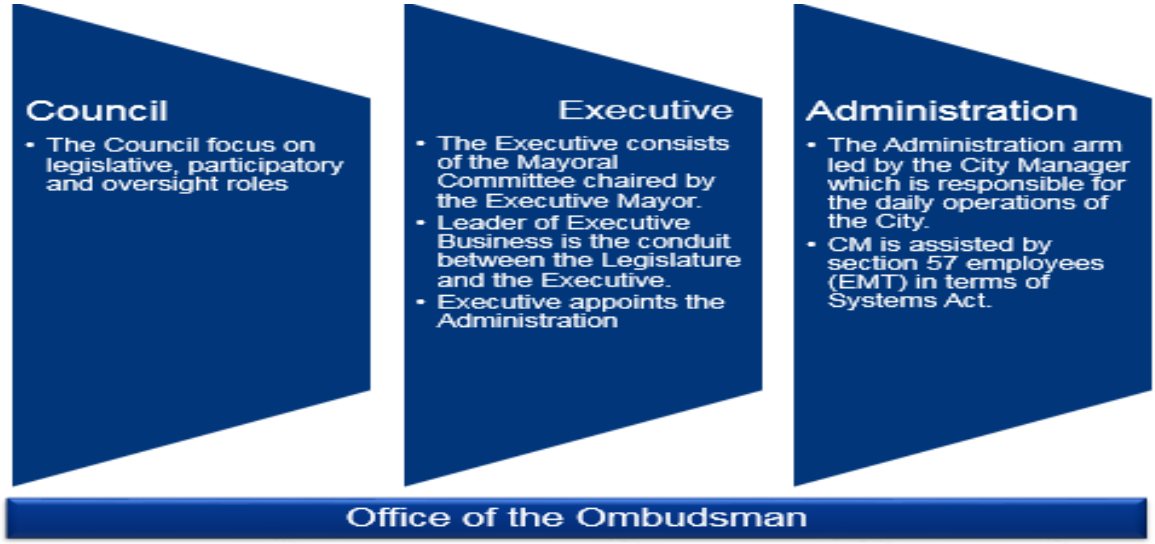
The figures below indicate the governance model adopted by the City.

Figure 2: Legislative and executive composition of the City of Johannesburg



In relation to the structures in the Municipality, delegations of authority are indicated in the figure below. The Executive sphere of the municipality is headed by the Executive Mayor who is responsible for performing functions and exercising powers delegated by the municipal council. The administrative structure led by the City Manager is responsible for the ensuring administrative performance in the rendering of services to the public.

Figure 3: Delegations of authority



2.1 The Legislature

The legislative function of the Council is implemented by the Council and its committees (Standing Committees and the Section 79 committees), led by the Speaker of the Council, supported by the Chief Whip of Council. Legislature's mandate is focused around five themes:

- Accountability, oversight and scrutiny;
- Strengthening capacity of the Legislative Arm of Council;
- Public participation;
- Monitoring and evaluation; and
- Sound financial management.

COUNCIL LEGISLATURE

Speaker of Council
Cllr Vasco da Gama

Chief Whip of Council
Cllr Dr Kevin Wax

Chair of Chairpersons
Section 79 Committee, Cllr Alex Christians

Speaker of Council, Cllr Vasco da Gama

The Speaker is the promoter and protector of democracy, facilitating debate and arrival at consensus within the Standing Rules of Council and ensuring ethical conduct by councillors. The Speaker is also the head of the legislative arm of the council, playing two important roles within the Council, and in building democracy.

The Speaker of Council's roles and responsibilities are to:

- Be responsible for Section 79 oversight committees;
- Convene, preside over Council meetings and uphold Council standing rules and orders;
- Capacitate councillors on political governance; and
- Promote community participation and consultation in local government and ensure functional ward committees.

Chief Whip, Cllr Kevin Wax

The Chief Whip is an official office bearer, who is a member of the governing party and also Chief Whip of the governing party. As such, the Chief Whip's role is a political appointment to maintain cohesion within the governing party and build relationships with other political parties. Other tasks include:

- Making sure that each of the political parties are properly represented on the various committees of Council; and
- Maintaining sound relations between the various political parties by attending to disputes between political parties.

2.1.1 Oversight and Standing Committees

The Council has Standing Committees, namely; Rules, Petitions and Public, Ethics/Disciplinary, Programming, Municipal Public Accounts, and Audit. These are permanent committees that deal with Council matters.

Council also established 13 Section 79 Oversight Committees, to monitor the delivery and outputs of the Executive. Each one monitors a council portfolio and may call departments, municipal entities and members of the Mayoral Committee to account. The Section 79 Committee functions are to:

- Review, monitor and evaluate departmental policies;
- Review and monitor City plans and budgets;
- Consider quarterly and annual departmental reports;
- Examine the link between the strategy, plans and budgets of the City; and
- Hold the political Executive accountable for performance against policies and City priorities.

These committees play an oversight role and are not delegated any decision-making powers.

Table 1: Section 79 Committee Chairpersons

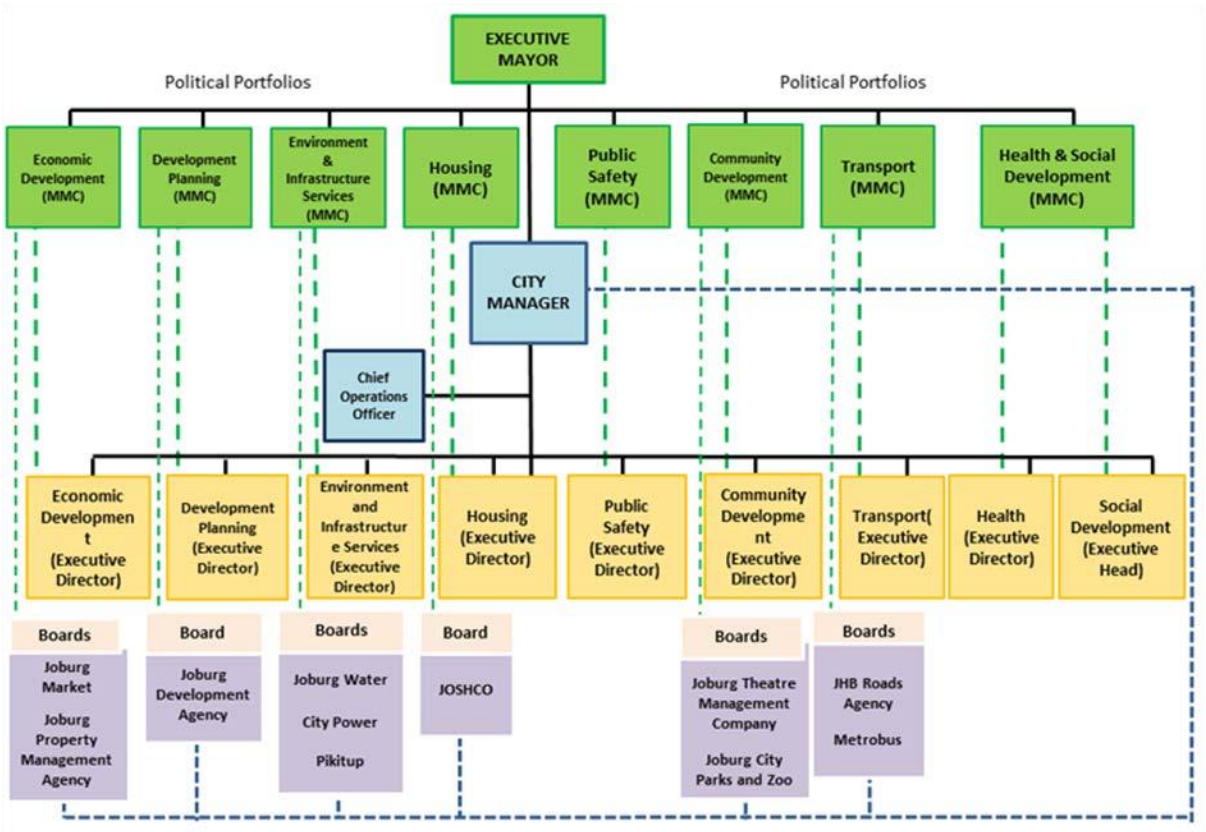
Section 79 Committee	**Chairperson**
Chair of Chairs	Cllr Alex Christians
Rules Committee	Cllr GK Mogale
Ethics/Disciplinary Committee	Cllr Gert Niemand
Housing Committee	Cllr Suzanne Clark
Petitions & Public Participation Committee	Cllr SD Kotze
Corporate & Shared Services Committee	Cllr John Mendelsohn
Environment, Infrastructure & Services Committee	Cllr Aljamaah Noorbhai
Finance Committee	Cllr Victor Penning
Transport Committee	Cllr Tyrell Meyers
Economic Development Committee	Cllr FC De Lange
Community Development Committee	Cllr WM Van Wyk
Municipal Public Accounts Committee	Cllr TC Nontenja

Section 79 Committee	Chairperson
Development Planning Committee	Cllr Graham de Kock
Health and Social Development Committee	Cllr IM Reinten
Oversight Committee on Gender, Youth & People with Disabilities	Cllr NK Sharif
Oversight Committee on Governance	Cllr Sergio Dos Santos
Oversight Committee on the Legislature	Cllr Jay Maharaj
Public Safety Committee	Cllr Hilton Masera

2.2 The Executive

The executive sphere of the municipality is spearheaded by the Executive Mayor (Cllr H. Mashaba) who is responsible for performing functions and exercising powers delegated by the municipal council. The administrative structure spearheaded by the City Manager (Dr. N Lukhwareni) is responsible for ensuring administrative performance in the rendering of services to the public.

Figure 4: City organisational structure



The Executive Mayor and Members of the Mayoral Committee are detailed in the image below.

Executive Mayor
Cllr Herman Mashaba

MMC Finance
Cllr Funzela Ngobeni replaced
Dr Rabelani Dagada

MMC Corporate and Shared Services
Cllr Dr Valencia Ntombi Khumalo

MMC Community Development
Cllr Nonhlanhla Sifumba

MMC Health & Social Development
Cllr Dr Mpho Phalatse

MMC Environment, Infrastructure & Services
Cllr Nico De Jager

MMC Public Safety
Cllr Yao- Heng Michael Sun

MMC Economic Development
Cllr Leah Knott

MMC Transport
Cllr Helen Makhuba

MMC Development Planning
Cllr Reuben Masago replaced
Cllr Funzela Ngobeni

MMC Housing
Cllr Mzobanzi Ntuli

2.2.1 The Administration

The municipal administration is led by the City Manager, who is supported by an Executive Management Team. The role of the Administrative arm is to translate policy into workable programmes and/or deliverables that are measurable.

The City Manager

The City Manager is appointed by the Council in terms of Section 82 of the Municipal Structures Act, and is therefore designated as the Accounting Officer and the Administrative Head of the City. He is also the Chief Information Officer of the City and is responsible for the management of the PAIA requirements. Responsibilities of the City Manager include managing financial affairs and service delivery in the municipality.

Executive Management Team

Under the leadership of the City Manager, the Executive Management Team (EMT) works to achieve the strategic objectives, as outlined in the SDBIP and IDP each year. The EMT is made up of Executive Heads, Group Heads, Managing Directors and Chief Executive Officers of the City's departments and entities.

Group Functions

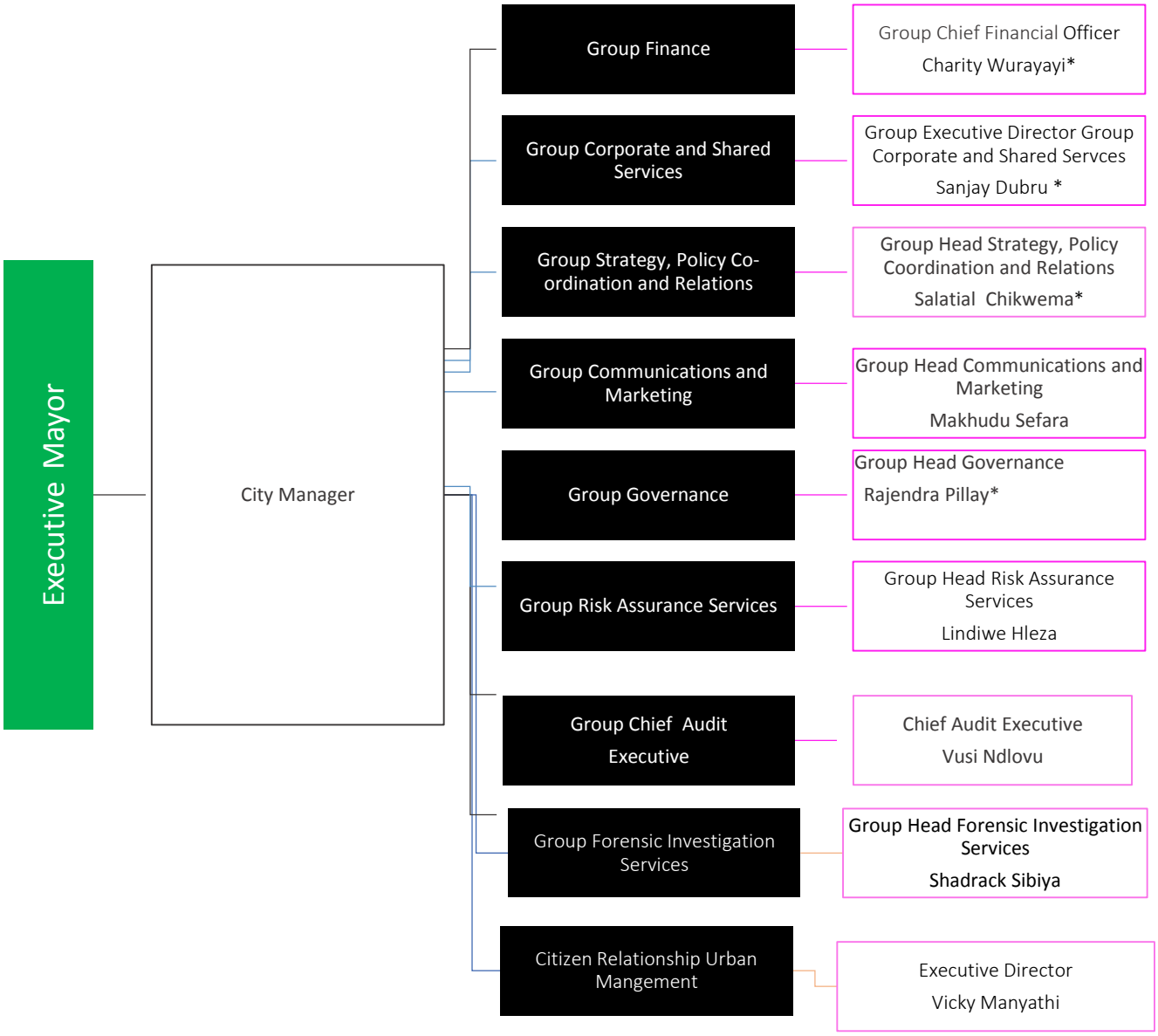
The role of the Group Functions is to ensure that there is alignment and consistency in the strategic approach and implementation of the respective discipline across the entire City of Johannesburg Group i.e. both Core Departments and Municipal Entities. This is done in a manner that provides the required flexibility within the system to meet the specific needs of the Municipal Entities.

The City of Johannesburg Group Functions are:

- **Group Strategy, Policy Coordination and Relations,** which includes Innovation and Knowledge Management, Corporate Strategy and Research, International and Intergovernmental Relations, Integrated and Community-Based Planning, and Monitoring and Evaluation.
- **Group Finance,** which includes Revenue Shared Services, Treasury, Group Accounting, Core Accounting, and Supply Chain Management.
- **Group Corporate and Shared Services,** which includes Group Human Capital Management, Group Information and Communication Technology, Safety, Occupational Health, Occupational Environment, Logistics and Administration, and Group Management Support Services
- **Group Communications and Marketing,** which includes Strategic Communications, Marketing and Events, Tourism, Group Legal and Contracts, Contract Administration and Monitoring, Legal Support and Legal Advocacy.
- **Group Governance,** which includes Committee Support, Shareholder Services and Group Governance.
- **Group Risk Assurance Services,** which includes Group Risk Services, Group Compliance and Monitoring, and Combined Assurance and Business Process Excellence.
- **Group Audit,** which includes Group Internal Audit, Group Forensic Services, and Regulatory, Compliance and Special Investigations.

- **Group Forensic Investigation Services**
- **Citizen Relationship and Urban Management** which includes Citizen Relationship and Interface, and Regional Urban Management (Regions A to G).

Figure 5: CoJ Group functions



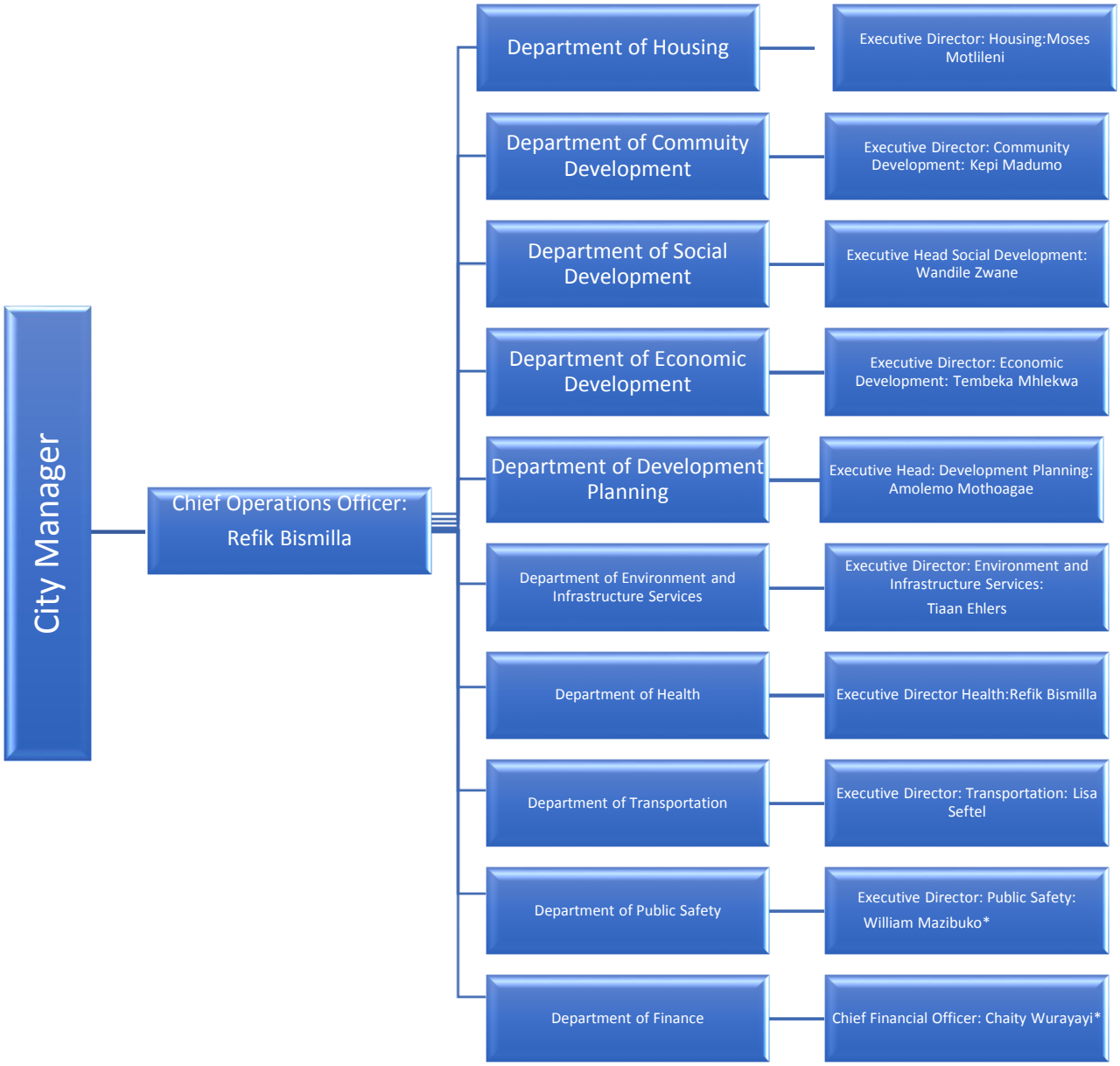
*Deferent incumbents acting in the course of the year

City Departments

The role of the departments in the City is to ensure that the operations of the City are executed. The City of Johannesburg departments are:

- **Department of Health:** including integrated Health Policy, Planning and Research and Public Health Services.
- **Department of Social Development**: including Integrated Social Development Policy, Planning and Research, Social Benefits programmes and the Food Resilience Project Office.
- **Department of Community Development:** including Integrated Community Development Policy, Planning and Research, Arts, Culture and Heritage programmes and Sport and Recreation programmes.
- **Department of Public Safety:** including Emergency Management Services, Johannesburg Metropolitan Police and Licensing**.**
- **Department of Housing**: including Integrated Housing Policy, Planning and Research and Human Settlements programmes.
- **Department of Transportation:** including Integrated Transport Policy, Planning and Research, Transport Transformation and Economic Mobility.
- **Department of Environment and Infrastructure Services (EISD**): including Resource Sustainability Policy, Planning and Research, Integrated Infrastructure Planning and Coordination and Environmental Protection and Resilience.
- **Department of Economic Development**: including Economic Development Policy, Planning and Research and Economic Development Facilitation**.**
- **Department of Development Planning:** including Land Use Development Planning, Building Development, and Corporate Geo-Informatics.

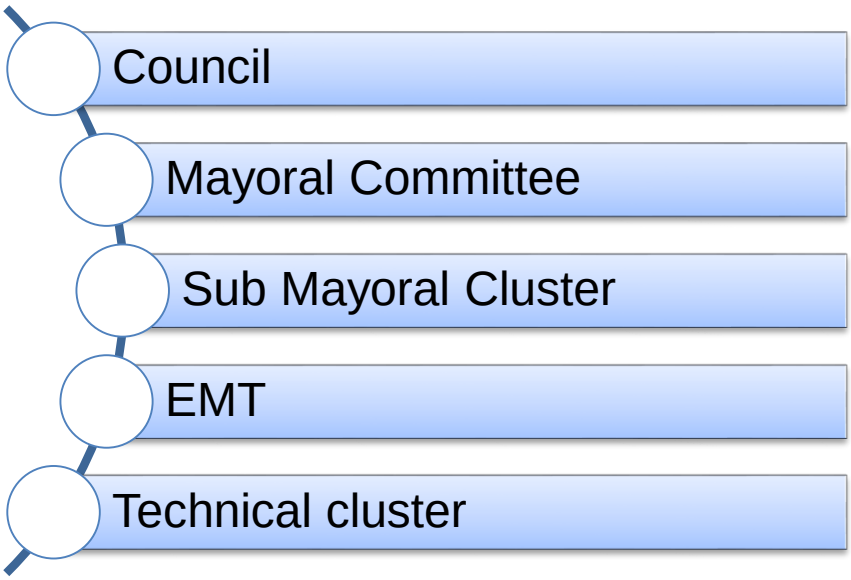
Figure 6: CoJ departments



Group reporting processes

The reports in the City-wide flow as depicted below from the entities and departments up to the Council where applicable.

Figure 7: Group reporting processes



2.3 Group audit opinions

The focus on good corporate governance and activism of the shareholder has assisted when it comes to the improvement in the audit outcomes at a number of Municipal Entities. A clear picture can be seen in the table below which shows the trend analysis from the 2015/16 financial year to 2017/18.

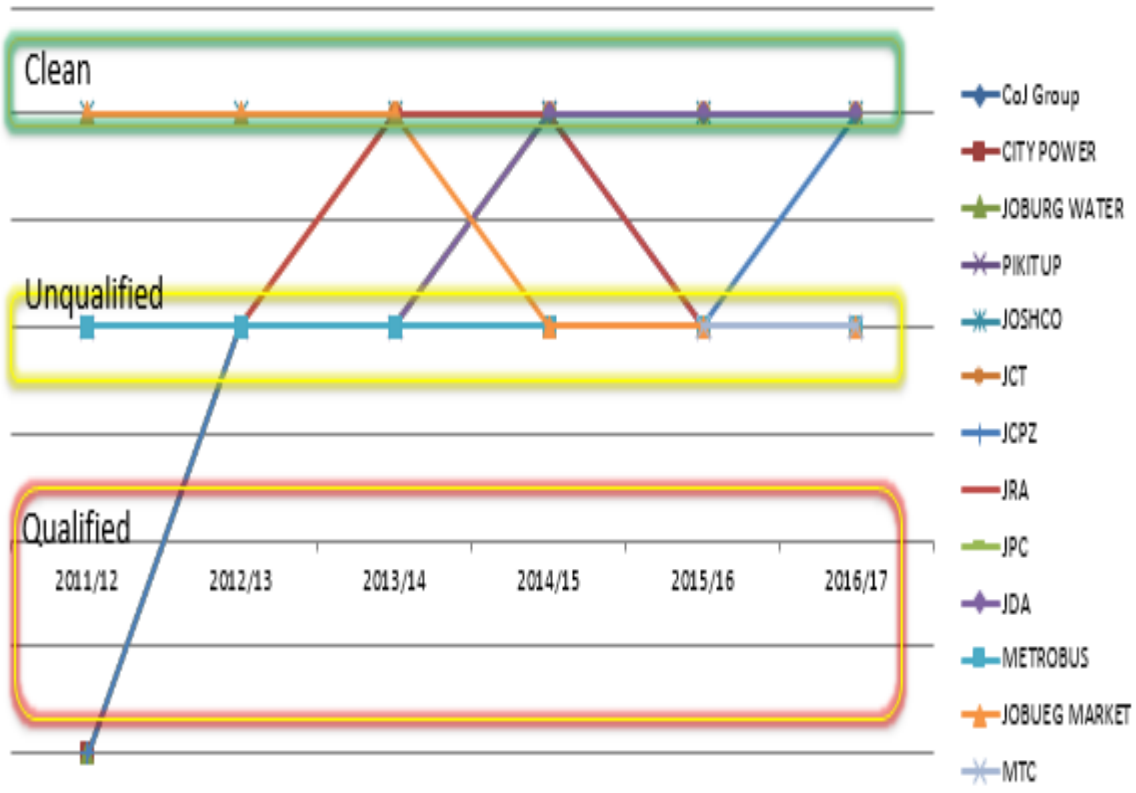
Table 2: Group audit opinions

ENTITY	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
CoJ Group	Qualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified
City Power	Qualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified
Joburg Water	Qualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified
Pikitup	Unqualified	Unqualified	Unqualified	Clean	Unqualified	Unqualified	Unqualified
JOSHCO	Clean	Clean	Clean	Clean	Clean	Clean	Unqualified
JCT	Unqualified	Unqualified	Clean	Clean	Clean	Clean	Clean
JCPZ	Qualified	Unqualified	Unqualified	Unqualified	Unqualified	Clean	Clean

ENTITY	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
JRA	Unqualified	Unqualified	Clean	Clean	Unqualified	Unqualified	Unqualified
JPC	Unqualified	Unqualified	Unqualified	Clean	Clean	Clean	Clean
JDA	Unqualified	Unqualified	Unqualified	Clean	Clean	Clean	Clean
Metrobus	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified
Joburg Market	Clean	Clean	Clean	Unqualified	Unqualified	Unqualified	Unqualified
MTC	Dormant	Dormant	Dormant	Dormant	Unqualified	Unqualified	Unqualified

The figure below provides an analysis of the audit opinions for the past seven financial years.

Figure 8: Audit opinion analysis



The City of Johannesburg's audit outcomes have remained constant in the past six years as the group achieved an unqualified audit. To date, four of the 12 municipal entities achieved clean audit outcomes and eight, including Joburg Water and City Power, achieved unqualified audit outcomes.

Based on the analysis, of the seven financial years the only entity that remained consistent with a clean audit opinion is JCT which has achieved a clean audit in the past five financial years. Then followed by Metrobus with a consistent unqualified opinion. Pikitup and JRA regressed from a clean audit opinion to an unqualified audit opinion.

The CoJ Group, City Power and Joburg Water were on qualified audits in 2011/12 and improved to unqualified audits. They have been in the same position for the past five financial years.

JCPZ was qualified in 2011/12, the following four years were unqualified, and the entity in 2016/17 then received a clean audit opinion.

JOSCHO, which had previously achieved six consecutive clean audits in the previous seven financial years, has regressed to an unqualified audit opinion in the 2017/18 financial year.

2.4 Group advisory oversight committees

In order to adequately carry out the above-mentioned values, the City has in line with applicable legislation and best practice, formed independent structures which are Oversight Advisory Committees that serve the objective of giving an unbiased opinion and advice to Council. These include the following:

- Group Audit Committee;
- Group Performance Audit Committee;
- Group Risk Governance Committee;
- Municipal Entity Board of Directors;
- Municipal Entity Audit and Risk Committee;
- Municipal Entity Social & Ethics Committee; and
- Municipal Entity Human Resources and Remuneration Committee (REMCO)

These committees are capacitated by individuals who are not employees of the City. The skills of the committee members are wide, and include specialised fields of Strategy, Institutional Performance, Finance, Accounting, Legal, Risk Management, ICT Governance, Engineering, and Human Resources.

Group Advisory Committees have Terms of Reference (ToRs) which provides assistance in delivering their legislative and advisory mandate. The ToRs are reviewed annually by the Committees and recommended to Mayoral Committee for approval.

The City's top risks were monitored for improvement on a quarterly basis. Below provides risk matrix as per the approved Risk Management Framework.

Table 3: Risk Matrix

likelihood of occurrence							
	almost certain	5	Low	Moderate	High (15)	Very High = 20	Very High = 25
	likely	4	Low	Moderate	High (12)	High = 16	Very High = 20
	possible	3	Low	Moderate	Moderate	High (12)	High(15)
	unlikely	2	Low	Low	Moderate	Moderate	Moderate
	remote	1	Low	Low	Low	Low	Low
			1	2	3	4	5
		insignificant		minor	moderate	major	severe

2.5 Insurance Covers

The City's insurance programme was renewed for the 2017/18 financial year. All key categories of risks were covered for the period.

2.6 Insurance Claims

The performance of the insurance claims over the last five years is summarised in the table below:

Table 4: five summarised insurance claim

DESCRIPTION	TOTAL
Number of claims	32 743
Gross value of claims	R 1 164 600 572
Excess value of claims	R 522 479 922
Nett value of claims	R 635 963 025

During the years 2015 to 2017 the following claims summarised in the table below were paid by the City's insurers and the City's self-insurance reserves in the form of excesses paid. The information is graphically represented below depicting an increasing trend of excess and insurer claims over the years. The insurer's contribution in the claims is reflecting in the premiums over the years.

Table 5: Number of meetings held by the Group Advisory Committees for the 2017/18 FY

Advisory Committee	Number of meetings
Group Audit Committee	8
Group Performance Audit Committee	6
Group Risk Governance Committee	6

2.6.1 Group Audit Committee (GAC)

In terms of Section 166 of the MFMA, the GAC is established as an independent oversight and advisory body, to advise CoJ, Council, Mayoral Committee, Accounting Officer and the management staff of CoJ as well as the municipal entities on matters relating to:

- Internal financial control and internal audits;
- Risk management;
- Accounting policies;
- The adequacy, reliability and accuracy of reporting and information;
- Performance management and evaluation;

- Effective governance; and
- Any other issues referred to it by CoJ or Mayoral Committee.

GAC's primary role is to provide oversight with respect to the financial control environment of the City of Johannesburg and to advise the Mayoral Committee in this regard. The GAC is tasked with amongst other things, the approval and monitoring of the Internal Audit and its Audit Strategy, the review and recommendation for adoption of the CoJ Annual Financial Statements (AFS- Annexure A) to Council and providing assurance within the Combined Assurance Framework, the adequacy and effectiveness of the CoJ's Internal Control Environment as well as the CoJ policies and procedures in this regard.

Table 3: Group Audit Committee composition

Member Name	Qualification	Appointment Date	End of Term	Meetings attended
Ms Zodwa Manase (Chairperson)	CA (SA), H Dip Tax	01 Apr 2015	31 Mar 2018	5/6
Mr Nala Mhlongo* (Chairperson)	CA (SA), CGMA, ACMA, Adv. Cert. in Tax	01 Apr 2015	31 Mar 2019	8/8
Ms Karen Muthen Cross member	CA(SA), MBA, LLM	01 Apr 2017	31 Mar 2019	7/8
Mr Zola Fihlani	CA (SA), H Dip Tax	01 Apr 2017	31 Mar 2019	3/8
Ms Gwen Ngwenya	Masters International Economics	01 Apr 2017	31 Mar 2018	2/6
Mr Adrian Schofield	ACCA Part 1	01 Apr 2017	31 Mar 2018	6/6
Mr Richard Newby	CA(SA)	01 Apr 2017	31 Mar 2019	5/8
Mr Ignatius Sehoole	CA (SA) , Dip.Gen. Man.	01 Apr 2017	1 Nov 2018	4/8
Mr Norman Baloyi Cross member	CISA, CISSP, CISM, MBA, MPhil Development Finance, MSc Electronics, MSc Electrical Engineering	01 Apr 2018	31 Mar 2019	1/2

**GAC Members retired on 31 March 2018*

***Assumed GAC Chairperson Role on 1 April 2018*

GAC meetings for 2017/18:

Eight Group Audit Meetings were held of which two were special meetings and one was a joint meeting with the Group Performance Audit Committee.

2.6.2 Group Performance Audit Committee (GPAC)

In accordance with the provisions of Section 14(2) of the Regulations, GPAC is established as an independent oversight and advisory body, to advise CoJ, Council, the Executive Mayor and Mayoral Committee, Accounting Officer and the management staff of CoJ on matters relating to:

- Performance management;
- Performance evaluation;
- Compliance with the MSA and any other applicable law; and
- Any other issues referred to it by CoJ or Mayoral Committee.

GPAC, amongst other responsibilities, assesses and oversees the organisational performance management system and its service delivery performance including the municipal entities. The other primary objective of the GPAC is to assist the Mayoral Committee in fulfilling its oversight responsibilities and reviewing the performance targets as set out in the Business Plans, IDP, and the SDBIP.

Table 6: Group Performance Audit Committee composition

Member Name	Qualification	Appointment Date	End of Term	Meetings attended
Professor Patrick Fitzgerald (Chairperson)	Appointed: 1 April 2013	Bachelor of Arts (Philosophy, Politics), Master in Public Administration and Management	31 March 2018	4/4
Reginald Haman**	Appointed: 1 April 2014	NDip Environmental Health, Dip in Company Direction, PDBA, MBA	31 March 2018	2/4
Avhapfani Tshifularo	Appointed: 1 April 2017	M.Phil. in Future Studies	31 March 2018	4/4
Khumo Shongwe	Appointed: 1 April 2017	MSc Clinical Psychology	31 March 2018	3/4
Dr Jabulile Manana	Appointed: 1 April 2017	MBBCh	31 March 2018	4/4
Zolani Fihlani	Appointed: 1 April 2017	B Compt (Hons), H Dip Tax CA (SA)	31 March 2018	2/4
Gwen Ngwenya*	Appointed: 1 April 2017	Bachelor of Social Science Masters in International Economics		3/4
Griffiths Zabala	Appointed: 1 April 2018	Diploma in Social Development, B.A. Social Work, Certificate in Small, Medium & Micro-Enterprises, Master of	31 Mar 2019	2/2

Member Name	Qualification	Appointment Date	End of Term	Meetings attended
		Management in the Human Resources Area		
Ayanda Wakaba**	Appointed: 1 April 2018	MBA & Public sector broad experience	31 Mar 2019	2/2
Bheki Dladla	Appointed: 1 April 2018	MBA & performance management experience	31 Mar 2019	2/2
Norman Baloyi	Appointed: 1 April 2018	CISA, CISSP, CISM, MBA, MPhil Development Finance, MSc Electronics, MSc Electrical Engineering	31 Mar 2019	1/2
Karen Muthen	Appointed: 1 April 2018	MBA,LLM ,CA (SA)	31 Mar 2019	2/2
Adrian Schofield	Appointed: 1 April 2018	ACCA Part 1	31 Mar 2019	2/2

**GPAC Members retired on 31 March 2018*

***Assumed GPAC Chairperson Role on 1 April 2018*

GPAC meetings for 2017/18:

The City held six Group Performance Audit Committee meetings in the reported financial year of which one was a special meeting and another was a joint meeting with the Group Audit Committee for the approval of the Integrated Annual Report.

2.6.3 Group Risk Governance Committee (GRGC)

The GRGC is established as an independent oversight and advisory body, to advise CoJ, Council, the Executive Mayor and Mayoral Committee, Accounting Officer and the Management Staff of CoJ on matters relating to:

- Governance Risk and Compliance, corporate governance practices as per KING Reports;
- Enterprise risk management;
- City wide risk profile and appetite;
- Compliance management processes;
- Information security management; and
- Any other issues referred to it by CoJ or Mayoral Committee.

The City's GRGC provides oversight advisory services on matters relating to Risk Governance and Compliance as well as overseeing the Enterprise Risk Management System. The committee also ensures that all risks that might affect the service delivery level and attainment of a clean audit are addressed and measures are put in place to prevent future occurrences.

Table 7: Group Risk Governance Committee composition

Member	Period of Membership	Qualification(s)	End of term	Meetings attended
Prof Tshilidzi Marwala (Chairperson)*	Appointed : 1 April 2017	PhD in Engineering	21 November 2017	2/2
Richard Newby	Appointed : 1 April 2017	CA (SA)	31 March 2018	4/4
Khwathelani Tshikovhi**	Appointed : 1 April 2017	MBA	31 March 2018	4/4
Karen Muthen	Appointed : 1 April 2017	MBA,LLM ,CA (SA)	31 March 2018	3/4
Adrian Schofield	Appointed : 1 April 2017	ACCA Part 1	31 March 2019	4/5
Khumo Shongwe	Appointed : 1 April 2017	MSc Clinical Psychology	31 March 2019	5/5
Reginald Haman***	Appointed: 1 April 2014	NDip Environmental Health, Dip in Company Direction, PDBA, MBA	31 March 2019	4/5
Zola Fihlani	Appointed : 1 April 2018	B Compt (Hons), H Dip Tax CA (SA)	31 March 2019	0/1
Ignatius Sehoole	Appointed : 1 April 2018	BComm at Vista University, a BCompt (Hons) and Certificate of Theory in Accountancy CA (SA) General Management Diploma	01 November 2018	0/1
Bheki Dladla	Appointed : 1 April 2018	MBA & performance management experience	31 March 2019	1/1

**GRGC Member retired on 17 November 2017*

***GRGC Member retired on 31 March 2018*

****Assumed GRGC Chairperson Role on 1 April 2018*

GRGC meetings for 2017/18:

During the reported financial year, six Group Risk Governance Committee meetings were convened of which none were special meetings.

2.7 Board of Directors in the Municipal Entities

The City has ensured the stability of the Entity Boards and Group Advisory Committees in 2017/18.This was done through retaining experienced members to ensure that strategic direction is uninterrupted. The City under the new political administration elected on 3 August 2016, appointed new members to the Entity Boards and Group Advisory Committees on 1 April 2018.

The City continued its developmental approach to capacitate the boards and Oversight Committees, where the annual rotation of seasoned members creates a balance and opportunity for new and less experienced individuals to serve with experienced members in the boards and committees. This creates an enormous platform for growth of young professionals. The focus on good corporate governance and activism of the shareholder has seen sustained and improved performance in the audit outcomes at a number of Municipal Entities as well as at core.

Role and Responsibilities of the Board of Directors

The Directors shall be appointed in accordance with the City Group Policy or any other policy determined by the Shareholder from time to time. The Board of Directors is mandated to manage the affairs and the business of the Company and is accountable to the Shareholder for compliance with the applicable legal framework. The Board shall further ensure that the Company complies with the provisions of the Companies Act, MFMA, the Systems Act and other applicable legislations, regulations and/or guidelines issued by the National Treasury and/or any other document or agreement governing the relationship between the parties.

Role and Responsibilities of the Chairperson of the Board

The Board must be led by a chairperson, who shall be independent non- executive director duly appointed in terms of the City's Group Policy. The Chairperson of the Board of the Company together with the CEO shall be the point of contact in dealings with the Shareholder unless otherwise delegated. The chairperson's responsibilities must be separate from those of management led by the CEO.

Role and Responsibilities of the CEO or MD

The Board shall in consultation with the City procure the appointment of the CEO and who shall be appointed as a full-time employee of the Company and manager of the Company's office. The CEO

shall be a member of the Board and is accountable to the Board for the management of the Company. The CEO must ensure that the operations of the Company, ensuring that the Company are run effectively and effectively in accordance with the strategic decisions of the Board. The CEO shall be responsible for the day to day management of the Company and to provide the Board with accurate and relevant information provided to the Board timeously.

Term of office and removal

The term of office of each Director shall be determined by the City Group Policy or any policy determined by the City from time to time. A member may resign by giving three months' notice to the City or such notice as determined by the City from time to time. The resigning director must promptly return to the Company all confidential information and other documentation, which may have been given to him as a result of his position as director of the Company. The City shall have sole and absolute discretion to remove or recall one or more Directors of the Company without giving reason thereof.

2.8 Public participation

2.8.1 Ward committees

Ward councillors are responsible for representing the needs and interests of their constituents. Linked to this is the establishment of ward committees in terms of the Local Government Act, 1998, and Section 72 of the Municipal Structures Act, 1998. These committees intend to enhance participatory democracy in local government by assisting ward councillors in carrying out their mandate. Specifically, ward committees should boost the participation of the public in the affairs of Council. They also advise and make recommendations to ward councillors on matters that are affecting the ward.

Ward committees are constituted by portfolios including Housing, Transport, Public Safety, Finance and Economic Development, Infrastructure and Services, Community Development, Health and Social Development, Development Planning and Urban Management. Meetings are held monthly to discuss issues raised within the community and to obtain feedback from the ward councillor on significant issues and decisions reached at council.

The Speaker of the Council manages the effective functioning of ward committees, in order to ensure ongoing and improved community participation in local government.

2.8.2 IDP Outreach

The City held eight Regional Summits to respond to community issues raised during the analysis phase of the City's IDP Process and to present the 2018/19 draft IDP/budget to the public. These public engagement sessions presented the opportunity to communities to review the service delivery needs and priorities of the ward in which they reside, ultimately shaping the IDP according to their needs and interests. The City communicated these meetings to the public by using appropriate communication methods i.e. community newspapers, community radio stations and commercial radio stations.

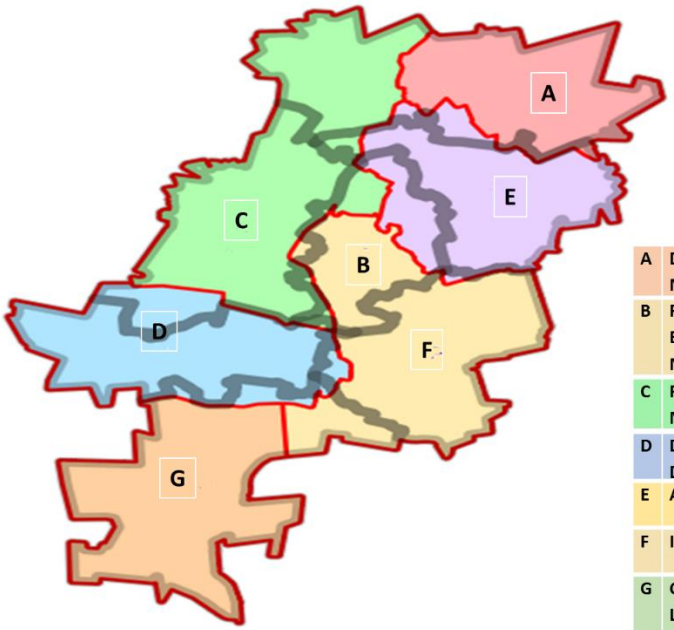
The target audience for these regional summits were community members, NGOs, CBOs, Councillors and other interested stakeholders.

The main issues raised which the City should address through the implementation of the 2018/19 IDP and the Budget are:

- Access to basic services: water, electricity and waste removal especially in informal settlements;
- Housing and land: RDP houses, renovation of council flats, formalising of informal settlements and issuing of title deeds;
- Access to public facilities: community halls, parks, libraries;
- Public participation: frequent community meeting and more access to councilors;
- Good governance: fighting corruption;
- Local economic development: poverty, unemployment, SMME infrastructure;
- Health and safety: building of clinics in areas where clinics are too far, police visibility and by-law enforcement;
- Roads and transport: access to public transport, tarring of roads in informal settlements, resurfacing of roads and dealing with potholes; and
- Cross-cutting issues: land use, spatial planning, and the environment.

For administrative purposes, the City of Johannesburg is divided into seven regions. The map below details the regions.

Figure 9: CoJ regions



COJ Regions

A	Diepsloot, Ivory Park, Midrand, Kya Sand
B	Randburg, Rosebank, Emmarentia, Greenside, Melville, Northcliff, Parktown
C	Roodepoort, Constantia Kloof, Northgate
D	Doornkop, Soweto, Dobsonville. Protea Glen
E	Alexandra, Wynberg, Sandton
F	Inner City
G	Orangefarm, Ennerdale, Lenasia

A summary of key issues arising from the various regions are detailed below.

Region A

The main issues raised in Region A were:

- Housing i.e. provision of RDP houses and formalisation of informal settlements and land related issues;
- Provision of electricity and other basic services especially in informal settlements;
- Governance issues as well as visibility of councilors;
- Potholes and access roads in informal settlements; and
- Community development issues such as sports facilities.

Region B

There was a general spirit of wanting to work together irrespective of political affiliations with the goal of uplifting and improving conditions in Region B. Community members noted that they are aware of the current budgetary constraints and made offers to participate in social development initiatives and cleaning campaigns in the area.

Issues raised included:

- Challenges around youth development and eradicating the scourge of drug abuse. A holistic cross-sectoral approach was suggested as a solution;

- High unemployment rate;
- Housing challenges mostly with 2 room houses – a meeting with the EM and MMC: Housing was requested;
- Grass cutting;
- Riverlea's gas emissions;
- The Ward Councillor is not visible in the ward;
- Sand street challenges as result of flooding, water going over electricity boxes if it rains;
- Illegal mining activities;
- Kathrada Park, by-law violations, storm water systems are defunct, no proper roads mostly due to encroachment;
- Coronation, bad road infrastructure, stalled Slovo projects, illegal electricity connections, burning electricity cables in most cases;
- Need for housing policy review, formalisation of informal settlements;
- Poor project management by JDA, no housekeeping, appointment of incompetent contractors, irregularities on appointment;
- JPC repairs and maintenance, flats not maintained, facilities management;
- Overloaded clinics due to under staffing, unfriendly staff;
- Policing not effective (JMPD);
- Unavailability of housing, planning and building control;
- Zamimpilo: Gas pipes from Sasol, all mining must stop in the area. Shacks are built every day. Sites being sold at Zamimpilo. Housing project earmarked for Riverlea must stop as it poses risk to lives;
- Ward 82. MMC's must come to wards with ward councillors. Reckless spinning of vehicles, implementation of by-laws, illegal business, visibility of JMPD. Request commitment from EM of a response on their MEMO;
- SMMEs must be treated fairly.;
- Ward 82: economic development, remove overtime from Pikitup they are not giving good service, rather create permanent jobs, replace people employed in Waterfall with local people as those employed start working at 09h00 and an hour later they are gone;
- Ward 117: entities not responsive, quality of work done especially on potholes is appalling, lot of partnership not embraced by the city, e.g. City Power, no communication between entities, proper communication with communities is essential; and
- Ward 82: maintenance programme, JPC people renting out rooms for R1000, Pikitup not doing their work, sport development, e.g. hockey.

Region D1

While many issues were discussed, the following were most key:

- High unemployment rate and a lack of employment in the city. This challenge is seen as the catalyst to drugs and alcohol abuse.
- Lack of proper housing was seen as a big problem in the townships and the community of Region D is highly affected by this phenomenon.
- Safety and security, the community requested the city to deploy more JMPD officials to assist in addressing this challenge.
- Health – the community requested more clinics to be built in their region and more nurses be deployed at the clinics that are currently operating in their region. The community also raised the issue of lack of ambulances in their region.
- Reliable electricity – there are continuous outages which City Power take too long to fix. Street lights do not work, with some not working for the past year or so.
- Lack of maintenance of sports facilities.
- Cemeteries with the community pleading with the City to reduce the R1800 fee payable through City Parks for a gravesite.
- Potholes, water and sanitation as well as traffic lights were also raised as issues that needed urgent attention.

Region D2

Issues included:

- Housing and land issues especially from communities in Freedom Park and Elias Motsoaledi;
- Grading of roads in informal settlements and resurfacing of roads around Orlando and Diepkloof;
- Provision of bulk infrastructure in informal settlements;
- Lack of economic opportunities;
- Need for transparent RDP housing allocations; and
- Not enough sporting facilities in Riverlea, especially cricket facilities.

Region E

Issues raised included:

- Land expropriation with the community highlighting various vacant pieces of land that they believed can be turned to housing projects.

- Residents from Marlboro expressed concerns regarding illegal occupation of land as this may have negative impact on their properties.
- Communities have sensitive relationships with foreigner nationals as they were blamed for taking business, buying their land and houses that should be provided by the City to them.

Region F

Issues related to:

- Housing and disruption of electricity supply;
- Continuous evictions that are taking place in the Inner City without being provided with alternative accommodation;
- Potholes in the region;
- Waste removal; and
- Safety and Security concerns were also raised as needing more and intense intervention.

Region G

Session was disrupted but issues from written submissions were received. These included:

- Housing and land being sold illegally;
- Wards underdeveloped;
- Safety and Security;
- There are not enough health facilities; and
- Economic development opportunities.

3. Service Delivery Performance

Service delivery is at the heart of the City's programmes and priorities. The City has a mandate to provide basic services to its communities, including the delivery of water, sanitation, electricity, roads, housing and waste collection. However, given the City's commitment to improving the quality of life of its residents and stakeholders, it has expanded this mandate to cover delivery of additional services including economic development initiatives such as the Johannesburg Development Agency and Joburg Market, community development including City Parks and Zoo and Joburg Theatres, social development and health, and a number of other key focus areas aimed at ensuring a liveable and sustainable city.

In the current term of office the City has identified nine strategic priorities to drive delivery. These are listed in Chapter 1. Every one of the City's departments and municipal entities has aligned their delivery to these priorities, in order to ensure that the City's medium term, and then long term, goals are realised.

In this chapter, the performance of the City's municipal entities and departments is summarised. For more detailed information on municipal entity performance, individual annual reports for each of the entities are available on the relevant websites.

3.1 Water Services: Johannesburg Water

Water and sanitation services in the city are provided by the municipal entity, Johannesburg Water. The entity provides water and sanitation services to an area stretching from Orange Farm in the south, to Midrand in the north, Roodepoort in the west and Alexandra in the east. It supplies approximately 833 004 domestic, commercial and industrial customers and serves an estimated consumer base of about 5.1 million people Johannesburg Water supplies 1 553 ML/day of potable drinking water, procured from Rand Water, through a water distribution network of 12 069 km, 127 reservoirs and water towers, and 37 water pump stations. Spent wastewater is collected and reticulated via 11 621 km of wastewater networks and 38 sewer pump stations. Johannesburg Water treats 925 ML/day of sewerage at its six wastewater treatment works (WWTW), which includes two of its biogas-to-energy plants where methane gas is converted to energy.

The entity employs 2 645 people and has ten network depots and six wastewater treatment plants.

Performance highlights

Performance highlights in 2017/18 include:

- Revenue increased from R8.6 million in 2016/17 to over R10 billion;
- BBBEE recognition of 126%;
- 99.9% compliance with drinking water quality;
- Water consumption decreased to 284.92 litres per person per day from a baseline of 287.70 litres per person per day in 2016/17;
- 100% compliance to sludge breakage;
- Replaced 45.4 kilometres of sewer pipes against a target of 33.5 kilometres, translating to 135.5% over-achievement;
- For water networks, a total of 29.4 kilometres was replaced against a target of 67 kilometres;
- 995 Expanded Public Works Programme job opportunities were created;
- In providing services to informal settlements, an additional 620 informal dwellings were provided with access to basic sanitation;
- R603 million was spent on capital projects (84.3% against a target of 95%);
- Over 330 000 de-sludging services were carried out on ventilated improved pit latrines; and
- 151 million litres of water were transported to tanks in informal settlements in the year under review.

Summary of performance

During 2017/18, an average of 1.55 billion litres of water, complying with acceptable drinking water standards (SANS 241), was distributed to the households within the city on a daily basis. This is an increase of 2.5% in the daily volume compared to the 2016/17 financial year. Water restrictions from September 2016 till March 2017 had a positive impact on the water demand of the city.

Daily sampling and testing were completed at four laboratories to ensure the quality of water. Sewerage is collected through a total network of 11 621 kilometres of sewer pipes and treated at six wastewater treatment plants situated around the city. During the 2017/18 financial year an average of 925 million litres of sewerage per day was treated. The treated effluent was then discharged back into the river system, complying 72% with the Department of Water and Sanitation standards.

As part of the wastewater process, sludge is produced that needs to be disposed of within the required guidelines. Daily, the sludge is transported to contracted famers who use it as fertiliser. During the 2017/18 financial year, JW transported 132 820 cubic metres of sludge to farms.

The water and sewer network infrastructure is operated and maintained, daily, by teams based in ten network depots and four Electro-Mechanical depots. The lifespan of this network is 100 years, with 45 years left. During the 2017/18 financial year, 33 856 water pipes burst and 59 892 metres and connection failures were dealt with by these teams. During the same period 62 363 sewer blockages were cleared.

Johannesburg Water also provides onsite water and sanitation services to households residing in informal settlements. These services include desludging of VIP toilets, providing and servicing chemical toilets and transporting drinking water. During the year under review, over 57 000 ventilated improved pit toilets were de-sludged, 7 178 chemical toilets were provided and serviced (twice weekly on average) and 151 million litres of water was transported to stationary tanks in the informal settlements.

The response time to water bursts restored within 48 hours of notification was 89.09% against a target of 95%, and for sewer blockages cleared within 24 hours of notification – 94.94% against a target of 96%. Although the failure rate of water infrastructure decreased slightly during the year, the response times reduced when compared to the 2016/17 financial year. Continued efforts were made to reduce the number of bursts (minor and major) outstanding for longer than seven days. Positive improvements were evident in the number of outstanding works order longer than seven days decreasing by 53% year on year. This is a positive continuation from last year's reduction of 50%.

Response times on water bursts will improve further since minimum standards of at least three major bursts and three other water related jobs per team per day are being implemented. Water teams are completing 4.10 jobs per day on average which demonstrates a 1.7% improvement in productivity from the 2016/17 financial year. It must be noted that water infrastructure renewal needs to be accelerated to contribute positively to the response times. The target for sewers was almost achieved but will improve going forward. The number of sewer blockages experienced however still increased during the 2017/18 financial year (8.8% increase from the previous year). This will improve going forward due to the increased capital investment - especially with regard to the renewal of old sewer infrastructure. Minimum standards of at least five sewer blockages per team per day are being implemented. Sewer teams are completing 4.49 jobs per day on average (a 15% improvement in productivity from the 2016/17 financial year). Continued education campaigns in respect of the incorrect use of sewer infrastructure will also have a positive impact on reducing the failure rate.

The number of bursts experienced per 100 km of pipe length was 358.77 against a target of 391 whilst the corresponding sewer blockages experienced per 100 km was 540.72 against a target of 504. The trend for infrastructure failure rate on water pipes is currently stable and above target when compared to the previous financial year but still remains high which is a major concern. This is mainly

due to aging pipe infrastructure. The rate of infrastructure replacement has once again been negatively impacted by budget deferments which may stimulate a further deterioration in performance. In mitigation of this, the implementation of an improved pressure management system had a positive impact in this regard.

The measurement on the number of sewer blockages per 100 km relates directly to the incorrect use of the sewer infrastructure in hotspot areas including Ivory Park, Alexandra, Diepsloot and Orange Farm which cause recurring blockages. The continued sewer utilisation education campaign in these areas is vital to reduce re-occurring blockages.

Preventative maintenance through hydro-jetting is in progress in all six operational regions and during this financial year 1 126km was covered. This will be increased with manual preventative cleaning once the IT work scheduling system is operational at regional level during quarter 1 of the 2018/19 financial year. This will assist in terms of improving performance.

The percentage compliance with drinking water quality standard (SANS 241) on E-Coli was 99.9% against a target of 99%. This positive achievement will enable the City of Johannesburg to retain its Blue Drop Status.

The final effluent compliance from WWTW was 72% (slightly down from the 74% in the previous year) against a target of 90%.

The new Water Use Licences with more stringent limits cannot currently be achieved with the existing wastewater treatment works infrastructure for Driefontein, Ennerdale, Bushkoppie and Northern Wastewater Works. These are having a negative impact on the effluent compliance. The entity submitted an objection report against these limits in March 2016.

Bushkoppie Works received an amended licence on the requested parameters with the exception of E. coli. JW was requested to submit further motivation for the relaxation of the 0 cfu/100ml limit for E. coli for Ennerdale and Bushkoppie Works. An amended licence was also received for Northern Works in May 2018 with more attainable parameters. Johannesburg Water is currently following up with DWS on the signing of the Driefontein license.

The operational failures at Northern Works (sand blockages, dewatering, power failures, Unit 3 clarifier flow distribution structure failure, PSTs, ETs and Unit 3), Bushkoppie (Power failures, sand blockages, aeration failures), Goudkoppies (ageing infrastructure, clarifier siphon failures, power failures, disinfection failure and belt press failure) and Ennerdale (power failures, sudden high inflows and disinfection failure) contributed in the non-achievement of the target on effluent compliance.

Operational failures of equipment at the WWTW have increased as a result of deferred capital budget over the last few years and this contributed to continued infrastructure deterioration which led to operational non-compliance with regulatory requirements. In mitigating the situation, the mechanical

failures at the WWTW are being addressed as a priority through the replacement or refurbishment of old electrical and mechanical equipment.

Refurbishment of electrical and mechanical equipment at Northern Works is taking place via contracts. The refurbishment of Unit 3 reactors, clarifiers, electrical and mechanical equipment as well as the balancing tank mixers are completed.

Refurbishment of the failing solids treatment equipment (belt presses) at Goudkoppies Works is being done on an emergency basis and work that commenced in 2017 should be completed by the end of quarter 1 of the 2018/19 financial year. This will have a positive impact on the quality of effluent discharged.

The water consumption per capita per day was 284.92 litres per person per day (l/c/d) against a target of 299 l/c/d. Johannesburg Water is continuing to implement projects such as Pressure Management, Soweto Infrastructure Upgrade and Renewal Project as well as Mains Replacement to reduce the water demand. A positive impact is made through Pressure Management and the Soweto Infrastructure Upgrade and Renewal Project in areas where they are being implemented.

Soweto Infrastructure Upgrade and Renewal

No meters were rolled out for the year.

Basic Services

Johannesburg Water continually provides basic water and sanitation to communities living within the informal settlements. Progress was limited during the year mainly due to procurement challenges after both basic water and sanitation procurement processes had to be re-tendered after the first tenders were non-awarded in the beginning of the 2017/18 financial year.

The plan was to provide access to basic water to 2 290 households however due to delay in procurement process no services were provided. The plan for 2017/18 is to provide access to basic sanitation to 2 640 households. 620 households were provided with access to basic sanitation.

Pipe Replacement

The Water Pipe Replacement Programme is geared towards the reduction of physical losses within the City of Johannesburg. The water network has consumed 45% of its design life.

In order to improve the water network's remaining useful life, Johannesburg Water had planned to replace a total of 67 km of old water pipes in the financial year. Out of a total of 19 water pipe replacement projects under construction in the financial year, 16 projects were completed

successfully. By end of this year, a total of 29.4km had been replaced which represents 43.9% performance against a yearly target of 67km. The target could not be achieved due to delays experienced at public participation meetings, disruptions by business forums and communities and new procurement process requirements.

Johannesburg Water intends to reduce the number of blockages per 100 kilometres of pipes in order to improve the level of service to its customers. In an effort to improve the level of service, a target of 33.5 kilometres of sewer pipe replacement was planned for 2017/18 financial year. At the end of the year a total of 45.4 kilometres had been replaced which represents 135.5% performance against the yearly target of 33.5 kilometres.

Performance against IDP targets

Table 8: Johannesburg Water performance against IDP targets

Joburg 2040 outcome 1: improved quality of life and development-driven resilience for all Joburg 2040 outcome 2: a sustainable city which protects its resources for future generations; and a city that is built to last, offering a clean, healthy and safe environment							
IDP programme 4: transforming sustainable human settlement							
KPI No.	Key Performance Area	KPI	Actual 2016/2017	Annual Performance		Unit Measure	Management Comments
				Target	Actual		
7	Access to water	Percentage informal households with access to water at minimum LoS1	97.89%	83.89%	82.68%	%	The tender is undergoing supply chain processes. The award should be issued during the course of Q1 of 2018/19.
8	Access to sanitation	Percentage households with access to sanitation at minimum LoS1	46.59%	39.27%	38.06%	%	The late awarding of the tender led to non-achievement of this KPI. The contractor only commenced work in June 2018. However, good progress has been made in this respect.
32	Water bursts	Percentage water bursts restored within 48 hours of notification	90.25%	95%	89.09%	%	The variance is due to the persistently high rate of water infrastructure failure.
33	Sewer blockages	Percentages sewer blockages cleared within 24 hours of notification	95.48%	96%	94.94%	%	The variance is due to the persistently high rate of sewer infrastructure failure.

Joburg 2040 outcome 1: improved quality of life and development-driven resilience for all Joburg 2040 outcome 2: a sustainable city which protects its resources for future generations; and a city that is built to last, offering a clean, healthy and safe environment							
IDP programme 4: transforming sustainable human settlement							
KPI No.	Key Performance Area	KPI	Actual 2016/2017	Annual Performance		Unit Measure	Management Comments
				Target	Actual		
N/A	Water losses	% non-revenue water	40.03%	32%	38.4%	%	The implementation of the WDM/WC strategy will be accelerated.
N/A	Drinking water quality	Percentage compliance with drinking water quality standard on E.coli (SANS 241)	99.8%	99.9%	99.9%	%	N/A

**The difference between the baseline and the targets resulted from the re-calibration of households data in informal settlements*

Financial performance

Johannesburg Water revenue is generated, in the main, from the sale of water and sanitation services. In addition, the entity receives grant funding from the Urban Settlement Development Grant (USDG) to assist with the funding of capital projects. Other sources of funding specifically for capital projects are external loans and cash reserves.

The entity achieved a profit of R1.4 billion (2017: R199 million) against a budget of R1.1 billion (2017: R546 million). The cash as per the sweeping account was R107 million (2017: R217 million) against a budget of R215 million (2017: R192 million).

Property, plant and equipment increased by R527 million to R10.6 billion at carrying value. This increase was due to the replacement of aging and obsolete equipment and water and sewer pipes as installation of new infrastructure

Revenue

The entity posted revenue of R10 billion for the year, an increase of 18.5% as compared to the previous year (2017: R8.6 billion). The increase in revenue performance is attributable to the tariff increases as well as Buya Mthetho project which yielded positive results especially towards year-end. The water restrictions from the 2016/17 financial year has influenced the usage of water in the reporting period where consumers were required to reduce their consumption from 1 610 mega litres per day (Ml/d) to 1 515 Ml/d. Since the lifting of the water restrictions, consumption levels have not normalised and

are currently at 1 553 Ml/d. Revenue from the sale of water represents 62% (2017: 61%) of the revenue received from exchange, while sales received from sanitation accounts for 38% (2016: 39%).

Expenditure

The operating expenditure including finance costs decreased by 1.3% to R4.4 billion. The expenditures were well managed within the budget in the period under review. It is important to note that service delivery was not hampered during the management of expenditures. The provision for bad debts remains at R1.8 billion compared to the previous years. The calculated collection rate is at 81.9% compared to the target of 85.8% hence the higher debt impairment balances. The entity is working closely with the shareholder in intensifying the credit control measures to ensure that appropriate actions are taken against defaulting customers in order to maximise revenue collection.

The capital expenditure for the year was R603 million, which represents 84.3% of the capital budget of R715 million. The lower expenditure is attributed to the phasing in of new improved procurement process which included probity audits of all projects above R10 million which delayed awards by two months. The number of unresponsive tenders affected the entity's capital expenditure. It is important to note that various interventions contributed to an improved capital expenditure of 84%, however the desired achievement was 95%. The interventions implemented in this area will yield results during the 2018/19 financial year.

The expenditure breakdown per capital budget category is reflected in the table below:

Table 9: Johannesburg Water expenditure per capital budget category

Category	**2017-18 Budget (R'000)**	**Expenditure End June 2017 (R'000)**	**% Expenditure**
Corporate requirements	9.845	5.649	57%
Water demand management	49.575	31.021	63%
Operate and maintain	92.266	91.263	99%
Upgrading and renewal	276.831	254.063	92%
New infrastructure	16.000	2.250	14%
Planning and engineering studies	7.850	3.555	45%
Information technology	20.000	3.818	19%
Special projects	80.474	52.171	65%
Bulk wastewater	162.164	159.193	98%
Total	**715.005**	**602.983**	**84.3%**

In the 2017/18 financial year Johannesburg Water managed to complete 34 projects. The total capital budget spent on these projects in 2017/18 financial year was R80.73 million whilst the total projects' expenditure is R458.02 million spent over more than one financial year.

Table 4: Johannesburg Water completed projects

Name of Programme	Project Name	Cumulative Expenditure (R)	2017/18 FY Expenditure (R)
Bulk wastewater expansion and upgrades	Refurbishment of 2 Digesters, Unit2	26 037 361	606 820
	NW: Unit 3 Mod 3 refurbish clarifies	17 863 935	2 762 160
Reservoirs	Construction of Orange Farm Reservoir	79 296 723	2 248 744
	Construction of a 25Ml Diepsloot Reservoir	55 010 215	739 656
	Rehabilitation and Commissioning of Protea Glen Reservoir & Tower	11 156 780	1 883 483
New Facilities	Zandsfontein Facilities	10 174 98	268 446
Sewer infrastructure upgrade	Bruma Sewer Main Upgrade: Phase 3	13 557 540	13 067 838
	Bruma Sewer Main Upgrade: Phase 2	11 549 749	11 219 524
	Bruma Sewer Main Upgrade: Phase 1	12 426 593	473 699
	Industrial Sewer Upgrade	11 155 496	10 256 673
	Roodekrans Phase 4 Sewer replacement	5 966 094	5 966 094
	Wemmer & Salisbury Sewer pipe replacement	8 305 446	6 919 653
	Midway outfail sewer & internal reticulation	24 465 844	633 631
	Roodekrans Sewer Upgrade 1	19 414 179	3 314 979
	Thulani Sewer Hot Spots	5 152 694	2 194 217
	Roodepoort Sewer Pipe Replacement 2	15 769 094	1 027 307
	Roodepoort Sewer Pipe Replacement 1	15 523 802	1 962 271
	Soweto Infrastructure Upgrade Diepkloof	11 087 974	6 919 653
	Mountainview Bulk Water Supply	6 505 766	680 022
	Diepsloot Bulk Water Supply Main Project	8 092 734	739 656
	Jukskei Park Water Upgrade	11 835 047	10 140 345
	Fairwood Water Pipe Replacement	5 821 228	5 183 614

Name of Programme	Project Name	Cumulative Expenditure (R)	2017/18 FY Expenditure (R)
	Glenanda Phase 1 Water Pipe Replacement	6 302 479	2.082.384
	Glenanda Phase 2 Water Pipe Replacement	5 576 519	688 887
	Glenanda Phase 3 Water Pipe Replacement	7 717 124	1 717 903
	Boskruin EXT 5 Water Pipe Replacement Industria Phase 1 Water Pipe Replacement	5 254 694 5 619 941	897 966 682 692
	Eastgate Ext1,12,13 Water Pipe Replacement	4 898 607	3 592 945
	Protea Glen Phase 4	2 028 691	220 837
	Industria Phase 2 Pipe Replacement	4 390 719	169 694
	Industria Phase 3 Water Pipe replacement	5 689 036	1 552 011
	Noordwyk Ext 9 Water Pipe replacement	6 434 772	5 202 011
	Boskruin Ext 4 Water Pipe replacement	4 005 459	1 093 764
	Pipe Replacement Zondi – Protea Glen Dis	13 938 704	3 469 585
TOTAL		**458 025 840**	**110 581 845**

The following table provides some of the major bulk wastewater capital projects that Johannesburg Water implemented in the 2017/18 financial year and their progress status. It should be noted that most of these projects are implemented in more than one financial year.

Table 5: Major bulk wastewater capital projects

Project Description	Project Objective	Competition Date	Total Project Value (R'000)	Progress Status
Dam 01: Construction of high-rate setting tanks, pumping mains, dam liner, M&E and C&I equipment for pumping installations Northern WWTW	To de-sludge Dam 01 AT Northern WWTW and to reduce the rate of future sludge ingress	December 2018	138 000	The project is in construction stage and 99% physical progress has been achieved to date. The dam lining has been completed. Contractor behind schedule, remedial works in progress – workmanship issues.
Digester heating and mixing upgrade as Olifantsvlei WWTW	To ensure that the sludge from the biological process is conditioned and treated to comply with DWS standards	February 2020	115 000	The project is at 56% physical progress. Work resumed on site but behind schedule due to previous works disruptions.

Project Description	Project Objective	Competition Date	Total Project Value (R'000)	Progress Status
Refurbishment of 2 Digesters, at unit 2 at Northern WWTW	To ensure that the sludge from the biological process is conditioned and treated to comply with DWS standards	May 2018	26 000	The project is 100% complete.
BWW602 BK: Balancing Tanks	To regulate the incoming flow of sewage to the works	April 2019	102 800	51% physical progress achieved. Work resumed on site but behind schedule due to previous works disruptions.
Driefontein Works: Concrete lining of overflow dam	Environment compliance, to minimise the risk of groundwater contamination	February 2019	124.265	The project is on schedule and 68% progress has been achieved to date. Project is progressing well and on schedule.

Johannesburg Water is also in the process of constructing new reservoirs so to increase the storage capacity within the city.

Table 6: Reservoir projects

Name and Capacity	Cost Estimate (R'000)	Status	Planned Completion Date	Comments
Lenasia 12.5(ML) High Reservoir	38 000	Planning and procurement	To be determined	Phased implementation. Phase 1 &2 compromising the pump station and rising main components are at award stage and procurement stage respectively. Phase 3 - reservoir, designs completed and land-transfers for reservoir site confirmed. Awaiting permission to occupy and build from JPC.
Orange Farm 33.5 (ML) High Reservoir	79 000	100% Construction	November 2017	Project was completed successfully.
Erand Tower 0.75 (ML)	50 000	Procurement	February 2020	Non-award. Need to retender.
Crown Gardens Tower 1.1 (ML)	55 000	Procurement	February 2020	Award stage.
Robertville Tower 2.25 (ML)	65 000	Design	June 2020	Designs completed. Land transfer process underway. Procurement in August 2018.
Woodmead Reservoir 22(ML)	55 000	Design	June 2020	Draft BSC under review. Planned award December 2018.

Name and Capacity	Cost Estimate (R'000)	Status	Planned Completion Date	Comments
Aeroton Direct Tower 1.4 (ML)	55 000	Procurement	February 2020	Award stage.
Halfway House Reservoir 20 (ML)	55 000	Design	June 2020	Designs almost complete. Servitude registration and land acquisition process underway.
Blue Hills Tower 1.8 (ML)	58 000	Planning	December 2020	To appoint a consultant December 2018.

Employee relations

Johannesburg Water employs 2 645 people. During the year under review, the majority of executive positions at the entity remained vacant. This was as a result of the potential integration of the entity into the City of Johannesburg. However, now that the City has rescinded its decision to reintegrate, the filling of the vacant positions is underway.

Staff turnover is low, with the retention for all staff for the year at 98.57%, while the retention for scarce skills categories is 97.16%. The demographic staff distribution is detailed in the table below.

Table 7: Johannesburg Water staff distribution

Population group	Males	Females	Totals	People with disabilities
African	63.29	25.98	89.27	3.40
Coloured	3.48	1.85	5.33	0.30
Asians	1.02	0.53	1.55	0.04
Whites	3.36	0.49	3.85	0.19
Total	71.15	28.85	100.00	3.93

3.2 Electricity Services: City Power

City Power provides electricity services to all its customers in the City of Johannesburg. Areas not covered by City Power (predominantly Soweto and Sandton), are serviced by Eskom. City Power has approximately 385 567 customers; ranging from domestic to commercial and industrial properties. City Power's network services include:

- The purchasing and distribution and sale of electricity;
- Constructing networks;

- Connecting customers;
- Repair and maintenance of networks; and
- Installation and maintenance of public lighting.

Performance highlights

Performance highlights in 2017/18 include:

- Appointment of the CEO on 1 October 2017 which assisted in stabilising the business;
- A total of 1 374 public lights have been installed;
- A total of 2 167 units (structures) in informal settlements have been electrified;
- Slovo Park: 1076 informal settlement dwellings have been electrified after CoJ allocated R41 million for the completion of this project and project was launched beginning of July by the Executive Mayor;
- Alexandra: 300 units (structures) in informal settlement have been connected and 100 public lights installed; and
- Elias Motsoaledi: 175 RDP houses connected, and 105 public lights installed.

Summary of performance

City Power has achieved 96% compliance to the Quality of Supply (NRS048) target. In terms of basic service delivery, in 2017/18 the entity installed 1 374 public lights against a target of 1000; it electrified 2 167 units in informal settlement compared to target of 810; average restoration time for logged electricity supply failures to traffic signals is 10.2 hours. Seven suspects were sentenced to 10 years each imprisonment for cable theft

City Power is also cognisant of the need to preserve resources for future generations. In this regard, 41 355.5 tons CO_2 was offset in greenhouse gas emissions.

Job creation programmes form another key priority for the entity. In 2017/18, 39.24% of the budget was spent on 50% black owned companies, while 16.17% of the budget was spent on women owned companies.

There was a successful launch of the LIGHTS ON! Campaign as a cultural anchor to support the organisation's efforts in ensuring retention of the right people doing the right things to reach the

business goals of tomorrow whilst ensuring that the creation of an environment where the right people want to be.

Service delivery challenges in 2017/18 include a high number of HV, MV and LV outages. The restoration of supply not meeting all NRS047 standards and overloading of the network due to illegal connections is a major concern. The entity also faces issues of ageing infrastructure and network related incidents.

The high number of outages are mainly due to the ageing network, damage by third parties, overloading of the network as well as theft and vandalism. Although there has been a decrease in theft and vandalism over the past financial years, this trend is still contributing to the number of outages. Dedicated maintenance teams to focus only on planned maintenance are being introduced.

The restoration of supply performance is adversely impacted by damage by third parties. Reviewing the allocation of contractors to return plant out of service has increased the load of workforce in depots therefore improving the turnaround time on outages.

The continued high incidents of theft and vandalism of the electricity infrastructure and its effects on the social fabric and City Power's financial base is a serious challenge. These incidents occur throughout the City of Johannesburg on a daily basis. Although there has been a decrease in theft and vandalism over the past financial years, this trend is still contributing to the number of outages

The illegal connections are caused by communities who do not have access to electricity and increase rapidly during the winter season. This challenge can only be addressed by providing communities with access to basic services such as electricity.

Aged obsolete infrastructure means limited repairs and maintenance on the equipment which also contributes to the duration of outages. City Power is utilising condition monitoring to improve network performance.

Challenges with regard to financial sustainability include a R1.3 billion year-to-date overdraft and losses of 23.89% year-to-date. Meter reading performance has decreased by 6.56% when comparing the current financial year with the previous financial year. Exceptions tabled below are indicating the contribution to estimations for each exception throughout the 2017/18 financial year. Three exceptions have the high contributions to estimated meters, these are: inaccessible meters, offline meters and system updates.

Table 8: City Power meter reading performance

Status	**2016/17**	**2017/18**
	June	**June**
Download	189 186	182 539
Read	169 501	151 579
Not Read	19 685	30 960

% Performance	**89.60%**	**83%**

Inaccessible meters have been decreasing from March. This is due to the Smart Meter Roll Out project. However, there has been an increase in system updates due to the project. A total of 4 653 has been updated on SAP ISU and there is a balance of 2 127 which is work in progress. These will be a priority in the first quarter of 2018/19. The offline meters are currently being read manually while the system upgrade is in progress. The bypass and faulty meters are being addressed as part of the rollout.

Table 9: City Power meter reading contribution to estimations

Year	Incorrect Addresses	By-passed meters	Inaccessible meters	Kiosk Locked	Faulty meters	Offline Meters	System Updates	Total unread meters p.m.
Jun-16	12	778	5 619	0	10 625	0	2651	19 685
Jun-17	37	551	8 756	889	1 015	13 235	6 477	30 960
Contribution to estimations	**0.10%**	**1.80%**	**28.30%**	**2.90%**	**3.30%**	**42.70%**	**20.90%**	**100%**

The improvement plan for the overall meter reading is detailed below.

Table 10: Improvement plan for meter reading

	June 2018 Current Performance	July 2018	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018
Baseline	182 539	182 539	182 539	182 539	182 539	182 539	182 539
Improvement	0	3 032	3 401	4 108	2 918	2 818	2 918
Maintenance	151 579	154 611	158 012	162 120	165 038	167 856	170 774
Target-Meters to be read	0	157 643	161 413	166 228	167 956	170 674	173 692
Forecasted Read Rate	83.04%	86.36%	88.43%	91.06%	92.01%	93.50%	95.15%
Targeted % improvement per month		1.60%	2.18%	2.63%	1.79%	1.79%	1.79%

In terms of the entity's smart meter rollout, the table below shows the number of AMI meters installed as at end June 2018. This is purely on domestic meters and a total of 6 226 has been installed. The roll

out aims to improve the meter reading performance. Due to system limitations on capacity other meters are not visible on the system. The system upgrade is in progress and will address the issue.

Table 17: Smart meter rollout

	Target	Actual
Quarter 1	0	0
Quarter 2	2 500	455
Quarter 3	5 419	1 109
Quarter 4	4 081	4 662
YTD	12 000	6 226

Performance against IDP targets

Table 11: City Power performance against IDP targets

IDP Programmes	Key Performance Area	KPI	Unit	Actual 2016/17	Plan 2017/18	Actual 2017/18
Sustainable Human Settlement	Security of supply: Basic service delivery	Number of new houses electrified	Number	4 850	810	2 167
		Number of days to repair street lights	Days	20	10	17.2
		Restoration time for all logged power failure	Hours	New	8	9.01
		Restoration time for HV outages	Hours	New	4	9.48
		Number of public lights installed	Number	2 961	1 000	1 374
Green/Blue Economy	Demand side management	24205,7 Tons CO_2 offset in greenhouse gas emission	Kwh	6 818 5	24 205 7	41 355 5
Smart City	Smart grid	Total number of meters installed	No	New unit of measurement	12 000	6 226
		% of collection levels	%	95,05	92	96,09

IDP Programmes	Key Performance Area	KPI	Unit	Actual 2016/17	Plan 2017/18	Actual 2017/18
Financial resilience and sustainability	Revenue management	% meter reading performance	%	79,91	98	83,04
		95% controllable Capex spend	%	93	95	96,3
Transformative business support and SMME and entrepreneurial support	Socio-economic development	Number of jobs created through EPWP	Number	4 504	5 000	1 736
		Procurement spend from suppliers that are 51% black owned	%	51,22	12	39,24
		Procurement spend from suppliers that are 30% black woman owned	%	18,36	10	16,17
Resource sustainability, safer city, governance	Good governance through: Business efficiency and effectiveness	Attainment of unqualified ISO accreditation	Audit Report	Unqualified audit with minor findings per accreditation	Unqualified audit with minor findings per accreditation	Unqualified audit with minor findings per accreditation
		Attainment of unqualified audit	Audit Report	Unqualified	Full Compliance	Unqualified

Financial performance

Revenue

An analysis of the revenue performance by City Power indicates that the mainstream revenue line was behind the budget level by R1.1 billion by mid-term. The root causes include:

- The increase in total losses (non-technical losses);
- Leakages within the Revenue Management Value Chain;
- Low meter reading performance; and
- Non-vending of prepaid customers.

The table below details revenue for the entity.

Table 12: City Power revenue

Description	Actual	Budget	Variance	% variance	Previous year YTD
	R'000	R'000	R'000		R'000
Service charges	14 163 653	15 557 010	-1 393 357	-9%	14 828 171
Other income	147 142	243 032	-95 890	-39%	203 265
Government grants	319 101	252 977	66 124	26%	275 288
Fees earned	21 420	38 095	-16 675	-44%	13 701
Rental income	474	387	87	22%	251
Interest income	73 078	13 554	59 524	439%	76 637
Re-connection fees	3 964	0	3 964		1 108

Billing charges for the year are less than budget by R1.4 billion. The average selling price per unit is less than the budgeted value, and this contributes significantly to the non-attainment of the budget.

New connections are over budget by R54 million due to the increase in request by customers for new connections and upgrades. New connections are a non-controllable budget item as the number of new applications or upgrades cannot be determined during the budgeting process and are based on the prior year requests.

Other income is less than the budget due to the decrease in canteen revenue, sundry revenue, DSM Levy and a decrease in DOE funding of capital projects. Canteen revenue is less than the budget due to the late finalisation of the contracts for the supply of goods to the canteen. Sundry revenue is less than the budget for the year as a result of insurance claims payments being less than budget.

Grants for the year are more than the budget by R66 million; more grants were received for the year than budgeted.

Interest revenue for the year is more than the budget by R60 million. This is mainly due to the interest on debtors that is more than the budget as a result of the low payment levels during the first three quarters of the year.

Fees earned for the year is more than the budget by R17 million as a result of the increase cut off fees because of debtors outstanding.

Expenditure

A negative variance of less than 1% against the budget was realised for the current period under review.

Table 20: City Power expenditure

Description	Actual R'000	Budget R'000	Variance R'000	% variance	Previous year YTD R'000
Bulk Purchases	10 321 193	9 950 427	-370 766	-4%	10 588 851
Employee Related costs	1 087 605	1 111 770	24 165	2%	972 921
Administration	95 241	152 713	57 472	38%	84 859
Depreciation	514 697	502 184	-12 513	-2%	500 476
Finance costs	453 465	352 414	-101 051	-29%	431 575
Lease rentals	627 187	604 875	-22 312	-4%	671 991
Debt Impairment	365 831	608 733	242 902	40%	885 398
Repairs and Maintenance	722 364	999 946	277 582	28%	812 177
General Expenses	666 381	574 316	-92 065	-16%	824 605

Bulk Purchases Eskom and Kelvin

Bulk purchases for the year were R371 million more than the budget, with Eskom over budget by R277 million. The units purchased for the year were 4.63% higher than the budget whereas the average purchasing price is 16.5% lower than the budget. Kelvin is 162 million more than the budget. Kelvin bulk purchases was higher than the budget due to the increase in unit price by 0,19c/kWh.

Employee Related Costs

Employee Related Costs for the year were R24 million less than the budget due to the underspending on basic salaries and leave provision. This was offset by the over expenditure on overtime.

Capital Expenditure

The revised approved City Power Capital budget for the 2017/18 financial year was R831 million. This approved budget is inclusive of R256m worth of loans, R138 million own funding, R124 million DSM funding, R5 million Adopt a light funding and the remaining R408 million is the made up of Grants, services and Public contributions.

The year-end capital expenditure amounted to R883 million compared to the full year revised budget of R831 million which is R51 million above the target. It should be noted that even though this reflects

an overspending of the CAPEX programme, the overspending was as a result of the non-controllable component which is mainly expenditure funded by the public and insurance.

Table 213: City Power capital projects

Project details	Original Budget for the Year	Revised Budget for the Year	Expenditure for the Year	Full Year Variance
Electrification	715 658	100 828	80 268	20 560
Electrification mega		89 879	90 732	-853
Service connections	113 428	113 428	142 568	-29 140
Upgrading of electrical network	97 000	71 392	86 160	-14 768
Computers	-	2 369	2 220	149
Office equipment	-	20	20	-0
Computer software	4 227	9 000	8 436	564
Tools and loose gear	-	1 500	436	1 064
Plant and machinery	-	202	151	51
Telecommunication	-	3 300	3 300	0
Meters	119 373	110 565	104 028	6 537
Protection	7 500	3 800	3 150	650
Furniture	-	137	113	23
Public lighting	5 000	8 450	6 953	1 497
Refurbish of bulk infrastructure	255 992	316 608	305 987	10 621
Total	**1 328 178**	**831 477**	**834 520**	**-3 043**
Insurance	-	-	48 401	-48 401
Total	**1 318 178**	**831 477**	**882 921**	**-51 444**

The year-end expenditure on controllable capital projects, which are projects funded from CoJ loans, the DSM funding, Grants, Own cash and the Engineering services contributions amounted to R692 million which reflects R26 million underspending compared to the budget of R718 billion. The underspending is attributed to late start of projects (e.g. Elias Motsoaledi) and some projects being stopped because of housing issues (to reallocate Informal settlements).

Table 14: City Power controllable capital projects

(Controllables) Project detail	Original budget for the year	Revised budget for the year	Expenditure for the year	Full year variance
Electrification	40 000	215 507	170 999	44 508
Public lighting	5 000	8 450	6 600	1 850
Electrical infrastructure	226 373	202 357	190 188	12 169
Power systems	7 500	4 200	3 150	1 050
Other capex & asset purchases	4 227	7 527	14 676	-7 149
Refurbish of bulk infrastructure	255 992	280 008	305 987	-25 979
Total	**539 092**	**718 049**	**691 599**	**26 450**

The non-controllable capital projects are projects which are funded by public contributions and through insurance funding. The year-end expenditure amounted to R191 million which is R78 million above the year end budget of R113 million. This is a non-controllable component which partially does not form part of the allocated budget.

Table 15: City Power non-controllable capital projects

(Non- controllables) project detail	Original budget for the year	Revised budget for the year	Expenditure for the year	Full year variance
Electrification	675 658		-	-
Public lighting	-		352	-352
Service connections	113 428	113 428	142 568	-29 140
Insurance funded projects	-		48 401	-48 401
Total	789 086	113 428	191 322	-77 894

The Service Connections projects are funded by public contributions. The year-end expenditure amounted to R143 million compared to the year-end budget of R113 million and this reflects R29 million overspending as a result of high number of service connections applications received than anticipated.

The insurance category of projects is funded by insurance as a result of an insurable event, and the year-end expenditure amounted to R48 million which resulted from the insurance claim to replace burned cables in order to restore the electricity in the inner Johannesburg City.

Employee relations

During 2017/18, City Power took a decision to remodel the organisation to determine the most suitable operating model and resource deployment strategy (shift model) that would inform the optimal staff numbers for City Power.

Before the restructuring exercise City Power had an establishment of 3 592 positions and a vacancy rate of 52.09% (as at end February 2018).

The revised high level structure was approved by the City Power Board on 26 October 2017 and the lower level structure was approved by the City Power Board on 9 March 2018. The revised structures reduced the staff establishment of 3 592 positions to 1 984 positions with an approved vacancy rate of 12%.

Table 16: City Power revised structures

Old (as at end February 2018)		**Revised**	
Establishment	**Vacancy rate**	**Establishment**	**Vacancy rate**
3 592	52.09%	1 984	12%

The staff complement as at 30 June 2018 was 1 702.

3.3 Waste Management Services: Pikitup

Pikitup is mandated to provide sustainable integrated waste management services to all residential areas (formal and informal) and businesses in Johannesburg. It services the entire 1 625km² that is the city, collecting and disposing of approximately 1.33 million tons of domestic waste generated in 2017/18 by approximately 5.05 million citizens. The mandate includes the provision of services to ensure the overall cleanliness of the city's streets (9 000 kilometres), open spaces, and certain public areas. It also offers commercial services to approximately 9 733 businesses in the city.

Pikitup owns and operates 12 waste management depots strategically located across CoJ's seven regions. It manages 42 drop off sites, four operational landfill sites, and two closed landfill sites. In addition, in the northern regions some waste is disposed of at three privately owned landfill sites (Mooiplaats, Chloorkop and FG). All landfill sites comply with permit requirements and are licensed and regulated by the National Department of Environmental Affairs (DEA) and with respect to Pikitup

the regulation has been delegated to the Gauteng Department of Agriculture and Rural Development (GDARD).

The customer base consists of 864 185 formal domestic customers, 8 034 Business Round Collected Refuse (RCR) customers, 1 153 Bulk service customers, 547 dailies, 3 159 institutions and 895 landfill customers.

The core business of Pikitup is to ensure domestic waste is collected and disposed in an efficient and effective manner. This includes waste management in informal settlements and hostels as well as the clearing of illegal dumping. Service levels are agreed with the shareholder in terms of a Service Level Agreement. In order to ensure compliance to permits and to ensure a healthy and safe environment, Pikitup is also responsible for the management and operation of four landfill sites.

Performance highlights

- The compliance of landfill sites to permit and license conditions increased to a total compliance of 94.84%;
- Pikitup is providing a waste refuse management service to 164 informal settlements consisting of 183 895 structures;
- Query resolution rate is 60% within seven days;
- Pikitup successfully implemented the CUP. 37 co-operatives were established, and 1 362 jobs created in the waste industry in accordance with the 2016/17 financial year targets; and
- The capital expenditure performance for the year under review was R60.06 million (99.91%) against the annual plan of R60.11 million.

Summary of performance

Total waste diverted away from landfills decreased from last year's achievement of 149 552 tons to 94 355 tons in the 2017/18 financial year, which is approximately 73% of a target of 130 000 tons set to be achieved during the period under review. The underperformance in this regard was significantly influenced by the withdrawal of the service provider contracted to Pikitup to undertake the diversion of green waste, frequent breakdowns of builders' crusher machines which lacked maintenance as well as delayed commencement of the contract for collection of dry recyclables by contracted service providers. Below is a breakdown of the achievements by waste stream:

- The combined builders' rubble diversion for the four quarters of 2017/18 is 29 482 tons, which is 73.7% of the annual diversion target of 40 000 tons. The annual target of builder's rubble diversion was therefore compromised significantly.
- The total green waste diverted for the 2017/18 is 35 615 tons against a target of 50 000 tons. This represents approximately 73.1% of the annual target.
- Dry waste recycling target has not been achieved due to the delay encountered and a lack of adequate resources during the period under review to roll out the S@S partnership with private sector to high income areas in the fourth quarter. The total achieved for the year is 29 258 tons which is 71.2% of the annual target of 40 000 tons.

The waste diversion performance against plan for the year under review is as presented in the table below.

Table 17: Pikitup waste diversion programme

Waste Stream Diversion (Tons)	**Quarter-1**		**Quarter-2**		**Quarter-3**		**Quarter-4**		**YTD Target Tons**	**YTD Actual Tons**
	Target	**Actual**	**Target**	**Actual**	**Target**	**Actual**	**Target**	**Actual**		
Green waste	10 000	11 482	25 000	12 798	7 500	5 346	7 500	4 713.75	50 000	34 339
Builder's rubble	5 000	24 498	7 000	-	12 000	1 856	16 000	2 928	40 000	29 282
Dry waste	10 000	8 673	10 000	6 404.29	10 000	6 712	10 000	7 457.40	40 000	29 246.69
Total	**25 000**	**44 653**	**42 000**	**19 202.29**	**29 500**	**13 914**	**33 500**	**15 099.15**	**130 000**	**94 354.93**

The compliance of landfill sites to permit and license conditions increased to a total compliance of 94.16% marginally below the annual target of 95%.

The company is increasing its focus on partnerships and stakeholder involvement in order to change behaviour and create awareness. During the year a number of successful events were held in collaboration with various partners including the monthly A Re Sebetseng Campaign through pledge ceremonies, clean-ups, above-the-line advertising and stakeholder engagements in collaboration with the Executive Mayor in some instances and special day events such as National Clean-up and Recycle Week.

Pikitup provides a waste collection service to 864 185 formal households on a weekly basis. This constitutes an increase of 0.68% growth of 858 313 formal houses serviced from the beginning of the

2016/17 financial year to the end of the reporting period. These households were serviced, and 98% completion rate was achieved with additional temporary staff or ad-hoc vehicles due to high vehicle breakdowns on Pikitup owned fleet. Productivity and efficiency measures were implemented to ensure service standards were adhered to.

There was a total of 25 173 *240L* bins delivered within the period under review. The majority of new bins were rolled out to formalised areas as well as providing replacements on backlogs associated with stolen or damaged bins.

Pikitup is providing a waste refuse management service to 164 informal settlements consisting of 183 895 structures. Assessment and verification are undertaken on a three year cycle in this regard.

Pikitup successfully implemented the CUP. 37 co-operatives were established, and 1 362 jobs created in the waste industry in accordance with the 2016/17 financial year targets.

Pikitup developed Ward Based Operational Plans to address some of its ward specific challenges and to improve productivity, operational efficiencies, service delivery and customer relations.

As part of the ward based plans the entity business model will focus on waste minimisation, recycling and diversion including budgets being shifted from clearing of illegal dumping with an emphasis on education, awareness and stakeholder partnerships programmes with, for example, waste-pickers.

Integrated Waste Management

Separation at Source aims to create a culture change in households to separate household waste and thereby divert this waste stream away from landfill in order to meet the targets of CoJ, and in line with Pikitup Business Plan and the associated SDBIP.

Monitoring of recycling at the drop-off sites and SMMEs was intensified during the review period with an improvement in SMME/Partners health and safety requirements as well as set operational standards. Overall the total dry waste tonnages diverted decreased from 38 296 tons last year to 29 258 tons in this financial year, a significant decrease of 23.6%.

Green waste diversion has significantly decreased as compared to the previous financial year. It should be noted that the overall green waste diversion decreased from 48 978 tons achieved last year to 35 615 tons achieved in this financial year, which represents a 27.3% decrease from the previous operational period.

The combined builders' rubble diversion for the four quarters of 2016/17 was 62 032 tons, and 29 482 tons was attained in 2017/18, which represents a significant decrease of 32 550 tons (52.5%). The effort to contract an off-taker and alternative uses of builders' rubble has to be intensified in 2018/19.

Realisation of Value throughout the Waste Value Chain

The former Jozi@work (J@W) plan is linked to a clean city, reduction in illegal dumping and job creation and involves communities, including schools, churches, clinics and small/medium business owners. As at the end of June 2018 the former J@W has facilitated the maintenance of a total of 37 cooperatives and 1 644 jobs were supported throughout the year.

To enhance cleaning activities in various areas of the city including the inner city, 4 053 jobs were created through EPWP during the course of 2017/18.

Provide Effective and Efficient Waste Management Services

Consolidated waste tonnages which were collected during the period under review are detailed in the table below. There is a decrease of 77 076 tons taking into account the end of the 2016/17 and 2017/18 operational periods. The tonnage decrease represents a waste generation decrease of 6.42%. This decrease can be attributed to the City's concerted efforts of reducing waste to the landfills through service delivery programmes such as Separation@Source as well as the country's downturn in economic conditions which may have a direct impact on consumer waste generation patterns. The private and informal recycling initiatives are also a contributing factor to the decrease of refuse collected by Pikitup.

Table 18: Total tonnages of waste handled and collected by the entity (2013/14 – 2017/18)

Waste Disposed Per Activity	Total for 2013/2014	Total for 2014/2015	Total for 2015/2016	Total for 2016/2017	2017/18 Year to date	2017/18 Quarter 1	2017/18 Quarter 2	2017/18 Quarter 3	2017/18 Quarter 4
RCR	646 019	741 967	665 923	673 845	668 315	161 973	171 764	168 704	165 874
Street Cleaning	87 135	111 820	115 077	89 713	87 075	21 211	21 693	22 502	21 669
Illegal Dumping	229 709	276 806	312 503	303 006	238 459	62 469	62 219	59 360	54 411
Hostels	825	2 852	3 288	3 395	3 072	679	993	767	633
Informal Settlements	29 629	40 367	31 655	21 788	21 269	7 931	5 588	3 932	3 818
Garden Sites	132 110	145 429	123 384	107 988	101 397	16 818	28 425	29 338	26 816
Total	**1 125 427**	**1 319 241**	**1 251 830**	**1 199 735**	**1 119 587**	**271 081**	**290 682**	**284 603**	**273 221**

Solid Waste Management Services

Pikitup provides a weekly waste collection service to 864 185 formal houses to date. This constitutes 0.68% growth of houses serviced from the beginning of the current financial year to the end of the reporting period (2016/17, 858 313 formal households).

The number of 240 litre bins rolled for the year under review was 25 173 of which 9 460 was for new and additional bins and 15 713 was for replacement bins (stolen and damaged).

Of the total of 25 173 bins issued during 2017/18, 62.42% accounts for replacement bins (damaged and stolen) which is significantly high and unsustainable. The newly approved Bin Management Policy, during 2016/17, is intended to curb this situation.

Illegal Dumping

The pattern of illegal dumping has remained consistent throughout the reporting period with most of the illegal dumping taking place within the Southern region. The need to reduce illegal dumping waste has become a major focal point in Operations and Pikitup has to prioritise the procurement of a maintenance contract of the deployed builder's rubble crushing equipment at strategic hubs. It is therefore expected that in the future, the volumes of builders waste will reduce. Various other initiatives to work with communities to take responsibility to clean and maintain eradicated illegal dumping spots will also be intensified in the new operational year.

Inner City

Cleanliness in the Inner City remains a challenge and it is acknowledged that the assistance of all departments and entities, as well as private institutions and the general public would be required to achieve the cleanliness level 1 expected. Various initiatives have been proposed that will assist in improving the cleanliness level (e.g. increasing the density of bins, installing underground bins, strengthening and sustaining public awareness creation and education, and getting the communities involved to maintain the required cleanliness levels. However, there remain insurmountable challenges in achieving a level 1 cleanliness in certain of the areas given the resources available to Pikitup and the level 1 cleanliness target had to be revisited taking these realities into consideration. CoJ should also take steps to de-congest the area by for example implementing walk-only streets and enforcing by-laws. A request was made for the Board to discuss the matter with the shareholder.

Bulk and Dailies Services

The Bulk Commercial unit is responsible for the collection and disposal of bulk (skips) and dailies (putrescible) waste from commercial customers who are billed according to circulated tariffs. The bulk

commercial service is provided by Pikitup in competition with other private waste management companies within CoJ.

The total number of bulk and dailies customers as at 30 June 2018 is 1 699 compared to the total number of customers of 1 655 as at 30 June 2017, which represents a slight increase, 2.66%, in customers. There is a continuous customer database clean up that is being performed by the respective business unit, hence the fluctuation on the number of customers. It must be noted that there was no cancellation of service by the customer during this period.

Fleet Management

The table below represents the current fleet complement. An average of 98% vehicle availability augmented by ad-hoc rentals was achieved for the 2017/18 operational period.

Table 19: Pikitup fleet complement

Category C - Specialised Fleet	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Pikitup/CoJ Owned Fleet	271	266	266	263
Ad-hoc Rental	139	162	161	177
Total	**410**	**427**	**427**	**440**

Landfill Airspace Availability

The Disposal Division of Pikitup is responsible for the effective management of landfill operations. There are four active landfills located throughout CoJ and two closed sites located in the north. These landfills are managed and controlled in accordance with Permits/Licenses in terms of Section 20 of Environment Conservation Act, 1989 (Act 73 of 1989).

A landfill airspace estimation was completed to assist Pikitup in the medium and long term effective management and planning for the four operational landfill sites, namely: Robinson Deep; Goudkoppies; Marie Louise and Ennerdale. The recent landfill surveys were undertaken in June 2018 and the following scope was completed in this regard:

- Confirmation of waste volumes; and
- Calculation and confirmation of the remaining landfill airspace.

In determining the remaining landfill airspace, the surveyor takes into consideration the landfill final recommended heights, landfill slope profile of 1m vertical to 3m horizontal (1:3) and feasible landfill footprints for each operational landfill. Also taken into consideration is the waste disposal rate at each of the operational landfill sites. This information is processed with the aid of the MODELMAKER (Digital Terrain Modelling Programme) to determine remaining airspace.

The table below outlines the remaining airspace projections for each of the operating sites.

Table 28: Landfill Airspace Projections

Landfill Site Name	Remaining Airspace (m^3)	Remaining Airspace (tons)	Remaining Lifespan (Years)	Estimate Closure Date
Robinson Deep	1 973 777	1 954 040	5.22	Feb – 2023
Goudkoppies	3 421 777	3 524 430		Aug – 2028
Marie Louise	352 228	376 884		Aug – 2019
Ennerdale	773 524	812 200		Mar – 2028

At the Goudkoppies, Ennerdale landfill's life expectancy has somewhat been prolonged taking into account that waste disposal rate has shown a declining trend from 2011 to 2018.

To ensure that the landfills are in compliance with the landfill site permits and licenses, an external auditor was appointed in June 2018. The operational landfills and closed landfills audit trend from the 27 June 2015 to 30 June 2018 is depicted as follows:

Table 20: Landfill audits

LANDFILL	% Score			
	2015	2016	2017	2018
Ennerdale	93.30%	94.00%	95.58%	94.56%
Goudkoppies	88.80%	90.50%	94.58%	92.90%
Marie-Louise	88.50%	91.20%	94.95%	94.56%
Robinson-Deep	90.00%	93.80%	94.25%	94.63%
Operational Sites Average	**90.15%**	**92.38%**	**94.84%**	**94.16%**
Kya Sands	58.90%	66.50%	83.40%	83.40%
Linbro-Park	80.30%	80.40%	91.50%	89.55%
Closed Sites Average	**69.60%**	**73.45%**	**87.45%**	**86.47%**

Performance against IDP targets

Table 30: Pikitup performance against IDP targets

Strategic Goal	Alignment to the political priorities	Indicator (KPI)	2016/17 Baseline	2017/18 Annual Target	Quarter 1		Quarter 2		Quarter 3		Quarter 4		2017/18 Actual Annual Performance	Target Outcome (Achieved-Not Achieved)	Reasons for non-achievement and remedial action
					Target	Actual	Target	Actual	Target	Actual	Target	Actual			
Integrated Waste Management, Waste Prevention and Waste Minimisation.	Preserving our resources for future generations	Tons of green waste diverted	48 978	50 000	10 000	11 482	25 000	12 798	7 500	5 346	7 500	4 713	34 339	Target not achieved	Frequent breakdown of shredders during the second half of the financial year. There were not sufficient trucks to collect the shredded material from the composting facilities. In addition, the composting facility was no longer available for receiving the shredded material. To remediate this non-achievement, the entity will: put in place a maintenance contract for critical equipment (shredders); secure additional green waste off-takers; and re-commission Panorama green waste composting facility.

	Preserving our resources for future generations	Tons of builder's rubble diverted	62 032	40 000	5 000	24 498	7 000	0	12 000	1 856	16 000	2	29 246	Target not achieved	Frequent break down of builder's rubble crushing equipment due to equipment being vandalized by vagrants at the landfills. Improve security of crushing machinery, re-commission all crushers that are broken, implement preventative maintenance schedules, and deploy additional operators at the landfills.
	Preserving our resources for future generations	Tons of dry waste diverted through Pikitup interventions (paper, plastic, glass, cans)	38 296	40 000	10 000	8 673	10 000	6 404	10 000	6 712	10 000	7 457	29 246	Target not achieved	The underperformance is due to the discontinued support of Jozi@work cooperatives in December 2017. In addition, the start date of rolling out separation-at-source in Midrand, Avalon (Lenasia) and Norwood depots was delayed. A mandatory separation-at-source in targeted areas was implemented as of the 1 July 2018 in order to increase tonnages of recyclable waste diverted away from landfills.
	Preserving our resources for	% participation rate in targeted	18%	12%	Annual target	Annual	Annual	Annual target	Annual target	Annual target	Annual target	Annual target	---	Target not achieved	It was anticipated that an annual survey will be conducted in order to measure the participation rate for separation-at -source. However, the survey was not

	future generations	areas where Separation at Source project is implemented				target	target								performed as planned due to budget re-basing. The KPI is no longer in the approved 2018/19 business plan.
	Preserving our resources for future generations	Tons CO_2 of carbon gas offset in GHG equivalent to waste diverted	15 967	16 000	Annual target	Annual target	Annual target	Annual target	Annual target	Annual target	16 000	11 610.7	11 610.7	Target not achieved	As the result of the green waste tonnages diverted above, this target could not be achieved as the targets are directly linked. The KPI is no longer in the approved 2018/19 business plan.
	Preserving our resources for future generations	No. of garden sites upgraded	0	6	0	0	3	0	0	0	6	5	5	Target not achieved	The Capex projects implementation unit has completed the upgrading of five garden sites (Orlando East, Cedar, Victory Park, Mayfield and Leo) as at 30 June 2018 and one garden was at 95% complete at the end of the financial year. The project was delayed due to late delivery of steel structure for the construction of a sorting facility.

															Other contractors were engaged to assist with capacity to fast track the construction activities. According to the revised programme all works were completed by 31 July 2018. The penalties as per the GCC were implemented.
	Preserving our resources for future generations	Number of sorting buy back centres established	New Indicator	2 new sorting buy back centre established	0	0	0	0	1	0	1	0	0	Discarded due to budget constraints	Capex Budget for the two anticipated establishments was rebased, and therefore there were no funds provided to establish the buyback centres
	Preserving our resources for future generations	% landfill compliance to GDARD regulations and permit conditions as issued by DEA and DWAF	94.84 %	95%	Annual target	Annual target	Annual target	Annual target	Annual target	Annual target	Annual target	Annual target	94.16%	Target not achieved	**The main audit findings showed non-performance as follows:** **Water monitoring programme**: The monitoring programme needs to be upgraded/updated due to a number of monitoring boreholes discovered to have been lost and inaccessible. **Storm water and Leachate dams:-**

															The leachate holding dams and evaporation dams at most of the landfill sites are due for an upgrade as most have damaged membrane linings and some have a design flaw. **Improved management of reclaimers at Goudkoppies landfill:** All the landfills are experiencing the pressure and challenges that come with allowing reclaimers to operate at the landfills. However, the Goudkoppies landfill is being overwhelmed and over run by the high numbers of waste reclaimers that are operating on the site.
Realisation of Value throughout the Waste Value Chain	Promote Economic Development and Investment	No of jobs created through co-operatives	1 362	1 708	427	0	427	0	773	0	427	0	0	Target not achieved	No jobs were created during the year in review. The Jozi@work programme was discontinued in December 2017 and the entity had anticipated that during the second half of the year the Community Upliftment Programme (CUP) will be implemented and co-operatives/ SMMEs would have been appointed to provide services in communities. However, this did not materialize.

															In the new financial year, the entity will begin the process of in-sourcing the former Jozi@work employees which should be concluded by August 2018.
	Promote Economic Development and Investment	No of Co-operatives / SMMEs supported	30	47	30	0	35	0	40	0	47	0	0	Target not achieved	No support was provided to any of the existing co-ops, since the Jozi@work programme was discontinued. However, the existing co-operatives performance as per the service level agreements which was continuously monitored and they have been on a monthly basis providing performance reports as expected.
	Promote Economic Development and Investment	Number of community members employed	5 395	800	200	418	200	1 709	200	1 279	200	647	4 053	Target exceeded	Target met
Effective Delivery of Waste Services	Improve Service Delivery: Performance and Culture	% RCR rounds completed	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%	Target achieved	Target met

	Improve Service Delivery: Performance and Culture	Cleanliness level of inner city as determined by GDARD Gauteng Waste Collection Standards	Level 1	Level 1	Level 1	Level 2	Level 1	Level 2	Level 1	Level 2	Level 1	Level 2	Level 2	Target not achieved	The Inner City has many service delivery challenges. These include: homeless people sleeping on streets; bad buildings; overcrowding; waste pickers and reclaimers sorting and leaving waste in open spaces; residents and business owners not paying for services; and ongoing protests that Pikitup faced during 2017/18. This all contributed to not achieving Level 1. Pikitup is working closely with Environmental Health to identify businesses not paying for services and providing bad buildings with skips and old bins. Education and waste awareness are ongoing and the finalisation of the insourcing of staff should bring stability.

	Improve Service Delivery: Performance and Culture	Cleanliness level in outer city based on street cleaning as determined by GDARD Gauteng Waste Collection Standards	Level 1	Level 1	Level 1	Level 1	Level 1	level 1	Level 1	Level 1	Level 1	Level 2	Level 1	Target achieved	Target met.
	Improve Service Delivery: Performance and Culture	Cleanliness levels of hostels as determined by GDARD Gauteng Waste Collection Standards	Level 2	Level 2	Level 2	Level 2	Level 2	level 2	Level 2	Level 2	Level 2	Level 2	Level 2	Target achieved	Target met
	Improve Service Delivery: Performa	% of proclaimed informal settlement	100%	100%	N/A	N/A	N/A	N/A	100 %	100 %	100 %	100%	99.9%	Target achieved	All proclaimed informal settlements received a weekly waste management service. Unfortunately, evidence was not

	nce and Culture	s receiving integrated waste management services													kept for all informal areas receiving a service. Workshop completed with all Regional Managers on required evidence that needs to be provided and this will be monitored on a monthly basis.
	Improve Service Delivery: Performance and Culture	Number of illegal dumping spots eradicated	2066	207 eradication of baseline figure	51	20	52	24	52	58	52	24	126	Target not achieved	Pikitup has pre- determined objectives regarding eradication of illegal dumping sites. Unfortunately, when protest action is taking place the first areas impacted is eradicated dumping spots. The stopping of Jozi@work programme also had an impact on the eradication. Education officers who worked for co-ops were no longer doing education and monitoring of eradicated spots. The illegal dumping contract expired and for one month Pikitup had no illegal dumping services. Illegal dumping contract will be put in place in the next financial year that allows eradication of spots and implementation of ward-based plans. This will address the eradication of illegal dumping sites and monitoring of

															sites. Appointment of education officers will assist with ongoing education and awareness.
	Improve Service Delivery: Performance and Culture	Reduction of illegal dumping tonnages	2016/17 tonnages baseline	2.5%	2.5%	20.6%	2.5%	20.5%	2.5%	19.6%	2.5%	18.0%	19%	Target achieved	Target met. However, the service was interrupted in the fourth quarter.
Partnerships and Involving Stakeholders	Responsive Governance: Citizen, customer, business friendly	Annual Satisfaction Survey conducted to measure impact of Pikitup services	4 Major Waste Campaigns to be delivered (with programmes in each quarter).	1 Annual Satisfaction Survey	Annual target	Annual target	Annual target	Annual target	Annual target	Annual target	Annual target	Annual target	0	Target not achieved	Annual survey not performed as planned due to the shareholder directive issued on the 12 January 2018 instructing all entities against the use of external service providers in order to maintain budgeted surpluses for the financial year 2017/18.

Building an Efficient, Effective and viable waste management company	Enhancing our financial sustainability	% collection from Pikitup's commercial customers	67%	90% - 93%	85%	57%	88%	55%	90% - 93%	59%	90% - 93%	53%	60%	Target not achieved	The revenue collection intervention plan by the City of Johannesburg Revenue shared service centre, which is aimed at improving collections across all entities, is not improving collections as envisaged. Pikitup has enforced the blocking of landfill accounts where amounts are outstanding and only granting access when payments have been made. Furthermore, defaulting customers will be engaged for payment and where no payment commitments are entered into disconnection to services will be implemented.
	Promote Economic Development and Investment and Infrastructure	% Capital Budget spent	55%	100%	10%	11%	30%	25%	70%	42%	100 %	100%	100%	Target achieved	Target met

	Development														
	Enhancing our financial sustainability	% BEE spend	98% BEE spend	75% BEE spend	75% BEE spend	93.45%	75% BEE spend	74.65%	75% BEE spend	8.35%	75% BEE spend	64.78%	76%	Target achieved	Target met
	Enhancing our financial sustainability	% women owned companies	67%	25%	25%	34.37%	25%	58.21%	25%	11.95%	25%	5.31%	37%	Target achieved	Target met
	Enhancing our financial sustainability	Audit opinion obtained from Auditor General (AG)	Unqualified Audit opinion with findings	Clean Audit	Annual target	Annual target	Annual target	Annual target	Annual target	Annual target	Annual target	Annual target	Unqualified Audit opinion with findings	Target not achieved	AG audit process is currently underway. The outcome should be reported by November 2018.
	Responsive Governance: Citizen, customer	% Queries Resolved in 7 days	82.16%	90% - 95% queries resolved	80%	60%	85%	71%	90% - 95%	42%	90% - 95%	21%	60%	Target not achieved	Resolution rate down due to bin stock unavailability. Bins stock is now available and the process of clearing backlog queries is being undertaken. It is envisaged to be cleared by end of July 2018.

	, business friendly			within 7 days										
	Create a culture of enhanced service delivery with pride and dignity	Quarterly SHE Audits completed per 16 sites	137	4	1	1	1	1	1	1	1	1	4	Target achieved	Target met
	Create a culture of enhanced service delivery with pride and dignity	Reduction in Disabling Injury Frequency Rate Ratio (DIFR)	0.04	2.5	0.3	3.1	0.3	1.2	2.5	2.7	2.5	1.8	2.25	Target achieved	2.25 is the average of the annual DFIR performance.

Financial performance

Revenue

The entity reported a surplus of R179 532 281 in the current year as compared to R291 936 910 in the prior period with total revenue of R2 296 716 663 (2016/17: R2 200 340 679). The reduction of 39% in profit is mainly due to the budget cut implemented during the year (2017/18) and an increase of allowance for doubtful debt. Service charges (revenue) showed an increase of 11% compared to prior year which was mainly due to the tariff increases. Pikitup's net asset position was reduced to R156 592 955 (2016/17: R22 939 326) due to the restatement of the allowances for doubtful debt in prior period.

Commercial services improved its performance again in 2017/18 with an increase of 13% on total revenue to R286 619 000 as compared to prior year revenue of R253 822 000. The profit for the year for commercial services shows an increase of 12% to R114 111 000 as compared to prior year profit of R102 146 000 (commercial services financial performance is included in the entity performance).

Expenditure

Employee expenditure

The overarching objective in the period has been characterised by amongst others, realignment of the HR functions and preparation for the implementation of the HR Service Delivery Model. In the reporting period, the following key delivery service areas were prioritised:

- Capacitating line functions as per the approved organogram; and
- Enhancing HR compliance to the relevant legislation, regulations and HR policies.

The total staff cost for the 2017/18 financial year is R973 083 224.80.

Capital expenditure

The capital expenditure performance for the year under review is R60.061 million which is 99.91% of the total capital budget of R 60.110 million. It should be noted that the total projects budget during the review period is R116.817 million due to some projects being multi-year projects, beyond the currently reviewed operational period.

Table 31: Pikitup capital projects

Item No	Contract Number	Project description	Total Project Budget	Committed Project Budget 2017/18	Expenditure to Date	Project Start Date	Project End Date	Multi Year (Yes/ No)		Comply & Explain (30 June 2018)
								Yes	No	
1	PIK 242/2016	Construction of sorting facility and upgrading at Cedar road drop off centre	2 771 007.80	2 771 007.80	2 771 007.80	17/11/2017	30/06/2018		No	The project was completed on 30 June 2018
2	PIK 243/2016	Construction of sorting facility and upgrading at Orlando garden site	2 522 726.80	2 522 726.80	2 522 726.80	24/01/2018	30/06/2018		No	The project was completed on 30 June 2018
3	PIK 244/2016	Construction of a new guard house and storage compartments at Victory park garden site	1 422 192.20	1 422 192.20	1 422 192.20	17/11/2018	30/04/2018		No	The project was completed on 30 June 2018
4	PIK 245/2016	Construction of a guard house, storage compartments and a fence at Mayfield garden site	1 729 481.39	1 729 481.39	1 729 481.39	17/11/2018	30/06/2018		No	The project was completed on 30 June 2018
5	PIK 246/2016	Construction of a new guard house and storage compartments at Leo garden site	1 513 360.20	1 513 360.20	1 513 360.20	17/11/2018	04/05/2018		No	The project was completed on 4 May 2018
6	PIK 241/2016	Construction of sorting facility and upgrading at Panorama drop off centre	2 520 860.52	2 016 688.42	2 016 688.42	29/01/2018	30/06/2018		No	The contractor is at 95% progress and the project was delayed due to late delivery steel structure for

										construction of sorting facility. Other contractors have been engaged to assist with capacity to fast track the activities. According to the revised programme all works will be completed by 31 July 2018. The penalties as per the GCC has been implemented.
7	PIK071/2017	Construction of a new guard house, access ramp and storage compartment at Strandloper drop off centre.	2 770 541.11	944 834.51	944 834.51	01/05/2018	31/10/2018	Yes		The contractor is on site, and progress is at 35%. The project is expected to be completed on the 31 October 2018.
8	PIK068/2017	Construction of a new guard house, access ramp and storage compartment at of Ballyclare Drop off centre	2 517 251.25	669 668.57	669 668.57	01/06/2018	31/10/2018	Yes		The Contractor is on site, and progress is at 10%. The project is expected to be completed on the 31 October2018.
9	PIK070/2017	Construction of a new guard house, access ramp and storage compartment at Ashburton Drop off centre	2 608 996.68	944 834.51	944 834.51	01/05/2018	31/10/2018	Yes		The contractor is on site, and progress is at 38%. The project is expected to be completed on the 31 October2018.
10	PIK067/2017	Construction of a new guard house, access ramp and storage compartment at Babiana Drop off centre	2 901 524.33	944 834.51	944 834.51	01/05/2019	31/10/2019	Yes		The contractor is on site, and progress is at 35%. The project is expected to be completed on the 31 October2018.

11	JPC	Land purchase for Ennerdale Landfill site “Portion of the Portion RE of Portion 47 of the Farm Roodeport 302 IQ"	3 910 000.00	3 910 000.00	3 910 000.00	07/01/2017	30/09/2017		No	The project is complete.
12	PU 002/2016	Refurbishment of underground bins (UGB) in the City centre	3 276 034.09	2 244 932.54	2 244 932.54	07/01/2017	30/06/2019	Yes		The consultant completed the designs and tender document. The procurement process for the appointment of contractors will commence mid-May 2018 and the construction phase is expected in 2018/19 financial year.
13	PU 436/2014-08	Consulting services for Design, construction supervision and commissioning of sorting facilities, upgrading of various drop off centres (for 2017/18 and 2018/19 financial year)	3 989 607.86	2 776 429.17	2 776 429.17	20/09/2016	30/09/2018	Yes		The consultant has completed the design, construction supervision and close out reports for the six drop off centres and is currently busy with the supervision of the four drop off centres (Strandloper, Ballyclare, Ashburton and Babian Drop off centres).
14	PU 035/2017	Supply, delivery and offloading of bulk bins to various Pikitup depot and facilities	12 959 565.16	5 000 000.00	4 997 163.95	22/03/2018	31/03/2020	Yes		The service provider is appointed on an as-and-when required basis for a period of on 24 months. To date bulk bins to the value of R

										4997163.95 has been delivered.
15	PU 436/2014-14	Design, construction, supervision and commissioning of new offices, male and female ablution facility, heavy duty parking area and a hall at new Midrand depot.	4 320 321.25	2 287 742.25	2 287 742.25	03/09/2017	03/08/2020	Yes		The consultant completed the designs and tender document. The procurement process for the appointment of a contractor will commence before of end July 2018 and the construction phase is expected in 2018/19 financial year.
16	PU 436/2014-13	Study, investigation and development of as built floor layout and emergency plan for all facility at Pikitup.	4 812 464.00	2 893 223.16	2 893 223.16	23/03/2017	30/03/2018	Yes		The project was completed by 31 October2018.
17	PU 436/2014-01	Consulting services for construction storm water management - Robinson deep	2 514 482.35	950 964.40	950 964.40	10/03/2016	30/03/2019	Yes		The consultant is busy with the construction supervision of Robinson storm water management system and the project is expected to be completed on the 1 March 2019.
18	PU436/2014-011	Consulting services for the upgrading and construction of sorting facilities/buyback centres at ten(10) Pikitup intergraded waste management sites	4 232 118.00	3 200 618.00	3 173 418.00	03/07/2017	30/07/2019	Yes		The consultant completed the designs and tender document. The procurement process for the appointment of contractors will commence end July 2018 and the construction phase

		(for 2018/19 financial year)								is expected by 1 October2018.
19	PU436/2014-012	Consulting services for the construction of a new hall and renovations of offices, male and female ablution block Marlboro Depot	3 419 930.79	2 256 900.56	2 256 900.56	03/072017	30/12/2019	Yes		The consultant completed the designs and tender document. The procurement process for the appointment of contractors will commence end August 2018 and the construction phase is expected by 31 March 2019.
20	PR 123/2012	EIA on various sites	600 000.00	410 847.24	410 847.24	08/082017	30/05/2018	Yes		The project is completed. The record of decision (ROD) for four sites has been received from GDARD.
21	RFQ001/2017	Purchase of Drones and Leaf blowers	250 602.20	250 602.20	250 602.20	13/10/2017	30/11/2017		No	The project was completed by 30 November 2017.
22	PU 034/2017	Construction of storm water management system in Robinson deep landfill site	8 473 843.78	3 419 734.14	3 419 734.14	15/05/2018	30/03/2019	Yes		The contractor is on site, and progress is at 32%. The project is expected to be completed on the 30 March 2019.
23	PU 020/2016	IT hardware and software	4 500 000.00	2 503 516.21	2 503 516.21	29/06/2017	30/06/2020	Yes		The service provider is appointed on an as-and-when required basis for a period of on 36 months. To date IT equipment to the value of R 2 503 516.21 has been delivered.

24	PU 037/2017	Construction, upgrading and refurbishment of Southdale depot	22 127 658.29	3 569 088.23	3 550 411.61	05/07/2018	31/10/2019	Yes		The contractor is on site, and progress is at 11%. The project is expected to be completed on the 30 October 2019.
25	PU427/2014	Consulting services for the construction, upgrading and refurbishment of Southdale depot	4 220 202.91	2 445 313.46	2 445 313.46	05/072015	31/10/2019	Yes		The consultant is busy with the construction supervision of Southdale Depot upgrade and the project is expected to be completed on the 30 October 2019.
26	PU436/2014-09	Consulting services for the upgrading and construction of sorting facilities/buyback centres at ten(10) Pikitup intergraded waste management sites (for 2019/20 financial year)	4 712 894.40	2 290 490.14	2 290 490.14	03/08/2017	30/06/2020	Yes		The consultant completed the designs and currently busy with the tender document, the construction phase is planned for 2019/20.
27	PU436/2014/03	Consulting services for the construction, upgrading and refurbishment of Central Camp depot	5 219 969.39	4 219 969.39	4 219 969.39	10/06/2016	30/06/2020	Yes		The consultant completed the designs and tender document. The procurement process for the appointment of contractors will commence end of July 2018 and the construction phase is expected on 30 October 2019.
Totals			116 817 636.75	60 110 000.00	60 061 287.33					

Employee relations

In 2017/18, the entity had a total of 4 063 employees. The following table provides a breakdown of the entity's employees:

Table 32: Pikitup employee breakdown

Occupational levels	Males				Females				Total
	A	C	I	W	A	C	I	W	
Top management	2 (22%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	1 (11%)	3 (33%)
Senior management	10 (29%)	2 (6%)	2 (6%)	2 (6%)	2 (6%)	1 (3%)	0 (0%)	0 (0%)	19 (56%)
Professionally qualified and experienced specialists and mid-management	20 (11%)	2 (1%)	2 (1%)	6 (3%)	25 (14%)	4 (2%)	0 (0%)	1 (0.5%)	60 (33%)
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	95 (28%)	11 (3%)	0 (0%)	9 (3%)	97 (29%)	4 (1%)	3 (1%)	1 (0.2%)	220 (66%)
Semi-skilled and discretionary decision making	354 (50%)	11 (2%)	0 (0%)	0 (0%)	115 (16%)	0 (0%)	0 (0%)	1 (0.1%)	481 (68%)
Unskilled and defined decision making	1 642 (41%)	12 (0.3%)	1 (0%)	0 (0%)	1 613 (41%)	11 (0.3%)	0 (0%)	0 (0%)	3279 (83%)
Permanent staff	**2 123** (41%) (41.2%)	**38** (0.7%) (1.8%)	**5** (0.1%) (1.7%)	**17** (0.3%) (9.9%)	**1 852** (35%) (35.0%)	**20** (0.4%) (1.5%)	**3** (0.1%) (1.1%)	**4** (0.1%) (7.8%)	**4 062** (78%) (100%)
Temporary employees	1	0	0	0	0	0	0	0	1
Total	**2 124**	**38**	**5**	**17**	**1 852**	**20**	**3**	**4**	**4 063**

PIKITUP = Employment Demographic Profile in %

EAP = Economic Active Population in Gauteng in %

In 2017/18, the entity had a 22% vacancy rate.

3.4 Housing Services: JOSHCO

The City provides housing services through a number of mechanisms. Firstly, the Department of Housing has the mandate of delivering housing opportunities that provide alternative tenure options; are located close to economic opportunities; are adequately serviced; are affordable; and are preferably found in high-density environments.

The Johannesburg Social Housing Company's (JOSHCO) mandate is to provide and manage affordable rental housing for up to R15 000 to the market as an integral part of efforts to eradicate the housing backlog within the City. JOSHCO is a registered Social Housing Institution and is accredited by the Social Housing Regulatory Authority (SHRA) as a provider of social housing.

The core business of JOSHCO includes the development of social rental housing; refurbishments, upgrading and management of Council owned rental housing stock, including hostels; housing management; the refurbishment, conversion and management of Inner City buildings into social housing units; and the provision of turnaround strategies where necessary.

Performance highlights

JOSHCO's performance highlights include:

- Delivered 1 159 units in the period under review;
- JOSHCO has a total of four inner city buildings that were acquired in the past financial years which are going through pre-construction planning process;
- A total of 5 646 jobs were logged from July 2017 to June 2018 from 7 001 units under management. All 5 646 jobs were successfully resolved;
- A total of 1 370 jobs for EPWP were created through the community development programme; and
- The cleaning project created 1 329 jobs for tenants.

Summary of performance

In 2017/18, JOSHCO delivered 1 159 Units translating to an overachievement of 37 units. Under-performance on targets for 80 Plein street, Nancefield Station, Selby Villages and Lombardy East projects, were made up for by the additional units delivered in the Turffontein Project (204 additional units), Dobsonville Project (190 additional units) and Abel Street (155 units).

JOSHCO has prioritised social housing projects in various areas within the Corridors Nodes. These projects are either under construction or in planning stages. Six land parcels were secured in the corridor nodes:

- Elias Motsoaledi (CoJ Housing);
- Turffontein;
- Kelvin (JPC);
- Marlboro (JPC);
- Jabulani 2 (JPC); and
- Princess Plots (JPC).

Projects in construction include Soweto to Central Business District (CBD) along Empire and Perth: 480 planned units, 290 units completed by 30 June 2018. CBD to Alex along Louis Botha: 446 planned units, 545 units completed by 30 June 2018. Turffontein Node: 120 planned units, 324 units completed by 30 June 2018. A further four projects are planned within a 1km radius of the corridors.

Projects in Planning:

- Soweto to CBD along Empire and Perth: 1 839 units;
- CBD to Alex along Louis Botha: 958 units;
- Alexandra- Marlboro to Sandton: 1 452 units;
- Turffontein Node: 300 units; and
- Mining Belt: 300 units.

Table 21: Projects Status Report (Construction) as at 30 June 2018

Programmes	Projects	Planned units for f/y	Units achieved	Progress
Greenfield projects Under construction	Dobsonville Social Housing Project	100	290	The project delivered 290 units at the end of June 2018. The total units of 502 have reached practical completion stage and the main contractor will be finalising external works.
	Nancefield Project	100	0	The project has been delayed due to a community-related dispute against the implementation of the project.
	Turffontein Social Housing Project	120	324	This project delivered 204 units in the previous financial year and a total balance of 324 units have reached practical completion stage at the end of June 2018.
SUB-TOTAL		**320**	**614**	
	133 Albert Street	40	0	The project delivered 83 units, reaching practical completion stage of construction.

Programmes	Projects	Planned units for f/y	Units achieved	Progress
Inner City Projects Under Construction	106 Claim Street	35	0	The project could not be implemented due to delays in pre-construction planning approval delays from the Local Authority. The delayed approvals have been received and the project is currently at tender stage.
	50 Durban Street	65	0	The project is currently suspended due to non-compliance in the appointment of the main contractor.
	Fraser House	60	0	The project delivered a total of 104 units at the end of June 2018.
	Hoek Street	60	-	Although the delivery target on this project was 60 units, this was planned for financial year 2016/17.
	Nederburg	60	17	The project had a target of 36 units for the financial year. In the previous financial year, 43 units were delivered, and the main contractor delivered the balance of 17 units.
	Casa Mia 1&2		96	The project reached practical completion level at the end of June 2018. The entire delivery of the balance of the units will be achieved at the end of Quarter 2 of financial year 2018/19.
	Plein Street	120	0	The main contractor on this project was terminated in December 2016. This has resulted in delays as JOSHCO is finalising a litigation process with the terminated contractor and commencing with procurement process during 2017/18 financial year.
	Selby	40	0	A service provider could not be appointed on this project due to lack of pre-construction planning approvals.
	City Deep Project		45	JOSHCO had an opportunity to re-habilitate a total of 45 units within the City Deep project during the financial year 2017/18.
Sub-total		**540**	**772**	**-**
Grand-total		**800**	**705**	**-**

Inner City Buildings

JOSHCO has been identified as key role player in contributing towards the transformation of the Inner City by providing affordable rental housing and transitional emergency accommodation. As at end of June 2018, JOSHCO has a total of four buildings that were acquired in the past financial years which are going through a pre-construction planning process in order to be implemented in 2018/19 financial year.

A budget of R48 million was allocated in this financial year for upgrades at the following 11 projects:

- AA House;
- Bellavista;
- City Deep;
- Citrine court;
- Jabulani;
- Kliptown Golf Course;
- La Rosabel;
- Kliptown Square;
- Rachers; and
- Pennyville Rooms.

Upgrades

The upgrade programme is implemented on the basis of Building Conditions Assessments undertaken on all JOSHCO's projects currently with tenants. The programme is funded through Capex and this allows JOSHCO to ensure that the value of the properties is maintained. The programme also contributes to tenant satisfaction levels. During the 2017/18 Financial Year, R46 million was spent in Roodepoort, City Deep, Antea, Chelsea, Pennyville and Bothlabela (Alex).

Maintenance

JOSHCO's maintenance encompasses responsive maintenance and planned maintenance. Responsive maintenance addresses all logged queries relating to the functionality of the unit occupied by a tenant whereas planned maintenance is an outcome of JOSHCO's deliberate assessment of the facility under management with a view to retain the whole facility (project) in a safe and fully functional state. Due to cost containment measures during quarter 3 and 4, responsive maintenance was capped at R500 000 per quarter whilst the rest of planned maintenance was deferred to 2018/19 with the

exception of OHS remedial work and servicing of fire equipment. The table below shows the decline of maintenance costs during 2017/18.

Table 22: JOSHCO maintenance cost as at 30 June 2018

Quarter	Cost YTD	Cost Per Quarter	Total Units	Cost Per Unit
1	R3 889 599	R3 889 599	6 862	R567
2	R7 187 347	R3 297 748	6 862	R481
3	R9 006 535	R1 819 187	7 001	R260
4	R10 473 967	R1 467 432	7 001	R210
				Average: R379.5

A total of 5 646 jobs were logged from July 2017 to June 2018 from 7 001 units under management. This total of 5 646 jobs logged came from 3 831 units which is 55% of the 7 001 units under management. Twenty-five percent of jobs were related to general repairs and maintenance, 57% to plumbing, and 18% to electrical. All 5 646 jobs were successfully resolved.

The planned maintenance programme was reviewed to only undertake compliance maintenance due to the budgetary constraints in JOSHCO. 100% of the reviewed plan was implemented as described in the table below.

Table 23: JOSHCO planned maintenance

Planned maintenance: 2017-2018	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Fire equipment				
Servicing of fire equipment at all projects	124 080	187 889	62 596	173 281
OHSA				
OHSA remedial work	279 618	548 255	13 836	-
Antea				
Service & repair to water pump system	-	-	-	76 292
Casa Mia				
Waterproofing of roof	-	24 558	-	-
Chelsea				
Phase balancing of DB boards	27 589	-	-	-
Repair of outside wall	-	17 218	-	-
Waterproofing of roof	-	13 044	-	-
Installation of new washing lines	-	22 518	-	-

Planned maintenance: 2017-2018	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Installation of new palisade fence	-	33 800	-	-
Wall around lift pump system	-	-	-	485
City Deep				
Servicing of heat pumps	17 250	139 210	-	-
Maintenance of passage common lights	54 857	-	-	-
Installation of boom gates at all entrances	-	66 607	-	-
Diepkloof				
Installation of washing lines	144 273	-	-	-
Maintenance to leaking geysers	-	214 575	-	-
Europa House				
Servicing of heat pumps	28 216	47 844	-	-
Repair of broken windows and window stays	-	39 850	-	-
Fleurhof Junction				
Servicing of heat pumps	8 322	80 531	-	13 570
Repair of project signage	65 614	-	-	-
Repairs to roofs damage from weather storm	-	-	148 053	-
Fleurhof Riverside				
Creation of play & recreational area	172 262	22 014	-	-
Servicing of heat pumps	-	-	-	49 366
La Rosabel				
Cleaning of all gutters	16 540	-	-	-
Refurbishment of communal showers	23 518	-	-	-
Refurbishment of communal toilets	23 290	-	-	-
MBV				
Waterproofing of roof	-	11 952	-	-
Replace common area light fittings	-	3 500	-	-
Service of smoke detection system	-	-	11 217	-
NBS				
Repair of dry-walling	54 502	-	-	-
Orlando eKhaya				
Replacement of faulty door locks	32 941	-	-	-
Maintenance of common area lights	29 101	-	-	-
Maintenance of water pressure valves	42 977	-	-	-
Servicing of solar geysers	120 675	-	-	-
Orlando West				

Planned maintenance: 2017-2018	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Installation of splash-back tiles in kitchens	22 126	-	-	-
Pennyville				
Installation of additional washing-lines	26 073	-	-	-
Repair of all overflow pipes	-	5 787	-	-
Repair of damages step ways	-	29 018	-	-
Raschers				
Serving of heat pumps	-	-	20 736	-
Roodepoort-Tshedzani				
Repair of paving in Phase 3	89 298	-	-	-
Closing of Gibeon retaining walls	35 867	-	-	-
Repair of paving in Phase 2	70 903	-	-	-
Cleaning & repair of gutters	-	51 006	-	-
Beautification project	-	49 201	-	-
Selby Village				
Repair & rubberising of stair well surfaces	167 159	-	-	-
Total budget	**1 677 052**	**1 608 374**	**256 438**	**312 995**

Table 24: JOSCHO deferred planned maintenance as at 30 June 2018

Deferred Risk	Action to be Taken	Deliverable Cost	Time Frame
Undertake condition assessments in all projects. Develop long-term maintenance plans based on condition assessments. Develop project files for existing projects that were not handed over by Development department.	The remaining six projects will be assessed during Q1 2018/19. Maintenance plans to be developed based on assessment. Project files deferred to 2018/19 due to austerity measures and budget constraints. Compilation of project files to continue.	Estimated cost R450 000 Estimated cost R400 000	Q1 2018/19 Q2 2018/19
Implement the action plan based on the Empowerisk Assessment Report.	Complete outstanding 11% of OHSA action plan which was deferred to 2018/19 due to	Estimated cost R350 000	Q2 2018/19

Deferred Risk	Action to be Taken	Deliverable Cost	Time Frame
	austerity measures and budget constraints.		
Development department to make provision in the CAPEX budget of 2018/19 for installation of Access Control and CCTV systems. Tender to appoint service provider & complete 21 projects by June 2019.	Confirm budget availability from Development department. Engage with MTC and consider as an alternative service provider, rather than following normal tendering process.	Estimated cost R30 mil	December 2019 – SLA/tender process to be completed by December 2018. Implementation of systems commencing January 2019 with a 9-12 months programme.

"Zenzele" Project

Zenzele is a job creation initiative which succeeded the Jozi@work programme. Zenzele was meant to address the problem of rising unemployment and declining rental payments by tenants in JOSHCO projects through sustaining of the Co-operative model of the Jozi@work programme. The model was implemented during 2017/18 but was re-designed in June and July 2018 to prepare for the CoJ cleaning and gardening insourcing programme.

The total number of participants in the Zenzele project during 2017/18 was 198 working in 30 co-operatives. R1 339 623.80 was paid by Zenzele participants towards their rentals for the period July 2017 to June 2018. The amount paid towards rentals in comparison to the amount paid in salaries R15 083 752.30 reflects in the table below. The amount of salaries is higher than the number of rentals paid due to the following reasons:

- Rental per unit is far lower than the salary paid per leaseholder, for example the salary of a participant, depending on the number of members in a co-operative, can be R6 888 whilst the rental is R1 800.
- Family members and community members are not billed since they are not lease holders.

EPWP

A total of 1 370 jobs for EPWP were created through the community development programme during 2017/18.

Cleaning campaign

The cleaning project created 1 329 jobs for tenants in the projects such as Bellavista Infill, Kliptown Golf Course, Chelsea, Casa Mia, Selby, Pennyville, Fleurhof Riverside and Fleurhof Junction. The cleaning project targeted the surroundings of JOSHCO projects or work beyond the normal day to day work of Zenzele cleaners. The following dates were allocated in order to improve the cleanliness of the surrounding areas of JOSHCO projects: 28-30 May 2018 and 6-20 June 2018. A service provider was appointed to facilitate the project. EPWP workers had to sign a contract as required for the day and then fill in their details in an attendance register as evidence for participating in the project.

Learnerships

Twenty electrical engineering learnership were officially registered and started with the training during this reporting quarter. They receive a monthly stipend of R2 500. Other learnerships during 2017/18 were in the following areas:

- Business management;
- Time management; and
- Job readiness and career guidance

JOSHCO utilised the Greater Eldorado Park Youth Skills Development Centre as a conduit to register 7 377 youth between the ages of 18 to 28 in and around JOSHCO projects for Project Management and Call Centre learnership. The registration took place at JOSHCO Head Office during the second quarter and the fourth quarter of 2017/18 as presented in the table below. Classes will continue to be conducted once a week for every month until the second quarter of 2018/19. Participants will receive an accredited certificate from the Risk Management Institute at the end of the training. In addition to Project Management and Call Centre learnership, the Skills Centre also offered bursaries for training in wholesale and retail management. The selection of participants for bursaries was conducted in all JOSHCO projects.

A total of 7 377 applicants were registered for bursaries by end of June 2018.

Early Childhood Development Centre programme

AA House Early Childhood Development Centre: In April 2018, 67 children were enrolled and, all children, including those who stay at the AA House, benefited from prepared cooked meals. AA has a community volunteer who cooks for the children. Monthly inspections are conducted by the Department of Social Development by checking the children's attendance register. The Department also monitors children's health by checking their height and weight to determine the effectiveness of the nutrition programme.

Antea Early Childhood Development Centre: Antea is now a registered NPO/NGO. The centre has relieved working parents in the community of Antea as they no longer travel to transport their children to crèches outside Antea. Twenty-two children between the ages of 18 months to six years enrolled during 2017/18. On a monthly basis, JOSHCO conducts programme management meetings in partnership with the Department of Social Development. Future plan for both ECDCs include continuing to support the crèches with technical oversight for developing children. The scope of the ECDs also needs to be enhanced with Community Based Training in conjunction with the ECD principals.

Roof top gardens

JOSHCO, together with the Department of Social Development, Gauteng Province, planned to start roof top gardens in 2018/19. A few sites were visited with Community Development and Social Development departments to identify possible sites to start the roof top gardens. An SLA has been drafted but has not yet been finalised to formalise a partnership. One of the most significant things about the gardening roof top projects is that unemployed tenants will be empowered to take part in the project and will be able to consume or sell fresh produce.

The table below details service delivery challenges in the 2017/18 financial year.

Table 25: JOSCHO service delivery challenges

Projects	Challenges	Action to be taken
Golden Highway (Devland Project)	Subsequent to the liquidation of main contractor, RBA Homes, JOSHCO has signed an addendum with Urban Dynamics to implement the project as it is a sole shareholder of Akula Trading. A new contractor (Raubex Construction) was appointed and re-commenced works at the beginning of April 2017. The project achieved delivery of 102 units by the end of June 2017 against a target of 180 units per approved 2016/17 business plan.	• A new main contractor was appointed to take-over phase 1 of the project up to completion. The contractor completed 102 units by June 2017. • Procurement to complete phase to be implemented in financial year 2017/18, once all required pre-construction approvals have been obtained.
Lombardy Project	The main contractor was appointed during the 2015/16 financial year. The neighbouring community raised an objection of the Environmental Exemption with the Planning Tribunal. Subsequent to this, JOSHCO implemented a full Environmental Impact Assessment and a Record of Decision was received in May 2017, authorising JOSHCO to proceed with construction. As JOSHCO and the main contractor were preparing for	• An Appeal has been lodged against the City of Johannesburg Tribunal regarding JOSHCO's project site. • JOSHCO is in constant liaison with the City to resolve and address matters raised in the Appeal. • JOSHCO will continue to engage other community stakeholders that are in

Projects	Challenges	Action to be taken
	works commencement on site, a High Court Notice to appeal was received from the Objectors.	support of the project to continue during 2018/19 financial year.
Nancefield Station	A contractor was appointed during the 2017/17 financial year to commence with the project. However, the community objected as they had been promised that RDP houses would be built first. There have been on-going community engagements and consultation to negotiate with the community.	• After intensive community engagements and prices review of the project, it was agreed that the project should continue. But this was affected negatively by City-wide budget reduction process and is suspended until financial resources are available.
80 Plein Street	JOSHCO terminated the services of the main contractor on 9 December 2016, due to non-performance on site. Due to these challenges, the project could not deliver the targeted 120 units, in line with the approved 2017/18 business plan.	• After the first procurement attempt, a new main contractor was appointed in quarter four of 2017/18 financial year to take over and complete the project.

Table 26: Participatory Site Model: Housing Development as at 30 June 2018

Projects	Status	Critical community issues for engagement
Albert Street, Devland Social Housing Project, Dobsonville Social Housing Project, Hoek Street Project, Randburg Project, Nancefield Project	In line with the participatory model, there was community engagement including: • the initiation report; • community engagement plan; • public meetings; • CLO appointment; • establishment of SMME and local labourer data-base of job seekers; • appointment of local labourers; • establishment of Project Steering Committees; • community assessment reports, local SMME skills audit; • appointment of EPWP SMMEs; • monthly progress reports and monthly EPWP reports.	Training programme: • Procurement of the training service provider to be concluded by both the social facilitator and the contractor in September 2017. • A selected number of individuals will be sent for training that is construction related, including selected SMME's. • Monitoring and reporting on implementation of SMME beneficiation and labour-employment programmes. • Community engagement and feedback to local leadership.

Performance against IDP targets

Table 27: JOSCHO performance against IDP targets

Key Performance Indicator/s	Target for the year	Annual Achievement		
		Year to date Achievement in the quarter	Performance Assessment Status	Remarks/ Mitigation
Strategic assessment (SDBIP)				
Number of social housing units developed	1 122	1 159	Target achieved	None
Operational compliance				
Internal Audit Findings Resolution	100%	72%	Target not achieved	The non-achievement is as a result of additional internal audit findings which were raised in the month of June 2018. This reduced the total number of resolved findings.
Service delivery				
Zenzele job creation project	198	198	Target achieved	None
% achievement of Service Level Standards	100%	100%	Target achieved	None
Financial performance				
Revenue Collection/ Losses	92%	82%	Target achieved	The non-achievement resulted from unemployment, and tenants not making payments on time.
Capital Expenditure	95%	95%	Target achieved	None

Financial performance

Revenue

JOSHCO's rental facilities contributed 74% towards total revenue. It is however behind budget due to slow tenanting of new delivered units at Devland, African Diamond, Textile and Phoenix House. The allocations have been delayed mainly due to community protests demanding to own units. Subsidies from the City of Johannesburg only made up 9% of the revenue in order for the entity to break even and this is in line with previous financial years.

JOSHCO's revenue collection target for the 2017/18 financial year is 92% of billing. The entity performed 8% behind this budgeted target as on average it collected 88% for the quarter.

Table 28: JOSCHO Revenue Streams for the Year ended 30 June 2018

Revenue	**Actual R'000**	**Budget R'000**	**Weighting**
Rentals received (including levies)	116 703	121 682	74%
Subsidies	14 807	15 431	9%
Management fees	11 781	11 536	7%
Interest received	11 780	10 104	7%
Other income	2 874	2 592	2%
Total	**157 945**	**161 345**	**100%**

Expenditure

Revenue and expenditure are recorded on the accrual basis and resulted in a deficit of R9.9 million.

- *Flagship 1 (Direct Project Costs)* JOSHCO creates value through the delivery of services through its core mandate. Total operating expenditure was 9% ahead of budget, an increase of 3% compared to prior year. The core deliverable services make up 58% of total expenditure. In considering the expenditure for the financial year, it must be related to JOSHCO's flagship projects and administrative enablers:
    - *Repairs and Maintenance* – it was 15% behind budget (R4.326 million). This relates to responsive maintenance in the projects and makes up 25% and 14% of total Opex expenditure and core mandated expenditure respectively. The expenditure is behind budget due the cost containment measures in place to reduce expenditure and deficit.

- *Cleaning and Gardening* – it was slightly ahead of budget, 1%, and is directly related to the Zenzele project.
- *Security costs* – within budget. The service is provided across all JOSHCO's projects and head office.

- *Flagship 2 (Utility services)* - 76% (R9.313 million) ahead of budget. This is as a result of high estimate billing by the CoJ's Revenue Department. The billing is under dispute and being investigated by CoJ's Revenue Department and JOSHCO.
- *Flagship 3 (Tenant services)* - 23% (R3.198 million) ahead of budget due to lower rental collections levels resulting in high impairment thereof.
- *Enabler* 1 (salary and staff costs) - Expenditure is within budget. A saving from the high vacancy rate at management level funded the high directors' fees and housing management temporary positions to assist with the high backlog.
- Enabler 2 (General Expenditure) – JOSHCO adopted the cost containment measures as well as prudent spending of approved budget, hence the expenditure was within budget.

Table 40: JOSHCO operational financial results at 30 June 2018

Description	**2017/18 Financial Year**			
	Actual R'000	**Budget R'000**	**Variance R'000**	**Variance %**
Revenue	**157 945**	**161 345**	**-3 400**	**-2%**
Less: Total expenditure	**-167 750**	**-159 828**	**-7 922**	**5%**
Core Mandate (Deliverables):	**-97 194**	**-88 848**	**-8 347**	**9%**
Repairs & Maintenance - Flagship 1	-23 898	-28 223	4 326	-15%
Cleaning and Gardening - Flagship 1	-21 491	-21 292	-199	1%
Security - Flagship 1	-13 082	-13 120	38	0%
Utility Costs - Flagship 2	-21 491	-12 178	-9 313	76%
Other project related costs - Flagship 3	-17 233	-14 034	3 199	23%
Administrative Costs	**-70 556**	**-70 980**	**424**	**-1%**
Governance & staff costs - Enabler 1	-44 098	-44 181	83	0%

Description	2017/18 Financial Year			
	Actual R'000	Budget R'000	Variance R'000	Variance %
General Expenses - Enabler 2	-26 458	-26 799	341	-1%
Surplus before tax	**-9 805**	**1 517**	**-11 322**	**-746%**

Employee costs

In 2017/18, JOSCHO spent R43 million on salaries, 28% of its operational expenditure. 63% of JOSHCO's compensation is spent on skilled technical and academically qualified occupational levels; these are mainly JOSHCO's critical delivery roles such as Housing Supervisors, Billing Clerks, Credit Controllers, Officers and Bookkeeper and Executive Assistants. 1% comprised of top management at an executive level, as a result of high staff turnover.

Capital expenditure

JOSHCO was allocated a budget of R528.8 million. Ninety-five percent of the capital budget was spent, against an annual target of 95%. However, JOSHCO's unit's delivery target for 2017/18 business plan was delayed due a number of project-based challenges resulting in project stoppages on Lombardy East, Nancefield Station and Plein Street projects. In the current financial year, JOSHCO implemented the following programmes:

- Greenfields projects;
- The Inner-City re-generation programme by purchasing and refurbishing buildings; and
- Upgrades programme.

Table 41: JOSCHO Capital expenditure in 2017/18

Capital Budget Spending					
Corridor or node	**Project**	**Business plan budget**	**Certified claims**	**%**	**Variance**
Soweto to CBD along Empire and Perth Roads	Dobsonville Social Housing Project	R 108 945 879,00	R 109 020 817,26	100%	R -74 938,26
	Nancefield Station	R 18 726 688,00	R 11 128 323,84	59%	R 7 598 364,16
	Pennyville New Canada	R 50 000,00	R 26 672,80	53%	R 23 327,20

Capital Budget Spending					
Corridor or node	**Project**	**Business plan budget**	**Certified claims**	**%**	**Variance**
	Lufhereng Social Housing	R 458 524,00	R 458 524,28	100%	R -0,28
	Jabulani	R 500 000,00	R 207 183,70	41%	R 292 816,30
	Kliptown Golf Course	R 39 000 000,00	R 38 232 365,76	98%	R 767 634,24
	Kliptown Housing Project	R 2 500 000,00	R 2 444 676,78	98%	R 55 323,22
	Golden Highway Social Housing- Devland	R 13 439 025,00	R 13 439 025,00	100%	R -
	SUB-TOTAL A	**R 183 620 116,00**	R 174 957 589,42	**95%**	R 8 662 526,58
Corridor or node	**PROJECT**	**BUSINESS PLAN BUDGET**	**CERTIFIED CLAIMS**	**%**	**VARIANCE**
Soweto to CBD along Empire and Perth Roads	Lombardy East	R127 989.00	R127 939.18	100%	R49.82
	Selby	R91 673.00	R91 673.02	100%	-R0.02
	80 Plein Street	R5 445 070.00	R5 060 774.27	93%	R384 295.73
	Nederberg	R20 401 419.00	R13 884 905.46	68%	R6 516 513.54
	Inner City Rental Housing	R144 494 874.00	R136 311 648.20	94%	R8 183 225.80
	Chelsea Social Housing	R1 033 694.00	R1 033 694.20	100%	-R0.20
	MBV Social Housing	R0.00	R0.00	0%	R0.00
	280 Smith Street	R0.00	R0.00	0%	R -
	Fraser House	R0.00	R0.00	0%	R -
	133 Albert Street	R0.00	R0.00	0%	R -
	50 Durban Street	R0.00	R0.00	0%	R -
	106 Claim Street	R0.00	R0.00	0%	R-
	Casa Mia (Phase 1&2)	R27 164 394.00	R24 856 536.49	92%	R2 307 857.51

Capital Budget Spending					
Corridor or node	**Project**	**Business plan budget**	**Certified claims**	**%**	**Variance**
	8-16 Abel Street	R0.00	R0.00	0%	R -
	16 Wolmarans Street	R0.00	R0.00	0%	R -
	SUB-TOTAL B	**R198 759 113.00**	**R181 367 170.82**	**0%**	**R 17 391 942.18**
Corridor or node	**Project**	**Business plan budget**	**Certified claims**	**%**	**Variance**
Alexander-Marlboro to Sandton-Randburg	Ivory Park/Midrand	R 25 316,00	R 25 316,19	100%	R -0,19
	CoF Marlboro South	R 0,00	R 0,00	0%	R -
	Randburg Selkirk	R 8 639 934,00	R 8 614 713,31	100%	R 25 220,69
	SUB-TOTAL C	**R 8 665 250,00**	**R 8 640 029,50**	100%	**R 25 220,50**
Turffontein node	Turffontein Corridor		R 0,00	0%	R -
	Turffontein Social Housing	R 104 769 454,00	R 105 444 906,50	101%	R -675 452,50
	SUB-TOTAL D	**R 104 769 454,00**	**R 105 444 906,50**	**101%**	**R -675 452,50**
Mining belt	Roodepoort Phase 2	R 683 883,00	R 683 882,91	100%	R 0,09
	Princess Plot	R 5 283 000,00	R 5 283 000,00	100%	R -
	SUB-TOTAL E	**R 5 966 883,00**	**R 5 966 882,91**	**100%**	**R 0,09**
Corridor or node	**PROJECT**	**BUSINESS PLAN BUDGET**	**CERTIFIED CLAIMS**	**%**	**VARIANCE**
Stock re-capitalisation	Citrine Court	R 827 604,00	R 132 582,68	16%	R 695 021,32
	City Deep	R 15 000 000,00	R 14 314 172,68	95%	R 685 827,32
	Orlando Ekhaya	R 1 000 000,00	R 0,00	0%	R 1 000 000,00
	Pennyville Rooms	R 88 370,00	R 80 324,50	91%	R 8 045,50
	Kliptown Square	R 10 077 894,00	R 9 985 509,23	99%	R 92 384,77
	Roodepoort			0%	R -

Capital Budget Spending					
Corridor or node	**Project**	**Business plan budget**	**Certified claims**	**%**	**Variance**
	Perth Empire Corridor	R 25 316,00	R 25 316,19	100%	R -0,19
	SUB-TOTAL F	R 27 019 184,00	R 24 537 905,28	91%	R 2 481 278,72
	TOTAL (A+B+C+D+E+F)	**R 528 800 000,00**	**R 500 914 484,43**	**95%**	**R 27 885 515,57**

During financial year 2017/18, JOSHCO purchased a property from Pikitup, an Entity of the City of Johannesburg to be converted and utilised as the JOSHCO head office.

Employee relations

In 2017/18, JOSHCO successfully completed the organisational structure review and design for the 2017/18 financial year. The designed process included the review and development of job profiles and conducting job evaluations for all positions in the organisational structure. A key objective has been to keep the vacancy rate below 5%, and that has been a challenge during the 2017/18 financial year due to the unplanned senior management turnover and the moratorium on halting the recruitment of positions while the organisational review process was underway. The total vacancy rate was 16% for the period ending 30 June 2018, which is 11% higher than the planned target of 5%.

Table 29: JOSCHO Personnel Cost by Occupational Level

Occupational Level	**No. of employees**	**(R'000) Personnel Expenditure**	**% of total personnel cost**	**(R'000) Average cost per employee**
Top Management (CEO, CFO, Executive Managers)	2	3 746 741,95	10%	771 284,03
Senior Management (Senior Managers, Programme Managers)	4	4 159 554,28	10%	525 853,51
Professional Qualified / Middle Management (Portfolio Managers, Accountants)	19	12 254 625,07	29%	398 955,16

Occupational Level	No. of employees	(R'000) Personnel Expenditure	% of total personnel cost	(R'000) Average cost per employee
Skilled Technical and Academically Qualified (Housing Supervisors, Billing Clerks, Credit Controllers, Bookkeeper)	67	18 583 587,98	41%	460 011,65
Semi-Skilled (Administrators, Caretakers, Receptionists)	7	4 185 166,72	9%	96 948,32
Internship	6	148 410,00	0.2%	4 794,00
Unskilled (Office Attendants)	3	499 617,77	1%	111 760,28
Total	**108**	**43 577 703,77**	**100%**	**2 267 864,63**

3.5 Municipal Road Services: The Johannesburg Roads Agency

The JRA is responsible for the upgrading, resurfacing and rehabilitation of the City's roads and bridges. The road resurfacing programme, which includes asphalt overlays, resurfacing and sealing of cracks on Johannesburg roads is paramount to improving the life span of the City's roads. While road resurfacing is not an appropriate long-term solution to aging infrastructure, the programme reduces and reverses structural damages by water which often result in pothole development.

In 2017/18, the JRA resurfaced approximately 301.12 lane km against an annual target of 250 lane km, across the City (key roads include Jan Smuts Avenue, Rivonia Road, Republic Road, 20th Avenue in Alexandra). A total capex budget of R162 million was spent on road resurfacing citywide.

The City is also focused on upgrading of road infrastructure, in particular the upgrading of gravel roads to tar roads. The gravel roads projects were implemented at a total cost of R310 million and saw the following completed in 2017/18:

- Braamfischerville: a total of 1.82km was upgraded to surfaced standard roads for 2017/18;
- Orange Farm: overall progress is 92% with a total of 0.62km upgraded to surfaced standard roads;
- Diepsloot West: 4.60km targeted for upgrading to surfaced standard roads, a completion state of 92% completion is reported;
- Thulani/Doornkop: 5.22 km was targeted to be upgraded to surfaced standard roads, the work at year-end is 83% complete;
- Poortjie: 5.67km were upgraded to surfaced standard roads;

- Kaalfontein: 3.26km were targeted to be upgraded to surfaced standard roads, the overall progress is 94% complete;
- Lawley: 1.36 km of road was upgraded;
- Ivory Park: Construction progress is at 65%;
- Protea South: 0.55 km was completed;
- Tshepisong: 1.57 km of road was surfaced and is 93% complete;
- Mayibuye: 0.83 km of road was upgraded;
- Slovoville: 0.25km of road was upgraded; and
- Driezek: 5.05km of road was upgraded.

Performance highlights

Some of the key milestones achieved in the 2017/18 financial year include:

- The Company contributed to institutional performance by meeting its targets for roads resurfacing (301.12km) and roads upgrading (31.34km) contained on the City's Institutional Service Delivery Budget Implementation Plan (SDBIP);
- The Company spent 97.40% of its total capital budget against a target of 95.00%;
- The Company spent its allocated grant funds on providing basic infrastructure;
- 92.27% achievement against the target of 90.00% on resolving all reported traffic faults on traffic signals;
- 61 intersections had their traffic signal timings revised, thus improving mobility and reducing congestion;
- 278 signal timings updated, 78 more than the target;
- 430 road safety investigations completed, 130 more than the annual target;
- 227 intersections re-cabling completed, 27 more than the annual target;
- All 116 petitions have been responded to with reports and investigations completed; and
- Completion of the new asphalt plant to support pro-active maintenance and resurfacing programmes.

Summary of performance

In 2017/18, the JRA identified six core areas to drive interventions. These are as follows:

- City Institutional SDBIP programmes (roads infrastructure; road resurfacing; gravel roads to surfaced roads; and storm water infrastructure; conversion of open storm water channels to underground systems);
- JRA Strategic SDBIP (Customer Charter, bridges management, and storm water management);
- Internal Processes Expanded Public Works Programme (EPWP and Small, Medium and Micro Enterprises (SMMEs);
- Finance Management (operating expenditure, capital expenditure and Broad Based Black Economic Empowerment (BBBEE) expenditure); and
- Governance (audit processes, internal and external audit performance, risk management compliance and occupational health and safety).

Beyond the core areas, as part of its day-to-day operations, the JRA also implements the Intelligent Transport Systems (ITS) Project that contributes to traffic signal management and the management of traffic signal downtime.

Road Infrastructure resurfacing, upgrading of gravel roads and storm water management

The JRA is focused on upgrading, resurfacing and rehabilitation of both the City's roads and bridges. It also focused on improving both vehicular and pedestrian mobility through design and construction of new bridges, traffic calming measures, non-motorised transit (NMT) infrastructure and existing intersection improvements (congestion alleviation).

The road resurfacing programme, which includes asphalt overlays, resurfacing and sealing of cracks on Johannesburg roads is paramount to improving the life span of the City's roads. While road resurfacing is not an appropriate long-term solution to aging infrastructure, the programme reduces and reverses structural damages by water which often result in pothole development. Over the years, this programme has improved movement of traffic and pedestrians flow and reduced the risk of vehicles being damaged by potholes and other road defects. As of the end of this financial year the JRA resurfaced approximately 301,12 lane km against an annual target of 250 lane km, across the City (key roads include Jan Smuts Avenue, Rivonia Road, Republic Road, 20th Avenue in Alexandra). A total capex budget of R162 million was spent on road resurfacing Citywide.

Aligned with the City's pro-poor development the JRA focused on the upgrading of road infrastructure, in particular the upgrading of gravel roads into tar roads mostly in Regions A, D, G and C across the following townships in CoJ: Ivory Park, Diepsloot, Braamfischerville, Orange Farm, Driezek,

Tshepisong, Doornkoop, Lawley, Slovoville, Kaalfontein and Thulani, Kaalfontein, Mayibuye, Doornkop/Thulani (I), Doornkop/Thulani (Ii), Slovoville (Phase 1), Tshepisong (Ii), Drieziek Ext 1, 6, 7, 8, Poortjie (1a), Poortjie (1b), Diepsloot, Ivory Park, Lawley, Protea South, Orange Farm and Braamfischerville. The gravel roads projects were implemented at a total cost of R310 million.

In Braamfischerville, a total of 1.82km was upgraded to surfaced standard roads for 2017/18 and in Orange Farm, overall progress at year-end is 92% with the total of 0.62km upgraded to surfaced standard roads. In Diepsloot West, 4.60km targeted for upgrading to surfaced standard roads, a completion state of 92% completion is reported. In Thulani/Doornkop 5.22 km was targeted to be upgraded to surfaced standard roads, the work at year-end is 83% complete. In Poortjie 5.67km were upgraded to surfaced standard roads and in Kaalfontein, 3.26km were targeted to be upgraded to surfaced standard roads, the overall progress is 94% complete. In Lawley, 1.36 km of road was upgraded while Ivory Park Construction progress is at 65%. In Protea South 0.55 km was completed and in Tshepisong 1.57 km of road was surfaced and is 93% complete. In Mayibuye, 0.83 km of road was upgraded while in Slovoville and Driezek, 0.25km and 5.05km of road respectively was upgraded.

The JRA also embarked on several traffic congestion alleviation projects, such as the M2 West at its intersection with Main Reef Road and the section of Main Reef Road between Treu Road and Production Road which have been successfully completed and opened to traffic. The emergency rehabilitation work on the M1 Double Decker Bridge is at an advanced construction stage and is planned for completion in April 2019. The scope of work on the M1 Double Decker entails storm water drainage upgrades and structural repairs to Gauteng Freeway Improvement Programme (GFIP) Standards. The road rehabilitation and upgrading along Oxford Road, Bowling Drive, Vicky Road and Graystone Drive are currently underway and are planned for completion during the 2018/19 financial year.

In relation to storm water management and the conversion of open storm water channels to underground systems, the JRA converted open drains to underground in areas that include Braamfischerville measuring 0.918km, Ivory Park measuring 1.026km and Orange Farm measuring, 0.937 km.

Overall, the JRA's CAPEX implementation programme created a cumulative total of 1 494 jobs against an annual target of 1 250 and employed 89 local emerging contractors against an annual target of 80. The JRA in future will look to establish complementary financing mechanisms for road maintenance, to supplement inadequate resources.

Customer Charter

This programme involves the performance of the Company against set service standards. The JRA has a City approved set of service standards that allow residents to know what level of service to expect from the Company as well as the quality of that service. These service standards are benchmarked and

reviewed regularly in line with the operating environment. The service standards are also a trust building mechanism between the company and the public it serves. Currently, the JRA's service standards cover, among others, pothole repairs, repairs and maintenance of road trenches, replacement of manhole covers, and repairs/replacement of traffic lights among others.

While the JRA has experienced improvement in some service standards such as repairs of traffic signal faults and the reduction of traffic signal downtime, the overall condition of the road infrastructure continues to increase the amount of service requests made to the company. The company is improving system connectivity to better account for the performance against service requests and will continue working towards improved performance in meeting or exceeding the expectations of our residents by working consistently to surpass these standards.

Bridges Management

The JRA also runs a roads and bridges management and maintenance programme that has the potential to stimulate economic growth through improved road infrastructure and enhanced roads sector management. Johannesburg is often confronted by the need for emergency related works, caused by flooding and heavy rains which affect road infrastructure. The JRA undertakes proactive maintenance on overtopping bridges and other infrastructure to reduce the effect of these disasters.

Rehabilitation designs for Bridge Road, Froom Street Bridge, Marshall Street Bridge, Platina Bridge, Modderfontein Bridge, Joe Nhlanhla Bridge and 3rd Road Bridge were completed and planned for implementation during the coming financial years (2018/19, 2019/20 and 2020/21). In addition, the construction of four new pedestrian bridges, with the aim of improving pedestrian safety and mobility are underway at Kaalfontein Bridge, Diepsloot Bridge, Klipspruit Bridge and Slovoville Bridge.

Several detailed designs for new road upgrades, reconstruction and rehabilitation to be implemented during the 2018/19 financial year have been completed. These include Outspan Road, James Street, Spencer Road, Ballyclare, Jan Smuts Drive and Crownwood Road. A total capex budget of R52 million has been spent on road rehabilitation and construction, R156 million on bridge rehabilitation and R10 million on new bridges.

In 2017/18, the company created 1 494 EPWP work opportunities through its capital projects. The JRA, in line with the City's imperatives, is committed to prioritising entrepreneurship and the advancement of SMMEs as a catalyst to achieving economic growth and development. To this end, a significant expenditure from the JRA primarily for capital projects is targeted for spending through SMMEs. In 2017/18, the company spent 96.74% of its total procurement of goods and services from entities classified as BBBEEE compliant. The company also appointed 89 SMMEs during the period under review.

Given the state of road infrastructure and the immense pressure to continuously improve the quality of road infrastructure, the JRA has experienced some service delivery challenges in the 2017/18 financial year. These challenges include the following:

- Significant (over R1 billion) but inadequate budget to meet service delivery requests optimally;
- High number of thefts on the Uninterrupted Power Supply (UPS) leading to increase on downtime of traffic signals;
- Some delays in roads upgrade due to relocation of existing services;
- Recurrent network challenges leading to system down time affecting performance in areas such as pothole repair; and
- Management of interdependencies with other entities.

Financial performance

Revenue

The major contributing factor for the surplus in the financial year is due to the additional revenue for the financial year, namely the developer's contribution, which are paid to JRA from the City Planning Department in respect of developers' payments to the City for the use of Infrastructure, Jobbings for work done for third parties in relation to construction of parking spaces, foot ways and similar activities on an ad hoc basis.

During the year, the company experienced an increased demand for jobbings as well as reinstatements income above the budgeted amount due to increased demand of reinstating sidewalks etc during the year. The nature of work performed by JRA is driven by third party requests.

The increase in income is 5.3% over budget, and Developers Income is R28.1 million, Reinstatements R9.4 million as well as Jobbings of R18.8 million over budget which compensates for the other below budget income items such as Asphalt Sales.

Expenditure

The operating expenditure for the financial year was R1.263 million (0.1%) over the budget. The employee costs for the financial year were over budget by R1.1 million due to the implementation of the parity exercise in the fourth quarter as well as appointments being made.

In the context of necessary expenditure, management has drastically reduced all nonessential expenditure including expenditure for functions, travel and participation in events. Level 1 and 2 contractors were also appointed in the fourth quarter and this contributed to increased expenditure over the last three months of the financial year.

Capital expenditure

In the year under review, the company spent 97.60% of its capital budget, including grant funds as well as 96% of its operating budget.

Table 30: JRA Capital spending 2017/18

Line Item	Spending (million)
Bridges	R93 183
Capital expense financed by CoJ	R8 862
Gravel roads	R311 895
Storm water	R131 051
Traffic signals	R88 764
Road rehabilitation and reconstruction	R380 992
Cabling	R19 325
Complete streets	R36 030
Equipment	R23 281
TOTAL	R1 094 384

Employee relations

The JRA has a total of 2645 positions on the approved organogram. Of these, a total of 1715 funded positions were filled, and 930 positions are vacant, of which 101 positions are funded and 829 positions are not funded.

Table 31: JRA employee breakdown and vacancy ratio

Grade/Level	Authorised Complement	Number of funded vacancies	
		2017/18	% Vacancies
Executive Management and HODs	9	4	44%
Senior Management	29	2	6%

Grade/Level	Authorised Complement	Number of funded vacancies	
		2017/18	% Vacancies
Professionally qualified and experienced specialists and mid-management	104	11	10.5%
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	211	18	8.53%
Semi-skilled and discretionary decision making	867	18	8.53%
Unskilled and defined decision making	1425	48	2.07%
TOTAL	**2645**	**101**	**3.81%**

3.6 Economic Services: The Johannesburg Development Agency

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

- The JDA plans;
- The JDA facilitates development; and
- The JDA constructs.

Performance highlights

Performance highlights from the 2017/18 financial year include:

- Obtaining a Clean Audit Opinion from the Auditor-General for the 2016/17 year;

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

Summary of performance

The JDA contributes to the Expanded Public Works Programme, a national programme aimed at providing poverty and income relief through temporary work for the unemployed. However, in the 2017/18 the financial year, the JDA experienced a challenge with EPWP work opportunities being reported on the EPWP database that were not always supported by reliable supporting evidence, such as identity documents, attendance registers and proof of payments. This resulted in the JDA having to reconcile the number of EPWP work opportunities reported with supporting evidence. In the year under review, 1 645 EPWP work opportunities were reported, although evidence for 805 of these was reconciled.

In 2017/18 the JDA completed eight pre-feasibility plans. These include a detailed block plan for the Alexandra UDF, inner city eastern gateway development strategies, Orange Grove infill strategies, a regeneration renewal precinct plan for the Roodepoort CBD, priority project concept plans for Orange Farm, a public art programme, the Ghandi Square UDF and the Melville Precinct Plan. Six area-based partnerships were formalised including the Gandhi Square East partnership, UN Habitat, a Community Based Forum for the Noordgesig Library, CID for a corridor node (Yeoville) or inner city, NASCHO / SHRA – SMART Agreement, and Inner City Partnership Fund "My City My Block .

There are nine projects at concept design phase including, amongst others, the Alexandra Sports and Youth Development centre, fire station and 'Be Safe Centre', Inner City regeneration, Jukskei River Environmental Upgrading and Rehabilitation Renewal Bulk Infrastructure, and a Klipfontein wellness centre. A further five projects are at a detailed design phase.

Ten contracts have been awarded including a number of traffic impacts assessment projects, storm water masterplans and new construction for the Corridor of Freedom. Twelve projects are at a practical completion stage. Highlights include the Great Walk pedestrian bridge and sidewalk, the construction of new sports centres, and the Hillbrow Tower precinct.

In 2017/18, the JDA also completed three public environment upgrades in Braamfontein, Hillbrow and the inner city. Six area-based precinct plans or programmes were implemented.

A number of projects were in construction phase in 2017/18. These include:

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

On the JDA's 19 Strategic KPI's, the JDA achieved 42% of its performance targets, 11% of its performance targets were partially achieved, and 47% performance targets were not achieved.

Performance against IDP targets

Table 32: JDA performance against IDP targets

IDP Priority	IDP Programme	Count of KPI's	KPI Number (Ref)	Target Achieved (95%-100%)		Target not Achieved (79% rating)		Target Partially Achieved (80%-94% rating)	
				Count	%	Count	%	Count	%
Priority 1: Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment, inequality and poverty	Inner City regeneration, including key economic nodes including the implementation of the Transit Oriented Development Corridors Increased infrastructure								

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

Financial performance

Revenue

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

Expenditure

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

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

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

Employee relations

The revised JDA staff establishment and organogram was approved by the Board on 28 August 2017. It had a total of 122 positions including 10 from ARP. For the purposes of reporting, ARP will not be included in the numbers. Of the 112 positions, 25 are vacant and 13 are unfunded and will be kept in the abeyance until funds become available.

3.7 Joburg Market

The Joburg Market (JM) renders a series of services and provides amenities which facilitate the trading of fresh produce. On a daily basis between 9 500 and 11 000 buyers - depending on the marketing season - visit JM from across South Africa and the Southern African Development Community (SADC) region.

The company operates on a commission-based business model where producers deliver their produce to market agents who in turn sell to buyers.

At any given time, approximately 5 000 producers market their products through the trading floors of JM. This ensures that a wide assortment of produce in various grades and sizes are available to buyers from various categories

Summary of performance

The Joburg Market provides premier market facilities and complementary services to the fresh produce industry. To this end, in 2017/18, the tonnage traded increased by 8.71% due largely to the high commodity volumes received in especially in potatoes, onions, and citrus. The Mandela Market Precinct development programme was produced and is in the design process with the assistance of the Joburg Property Company (JPC).

Through the Joburg Market's Urban Farmers Support programme, an 8.8% targeted market share was achieved by emerging farmers. In addition, 202 hawkers/vendors were trained and over 4000 donations to targeted beneficiaries were made.

All Trading Halls performed better than they did when compared to a similar period in the previous financial year. The tonnage increased by 6.4% largely due to the high commodity volumes received in especially bananas, citrus and some vegetable lines. The favourable weather conditions in some production areas, and farmers recovering from the impact of drought, contributed to the high volumes received. As a result of improved supply from some production areas, a high demand for fresh produce and the high prices achieved on some commodities, resulted in the average price increase from R4.67/kg to R5.15/kg, which represents a 10.4% increase.

The Joburg Market saw a net surplus of R113.1 million – 39.6% above budget. The net income increased due to a positive cash balance.

Other key achievements include:

- The tonnage traded increased by 8.71% due largely to the high commodity volumes received in especially in potatoes, onions, and citrus;
- Greater focus was placed on repairs and maintenance to the Cold Rooms; Banana Ripening Plant, storm water drainage and hall roofs;
- A 150 Day Maintenance programme was implemented to address all crucial maintenance requirements at the JM site; and
- The Mandela Market Precinct development programme was produced and is in the design process with the assistance of the Joburg Property Company (JPC).

Performance against IDP targets

Table 33: Joburg Market performance against IDP targets

IDP Programme	KPI	2017/18 Target	Baseline	Mid-Year Target	Performance
Urban farmers support	Percentage targeted market share achieved by emerging farmers	8.5% market share acquired by emerging producers	8% market share acquired	8.2 target market share achieved by emerging farmers at JM	8.8% targeted market share achieved by emerging farmers at JM (Estimate)

Financial performance

The Joburg Market achieved a turnover of R1.9 billion for the fiscal year, when compared against last year's turnover of R1.6 billion. This reflects a positive growth of 17.5% mainly due to the performance of the Potato Hall where both onions and potatoes achieved relatively higher prices. Revenue for the year is up by R3.6 million against budget, expenses are below budget by R24.1 million and surplus has increased by R14.5 million against budget. The entity's net surplus was R113.1 million or 39.6% above budget of R81.1 million. Net interest income increased by R12.2 million above budget due to a positive cash balance. The net closing cash position at 12 months was R197 million compared to R124.0 million at 30 June 2017.

As at 30 June 2018, out of the total revised allocated capital budget of R15.4 million for the year, R13.4 million has been spent. This represents a year-to-date expenditure of 87.5% against the budget.

Employee relations

Increased accountability was achieved through the integration of the CEO scorecard and that of senior managers. The new CEO of JM introduced the practice of trading floor visits as well as rejuvenation of the role of the MANCO.

At the conclusion of the fiscal year the entity had a staff component of 325 employees.

Table 34: Joburg Market staff establishment

Description	2017/18			
	Approved no. of posts	No. of employees	No. of vacancies	% of vacancies
Top management	1	1	0	0
Executive management	5	3	2	40
Middle management	47	35	12	25.53
Skilled technical/junior management	83	69	14	16.86
Semi-skilled	176	168	8	4.55
Unskilled housekeepers/cleaners	41	38	3	7.32
TOTAL	**353**	**314**	**39**	**11.05**

3.8 Joburg City Theatres

Joburg City Theatres (JCT) operates Joburg Theatre in Braamfontein, Roodepoort Theatre and Soweto Theatre and provides hospitality and catering operations at the Joburg Zoo. It aims to provide the integrated management of theatre venues and a high quality entertaining, innovative and inclusive programme which serves the diverse communities of the City of Joburg.

Summary of performance

One of JCT's key programmes contributing to Priority 1, is focused on youth development in the art sphere. In 2017/18, JCT had over 800 youths attending a music tuition programme, and over 1000 attending drama tuition programmes.

Joburg City Theatres provides free or discounted tickets to numerous groups of people in Johannesburg. In 2017/18, almost 35 000 tickets were provided to school learners, over 13 000 to various communities and over 4 500 to senior citizens. There was a total of 241 567 attendees at theatres in the financial year under review.

In 2017/18, JCT saw 96% of its service level standards achieved. 18 arts and culture or in-house productions were held, six ballet seasons and five philharmonic orchestra seasons.

The following highlights and achievements are notable:

- Total revenue improvement of 10% year on year while earned revenue improved by 7%;
- The allocation of capital expenditure (100%) fully utilised for the year under review;
- A total attendance of 241 567 representing a 12% improvement from the plan/target;
- Over 150 productions staged throughout the year across all three theatres;
- Movement RSA, a group within Youth Development in the Joburg City Theatres, was honoured with an invitation to participate in the 10th International Festival in Donzdoft, Germany. This participation culminated in two other invitations to Germany 2019 and Switzerland in 2020;
- The Color Purple showcase was top highlight in its first season in South Africa attracting full houses and great reviews from the audiences and the media alike. It far surpassed expectation on ticket sales reaching over R4 million in ticket sales;
- Legacy projects have continued in the year under review with tributes to legends such as Bra Hugh Masekela, Gibson Kente, Mama Winnie Madikizela Mandela, and Tata Rholihlahla Nelson Mandela; and
- The organisation has completed and submitted the Work Skills Plan that informs its training programme for the 2018/19 financial year.

However, ticket sales remain a challenge particularly the sale of tickets on newly developed African stories. This productions usually require substantial investments at initial stages with lower returns on investment and require a number years to warm to the audiences. Rising input costs from the hospitality and catering business are also a challenge as they may result in price increases to maintain adequate gross profit margins. Other challenges include:

- Marketing efficiencies particularly maximum utilisation of social media to increase visibility of productions;
- Mobile theatre truck remains a challenge to market and generate adequate revenue for its operations;
- The capacity within departments of JCT is a challenge both in the form of inadequate numbers of human resources and the skills set available in different departments; and

- The executive management level has two vacancies resulting in a load of work being shared between the remaining executives.

Financial performance

JCT continued its upward trajectory in terms of incremental revenue year on year. In the 2017/18 finacial year, the total revenue for the entity amounted to R174 937 691, which equated to a growth of 8% year on year. This growth derives from both subsidy and earned revenue. Earned revenue increased by 3% year on year. Increases in earned revenue growth were driven by the Hospitality and Catering business, interest on investments and rentals of facilities. The ratio of earned revenue to subsidy has been maintained at 41% exceeding the target set by shareholder of 35:65 in percentage terms. These revenue improvements have been accompanied by prudent expenditure management. Expenditure has been kept within the revenue achieved resulting in a surplus of over R500 000 after taxation.

Employee relations

JCT had a total of 145 permanent and fixed term employees at 30 June 2018. The total approved structure has 162 positions for the above category of employees. As at 30 June 2018 the vacancy rate stood at 10%. This vacancy rate did not pose a challenge for the entity as the majority of the vacant positions were not classified as critical vacancies and to this extent did not negatively impact in the operations of the entity.

In addition to permanent and fixed term employees, JCT had 161 temporary employees. This category of employees predominantly work as ushers for the Stage department and short-term contract workers for Hospitality and Catering department. The total number of staff combining the two categories stood at 305 employees at 30 June 2018. JCT budgeted and spent about 40% of its total budget on employee related costs in the year under review.

The staff turnover remains relatively low at less than 5% of the total establishment.

3.9 Joburg Property Company

The Joburg Property Company (JPC) is mandated to manage and develop the City's R9.1 billion property portfolio made up of almost 30 000 properties. The entity uses council-owned land to leverage private sector investment in public infrastructure. The core functions of the JPC are as follows:

- Asset management;
- Property development;
- Facilities management;
- Property management;
- Outdoor advertising; and
- Competitive landscape.

Summary of performance

In 2017/18, the JPC created a total of 2017 jobs through property transactions. In addition, 1 203 SMMEs were supported. R1.4 billion cumulative rand value attraction of investment in the City's property transactions was achieved, although construction has not yet started on these. Construction value on the ground totalled R1.1 billion.

The entity prepared 244 asset management plans, and acquired 12 properties, in support of the City's pro-poor priority. These properties are located along the City's transit-oriented zone.

A further 613 properties to the value of R200 million were taken on. R1.3 billion investment was realised on CoJ property, while a further R700 million attraction of investment of CoJ property / construction value on the ground was achieved.

In 2017/18, the entity transferred 599 properties. 589 of these were housing properties transferred to beneficiaries while the remaining ten were made up of six shops and four churches.

Work on the restoration of the historic amphitheatre and ablutions located at the Jabulani amphitheatre were completed in 2017/18. The entity also completed the bulk earthworks, foundations, brickwork, electric and roof structure for the National Academy of Africa's Performing Art project was completed.

The town planning applications for the Paterson Park project was approved and the first phase (744 mixed income residential units) will be released in late 2018.

The JPC also facilities the conclusion of a sale and development agreement with regard to the Riverside View housing project – one of the biggest housing projects in Gauteng. Other projects include:

- Jabulani Crossing Shopping Centre – bulk earthworks completed with construction to commence in 2018;
- Jabulani housing – will yield 384 residential rental stock units. Phase 1 was completed and delivered (1 280 units);
- Rissik Street Post Office – work on the external façade in underway;
- Bertrams Priority Block – condition assessment and precinct plan completed;
- Development of civic precincts across the city – four civic precinct plans were approved; and
- Southern Farms project – feasibility study completed.

Facilities management is a key priority for the entity. This entails the repair and maintenance for City departments and entities. However, was taken in 2018 to allow departments to complete their own repairs and maintenance. Other facility related projects include the opening of 42 swimming pools on 1 September 2017, maintenance completed on six taxi ranks and refurbishment of the Yeoville Market. New public toilets were erected in Ennerdale, Noord Street and Hillbrow.

The Lenasia Civic Centre Clinic and Ernest Ullman Park Recreation Centre saw repairs undertaken in 2017/18.

Financial performance

In 2017/18, the entity's total budget grew by 3%. Over R144 million of rental income was raised from leases and servitudes sales. This exceeded the target of R130 million. The entity also achieved a 100% spend of its allocated capital expenditure budget.

Employee relations

The entity has 528 employees based at the head office and depots.

3.10 Joburg City Parks and Zoo

Johannesburg City Parks and Zoo (JCPZ) is a non-profit entity mandated to provide the sustainable provision, preservation and management of open spaces, biodiversity, environmental and conservation services through education, research, direct conservation action and recreation, with a focus on the zoo, parks and cemeteries.

The Company has a portfolio in excess of 20 000 ha of public green open spaces including parks, cemeteries, nature reserves and approximately 3.2 million trees. The Zoo has in its collection a total of 335 species and 49 Subspecies of animals of which there are 2 751 specimens.

The company manages the following products and services:

- Urban parks, recreation and leisure facilities;
- Johannesburg Zoo;
- Zoo conservation and research farm;
- Cemeteries and crematoria;
- Botanical services;
- Nature reserves, including bird sanctuaries, nature trails, dams and lakes;
- Environmental education;
- Biodiversity and conservation management;
- Eco-tourism products and services; and
- Trees and arboriculture services.

Summary of performance

Highlights of the entity's 2017/18 performance include:

- The newly developed Zoo Parkade and kiosk was launched in the financial year under review.
- The City of Johannesburg hosted the IERM Convention 2017 where a JCPZ official was elected President of the institute.
- The Oliphantsvlei Eco-Cemetery in Region G and Short Street Park in Region G were officially launched in this period.

- In the year under review the Zoo witnessed its reinstatement of its membership to Pan African Association of Zoos and Aquaria (PAAZA) after two consecutive years of suspension. The Certificate was issued on14 August 2017 and will be valid until 2019.
- A lioness at the Zoo gave birth to two lion cubs which are being taken care of by their mother.
- Two of the Zoo Facilities namely AngloGold and Old Elephant House remained consistent in retaining the 3 and 4-star rating in the grading of the Conferences and Facilities.
- The Zoo received interest from the media regarding animals which are hand reared. This led to a media company (Urban Brew), filming activities involved during hand rearing. The animals filmed were the Mountain Reedbuck and Red Lechwe.
- For the first time in the history of Johannesburg Zoo, Water Buffalo has given birth to a healthy calf.
- In the year under review, four Wattle Cranes have been paired of which the hatching of one chick was observed at the Rietkuil Conservation and Research Farm in Parys, Free State.
- The Johannesburg Botanic Garden participated in the Horticultural Flower Show where special collection plants where exhibited, and awareness was created on the role of botanical gardens within communities.
- The Jukskei Park and the Inner-city Parks (Cavendish and Belleview) were launched in the period and opened to the public.
- The development of the Westpark Cemetery Wall of Remembrance was completed in the period under review.
- The Shetland pony (Tom Tom) celebrated his 42nd birthday and has now become one of the oldest Shetland Ponies in a zoo in the world.
- The Madiba Heritage Tree that was planted at Thokoza Park in Soweto was declared and gazetted a heritage tree by the Gauteng Provincial Government.
- The breeding of more than 300 endangered Pickersgill Reed Frogs which is in the Red List status. This was in collaboration with Ezemvelo KZN Wildlife, National Zoological Gardens and Endangered Wildlife Trust.
- The Zoo has achieved a 12% increase in visitor numbers from 448 769 visitors in 2016/17 to 503 696 visitors in 2017/18.
- 210 hectares of alien vegetation were cleared in 2017/18, five wetlands were rehabilitated, four areas were cleaned of invasive plants from water bodies and four areas of reeds were controlled. The entity also cleared 25 hectares of river trails.

A number of external factors had an impact on JCPZ during the reporting period. An outbreak of the polyphagous shot-hole borer (PSHB) in the City of Johannesburg led to tree fatalities and an unhealthy

tree canopy, which will have an effect on environmental and ecological services. Key consequences would be an increase in the city temperature and a reduction in carbon sequestration. Land invasion on public open space: JCPZ is losing over two ha of land monthly either through illegal land grasps, land disputes or legal land transfers. Water restrictions are still in place in the City of Johannesburg. As much as trees will be planted, alternate water sources would be required. This will include dri-water, grey water, rain harvested water or even borehole water.

Financial performance

During this period, the company spent R875.4 million (96%) of its operational expenditure budget and R54.0 million of its capital expenditure budget. The revenue generated by the company increased by 8.5% as compared to the previous year.

The expenditure on the capital development programme was achieved at 96% from an allocation of R56 million for 19 projects. Key developments in the year included the Olifantsvlei Eco-Cemetery, Johannesburg Botanical Gardens, Bosmont, Pieter Roos Park, Stretford Park, Patterson Park, Mshenguville, Kaalspruit, Alexandra and the upgrading of parks aligned to Occupational Health and Safety Standards (OHS).

Employee relations

The entity has a personnel complement of 1 384.

3.11 Metrobus

The City appointed Metrobus in terms of a Service Delivery Agreement to provide safe and customer friendly bus transport services to the residents of Johannesburg. Metrobus has over the years accumulated a fleet of 486 buses of which 65 are non-operational leaving 421 buses to operate on 363 routes across Johannesburg covering approximately ten million kilometres and transporting almost 10 million passengers per annum as at 30 June 2018.

Metrobus operates from three main depots, i.e. Milner Park, Village Main and Roodepoort; the Company's Head Office is situated on Raikes Road, Braamfontein.

The entity operates within the Greater Johannesburg metropolitan area in four business segments, namely:

- The provision of daily scheduled public transport;
- The rendering of private hire transport services;
- The operation of scheduled commercial contracts; and
- Special contracts for the Gauteng Province's Department of Transport in Eldorado Park.

In addition to the above services, and as part of the company's social responsibility, the following services are offered at discounted rates:

- A dedicated service to persons with disabilities;
- Subsidised pensioner services;
- Scholar services; and
- Free transportation to the South African Police Services (SAPS), the Johannesburg Metro Police Department (JMPD) and the South African National Defense Force (SANDF) officers.

Summary of performance

Launched a new Apprenticeship Programme

The apprenticeship programme has been a major contributor to the skills pipeline within the Technical Department. Metrobus applied for funding and secured funding to the value of R4 080 000 for a period of three years to implement the apprenticeship programme for 20 candidates in the area of Auto Electrician Training Programme and Diesel Mechanics Training Programmes The contract is from 1 June 2018 to 31 May 2021. This will add value to the labour force with regards to additional assistance to repair bus defects.

Accreditation for bulk flammable substances storage

For the first time in the history of fuel management in Metrobus, the entity obtained a certificate to store bulk flammable substance. This links to the initiative launched in 2016/17 financial year regarding installation of a fuel management system, which gives accurate accounting in management of fuel as well as environmental management.

CNG Compliance Certificate

CNG have inspected and issued Metrobus with certificates of compliance for the 30 Mercedes Benz 1725 converted DDF buses and 149 Mercedes Benz Euro 5 DDF buses. This programme will continue to cover all dual fuel diesel Mercedes Benz buses and should be completed in the new financial year.

Executive Management Blitz

The entity has established an Executive Management Blitz which involves monitoring and inspection of on-route buses during morning and afternoon peak. This initiative has been welcomed by the commuters who also appreciate the opportunity to engage with Metrobus Management.

Refurbishment of double decker buses

Metrobus completed refurbishment of 29 buses in the 2017/18 financial year. The refurbishment is being done for the following reasons:

- These buses are 18 years old and they are no longer aesthetically pleasing;
- The floors are no longer compliant to the Road Traffic Rules and Regulations; and
- They have to get a new lease on life before they can be progressively retired.

The bus refurbishment process involves:

- Stripping and assessing of interior and exterior panels, flooring, roof and seats;
- Preparation and fitting, re-paneling with new panels (interior & exterior), laying of the floors, preparing the bus for paint work and fiberglass, and electrical and lighting;
- Exterior and interior painting;
- The fitting of seats, beading, handle bars etc.; and
- Pre-delivery Quality Assurance.

A total of 9.7 million passengers (including transfers) were transported against the target of 13 million passengers. Underlying journeys show a decline of 11% year-on-year (2017/18: 10.9 million)

However, the entity has also faced a number of challenges in the year under review. The first of these, bus fleet availability, notes an operational shortfall of 72 buses. Metrobus has a total fleet of 421 buses which means that fleet utilisation is at 68%. The low fleet utilisation is mainly due to the number of Out of Commission (OOC) buses at the workshop on a daily basis averaging 115 buses.

Metrobus for the most part of the 2017/18 financial year had more than 50% leadership vacancies including the Managing Director, General Manager Operations, Chief Information Officer (CIO), General Manager Corporate Services and the Supply Chain Manager. This affected the stability of the entity with senior positions being vacant for over a year in the case of the CIO.

In February 2018, Metrobus launched a pilot of the MB routes. Although the pilot of the MB routes can be regarded as an achievement, the entity acknowledges that the challenges resulting from this process which clearly indicated that Metrobus is not ready to implement all the MB routes. A decision

was taken to only pilot MB4. The other four routes (MB1, MB2, MB3 and MB7) were put on hold pending fleet capacity improvement as well as Human Resource capability improvement.

Financial performance

The performance of the organisation for the 2017/18 financial year was below expectations. The organisation had a deficit of R58.2 million in the year relative to a deficit of R19 million for the 2016/17 financial year. The major drive for this deficit is attributable to the shortfall in revenue collections in the current financial year which stood at R62 million. This shortfall is a result of the outdated technology which is used by the organisation in the collection of the revenues on the buses. In addition to the shortfalls in the revenue collections, the subsidy which was received from the shareholder was not increased despite an increase in the costs which are needed to operate the business. During the course of the financial year there were also some major occurrences within the organisation like unprotected strikes and changes in some of the routes being operated and these had an impact on the revenue collection of the organisation.

The overall expenditure for the year amounted to R663 million (R650 million for 2016/17) against a budget of R671 million . Though the expenditure was contained within the budget the under collections with regards to the revenues affected the bottom line of the organisation. In the current year as per the company policy the organisation performed a revaluation of the assets and this exercise resulted in an impairment of R24.5 million and retirement of unusable assets of R9.1 million (both non-cash losses).

Revenue realised for the year was R614 million against a target of R672 million reflecting a R59 million deficit. This can be directly attributed to fare revenue shortfall. Metrobus recorded a net liability of R196.9 million.

Metrobus remains concerned about under-collection of fare revenue as well as the high level of losses. The entity has been making losses over the past 15 years and one of the major causes of the losses has been the inability of the organisation to collect all the revenues due. Fare revenue and subsidy remain core funding for Metrobus collectively contributing to a total revenue of R614 million.

Metrobus spent 99% of the 2017/18 adjusted capital expenditure budget.

Employee relations

Table 35: Metrobus staff establishment and vacancies

	Division	Approved Employee Requirement	Strength	Vacancies	Critical Vacancies	Age analysis of the critical vacancies	Comment(s) on aging of vacancies
1	Office of the Managing Director	5	2	3	3	21 Months	Includes position of MD and two managerial/specialist positions that have not been filled.
2	Corporate Services	99	85	12	6	30 months	New posts that have never been filled since August 2015.
3	Legal Counsel and Company Secretary	4	2	2	2	21 Months	Includes Specialist and Senior Administrative positions that have not been filled since inception and resignation of previous post incumbents.
4	Information	16	6	10	4	31 Months	New posts that have never filled since August 2015. One executive position currently being filled.
5	Internal Audit and Risk Management	5	3	2	2	12 Months	Includes two recently created Specialist positions and two specialist positions that are in the process of being filled.
6	Finance	43	19	24	6	21 Months	Resignation and positions that have never been filled since August 2015.
7	Operations	586	528	45	2	15 Months	Natural attrition and resignation.

	Division	Approved Employee Requirement	Strength	Vacancies	Critical Vacancies	Age analysis of the critical vacancies	Comment(s) on aging of vacancies
8	Technical	231	202	29	5	33 Months	New posts that have never filled since August 2015.
	TOTAL	989	847	129	30		

3.12 Metro Trading Company

The Metro Trading Company (MTC) was set up to ensure the delivery of the City's Growth and Development Strategy 2040 Smart City drive. MTC is responsible for providing affordable, efficient and inclusive connectivity and maintaining broadband distribution across the city.

The demand for MTC services and the vision to grow the network will result in the increase of the core nodes and the concentration of point of presence to accommodate the business requirements of MTC resulting in the fulfilment of the mandate to advance the Smart City initiative and community digitalisation. MTC has completed the asset verification project to ensure that the footprint of the asset and the operational state is established. This will inform the maintenance and capital replacement requirements of the network which will enable the network to operate at a stable and robust manner. Furthermore, MTC will be in a position to maintain existing customers due to a highly available network that has limited outages and it will also be able to attract new customers that would increase the revenue and sustainability of the entity.

The City has concluded the feasibility study on MTC to determine the business viability and the options that can be considered in executing the business strategy. The feasibility study provided multiple options based on market analysis and other factors such as state of the network, existing customer base and demand for MTC services. The key message in the study was the consideration of a BOT process in order to stabilise, expand and monetise the network.

Summary of performance

MTC continues to improve the service it offers to the City and commercial customers. Communication infrastructure has become critically important in the provisioning of service delivery.

For the first and second quarter, MTC had no Service desk and Network Monitoring solution. As a result, incidents were logged manually via an excel spreadsheet and there was no network monitoring as a result, accurate performance monitoring could not be done. In the third quarter, MTC procured an integrated service desk and network monitoring solution.

In the fourth quarter, MTC was able to implement the monitoring and service management tools that enables MTC to have auditable service delivery performance data. In this fourth quarter, MTC is enhancing the service management, SLA adherence and network availability monitoring.

MTC is performing well with regards to overall network availability but on other network performance measures (i.e. high number of incidents logged, percentage of incidents resolved out of SLA) it is not. This is due to capacity issues with respect to internal resources and contract management enforcement with respect to external service providers. This issue is being addressed through the recruitment plan and implementation of policies and control to improve contract management.

Contract Management is the leading cause to the improved performance. In the third quarter MTC appointed two account managers which has in turn resulted in an improved customer focus and customer management and has thus fulfilled the requirement of operating within the industry standards, regular reoccurring customer engagements and improved SLA reporting.

Financial performance

The overall revenue budgeted for the 2017/18 financial was R332 million. MTC has exceeded the overall revenue target by achieving R352 million.

The high number of unfilled vacancies had a negative impact on the entity's operations and has resulted in the under-spending of R16.5 million (56%) on year-to-date expenditure in comparison to year-to-date approved budget.

The entity reported a surplus of R47.7 million as at 30 June 2018. This surplus is largely due to the underspending on employee costs and depreciation.

The entity has achieved a capex spending of R22.8 million (95%) as at end of June 2018. The underspending of R1 million (5%) was a result of savings achieved on some of the capital projects when comparing to the budget initially allocated.

Employee relations

Since its inception, MTC has been operating with 19 permanent staff, interns, short term contract staff and resources seconded from the City of Johannesburg and from other entities. MTC operates with a vacancy rate of 69% (the actual vacancy ratio is 49% when considering that five interns and 12 short term contracts are utilised reducing the vacant rate from 69 to 49%). MTC has a total number of 42 employees, all-inclusive incumbents (outsourced, acting, contracts and interns).

3.13 Economic Development Department

The Department of Economic Development is mandated to provide strategic economic direction to the City and help steer the City as a whole towards the goal to achieve 5% economic growth and reduce unemployment by 6%. The Department is also mandated to drive the implementation of the City's approved economic development strategy, which has a longer term horizon beyond the 5% growth target. The economic development strategy emphasises:

- A shift to increased localisation of production - replacing imports through getting firms in Joburg and SA to become competitive suppliers;
- A shift to increased economic activity in different regions of the City - promoting increased economic growth in regions based on their different profiles and comparative advantage;
- A shift to increased small entrepreneurship activity - through increased collaboration with the private sector value-chains and City-supported SMME hubs; and
- A shift to increased connectivity with the rest of Africa - through increased trade and investment links with the rest of Africa, including targeted development of economic precincts that reflect that Johannesburg is the economic hub of southern and eastern Africa.

Summary of performance

The Department of Economic Development's 2017/18 cumulative investment attraction directly amounts to R8.69 billion. Analysis of the Department's investment promotion drive reflects a high ratio of Domestic Direct Investment (DDI) towards property development. The sectoral investment statistics for Johannesburg also reflect indirect investment inflow and expansions in critical sectors such as health products and pharmaceuticals, agro-processing, small engineering equipment, and ICT to a small degree.

The Executive Mayor of Johannesburg officially opened Opportunity Centres in Roodepoort, the Joburg CBD and Diepsloot. To help empower entrepreneurs, the Department of Economic

Development plans to roll out a total of 14 Opportunity Centres by the end of financial year 2020/21. The City believes by supporting SMMEs and aspiring entrepreneurs, the 5% targeted economic growth can be achieved by 2021. Sustainable SMMEs meaningfully contribute to reducing unemployment.

These Opportunity Centres will serve as a "Single Point of Entry" to help emerging and established SMMEs to grow their businesses. SMMEs will, for example, be guided on how to register their businesses, how to develop business plans and analyse business models, and provide access to information, training and workshops. SMMEs will be better able to identify corrective actions to be taken to help them sustain and grow their businesses.

All Opportunity Centres currently host a job seekers database which provides a platform for the unemployed to submit their CVs. The job seekers database can, subject to applicable legislation, be accessed by public and private sector companies.

Performance against IDP targets

Table 36: Economic Development Department performance against IDP targets

KPI	Baseline	2017/18 target	Annual performance	Cumulative achievement
Percentage increase in the City's GDP	1.1% increase in the City's GDP growth	1.6 % increase in the City's GDP growth	1.0% percent increase in the City's GDP growth (estimated)	1.7 % increase in the City's GDP growth
Number of SMMEs supported by the City	10 000 SMMEs supported by the City	8 000 SMMEs supported by the City	8 978SMME supported by the City 832 SMME supported by the City for the quarter	8 978 SMME supported by the City
Rand value of investment and business facilitated	R4.5 billion of investment and business facilitated	R8.5 billion of investment and business facilitated	R8.69 billion value of investment and/ or business transactions Facilitated	R8.69 billion value of investment and/ or business transactions facilitated
Number of business service standards implemented City-wide	New Indicator	3 business service standards implemented City-wide	2 of 3 business service standards implemented Citywide	2 of 3 business service standards implemented Citywide

KPI	Baseline	2017/18 target	Annual performance	Cumulative achievement
Number of Expanded Public Works programmes (EPWP) opportunities created	24 971 EPWP opportunities created	20 000 EPWP opportunities created	8 232EPWP opportunities created However, cumulatively 19 449 EPWP opportunities created	19 449 EPWP opportunities created

3.14 Development Planning Department

The City of Johannesburg's Growth and Development Strategy is used by the Department of Development Planning to effectively guide future growth and development and enhance the standard of living and quality of life for all its citizens. The general welfare of the community is affected by the way in which it grows, and integrated spatial planning is meant to remove the patterns of spatial segregation and mono-functional use of the urban space that impede people's welfare and prosperity.

It is the strategic intention of Development Planning to push for a more coherent integrated spatial planning that uses a form-based approach to intensification and compaction to stimulate a more rational organisation and use of urban spaces, prudent land use and investment and sustainable natural resource use.

The work of the Department has a direct impact on the investment attractiveness of the City since it involves implementing and taking decisions on development applications which have a direct bearing on economic opportunities, densities and housing options. The implementation of approved development proposals, both public and private, in line with the City's multi-scale strategic spatial plans and frameworks results in urban development, increased urban land values and economic growth.

Summary of performance

With regard to Inner City regeneration, the Department provides direction by means of its spatial plans and capital programming. In the fourth quarter the capital planning process was finalised, with the Inner City identified as a priority investment area. A review of current Inner City plans has also been initiated and completed in the fourth quarter to identify possible gaps in planning or outdated spatial plans. The primary objective is to ensure investor confidence and clarity and identify spatial

plans and policies that require revision. Twenty five plans have been reviewed in terms of the evaluation criteria defined by the Department.

Implementation of priority projects identified in the two new Inner City spatial frameworks (Fordsburg and Mayfair Urban Development Framework (UDF) and the Inner City Eastern Gateway Development Framework) has also been initiated in 2017/18. Detailed designs and community participation were initiated and completed for public environment upgrades and infrastructure upgrades for the Fordsburg and Mayfair UDF area (construction to occur in the 2019/20 financial year, due to budget availability). As part of the Inner City Eastern Gateway Implementation, Jeppe Park underwent significant revitalisation and refurbishments were also completed in the fourth quarter. This included new play and community recreational facilities.

The Department has been undertaking a nodal review to assess the City's established nodes in terms of urban efficiency criteria, with the intention to formulate a revised nodal strategy. The draft nodal review document was published for public comment in the third quarter, on 28 February 2018. Public participation was held during the 4th quarter. Due to the number of extensive comments received, the Department had to extend the timelines to ensure that all comments received are carefully considered before finalising the nodal strategy. More detailed assessments and intervention strategies for two of the City's declining nodes, Lenasia and Roodepoort, have also been completed during the quarter.

Inclusionary housing requires private developers to dedicate a certain percentage of new rental housing developments to low income and low middle income households at affordable housing cost. The Department is working on defining incentives, mechanisms and regulations for inclusionary housing in Johannesburg. The draft document was advertised for public comment in the third quarter (28 February 2018). The commenting period closed on 30 April 2018. The Department received a great number of comments that must be carefully considered before the tool can be sent to council for consideration.

The implementation of projects in prioritised transit oriented development (TOD) precincts will ensure the transformation of urban spaces around railway and Rea Vaya stations into vibrant mixed-use and mixed-income activity hubs that bring people together. The Department coordinates a range of catalytic projects, to create an environment conducive to urban development. Some of the projects and interventions include:

- **Empire-Perth Corridor -** Milpark precinct: Interventions include improved connectivity to and within the precinct through pedestrian bridges and non-motorised transit routes. The implementation of these projects is well underway, the construction of the new pedestrian bridge began early in January 2018 and is estimated to be completed by 2018.
- **Jabulani TOD -** The JDA continues to implement strategic, catalytic projects to transform Jabulani in support of the visionary precinct plan for the area. Projects for 2017/18 and 2018/19 include finishing the new connection over the railway to link Jabulani to Jabavu;

upgrading Bolani Road to include safe pedestrian movement whilst accommodating informal traders and public transport infrastructure and building of a new SAFA sports facility.

- **Louis Botha Corridor -** Paterson Park and Watt Street Interchange: The construction of a new social cluster in Paterson Park, consisting of a new library and multi-purpose sports facilities is underway; together with a new upgraded and expanded park on the northern side. The completion of the project, which was targeted for the end of 2018/19 may be delayed as the services of the appointed contractor was terminated and a new contractor will have to be appointed. With the town-planning approvals in place for Paterson Park's redevelopment, the JPC will also release the land recently rezoned for higher density residential development to the private sector, with conditions of inclusionary housing attached early in the second quarter of 2018/19.

  The Department is also working with the JPC to rezone a number of properties acquired in the Louis Botha Corridor in order to prepare for the release to the private sector towards the end of this year. The town-planning applications have been lodged at the beginning of June and are currently being circulated for comments and public objections.

  Construction of Watt Street Interchange, the "bridge" between Alexandra and Sandton, has been initiated. Detail design of this new connection was completed in the first quarter and the tender for construction was awarded during the second quarter. Further engagements with property owners affected by the road closures and construction especially in Wynberg area took place in the third quarter. Site establishment occurred at the end of the third quarter and construction is underway. Of concern is the budget availability for this project in the 2018/19 financial year.

The Department together with the JDA, has initiated a process to review the impact of the City's investment over the last couple of years into areas such as Diepsloot, Orange Farm and Ivory Park. The intention is to re-direct the City's efforts into new programmes to address the inequality and poverty apparent in the deprived areas. Assessments were completed for all three areas with a proposed three year implementation programme. The Department's intention is to pilot new interventions in these deprived areas.

In Orange Farm, a second series of engagements with the local farming NGO's, Gauteng Department of Agriculture and Rural Development as well as the JPC were held to discuss the unlocking of the agricultural potential of this area through farming and agro-processing. In the fourth quarter, a comprehensive list of possible interventions was finalized.

One development intervention was identified for Diepsloot in the first quarter and two projects are underway to realise this intervention. Both projects contribute to a public environment upgrade in

Diepsloot Extension 1. Designs were finalised in the 3rd quarter and construction commenced in the fourth quarter. In the fourth quarter, a comprehensive list of possible interventions was finalised.

The department has a revised operational expenditure budget of R325.385 million (excluding internal transfers) and a revised revenue budget of R90.582 million. As at 30 June 2018, R87.238 million revenue against the target budget of R90.582 million has been received. The under collection relates amongst other things to Service Charges which includes Building Plan and Land Use Development Fees.

The overall expenditure incurred amounts to R270.394 million against the target of R325.385 million. The under expenditure relates mainly to additional budget received during the revision of the budget towards Security Costs of R11 million but not fully expended, Employee Related Costs of R15.754 million and depreciation of R13 million.

The total revised capital budget for the 2017/18 financial year is R307.322 million, inclusive of the Transit Orientated Development budget of R85.456 million, Inner City amount of R89 062, grant funding totaling approximately R127.664 million, Capital Replacement Reserve of R2.640 million and an amount of R2.5 million for the Management of JSIP relating to capital project budgeting. Actual expenditure to date amounts to R257.282 million.

The overall year to date capex expenditure reflected in the books of Development Planning is R257.282 million or 88.12% against the target of R291.956 million (based on 95% of revised budget as per the SDBIP). Actual expenditure measured against the total revised budget equates to 83.72%.

3.1 Housing Department

The Department of Housing has the mandate to deliver housing opportunities that provide alternative tenure options; are located close to economic opportunities; are adequately serviced; are affordable; and are preferably found in high-density environments.

Summary of performance

In 2017/18, performance highlights for the Department of Housing included:

- Five informal settlements were upgraded during this financial year;
- 2 020 rental accommodation units have been completed in the Inner City;
- 2 075 housing opportunities were created this financial year against the annual target of 2 190;

- 218 transitional housing units were constructed this financial year against the annual target of 200;
- 17 hostels provided with basic services;
- 3 597 title deeds issued to beneficiaries; and
- 181 informal settlements managed and cleaned.

Performance against IDP targets

Table 37: Department of Housing performance against IDP targets

IDP Programme	Key Performance Indicator	Annual Target	Annual Achieved	Annual Indicator
Prioritising the formalisation of informal settlements	No. of well-located informal settlements upgraded1	Ten well located informal settlements upgraded	5	Target not achieved
Fast-tracking acquisition of buildings in the Inner City for housing	No. of rental accommodation within the inner city and urban core	2 000 rental accommodation within the inner city and urban core	2 020	Target achieved
Increasing the delivery of housing	No. of Mixed housing opportunities constructed	2 190 mixed housing opportunities constructed	2 075	Target not achieved
	No. of transitional housing units constructed within the inner city	200 units transitional units constructed within the Inner City		Target achieved
Residents live, work and play close to work, leisure and cultural opportunities.	No. of units constructed along the transport corridors	600 units constructed along the transport corridors	95	Target not achieved
Identifying land to be serviced before human settlements are built	No. of service sites constructed	200 service sites constructed	0	Target not achieved

Fast-tracking service delivery, especially to poor communities	No. of kilometres of roads upgraded and surfaced	25 658 km of roads upgraded and surfaced	25 658 km	Target achieved
Promote proficient and well managed City housing stock & associated infrastructure	% rent collection from housing stock tenants	65% rent collection from housing stock tenants	8.86%	Target not achieved
Preserving our resources for future generations	No. of geysers installed to beneficiaries	50 00 geysers installed to beneficiaries	1 279	Target not achieved
Provision of basic services in hostels	No. of hostels provided with basic services	17 hostels provided with basic services	All hostels in the City have access to basic services: clean water, sewer, refuse removal and electricity	Target achieved
Issue title deeds to increase property ownership	No. of title deeds issued to beneficiaries.	3 000 title deeds issued to beneficiaries	3 597	Target not achieved
From informal settlement to sustainable human settlements	No. of informal settlements managed and cleaned.	181 informal settlements managed and cleaned.	71	Target not achieved
Enhancing our financial sustainability	% spent of allocated departmental Capital Budget	95% spent of allocated departmental Capital Budget	87%	Target not achieved

3.2 Department of Social Development

The Department of Social Development's targeted interventions focus on poverty reduction, food security and developmental initiatives that enable self-sustainability and social inclusivity. These

interventions further respond to the conditions of both individual and household poverty by providing a broad variety of programmes and support services. A critical enabling milestone in addressing the inter-generational poverty confronting many poor households is food and nutrition security. To this end the City supports small-scale farmers so that they can contribute to the City's food trade surplus through the Agriculture and Food Security Priority Implementation Plan.

The Department's service offering can be summarised as follows:

- Livelihood and skills development: the Department facilitates and develops livelihood opportunities linked to food resilience and income-generating opportunities so as to further develop skills, thereby improving quality of life.
- Social protection: benefits flowing from the enrolment in the Expanded Social Package include rebates on city services, food support, and social burial support.
- Re-integration of the socially excluded: the Department facilitates social support, such as the integration and re-integration of ex-offenders, ex-combatants, migrants, people with disabilities (PWD), homeless people, substance abusers and addicts into community life to play a positive role.
- Provision of grants and non-financial assistance to NGOs: the Department facilitates funded and non-financial assistance and capacity building for non-governmental organisations (NGOs).
- Advocacy and community mobilisation: the Department conducts outreach programmes to educate the community on the inclusion of the vulnerable and marginalised in economic and social opportunities.
- Regulatory action: the Department monitors and ensures compliance with policy and legislation and the progressive enforcement of standards.

Summary of performance

Children's services conduct assistance from what is referred to as 'a basket of services.' These services include material support, recreational support, educational support, psychosocial support and health support. For this financial year, a total of 5 941 children were assisted through various programmes including a toy drive, cultural dance and competition, material support and educational support. Children also benefitted from Child Protection Events.

A total of 2 734 ECD practitioners were trained through the Children's Unit on various topics regarding children, including developmental milestones, nutrition, growth monitoring, health and safety and first aid and fire-fighting.

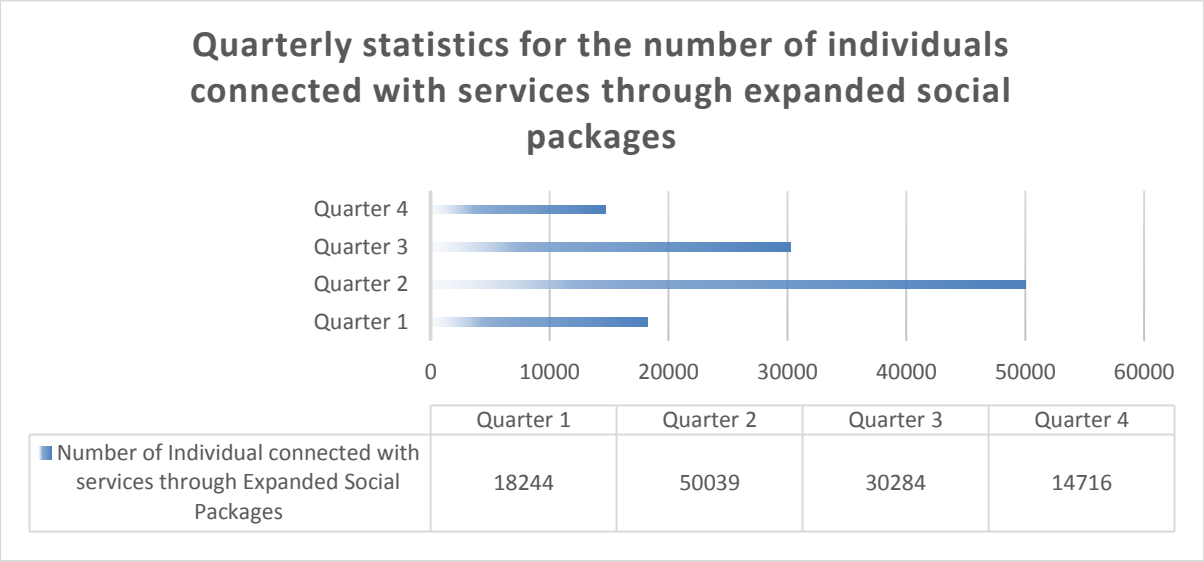
1 334 displaced individuals received assistance from the department in 2017/18. There has been an improvement in the number of people living and working on the street being serviced by the City. The improvement is largely due to people being placed in appropriate shelters. A number of displaced persons placed at the 3 Kotze Street Night Shelter have been assisted to access economic opportunities.

The Expanded Social Package (ESP) is a basket of benefits which the City allocates to its most vulnerable citizens. Citizens with different levels of need will qualify for different levels of subsidy according to the City's measure of poverty. Individuals do not need to be homeowners to apply. Qualifying citizens have access to Free Basic Services (FBS) such as rates, refuse, water, sewer and electricity. Individuals further qualify for referral for social service interventions via the Social Benefits Unit, economic activity referrals via the Skills Unit and other programmatic interventions within Social Development from the Food Resilience Unit, Youth Unit, Displaced Persons Unit, Persons with Disabilities Unit etc. and other City Departments.

The ESP targets poor individuals and the households in which they live. It is a register of indigent citizens in the City of Joburg that is fully digital, captures biometrics and is updated daily. Individuals must re-register every six months to receive continued benefits. The ESP is the only current register of indigent citizens that goes far beyond utilities rebates in scope, becoming ultimately a one-stop shop for poor citizens to access other services.

The figure below shows quarterly statistics for the number of people connected with services through the City's Expanded Social Package.

Table 50: Expanded social package quarterly statistics



	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Number of Individual connected with services through Expanded Social Packages	18244	50039	30284	14716

In its focus on substance abuse programmes, key interventions for this financial year aimed at reducing the prevalence rate and use of illicit drugs by 1.5% included:

- Prevention Programmes were undertaken across the city focusing on awareness campaigns, hot spots identification and interventions, educational and recreational excursions, effective parenting and life-skills;
- Community based Substance Abuse Treatment Sites were established in Tladi, Eldorado Park, Joubert Park and River park respectively;
- A 24 Hour Substance Abuse Crisis Line was established at 28 Harrison Street in the inner city;
- A total of 105 schools were reached to ensure they have substance abuse policies in place and programs undertaken accordingly; and
- Substance abuse research was undertaken across the city to measure the percentage reduction in the use of illicit drugs.

The largest capital projects were:

- Establishment of Agriculture Resource Centre;
- Shelters for Displaced People;
- Perth Empire Corridor Co - Production Zone;
- ECD Training Centre: Inner City;
- Louis Botha - Co - Production zone;
- Refurbishment of Poortjie Substance Abuse Centre; and
- Operating Capital for Substance Abuse Centre.

Performance against IDP targets

Table 38: Social Development performance against IDP

Service policy objectives taken from the IDP					
Service objectives	**Service target**	**2016/17**		**2017/18**	
		Target	**Actual**	**Target**	**Actual**
Supporting Orphan and Vulnerable Children (OVC) through a basket of services	Percentage of Child Headed Households assisted as per ward[12]	100%	100%	2 800	5 941

12

Region A (Ward:Children):[77:4][78:16][79:10][80:8][92:21][93;4][94:5][95:6]96:5][110:4][111:23][113:5]; Region B (Ward: Children):[68:4][82:6]; Region C (Ward: Children):[44:16][49:3][50:12]85:8][127:2][129:3][100:6]; Region D (Ward: Children):[10:7][11:5][12:8][13:4][16:7][19:6][20:1][24:5][25:3][26:3][27:5][28:8][31:25][33:2][35:12][36:1][38:15]

Service policy objectives taken from the IDP					
Service objectives	**Service target**	**2016/17**		**2017/18**	
		Target	**Actual**	**Target**	**Actual**
Assist untrained ECD practitioners to access accredited training	Number of untrained ECD practitioners receiving training	4 100	4 651	4 200	2 734
Empower ECD centres to meet requirements of Enforcement Standards Framework	No. of ECD Centres empowered through educational and skills development support to meet the requirements of the Enforcement Standard Framework	2 000	Covered by the previous KPI, the 2 KPIs have been merged into 1 KPI	400	726
Senior citizens accessing day-care centres as one stop service points	No of senior citizens accessing regional day care centres as one stop service points	4 300	19 077	0	Covered by the next KPI the 2 KPIs have been merged into 1 KP 0
	Number of senior citizens participating in	19 500	Covered by the previous KPI the 2 KPIs have	11 000	13 158

[39:20][40:26][45:10][48:2][51:16][52:5][130:3] ; Region E (Ward: Children): [107:41][116:9] [105:23][81:8] [76:3][108:29][32:11] [109:3][75:8][91:1]; Region (Ward :Children): [56:8][65:29][57:13][55:8][65:6][67:22][54:6][23:3]; Region G (Ward: Children): [1:9][2:7][3:4][4:19][5:18][6:23][9:2][17:4][18:10][119:2][120:4][121:9][122:1]

Service policy objectives taken from the IDP					
Service objectives	**Service target**	**2016/17**		**2017/18**	
		Target	**Actual**	**Target**	**Actual**
	wellness programme		been merged into 1 KPI		

3.3 Public Safety

The City of Johannesburg strives to build caring, safe and secure communities through the work of Johannesburg Metropolitan Police Department (JMPD) and the emergency medical, fire and rescue management services of Emergency Management Services (EMS).

Summary of performance

For the 2017/18 financial year the City experienced a 3% increase in the number of recorded road accidents and 6% increase in road accident fatalities. There was also a 5% increase in reported robberies and assaults in areas covered by CCTV. The table below outlines the 2017/18 service delivery levels for security and safety services of the Metropolitan Police Service (Metro Police).

Table 39: JMPD service delivery

	Details	**2015/16** **Actual No.**	**2016/17** **Actual No.**	**2017/18**
1	Number of road traffic accidents during the year (serious accidents)	2 047	2 107	2 162
2	Number of priority by-law infringements attended	9 772 (4 382 illegal street trading 2 506 Illegal advertising 2 434 Illegal dumping)	16 546 (6 567 illegal street trading 4085 illegal advertising 5 894 illegal dumping)	17 103 (9 548 illegal street trading, 3 643 illegal Advertising 3 912 illegal dumping)

3	Number of police officers in the field on an average day	796	796	854
4	Number of police officers on duty on an average day	796	796	854

The department also saw an increase in year-on-year numbers of driver's and learner's licence applications, and the number of licence cards issued, in line with the strategic objective of compliance to traffic regulations to ensure road traffic safety.

With regard to fire services, there was a reduction in the year-to-year number of fires attended to. However, more than double the total number of incidents were attended to, at over 240 000. The average turnout time in urban areas dropped from an 88% response within nine minutes, to 53%. In terms of building community resilience, 3 887 CERTs were created, exceeding the target of 1 600. Similarly, over 1 000 Emergency Compliance ECDs were established, against a target of 300, to create a safe and secure environment. However, only 38 School Emergency Response Teams were formed, against a target of 44.

Table 40: Fire Services delivery

	Details	**2014/15**	**2015/16**	**2016/17**	
		Actual No.	**Actual No.**	**Target No.**	**Actual No.**
1	Total fires attended in the year	9 547	(1 309) reduction as compared to this period in the last financial year	8 601	(946) reduction as compared to this period in the last financial year
2	Total incidents attended in the year	113 879	104 834	243 967	243 967
3	Average turnout time – urban areas	8 minutes	62.2% responded to within 9 minutes	88% responded within 9 minutes	53% responded to within 9 minutes
4	Average turnout time – rural areas	N/A	N/A	N/A	N/A
5	Fire fighters in post at year end	1 115		1 262	1 262

6	Total fire appliances at year end	102	316	102	34
7	Average number of appliances off road during the year	90	57	68	34

The department saw a slight decrease in revenue to R653 038 in 2017/18. Expenditure increased to almost R3 million. There was a 98% spend of capital budget. The table below provides further information on departmental projects.

Table 41: Public Safety capital expenditure

PROJECTS	ADJ BUDGET R'000	% EXP TO DATE
IOH	15 000	98%
Operational Capital (51 3815)	1 300	43%
Refurbishment of Roodepoort Drivers	2 290	100%
Renovation & Extension of Randburg	2 294	100%
Upgrading & Improving Security	3 500	100%
Air Conditioners in all EMS Buildings	250	90%
Bay Doors Renewal Building Alterations	3 543	90%
Fire Station – Central Fire Station Renovation	1 000	-14%
Building a New Protea Glen Fire/Ambulance	-	0%
USAR Equipment – New Computer Upgrades	300	0%
Fire Station – Cosmo City (New)	15 000	82%
Lehae Fire Station	4 000	100%
IT Needs – New Computer Hardware (Martindale)	1 500	74%
Furniture & Office Equipment	3 500	94%

PROJECTS	ADJ BUDGET R'000	% EXP TO DATE
Wash Bay Project New Building Alteration	8 350	5%
Lehae Training Academy	3 000	100%
Ambulance Equipment Replacement Programme	8 000	71%
Equipment for Urban Search & Rescue	5 000	85%
Fire & Rescue Equipment	8 000	92%
Standby Generators (Current Fire Stations)	5 000	77%
Medical Equipment New Operational Capital	2 000	97%
Fire Protective Clothing for 150 firefighters	1 900	72%
Langlaagte One Stop Shop – Licensing	7 350	84%
Supply Firearms to JMPD New Recruits	5 800	93%
Upgrading of Weighbridges at JMPD Testing	1 800	100%
Improve Area Lighting At JHB, Midrand	5 000	90%
Installation of CCTV Cameras at JMPD HQ	4 133	98%
Horse Building for Additional JMPD horse	3 320	83%
Storm Water Management Renewal Drainage	5 000	100%
Dog Kennel Hospital New Building Alterations	90	90%
Horse Boxes for JMPD Horses	486	90%
Dube Holding Facility New Building Alterations	4 300	100%
Lighting Mast at Pounds New Building Alterations	1 600	90%
By-Law Management Unit – Unit Upgrade	2 800	100%
By-Law Management Unit – Upgrade Wemmer	2 800	100%
By-Law Management Unit – CCTV Cameras	7 800	99%

Performance against IDP targets

Table 42: Public safety performance against IDP

Service Objectives / Service Indicators	2012/13		2013/14		2014/15		2015/16		2016/17		2017/18	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
Reduction in road accidents	n/a	n/a	n/a	2 109 recorded accidents	5% reduction	1% increase 2123 recorded accidents	5% reduction	4% increase 2211 recorded accidents	5% reduction	5% reduction 2107 recorded accidents	n/a	3% increase 2 162 recorded accidents
Reduce assaults and robberies in areas covered by CCTV - common assault and common robbery	5%	3% reduction	5%	23% reduction	5%	10% reduction	5%	25% increase	5%	6% reduction	n/a	5% increase
Decrease of road accident fatalities	5% reduction	6% reduction	5% reduction	18% increase	5% reduction	3% reduction	5% reduction	19% increase	5% reduction	1% increase	n/a	6% reduction

Table 43: Public safety service objectives performance

Service Objectives Service Indicators	Outline Service Targets	2014/15		2015/16		2016/17		2017/18
		Target	Actual	Target	Actual	Target	Actual	
Service Objective: The over-arching objective of this priority is the creation of a safe, secure and resilient City that protects and serves, builds, empowers and supports communities.								
Primary Based Emergency Response (CERT)	Building Community Resilience (3 000)	740	540	1 200	5 420	1 600	3 887	2 500 from 12 vulnerable areas
Support to Schools and Lifelong Learning	School Emergency Response Teams (160)	20	10	30	71	44	38	30 from 12 vulnerable areas
Creating a Safe & Secure Environment	Emergency Compliance ECDs (1 200)	200	120	300	508	300	1016	500 legally established ECDs
Early Emergency Detection & Warning	Disaster Preparedness & Evacuation (60)	10	5	15		20		

3.4 Community Development Department

The City delivers community services through the Department of Community Development, focusing on the provision of services and programmes to support sporting, recreation, library and information services, and the arts, culture and heritage disciplines. The City also provides access to various community-based facilities including: multi-purpose centres; sporting grounds; museums; and public space enhancements such as public art and monuments. Community development services target various groupings in the City's regions: children, the youth, older persons, women, orphans and vulnerable children. Community development services contribute to the City's strategic objective of improving the quality of life for all; and development-driven resilience for all.

Summary of performance

The Sport and Recreation Directorate exceeded the target of 4.6 million users at sport and recreation facilities and recorded more than 600 000 bathers for City swimming pools during the 2017/18 swimming season. Due to changing weather patterns and overwhelming user demand the season was extended by a month, running from 1 September 2017 to 30 April 2018.

With the focus on healthy living and quality of life, the Directorate hosted the Johannesburg Recreation Summit as well as the Regional Summit in collaboration with Provincial Sport, Arts, Culture and Heritage, in March 2018, to drive the Provincial Recreation Policy. This was an important step in the acknowledgement of the value of recreation in communities and the impact made at the 116 recreation centres in Johannesburg that provides more than 600 programmes annually to the broader community.

Collaborations between the Directorate and external stakeholders was the key to the successful staging of more than 21 sport development tournaments during the 2017/18 financial year, which included tournaments i.e. Steven Pienaar Soccer, Maimane Phiri, Tsalanang Community Games, Kwa Mahlobo Community Games and Simunye Boxing tournament, to name a few.

The City collaborated for the 3rd consecutive year in hosting the International Arnold Classic Sports Festival with great success, promoting 50 different sporting codes and boasted an all-time high number of 40 000 visitors and 25 000 participants. The Soweto Marathon signed up more than 20 000 participants proving that the City of Johannesburg is a Sporting City of Choice. City Stadia such as the FNB Stadium hosted events including Barcelona vs Mamelodi Sundowns , Youth Commemoration Day as well as the funeral of Winnie Madikezela Mandela at Orlando Stadium

One of the highlights of 2017/18 was the participation in the Sonchini Games, where the City in collaboration with its provincial counterparts hosted games at eight different facilities across the city, in order to select 250 youth to represent Johannesburg in Italy during the month of July 2018. This participation's focus is that of the promotion and development of sporting youth, exposing young sport stars to the international scene.

Individualised sport and fitness activities are on the rise, as can be seen in the increased participation in aerobics on a daily basis at recreation centres and street aerobics, on Saturdays. Streets are taken over on Saturday mornings in Region A and E and sessions are held in alternative wards, with great success. Over 5 000 participants have been recorded as participating in street aerobics during the past financial year. Communities are increasingly doing sport such as walking, running and swimming to stay fit, rather than getting fit to play sport. This change of focus allows the department to present more and more mass participation programmes to encourage fitness and a healthy lifestyle.

Sustainable programmes during 2017/18 at sport and recreation facilities, included senior citizens clubs at 47 recreation centres, learn to swim programmes at 12 swimming pools and boxing at 23 facilities across the City as part of the basket of services.

The Department's ultimate highlight for the 2017/18 financial year was the visit of Usain Bolt - International Athletic Legend and World Record holder for the 100 and 200m sprints, to the Ruimsig Athletic Stadium in Region C on 29 January 2018. Pumas sponsored Husain to attend and also empowered young athletics by means of talent identification.

During 2017/18, the Library and Information Services Directorate (LIS) delivered educational and developmental programmes in the 88 facilities across the City. Following the approval of the extension of library operational hours by the Mayoral Committee on 20 April 2017, and the Executive Mayor's announcement in the 2017 State of the City address, 11 regional libraries across the city opened their doors on 1 July 2017 from 09:00 to 17:00 on Saturdays. An accumulative total of beneficiaries of the extended hours in 2017/18 was 26 953 which also contributed to the overall usage of facilities. Despite the temporary closure of a number of libraries (Roodepoort, Noordgesig, Randburg and Linden) for major repairs, maintenance and renovations, over 5.6 million community members used the LIS facilities in 2017/18.

The Smart City and Innovation programme through eLearning programmes encouraged communities to utilise the eWorld and free WiFi platforms via their own devices to bridge the digital divide, create opportunities for youth employability and increase their techno literacy skills. A cumulative total of 56 320 individuals benefited from these programmes across the City which included a variety of training programmes for staff and community members. Such techno literacy and mobile literacy programmes were delivered to school children, youth, senior citizens, aspiring entrepreneurs etc.

As the country is struggling with children's literacy, the City contributed to alleviating the challenge by continuing to implement four reading development programmes to promote a culture of reading and create a nation of readers. LIS partnered with 214 ECD centres and 495 schools, and a total of 27 458 beneficiaries were recorded.

The school holiday programmes aim to bring fun reading programmes at City's libraries to promote social cohesion and library usage. Children are introduced to reading in a fun and exciting manner essential to lifelong learning. A total number of 9 661 children enjoyed the four holiday programmes held in 2017/18. These programmes encouraged participation from a wide range of communities and focuses on children from print poor environments.

Literacy training classes were directed at improving the quality of life of community members and foreign nationals that previously could not read in English. The programme recorded a total number of 1 586 participants which included 370 migrants. The classes for the 370 migrants offered proficiency level in English language at Hillbrow and Yeoville libraries in wards 64 and 66 respectively.

The outreach of library services to seven correctional services, 24 old age homes and eight people with disabilities (PWDs) establishments was delivered through the circulation of books, reading materials and support programmes. As a contribution to the Diphetogo initiative of the City, a drug awareness programme was delivered at the Nishtara Alcohol and Drug Centre in Lenasia. The total number of beneficiaries of the self-help/motivational reading discussions and colouring therapy sessions throughout the year was 56.

In the area of the live arts, the Arts Alive Festival continues to be a major platform for promoting the creative industries in the month of September, which is also Heritage Month. Following on after the Arts Alive Festival is the Joburg Carnival to mark the end of the year. The Joburg Carnival is yet another platform for unearthing new talent.

Blue Heritage plaques with City branding were installed and unveiled at 11 sites in 2017/18.

The Newtown Heads, a public art installation of 560 carved wooden heads that sit on plinths across the Newtown Cultural Precinct, have become one of Newtown's most iconic features over the last 17 years. In 2018 the Directorate of Arts, Culture and Heritage started to restore and repair these much–loved public artworks, many of which have become severely damaged or destroyed over years.

The refurbishment of the Newtown heads was spearheaded by sculptor Americo Guambe who led the original team of artists who first created the heads in 2001. Made from old railway sleepers, each hand-carved head is unique, representing a sea of faces from across the African continent.

The first phase of the refurbishment, carried out in 2018, has seen the restoration and replacement of 196 heads around Mary Fitzgerald Square and along the pedestrianised walkway that connects the square to Helen Joseph Street. The first phase was completed successfully, but the project is incomplete. A second phase should address the other wooden heads in the Newtown Cultural Precinct, which are in need of repair or replacement, and which have not yet been attended to. This will be subject to budget being made available.

The upgrading of the Mendi Monument in Avalon Cemetery, has been successfully brought to completion. The monument has been increased in scope and size and improved with the addition of new design elements. The new design incorporates key elements from the existing monument, including granite panels carrying the names of those who died. Sandblasted granite panels have been added, carrying the narrative of the sinking of the troopship SS Mendi, with accompanying images.

3.5 Health Department

The Health Department is mandated to develop a high quality, efficient, equitable health system that is accessible to all of Johannesburg's residents. The Department is responsible for the provision of primary health care services in the City of Johannesburg through its network of 81 clinics (80 fixed and one satellite).

The City's clinics operate in conjunction with health facilities managed by the Gauteng Department of Health, which include: 42 clinics; 11 community health centres; two district hospitals (South Rand and Bheki Mlangeni); three regional hospitals (Rahima Moosa, Helen Joseph and Edenvale), two tertiary hospitals (Chris Hani Baragwanath, Charlotte Maxeke); and two specialised hospitals (Tara and Sizwe Tropical). There is also one non-governmental organisation that renders primary health care services, namely Witkoppen Clinic.

The City is also responsible for the delivery of municipal health services (environmental health services) that are provided as a legislative obligation bestowed to the City in terms of the National Health Act 61 of 2003. Municipal health services encompass those aspects of human health that are determined by physical, chemical, biological, social and psycho-social factors in the environment.

The City through the Municipal Health Services is therefore mandated to protect the environment and to safeguard the public from contracting communicable diseases from food, water and other environmental impacts. This service is an obligatory service to be rendered by the municipalities and is defined in the National Health Act, 2003, as "Municipal Health Services".

Municipal Health Services are listed as:

- Water quality monitoring;
- Food control;
- Waste management;
- Health surveillance of premises;
- Surveillance and prevention of communicable diseases, excluding immunisation;
- Vector control;
- Environmental pollution control;
- Disposal of the dead; and
- Chemical safety.

The City's Health Department also contributes to the strengthening the delivery of primary healthcare services by:

- Strengthening district health systems through improved access to primary health care services;
- Training and deploying municipal, ward-based outreach teams (WBOT);
- Facilitating functional integration and rationalisation of health facilities;
- Improving health literacy levels;
- Community participation and co-operative governance in health;
- Improving access to antenatal care services;
- Improving the TB cure rates;
- Increasing the number of clinics providing ARV and HIV treatment services; and
- Consolidating the City's focus on Environmental Health Services (Municipal Health Services) through promotional, educational and enforcement programmes.

Summary of performance

Highlights in 2017/18 include:

- The Executive Mayor's Integrated Pilot Project was launched on 31 October 2016 at Princess Clinic. Since then this project has been extended to 13 clinics in the City.
- Since the launch of the eHealth@Joburg that took place at Jabavu Clinic on 8 June 2016, a total of 64 clinics now have the electronic health record system.
- The Department saw a 93.8% compliance to food safety legislation by formal food premises inspected, and a 91.6% compliance to food safety legislation by informal food premises inspected. Environmental health had a 93% compliance to relevant legislation by schools.
- 114 nurses and 11 doctors were trained in 2017/18, and there was an 8.3% increase in antenatal care.
- Between July 2017 and May 2018, 88.9% of people tested positive for HIV and were initiated on treatment; 94.3% people tested positive for TB and initiated on treatment; and 102.3% under 1 year immunisation coverage was completed.
- There was a 98% expenditure on the allocated capital budget.
- 93 wards had chronic diseases support groups established.

- 1 619 044 individuals were reached through the Jozi Ihlomile HIV/AIDS education door to door programme (July 2017 – May 2018 only).
- 100% of public sector clinics, and 81% of public sector hospitals were inspected per quarter.
- All air quality and water quality management requests were attended to.
- 13 clinics offer extended service hours in all regions.

Financial performance for the Department is detailed below.

Table 44: Financial performance (clinics)

Financial Performance2014/15: Clinics					
R'000 Details	**2017/18**	**2017/18**			
	Actual	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance to Budget**
	R000	**R000**	**R000**	**%**	**R000**
Total Operational Revenue	188 022	172 352	193 310	97%	5 288
Total Expenditure:	614 179	526 151	561 312	109%	(52 867)
Employees	573 024	506 493	525 084	109%	(47 940)
Repairs and Maintenance	14, 69	14 480	14 346	99%	77
Other	26 886	5 178	21 882	123%	(5 004)

The table below outlines 2017/18 capital expenditure for the Health Department.

Table 45: Capital expenditure 2017/18: Health

Project detail	**Original budget**	**Adjustment budget**	**Expenditure to date:**	**Expenditure to date:**
			Amount	**Percentage**
Claremont Renewal C	22 230	17 230	17 206	100%
EBONY PARK Renewal C	22 230	37 230	36 848	99%
Florida clinic New C	22 230	17 230	16 849	98%
Bophelong Clinic	0	1 000	982	98%
Protea South Clinic	1 000	500	404	81%

Project detail	Original budget	Adjustment budget	Expenditure to date:	Expenditure to date:
			Amount	Percentage
Bezuidenhout Valley	6 800	800	782	98%
Naledi clinic New Bu	1 000	1 500	1 493	100%
Operational Capital	1 700	2 700	2 609	97%
Procurement of Health Information System	30 000	30 000	28 477	95%
MINOR WORKS at various clinics across	4 800	24 517	23 705	97%
Totals:	**111 990**	**132 707**	**129 325**	**97%**

3.6 Transport Department

The transport sector of the City of Johannesburg includes the Transport Department, the Johannesburg Roads Agency (JRA), and the Metropolitan Bus Services (Metrobus).

The Transport Department is responsible for setting the sector's strategic direction and policy framework; transport planning; transport promotions; road safety; public transport infrastructure and the provision of public transport services including the rollout of Rea Vaya BRT system.

Summary of performance

During the period under review, various projects and programmes were implemented with performance summarised below:

Rollout of the Rea Vaya Bus Rapid Transit (BRT) system

The Rea Vaya BRT system is aimed at providing fast, safe, affordable, effective, efficient and convenient public transport services in areas of high demand. It is also aimed at transit orientated development, road safety and economic empowerment of mini bus taxi operators. The Rea Vaya project is implemented in phases with both Phase 1A and 1B operational and operating 48 434 passenger trips per day. Phase (1C) which is the third phase is currently being implemented with the latter taking into account the lessons from the first two phases (1A and 1B). The following progress can be reported:

- Phase 1A starts from Thokoza Park in Soweto to Ellis Park with Phase 1B running on the route from Soweto to the Johannesburg CBD past Noordgesig, New Canada, Newclare, Westbury, Corronationville, Westdene, Auckland Park and Parktown.
- The services are run through two BOCs (Bus Operating Companies), namely, Piotrans and Litsamaiso owned by previously disadvantaged operators. The relationship between the City and these two Bus Operating Companies is managed through Bus Operating Contract Agreements (BOCAs) and the companies are paid on a fee per km basis.
- An annual average of 48 434 passenger ridership can be reported for the review period.
- An annual customer satisfaction survey was conducted on the Rea Vaya services towards the end of the review period and it revealed an overall satisfaction of 71% which is an increase of 2% from last year. The four main reasons cited by commuters on why they like the Rea Vaya services are its affordability, safety, travel times and reliability.
- Phase 1C (a) is currently being implemented which stretches between Johannesburg CBD, Alexandra and the Sandton CBD. Progress on construction of this route is reflected below:
    - 98% completion of the 17.2 km trunk route.
    - 56% construction of six stations.
    - Phase 1 of the Rea Vaya Selby depot is complete. Progress on Phase 2(a) is at 97% with procurement for Phase 2(b) currently in progress. The facility is expected to be completed by June 2019.
    - The new Control Room at Selby depot was completed.
    - The designs for the Rea Vaya Alexandra depot are complete and the contractor was appointed and commenced with implementation (e.g. site establishment). The construction schedule was however impacted upon by community protests in the area.
    - The walking and cycling bridge at Grayston over M1 was completed and is open for use.
    - Procurement of 141 buses is underway for a Phase 1C (a) start date in July 2019.
    - Negotiations with affected operators is in progress albeit ongoing challenges.

The table below displays the Rea Vaya Bus Rapid Transit (BRT) operational service statistics.

Table 46: BRT operational service statistics

Municipal Bus Service Data: Transport Department (Rea Vaya BRT)						
		2016/17 F/Y	**2017/18 F/Y**		**2018/19 F/Y**	
		Actual No.	**Target**	**Actual no.**	**Estimate No.**	**Actual no.**
1	Passenger journeys	Rea Vaya : 34,500	53 000	48 501	53 000	
2	Seats available for all journeys	Rea Vaya : 108,801	108,801	108,801	108,801	

Municipal Bus Service Data: Transport Department (Rea Vaya BRT)						
		2016/17 F/Y	2017/18 F/Y		2018/19 F/Y	
		Actual No.	Target	Actual no.	Estimate No.	Actual no.
3	Average Unused Bus Capacity for all journeys	Rea Vaya : 18,6%	54 %	60%	44%	45%
4	Size of bus fleet at year end	Rea Vaya : 277	277	277	277	275
5	Average number of Buses off road at peak	Rea Vaya : 27	27	27	27	25
6	Proportion of the fleet off road at peak	Rea Vaya : 9%	9.7%	9.7%	9.7%	
7	No. of Bus journeys scheduled per day	Rea Vaya : 2561	2561	2561	3375	3312
8	No. of journeys cancelled per day	Rea Vaya : N/A	52	20	70	63
9	Proportion of journeys cancelled	Rea Vaya N/A	2%	0.8%	2%	1.8%

Transport transformation

Achievements in the last financial year in terms of transport transformation include:

- Financing and facilitating a certificate programme at Wits School of Governance for 100 mini bus taxi operators;
- Mayoral Committee approval for a long distance and cross border public transport strategy;
- Partnering with mini bus taxi and bus company representatives to operationalise the long distance and cross border Johannesburg International Transport Interchange in the Inner City. This facility will ensure the safety and dignity of residents and visitors;
- Completing a learner transport strategy including two consultative summits with operators; and
- Signing of a Memorandum of Agreement with the Gauteng Provincial Government in respect of provincial subsidised contracts to ensure their long term integration into an integrated public transport plan.

Transport infrastructure including public transport facilities, complete streets and managed lanes

The construction and upgrading of public transport facilities is part of the Transport Department's mandate. The following can be reported in this regard:

- **Public Transport Facilities**

- 76% completion of JITI (Johannesburg International Transport Interchange) which will accommodate long distance and cross border buses. This facility would have been completed and operationalised during the 2018/19 financial year. However, the main contractor went insolvent and a new contractor had to be procured.
- Finalised detailed designs for small public transport facilities at Zola / Emdeni and Orange Farm.
- Initiated construction of a small public transport facility at Driziek.

- **Complete streets**
  - Complete Streets are streets which are constructed or retrofitted to accommodate all road users (pedestrians, cyclists, public transport and motorists). These streets also enhance the safety of road users and the following can be reported for the period under review:

- The designs for complete streets links to Dube railway station are completed.
- Construction of complete streets links to Merafe and Mzimhlophe railway stations are in progress.
- The procurement process for designs on the route between Orlando East and Soweto UJ campus was finalised. The development of designs and implementation of Phase 1 of this project will be undertaken in forthcoming financial years. This project is funded through external funding from KfW (German Development Bank).
- Designs for managed lanes at Eloff Street in the Inner City are in place and construction is underway. This is a two-year project.

Cycling promotion

The Department annually distributes bikes to disadvantaged learners. In the 2017/18 financial year, the following can be reported:

- 1 307 bikes were distributed as part of cycle promotion. The areas covered included Orlando and Alexandra and the beneficiaries included learners, members of the community policing forum (CPF) and health workers etc.
- A cycle manual is being finalised. A stakeholder workshop was held on 19 June 2018.

Road safety education, behavioural change and partnerships

As part of promoting safety of road users and behavioural change, the Department implemented 76 road safety education and outreach programmes in partnership with stakeholders and the community. These interventions were implemented at various areas across the city.

During October 2017, the Transport Month programme was implemented in partnership with stakeholders and the community. The programme included:

- Learner Transport Indaba;
- Opening of the rehabilitated Oxford and Federation Bridges on the M1;
- Distribution of bikes as part of cycling promotion;
- Senior citizens appreciation programme;
- Promotion of Metrobus services also aimed at increasing Metrobus patronage;
- Drivers' appreciation programme also aimed at improved safety for transport users;
- Kasi to Kasi adventure which included travelling to various destinations using public transport. The objective is to promote public transport as a mode of choice.
- Streets alive prayer session in Meadowlands aimed at promoting safety of road users and behavioural change; and
- Participation in a career exhibition aimed at providing career guidance and highlighting career opportunities to learners in the field of transport.

Strategic transport planning

The following can be reported for the period under review:

- The development of the citywide transport ten-year integrated transport network fundable plan is in progress and anticipated to be completed by December 2018.
- A transport master plan to guide intervention to promote walking, cycling and public transport for the Braamfontein precinct was completed.

Freight management

The citywide freight management plan which was completed and approved by the Mayoral Committee during March 2017 is being implemented in partnership with stakeholders. The Freight Management Forum is in place and meeting regularly.

Transport regulation

The transport by-laws are being reviewed in line with the Transport Governance Framework (TGF). A draft by-law document was developed and submitted to Group Legal & Contracts Department during the period under review to take the process forward.

The following tables provide information on the department's revenue, operational and capital expenditure.

Table 60: Transport revenue and Operational Expenditure

Revenue and Operational Expenditure						
Description	**Annual Budget (000)**	**Q1 Actual (000)**	**Q2 Actual (000)**	**Q3 Actual 9000)**	**Q4 Actual (000)**	**YTD Actual**
Operating Grants	212 056	14 666	22 200	22 200	134 197	193 263
Rea Vaya fare revenue	122 789	22 427	30 779	39 552	31 598	124 356
Total Revenue	334 845	37 093	52 979	61 752	165 795	317 619
Employee related costs	183 123	44 252	54 875	39 333	46 106	184 566
Depreciation and asset impairment	568 132	94 510	94 526	162 676	102 099	453 811
Repairs and maintenance	37 781	3 126	22 815	-	20 804	46 745
Contracted services	510 865	84 812	141 163	140 877	143 221	510 073
Grants and Subsidies	3 500	-	0	-	499	499
Other Expenditure	109 861	3 234	18 592	13 285	44 949	80 061
Internal Charges	117 982	254	8 491	28 409	41 037	78 191
Total Expenditure	1 531 244	230 188	340 462	384 580	398 715	1 278 313
Surplus/Deficit	-1 196 399	-193 095	-265 284	-322 828	-232 920	-960 694

Table 47: Transport Capital expenditure R'000

#	Details	Total Budget '000	Budget for Quarter '000	Actual for Quarter '000	Variance for Quarter '000	Actual for year '000	Variance for year '000	% Spending
1	NR: Nodal Regeneration: Parking Solutions for small nodes JOHANNESBURG City Wide	1 750	438	1 461	1 024	1 461	-289	83%
2	Managed Lanes: Dedicated Public Transport Lanes: Inner City	13 000	3 250	-	-3 250	-	-13 000	0%
3	PTF: Small Public Transport Facilities: Tshepisong	1 500	375	194	-181	194	-1 306	13%
4	PTF: Small Public Transport Facilities: DRIEZIEK EXT.3	5 000	1 250	226	-1 024	576	-4 424	12%
5	PTF: Small Public Transport Facilities: Orange Farm Ext 7 (Region G)	1 500	375	1 269	894	1 332	-168	89%
6	Large: Public Transport Facility Redevelopment of Karzene, NEWTOWN EXT.1 Region F	111 000	27 750	72 387	44 637	109 678	-1 322	99%
7	Complete Streets: (KFW - German Development Bank): Orlando East to UJ Soweto Route	1 000	250	-	-250	-	-1 000	0%
8	NR: Nodal Regeneration: Gandhi Square East Precinct	21 000	5 250	-	-5 250	-	-21 000	0%
9	PTF: Transfer Facility: Lenasia Scholar Transport Interchange	500	125	-	-125	-	-500	0%

#	Details	Total Budget '000	Budget for Quarter '000	Actual for Quarter '000	Variance for Quarter '000	Actual for year '000	Variance for year '000	% Spending
10	Complete Streets: NMT Facilities Linking Railway station Dube, Marafi, Mzimhlophe New Pedestrian Walks DUBE D Regional	40 000	10 000	39 618	29 618	39 618	-382	99%
11	PTF Holding Facility: Design and Construction of Roodepoort New Nodal Transport Facilities ROODEPOORT C Regional	1 500	375	28	-347	466	-1 034	31%
12	PTF Small Public Transport Facility Design and Construction of Zola Public Transport Facility New Nodal Transport Facilities ZOLA D Region/ Emdeni	1 500	375	302	-73	1 006	-494	67%
13	Public Transport Support Infrastructure: New Laybys and Street Furniture JOHANNESBURG City Wide	1 500	375	-	-375	-	-1 500	0%
14	Park and Ride Facility: Design and Construction of a Park n Ride in Greenside Region E	1 500	375	352	-23	352	-1 148	23%
15	Small: Public Transport Facility in Zakariya Park Region G	1 500	375	243	-132	306	-1 194	20%
16	Rea Vaya roadways, depots, bridges and interchange	706 131	176 533	424 696	248 163	685 585	-20 546	97%
17	Operational Capex	530	133	154	22	452	-78	85%
	Totals	**910 411**	**227 603**	**540 930**	**313 327**	**841 026**	**-69 385**	**92.38%**

3.7 Environment and Infrastructure Services Department

The Environment and Infrastructure Services Department (EISD) is focused on environmental sustainability, through the regulate, monitor and influence sustainable use of natural resources and the protection of the environment; whilst facilitating infrastructure planning to support engineering services in the City. Its mandate is the following:

- Planning, Policy and Strategy Development;
- Regulation, including compliance and enforcement;
- Monitoring and modelling;
- Facilitation and implementation of key strategic programmes and projects;
- Roll-out of municipal services in an integrated and sustainable manner through coordinated planning; and
- Education and Awareness across all sectors (to change behaviour).

The Department's main function is policy development, regulatory and monitoring rather than being an implementation agent or a service delivery agent. The mandate of the Department is embedded in the strategic functions of the Department as is reflected in the following key performance areas:

- Urban Water Management is meant to ensure security of supply and also ensure the quality of river health;
- Bio-diversity Protection, which is concerned with ensuring protection of eco-systems and bio-diversity;
- Air Quality Management which supports interventions that will lead to clean air (e.g. mitigate against mine dust);
- Climate Change which is aimed at ensuring that City's greenhouse gas emissions are reduced to minimise its contribution towards climate change (mitigation) and to ensure resilience through adaptation;
- Waste management and minimisation, aims to reduce environmental pollution and also to minimize waste going to the landfill sites (taking into consideration the fact that the City has a challenge around the shortage of landfill space);
- Infrastructure planning and coordination is one of the integral areas of focus as it is meant to ensure adequate and resilient infrastructure to support the City's spatial vision. The tool that is used is commonly referred to as the Consolidated Infrastructure Plan; and

- Environmental education and awareness is aimed at behavioural change on environmental sustainability.

Summary of performance

Water quality and catchment management

EISD continues with the new approach of improving and managing the quality of watercourses through rehabilitation projects within the various Water Management Units (WMUs), in both the Jukskei and Klip Catchments. In the past, various initiatives have been undertaken to improve the ecological state of the various water courses making up these catchments; be it through river clean-ups, constant water quality monitoring and rehabilitation work. These initiatives were project based and made it difficult to assess the improvement of these water courses, hence the transformation in managing and measuring improvements. The river clean-up programme under the Department still continues – as river clean ups also contribute to the improvement of the quality of the City's water resources as well as improving the quality of life for affected communities.

During 2017/18 rehabilitation work rehabilitation work was undertaken in the following WMUs to improve the ecological state:

- Alexandra, Jukskei River Rehabilitation;
- Kaalspruit River Rehabilitation;
- Diepsloot River Rehabilitation;
- Mshenguville Wetland Rehabilitation; and
- Bosmontspruit Rehabilitation.

The various river clean-up projects for the improvement of water courses were undertaken during the course of the financial year. The City's objective in relation to Water Quality Management is to conserve and enhance the watercourses and riparian zones within Johannesburg through implementing integrated catchment planning and management practices in order to protect water resources and to promote healthy aquatic ecosystems and riverine areas which support sustainable social and economic use to the optimal benefit of all stakeholders, including the environment. The department in collaboration with Joburg City Parks and Zoo (JCPZ) identified the river clean-up projects in four Regions namely:

- Region A – Diepsloot;
- Region C – Doornkop and Braamfischerville;
- Region E – Buccleuch; and
- Region F – Bruma Lake and Denver Informal settlement

The day-to-day activities of the river clean-up operation included - litter picking, grass cutting, reeds control and removal of debris. A total of 93 work opportunities were created – 27, 25, 15 and 26 in the respective regions of A, C, E and F.

Biodiversity conservation

There is a well-recognised deep interconnectivity between conservation of biodiversity, poverty alleviation and sustainable development. Like similar cities, the City of Johannesburg is densely populated and the natural land cover has experienced significant transformation. Despite this, a fair amount of biodiversity remains within the City's boundaries. However, the increased urbanisation currently being experienced within the city is posing a threat to the remaining biodiversity. The overall objective of the City in relation to biodiversity is to enhance human development and wellbeing through sustainable use of biological resources and equitable sharing. Projects being undertaken in the current financial year for the realisation of the City's objective in relation to biodiversity conservation include:

- Development and Implementation of Invasive Species Monitoring, Control and Eradication Plan.
    - The development of the Invasive Species Monitoring, Control and Eradication Plan will continue in the FY2018/19. However, priority areas for clearing of invasive species were identified during the FY under review. These priority biodiversity areas included municipal nature reserves, aquatic environments, and other conservation areas. EISD collaborated with JCPZ and a total of 3 163 ha was cleared across the seven regions of the City with the creation of 112 job opportunities.
- Implementation of Ecological Management Plans in Protected Areas.
    - Ecological Management Plans (EMPs) inform how protected areas are to be managed and adequate implementation of these plans is critical for the maintenance of ecological, economic and social viability of biodiversity priority areas.
    - The interventions identified in the EMPs range from a number of various activities, such as firebreaks, alien invasive control, soil conservation and fencing etc.
    - The Department identified areas for controlled fire-breaks for the purpose of preserving grassland ecology and stimulating the germination of some desirable species. The areas included Nature reserves, bird sanctuaries, ridges and koppies; Parys Zoo Farm and JHB Zoo; as wells as the Botanical Gardens. The areas covered over 30 protected areas and close to 3 000 ha was controlled-burned and 310 work opportunities created.
    - Another intervention from the implementation of the EMP included the control of alien and invasive species. A total of 441 ha was cleared with a total of 137 work opportunities created.
- Protected Area Proclamation

Integrated Waste Management

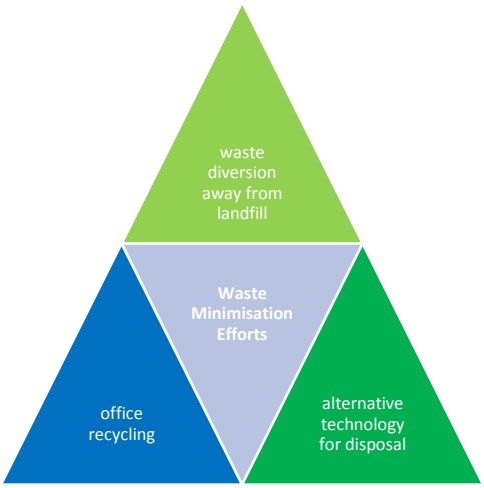
The City is faced with the challenge of increasing volumes of waste generation and the diminishing landfill space. The City generates and disposes close to 1.6 million tons of waste on an annual basis. This figure is increasing on a yearly basis and is projected to reach 2 million tons by 2022. To respond to this challenge an Integrated Waste Management Policy and Plan was developed and adopted by Council in 2011. The Plan sets targets for minimization and diversion of waste disposal to landfill. The

Department encourages recycling initiatives through the development of waste buyback centers and separation at source by all in the City. The separation at source is inclusive of the private sector as households.

The aim of the waste programmes of the Department is centred on waste minimisation efforts:

- Diversion of waste from landfill by the commercial sector and City initiatives; and
- Exploring the potential of alternative technologies to divert and dispose general to respond to the ever increasing waste generation.
- And implementing office recycling to encourage separation at source.

Figure 10: The City's waste minimisation programme



The City through EISD in collaboration with Pikitup has continued to encourage waste minimization as well as improving the regulatory performance of Waste Management Activities (WMA). For the year under review, the overall total of waste diverted from landfill was 209 040 tonnages against 1 447 514 tonnages of waste generated and amounts to 14.4% reduction of waste to landfill.

Table 48: Waste management

Waste Stream	**Tonnages diverted**
Green waste	34 339
Dry waste	29 246
Commercial	116 173
Builder's rubble	29 282
Waste generated	1 447 514
Waste landfilled	1 238 474
Total tonnages diverted	**209 040** **14.4 %**

The key focus of Waste Management and Regulation within the City of Johannesburg is the implementation of the Integrated Waste Management Plan (IWMP) targets as promulgated in 2011. The primary objective of the IWMP is to integrate and optimise waste management activities, thereby maximising efficiency and improving the quality of life of all citizens, while the associated environmental impacts and financial cost are minimised (DEAT, 2000). To implement sustainable waste minimisation, the Department undertakes reuse, recycling and recovery programmes through strategic interventions including the promotion of waste to energy and other reuse and recycling initiatives supported by the introduction of waste separation at source programmes. Below are projects being undertaken this financial year in support of waste management and minimization:

- Alternative Waste Treatment Technologies (AWTT) projects
    - Waste to Energy (WtE) – In 2017/18, the Department implemented Section 120 of the MFMA to solicit comments from national and provincial government and other City Departments / Entities and the comments were submitted and noted; it advertised the Public Notice through the Speaker's office which was followed by the 60 days Public Notice process and presentation to council; and the Department Appointed a Transactional Advisor (TA) for the project to conduct the EIA and PPP procurement. The TA will also facilitate the development of the 10 year Integrated Waste Management Plan.
    - Landfill Gas (LFG)
    - Biogas – the Department completed the engineering design works for the pilot biogas digester at Robinson Deep Landfill site.
- Separation at Source (S@S) at City Owned/ Occupied facilities
- Waste Information Management System (WIMS)
- Compliance and Enforcement
- Waste Management Bylaw review
- Skills development of JMPD officers
- Compliance monitoring of WMA (Waste legislation, regulations, norms, standards & best practices)
- Illegal Dumping Strategy

Open space planning

Open Space Planning aims to improve the protection and management of the whole landscape and to secure critical natural processes underpinning development, including important habitats and ecological linkages, protection of water catchments, and harnessing the benefits of 'Green Infrastructure" both natural and engineered. The function also considers important hydrological

processes and the promotion of sustainable urban drainage and water sensitive urban design principles to reduce environmental degradation, mitigate against flood risks and build resilience in the face of climate change. The Open Space Planning function also seeks to ensure that there is adequate provision of social open space for recreation, to support a growing population and densifying city. Integrated Open Space Plans help to ensure the application of findings within spatial planning processes and greening programmes. Projects being undertaken or initiated in the current financial year include:

- Development of an Integrated Open Space Plan for Lanseria;
- Development of a Storm water Design Manual (Phase 2 – year 2);
- Regional Attenuation Feasibility study; and
- Development of a Catchment Management Plan.

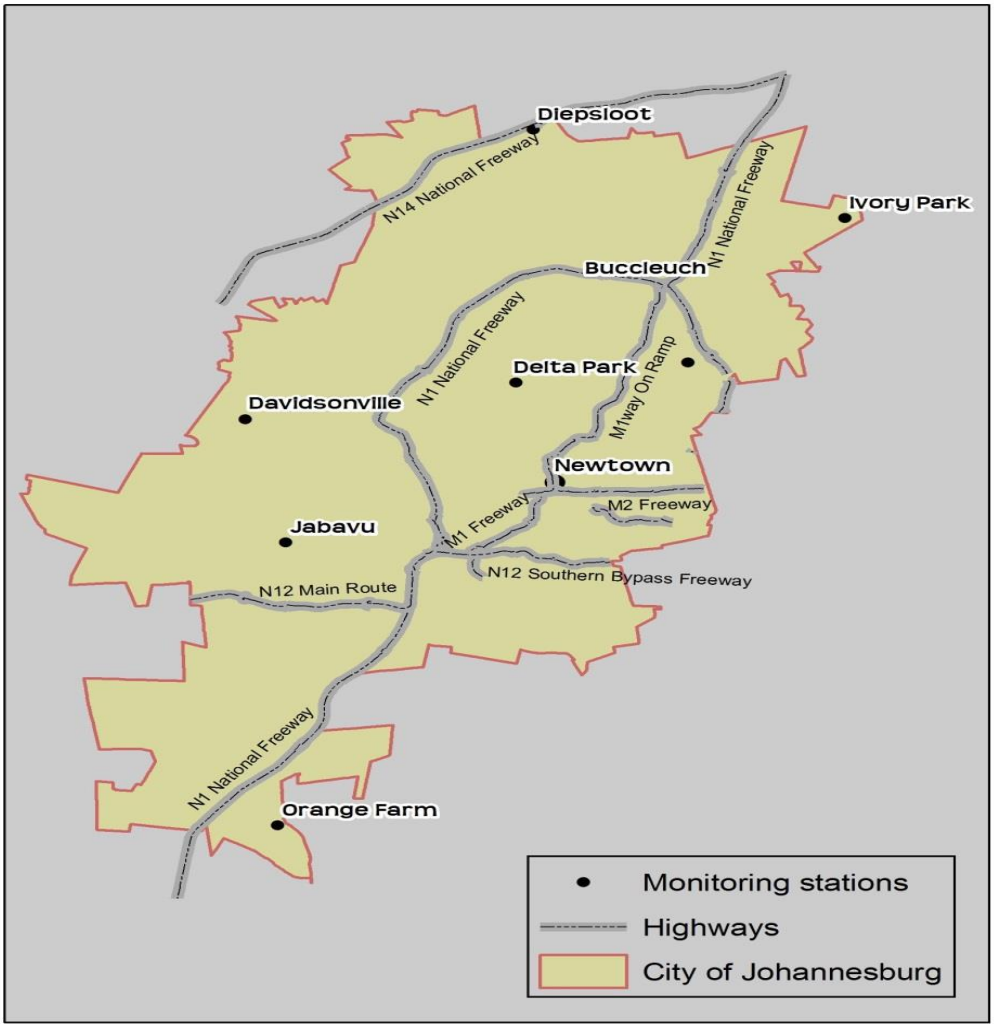
Air quality management

The Department is mandated to undertake the responsibility of implementing and enforcing the National Environmental Management: Air Quality Act 39 of 2004, as amended. The key function of the city is to perform the function of the Air Quality Officer which includes the licensing and regulation of listed industrial activities. The air quality management planning and monitoring of ambient air quality to ensure that the quality of air complies with the standards to protect the health and wellbeing of the public.

The following are the functions and/or projects undertaken in regard to air quality management during this financial year:

- Review and implementation of revised Air Pollution Control By-Laws – The draft Air Pollution Control bylaws were finalised and advertised for public participation.
- Atmospheric Emission Licensing- The Department received 14 AEL applications for listed activity during the 2017/18 Financial Year. A total of eight Atmospheric Emission Licence (AEL) were issued and six remain. The remaining six could not be finalised due to incomplete information.
- Compliance monitoring of industries - The Department conducted a total of 12 inspections for compliance with AEL conditions. Out of the 12 facilities inspected, three were not complying with minimum emission standards and were issued with notices in terms of section 31L of NEMA. Act 109 of 1998.
- Ambient Air Quality Monitoring - A total of six stations out of a nine are currently operational with four of these recovering data more than 80% as required by National Air quality Standards for data integrity.

Figure 11: Map of stations in network



Through these stations the department monitors PM10 levels, which have been found to be high within the City and frequently exceed the national standards of 75 µg/m3. Diepsloot recorded a high score three 13 exceedances of the PM10 daily average NAAQS during the quarter while Jabavu reported seven. There were no exceedances recorded at the rest of the stations measuring PM10.

Climate change

Climate change represents one of the most pressing issues of our time. The City's approach to this is that of mainstreaming climate action into normal City processes, such as land use planning and decision making, infrastructure roll-out and service delivery. The Climate Change Strategic Framework is the means to integrate and leverage on the work of key sectors such as the Planning Department, the Transportation Department, and some key entities such as City Power, Joburg Water, and Pikitup etc. These sectors are encouraged to implement projects and programmes that benefit carbon reduction and build resilience in the City. The EISD undertakes the responsibility of monitoring and reporting on the performance of the following projects:

- Wastewater sector - Biogas to energy;
- Energy Sector - Energy Mix by technology;
- Waste Sector - Green waste diverted from the landfill site; and
- Transport Sector - Rea Vaya (Bus Rapid Transit (BRT).

For the year under review, a total of 95 080.27 tCO2e in GHG emissions offset was achieved from the sector-based projects that were implemented.

Table 49: GHG emissions offset

Sector	Project	Tons of C02 in GHG emissions offset
a. Water Sector	Biogas to energy project.	0 tCO2e
b. Energy Sector	Energy Mixed by Technology.	41 355.5 tCO2e
c. Waste Sector	Green Waste Diversion from Landfill	11 610.52 tCO2e
d. Transport Sector	Rea Vaya BRT project	42 114.25 tCO2e
Total		**95 080.27 tCO2e**

Service Statistics for Environmental Protection

The City has a statutory obligation to regulate, monitor compliance and to enforce City wide activities with a variety of environmental laws ranging from the Constitution, the National Environmental Management Act (NEMA), Specific Environmental Management Acts (SEMAs) to local government by-laws.

Waste Diversion: The City monitors the diversion of waste to landfill site with the aim of providing sustainable waste management service to the residents of Johannesburg. In 2016/17, the City achieved 14.2% reduction of waste to landfill, whilst in the financial year under review the City achieved 14.4% reduction of waste to landfill against a total of 1 447 514 tonnages of waste generated.

Regulatory Performance of Waste Management Activities: As part of enforcing compliance to the waste bylaws, the City has implemented a registration and licensing regime. The aim of the regime is to register all waste related activities and to issue a license once certain conditions have been met. The Waste Information Management System (WIMS) registered 15 new businesses during the fourth quarter and issued 23 permits for businesses that were registered. The percentage of permitted WMA businesses is 53% for 2017/18.

Wastewater Treatment Works (WWTWs) compliance: The Department has an oversight role over Joburg Water with the aim of ensuring amongst others sound environmental practices and sustainable delivery of water and sanitation supply. Joburg Water has set a target of 97% compliance for wastewater discharge prior to discharge into water courses. The overall Wastewater Treatment Works (WWTWs) compliance for the quarter under review was at 69.6 %.

Comments on development applications: The department provides environmental input on the development application value chain by commenting on land use applications from the Development Planning Department, Johannesburg Property Company and Environmental Assessment Practitioners on environmental authorisation related applications. A total of 3 585 applications were reviewed in 2017/18. The applications include approximately 600 Johannesburg Property Company applications, 1 695 town planning applications, 972 Site Development Plans and 318 environmental authorisation related applications. The majority of applications in sensitive areas were located in Regions E (39%) and A (21%) in 2017/18. Most of these applications are for areas affected by rivers, wetlands and the Bioregional Plan.

Performance against IDP targets

Table 50: EISD performance against IDP

Key Performance Area	Key Performance Indicator	Interventions	2017/18 Target	2017/18 Actual	Comments
Climate change and energy diversification	Tons CO_2 offset in greenhouse gas emissions based on sector-based projects	**Water**: WWTW from Biogas Project	4 671 tons CO2 from: Biogas digester at WWTW	0 tCO2e achieved	There were challenges in commissioning the plant which are being addressed. JW aims to finally commission the plant during the 1st Quarter of FY2018/19.
		Energy: Energy Mix by Technology	24 205 tons CO2 off set in GHG emissions from the Energy Efficiency Programme	41 355.5 tCO2e achieved	
		Transport BRT Re-fleeting Conversion from diesel to dual-fuel	40 000 tons CO2 offset in GHG emissions from the Transport sector	42 114.25 tCO2e achieved	
		Waste Waste diverted	3 202 tons CO2e from waste diverted	11 610.52 tCO2e achieved	
Integrated Waste Management	% diversion in waste disposed by landfill	Dry waste, Green waste and Builders rubble recycling/reusing from City's facilities and Commercial sector	25 % diversion in waste disposed by landfill	14.4 % waste diverted	Green waste and builders rubble contracts lapsed and could not be procured due to budget rebasing. •Improve on the quality of shredded material •Put additional green waste off-takers or processors. •Conduct green waste summit with green waste processors for

Key Performance Area	Key Performance Indicator	Interventions	2017/18 Target	2017/18 Actual	Comments
					exploring partnerships for off-take of green waste. •Deploy additional crusher plants and security to prevent equipment vandalism at the landfills •Recommissioning all crushers that are broken and deploy additional operators at all landfills

3.8 Performance against planned targets in 2017/18

The table below details the City's actual performance against the planned targets as derived from the IDP and SDBIP.

Table 51: Institutional Service Delivery Budget Implementation Plan 2017/18

KPI No.	Key Performance Indicator	Baseline	2016/17 Annual Performance	2017/18 Target	Annual Performance
Priority: Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021					
1.	% increase in the City's GDP growth	1.1.%	1.4%	1.6%	**Target met** 1.7%
2.	Number of SMMEs supported by the City	10 000	10 000	8 000	**Target met** 8 966
3.	Rand value of investment and business facilitated	R4.5 billion	R4.5 billion	R8.5 billion	**Target met** R 8.676 billion
4.	Number of business service standards achieved	New	New	3	**Target not met** 0 **Mitigation**: Establish a steering committee meeting. Streamline World Bank reporting process; Organize workshops with World Bank experts and group workshops involving the key players' in the field.

KPI No.	Key Performance Indicator	Baseline	2016/17 Annual Performance	2017/18 Target	Annual Performance
5.	Number of Expanded Public Works Programmes (EPWP) work opportunities created citywide	15 245	15 245	24 809	**Target not met** 21 696 **Mitigation**: Strengthen EPWP internal control mechanisms that will address issues of under reporting, lack of evidence and adherence of reporting timelines.
Priority: Ensure pro-poor development that addresses inequality and poverty and provides meaningful redress					
6.	Number of units (structures) in informal settlements with access to water at minimum LoS1	2 428 (97.89 %) 600 (46.5%)	97.85%	2290	**Target not met** 0 **Mitigation**: The tender is undergoing supply chain processes and if responsive will be awarded in first Quarter of the new financial year.
7.	Number of units (structures) in informal Settlements with access to sanitation at minimum LoS1	47.01%	48%	2240	**Target not met** 620 **Mitigation**: City to appoint the contractor, work will commence in the next financial year.
8.	Number of unit (structures) in informal settlements with access to electricity	1 (informal settlement electrified)	6 796	810	**Target met** 2 167

KPI No.	Key Performance Indicator	Baseline	2016/17 Annual Performance	2017/18 Target	Annual Performance
9.	Number of well - located informal settlements upgraded	New	New	10	**Target not met** 3 **Mitigation:** Strengthen community consultation and conversation of Agricultural holding to farm portions. The excursions certificates will be provided in the next Financial year. This will allow for the appointment of consultants to be completed.
10.	Number of mixed housing opportunities constructed	3 750	3 750	2 190	**Target not met** 2 103 **Mitigation**: City to obtain eviction order from the Sheriff to address invasion of vacant. In some case there is currently a court order which is yet to be executed.
11.	Number of title deeds issued to beneficiaries	2 762	2 762	3 000	**Target met** 3 597
12.	Percentage maintenance of a credible citywide indigent register	New	New	100%	**Target met** 100%
13.	Number of social housing units developed.	1 450	6 338	1 122	**Target met** 1 159
Priority: Create an honest and transparent CoJ that fights corruption					

KPI No.	Key Performance Indicator	Baseline	2016/17 Annual Performance	2017/18 Target	Annual Performance
14.	% Increase in quality of life (QOL) index	6.27 QOL index score at index points (2015)	58 %	1%	**Target met** 1% Based on the preliminary results of QOL the target has been achieved.
15.	Number of preventative measures implemented across all departments and entities	New	New	16	**Target met** 16
16.	Percentage of reported matters investigated	New	New	80%	**Target met** 99.9%
17.	Percentage of investigated matters resolved	New	New	50%	**Target not met** 28% **Mitigation:** The introduction of this specialised department to combat corruption and greed saw the overwhelmingly increase in the number cases that were received for investigations in tandem to the few investigators. Consequently, the department continues to engage HR on the recruitment process. Furthermore, the process for the new tender for the panel of Investigators is underway and the department will be intensifying case docket inspections and closing of completed investigations.

KPI No.	Key Performance Indicator	Baseline	2016/17 Annual Performance	2017/18 Target	Annual Performance
18.	Number of Inner City property development projects awarded	New	New	10	**Target not met** 0 **Mitigation:** 3 properties to be awarded in the new financial year and the remaining (7) properties to be re-advertised in the new financial year.
19.	Number of by law enforcement operations in the CoJ	New	New	200	**Target met** 245
Priority: Create a sense of security through improved public safety					
20.	Number of traffic enforcement operations in the CoJ	New	New	3 500	**Target met** 6 059
21.	% of Priority 1 medical calls responded to within 15 minutes	60,4%	60,4%	65%	**Target met** 84%
22.	% of Priority 2 fire calls responded to within 15 minutes	63.1%	63.1%	65%	**Target met** 74%
Priority: Create a culture of enhanced service delivery with pride					
23.	Percentage completion of skills audit between levels[13]	100% completion of Skills Audit between levels 1 to 2	100%	100%	**Target met** 100%

[13] Senior management employees on Level 3 and 4

KPI No.	Key Performance Indicator	Baseline	2016/17 Annual Performance	2017/18 Target	Annual Performance
24.	Percentage compliance to the Employment Equity targets as contained in the Employment Equity Plan	85.63%	85.63%	86%	**Target met** 87.26%
25.	Average number of Rea-Vaya passenger trips per working day	47 000	47 000	53 000	**Target not met** 48 434 **Mitigation:** Ongoing service promotion and commuter engagement.
26.	Average number of passengers ferried Metrobus	51 000	51 000	51 000	**Target not met** 38 693 **Mitigation:** Finalise contract for rental of buses.
27.	% of reported potholes repaired within 1 week	New	New	80%	**Target not met** 45% **Mitigation:** To improve connectivity to minimize system down-time. Consistent use of Hansen to record work done.
28.	% of reinstatements of road excavations carried out within 1 week	73.89% repaired within 3 days	73.89% repaired within 3 days	80%	**Target met** 56% **Mitigation:** Delays in work orders and inadequate SLAs. City to monitor the implementation of the SLA's between (Joburg Water & City Power).

KPI No.	Key Performance Indicator	Baseline	2016/17 Annual Performance	2017/18 Target	Annual Performance
29.	% of reported faulty traffic signals repaired within 24 working hours	82.55%	82.55%	90%	**Target met** 92.27%
30.	Percentage reduction in traffic signal downtime related to technical faults	New	New	10%	**Target met** 19.56%
31.	Number of hours to restore loss of electricity supply to traffic signals within 24 hours	New	New	24 hours	**Target met** 10.2 Hours
32.	Percentage of water bursts restored within 48 hours of notification	84.29%	84.29%	95%	**Target not met** 89.09% **Mitigation:** JW to enforce the implementation of the minimum standard of at least 3 major burst and 3 other water related jobs per team per day. By this JW teams will have to achieve 4.10 jobs per team per day on average which will lead to an improvement of 1.7% compared to the previous financial year's average of 4.03.
33.	Percentage of sewer blockage cleared within 24 hours of notification	93.46%	93.46%	96%	**Target not met** 94.94% **Mitigation:** Continue with the education campaigns in the hotspot areas to address the incorrect use of sewer infrastructure with the view to improve infrastructure performance
34.	Percentage compliance with drinking water quality standard on E. Coli (SANS 241)	99.80%	99.80%	99%	**Target met** 99.9%

KPI No.	Key Performance Indicator	Baseline	2016/17 Annual Performance	2017/18 Target	Annual Performance
35.	Number of public lights installed	New	New	1000	**Target met** 1 374
36.	% processing of building plans within statutory timeframes (30 – 60 days)	77% assessed within 28 days	77% assessed within 28 days	85%	**Target not met** 71% **Mitigation**: Recruitment of additional staff address the backlog.
37.	% of rezoning, applications processed within the set turnaround times (5.5 months)	Average within 3.1 months rezoning	Average within 3.1 months rezoning	85%	**Target not met** 76% **Mitigation:** Finalise recruitments and appointments for additional staff capacity to improve performance
38.	% implementation of the TOD Corridors Programme	60%	60%	60%	**Target not met** 36% **Mitigation:** Close monitoring of contractors and appointment of new contractors for Peterson park to complete the project. LOs
Priority: Create an honest and transparent CoJ that fights corruption					
39.	Percentage of clearance of rates certificates issued within 30 days of application being received	98%	98%	100%	**Target not met** 84% **Mitigation:** Finalise recruitments and appointments for additional staff capacity to improve performance

KPI No.	Key Performance Indicator	Baseline	2016/17 Annual Performance	2017/18 Target	Annual Performance
40.	Percentage increase in community participation rate in IDP public meetings	87%	78%	97%	**Target not met** Decrease of 14% **Mitigation:** The City will explore other forms of communications such as Twitter and Facebook in increasing participation coverage.
41.	Number of Community Based Projects implemented	42 (89% of 47)	42	10	**Target not met** 2 **Mitigation:** Projects to be implemented in the 2018/19 financial year subject to budget availability.
42.	Number of CoJ clinics that offer extended service hours	6	6	9	**Target met** 11
43.	Number of nurses and doctors trained in the identification of early warning signs for substance abuse and possible medical interventions	New	New	81 (71nurses and 10 doctors)	**Target met** 125
44.	% of people tested positive for HIV and initiated on treatment Inner City	66.7%	66.7%	80%	**Target met** 88.7%
45.	% of people tested positive for TB and initiated on treatment	92%	92%	93%	**Target met** 94.3%
46.	% children under 1 year immunisation coverage integrated	95%	95%	97%	**Target met** 102.3%

KPI No.	Key Performance Indicator	Baseline	2016/17 Annual Performance	2017/18 Target	Annual Performance
47.	% reduction in the prevalence rate of recent and current use of illicit drugs in the overall population of the City	New	New	1.5%	**Target met** 3.7%
48.	Number of visitors to the Zoo	290 268	290 268	480 000	**Target met** 503 696
49.	Number of participants in literacy / e-learning programs in the libraries	12 000	12 000	12 500	**Target met** 56 320
50.	% of museum programmes implemented	New	New	80%	**Target met** 100%
51.	Number of attendees to theatres	New	New	215 000	**Target met** 241 567
52.	% of arts, culture and heritage programmes implemented	New	New	80%	**Target met** 83%
53.	% compliance with the grass cutting schedule	New	New	80%	**Target met** 100%
54.	Number of lifestyle programmes implemented at Sports & Recreational facilities	4	4	12	**Target met** 17
55.	Number of competitive sporting codes implemented	4	4	7	**Target met** 7
Enhance our Financial Sustainability					

KPI No.	Key Performance Indicator	Baseline	2016/17 Annual Performance	2017/18 Target	Annual Performance
56.	Percentage spend of capital budget	90%	95%	95%	Target not met 91% Mitigation: Monitor and reviewing of progress on Capital project through SPMO.
57.	Percentage spend on repairs and maintenance to Property, Plant and Equipment	3.5%	3.5%	6.2%	**Target not met** 4% **Mitigation:** Monitor and reviewing of progress percentage spend on repairs.
58.	Number of profitability and liquidity ratios achieved	7	7	8	**Target not met** 6 **Mitigation** Through the Financial Development Plan key financial indicators are continually monitored to ensure healthy financial performance and financial position.
59.	Percentage collection of revenue in respect to service billings	91%	91%	93.7%	**Target not met** 90.7% **Mitigation:** Monitor and reviewing of progress on collection of revenue.
60.	Percentage resolution of billing queries as per the service level agreement	New	New	97.3%	**Target not met** 81.15 % **Mitigation:** The department will continue to encourage departments to process invoices on time.

KPI No.	Key Performance Indicator	Baseline	2016/17 Annual Performance	2017/18 Target	Annual Performance
61.	Percentage of valid invoices paid within 30 days of invoice date	New		95%	**Target not met** 83 % **Mitigation :** The department will continue to encourage departments to process invoices on time.
62.	Audit Opinion	Unqualified	Unqualified	Unqualified	Unqualified audit opinion, awaiting for AG to finalise the 2017/18 Audit.
63.	Percentage increase of SMMEs supported as suppliers to the City	New	5%	5%	**Target not met** 0% **Mitigation:** City to develop SMME supplier data-base and SOP to track the in the new year.
64.	Percentage procurement spend on SMMEs	New	5%	5%	**Target not met** 4.8 % **Mitigation:** In the next financial year, the city will implement the revised PPPFA 2017, to accelerate preferential SMME's procurement.
65.	% assessment of the Smart Citizen towards the Smart City programme Implementation	75%	100%	100%	**Target met** 100%
	% assessment of the Smart Technology towards the Smart City programme Implementation	75%	100%	100%	**Target met** 100%

KPI No.	Key Performance Indicator	Baseline	2016/17 Annual Performance	2017/18 Target	Annual Performance
	% assessment of the Universal access towards the Smart City programme Implementation	75%	100%	100%	**Target met** 100%
	% assessment of the Smart Institution towards the Smart City programme Implementation	75%	100%	100%	**Target met** 100%
Priority: Preserve our resources for future generations					
66.	Percentage of non-revenue water	35.3%	35.3%	32%	**Target not met** 38.4% **Mitigation:** Joburg Water to accelerate pipe replacement in identified areas.
67.	Percentage of total electricity losses	23.23%	23.23%	17%	24,12% **Mitigation:** City Power to develop a revenue improvement plan during the next financial year.
68.	Tons CO_2 offset in greenhouse gas emissions through waste-water treatment works	4671 tons	4671 tons	4671 tons	**Target not met** 0 tCO2e **Mitigation**: Joburg Water aims to finally commission the plant during the 1st Quarter of FY2018/19.

KPI No.	Key Performance Indicator	Baseline	2016/17 Annual Performance	2017/18 Target	Annual Performance
69.	Tons CO_2 off set in greenhouse gas emissions through energy sector	986.99 tons	986.99 tons	986.99 tons	**Target met** 41 355.5 tCO2e
70.	projects Tons CO_2 from waste diverted	893 tons	893 tons	3202 tons	**Target met** 1 1610.57 tCO2e
71.	% reduction in waste to landfill	14.2%	14.2%	25%	**Target not met** 14.4% **Mitigation** Green Waste Diversion Mitigations: • Improve on the quality of shredded material • Put additional green waste off-takers or processors. • Conduct green waste summit with green waste processors for exploring partnerships for off-take of green waste Builders Rubble Mitigations • Deploy additional crusher plants and security to prevent equipment vandalism at the landfills • Re-commission all crushers that are broken and deploy additional operators at all landfills.
72.	Number of L/Km of roads resurfaced (CAPEX	358 L/km	358 L/km	250 L/KM	**Target met** 301.12 lane km
73.	Number of kilometres of gravel roads upgraded to surfaced roads	26.98 km	26.98 km	27 km	**Target met** 31.34 km

KPI No.	Key Performance Indicator	Baseline	2016/17 Annual Performance	2017/18 Target	Annual Performance
74.	KM of open storm water drains converted to underground systems	1.6 km	1.6 km	2.9 km	**Target not met** 2.214km **Mitigation:** New contractor to be appointed in the next financial year.
75.	Tons CO_2 offset in greenhouse gas emissions through transport sector projects	40 000 tons	40 000 tons	40 000 tons	**Target met** 42 114.25 tCO2e

4. Organisational Development Performance

4.1 Introduction to the municipal workforce

The operations of Group Human Capital Management are guided by the City's objective of "a Well Governed, Efficient and Effective Metropolitan Government Administration, with Professional and Efficient Staff and Resources that Serve with Pride to make the City Work – so that South Africa Can Work".

The City is committed to the provision of professional, effective and efficient service delivery to its community. In order for this service delivery to take place the City ensures a skilled workforce by employing people with the required skills, experience and ability to add value to the City's service delivery.

The process to recruit employees with the required profile is supported by Human Capital Management programmes and projects that are implemented across the City. Through these programmes and projects the human capital capacity of the City is constantly assessed and developed to adapt to a changing environment and to ensure that employees possess the required skills and competencies to deliver required services.

Specifically the Human Capital Management Enhancement Programme links directly to the professionalisation of the City as some of the elements that it addresses are:

- Job Profiles inclusive of Job descriptions and grading;
- Organisation Culture;
- Employment Equity; and
- Employment Relations and Development.

4.1.1 Job Profiles inclusive of Job description and grading

The *Categorisation and Tuned Assessment of Skills and Knowledge (Task) Job Evaluation Wage Curve* collective agreement was concluded and signed by the South African Local Government Association (SALGA) and organised labour representatives i.e. South African Municipal Workers Union (SAMWU) and Independent Municipal Allied Trade Union (IMATU) on 19 April 2010. This collective agreement requires that all municipalities, including the City of Johannesburg, convert all their current job evaluation systems into a single job evaluation system, namely TASK. This in effect means that all jobs should be reviewed and converted into a TASK job description format and be evaluated, correlated and/or benchmarked to determine the weighting and grading accordingly.

The City of Johannesburg is currently using the TASK job evaluation system to evaluate, correlate and benchmark the various positions. The system measures four primary factors namely:

- Complexity: Range of Guidance, Task volumes and Interaction of the activities which are involved in the specific job;
- Knowledge: Minimum level of theoretical experience, training, abilities and judgement required in the specific job to effectively and efficiently execute the required duties;
- Influence: Influence of the post on other people in order to ascertain if the post does have responsibility for the work of others in the same skill level which might include supervision and advice to line manager. The frequency of communication between internal and external contacts will be assessed in order to determine the impact of the interaction; and
- Pressure: Range of deadlines, flow of work and uncertainty of the activities which are involved in the post.

Current Status

The City's Grading Committee functions with a mandate from SALGA and as such operates as a grading agent, easing and reducing the workload of SALGA. The focus of the Committee is to evaluate, correlate and benchmark positions within the City of Johannesburg.

The intention and mandate of the Grading Committee is that the committee should function independently and autonomously without being influenced by Line Management to ensure an ethical process conducted with high levels of integrity. The Grading Committee functions within the legislative framework of the approved job evaluation policy.

4.1.2 Organisation Culture

Local authorities countrywide have gone through a number of transformations since 1994. Since 2000, the CoJ has amalgamated a number of local authorities under its jurisdiction. The amalgamations brought together a combination of people of differing individual and organisational cultures, making the CoJ a multicultural organisation with a mixture of subcultures.

Organisational culture is ingrained in every aspect of an organisation and largely determined by the style of leadership and management as well as by the employees of the organisation. High performance organisations have a culture and a strategy that is clearly aligned, where culture drives behaviour that enables effective delivery of strategic goals and objectives.

From the City's Employee Satisfaction Survey of 2017, it is clear that it must aspire to have a clearly defined culture that is aligned with its strategic intent and that employees should positively experience high levels of job satisfaction and engagement. The diagnostic indicated that there is a need for a unified and integrated strategic approach to organisational culture, which can give direction to current and future strategies, programmes and deliverables. It is therefore a priority to develop a blueprint that forms the basis of culture related interventions that are intended to build an espoused high performance culture for the City.

To instil a preferred culture, the City will implement a phased process, firstly to review all its formal mechanisms (policies, procedures and practices) to ensure strategic alignment with the vision and mission. Secondly a programme of culture change (blueprint) will be designed and implemented based on the development of a comprehensive framework for culture change in the CoJ.

4.1.3 Employment Equity

The implementation of Employment Equity (EE) Act, 55 of 1998 has been used as a transformational tool within the City of Joburg. The Act assists the City with the elimination of discrimination as well as improving diversity. To achieve this, consultative structures have been development in the various City Core Administration departments as well as MEs to consult and develop the necessary strategy towards the achievement of this legislative obligation. The following were methods deployed to ensure EE compliance in the City in 2017/18;

- Appointment and capacitation of EE management representatives responsible for championing of EE, Disability and Gender in the respective departments;
- Re-establishment of EE Forums in the City Departments for the period 2017/21 for continued consultation on issues of unfair discrimination and well as the continuous monitoring for the City's implementation progress;
- Sensitisation of the City's employees on EE, Gender and Disability through formal and informal workshop and awareness processes to ensure proper understanding and implementation going forward; and
- On-going monitoring of departmental deviations against set targets (i.e. in terms Race, Gender and Disability) as well as guide line management on the strategies necessary to improve compliance.

It must be noted that EE implementation remains a collective issue and requires the City's commitment as well as the commitment of all its employees.

4.1.4 Employee Relations and Development

Labour Relations

Municipalities and trade unions negotiate at the South African Local Government Bargaining Council (SALGBC) for agreed upon collective agreements that regulate certain issues at a national level. Some of the collective agreements concluded include the Main Collective Agreement and a Salary and Wage Collective Agreement. The National Collective Agreements contribute to labour stability in the municipal environment within South Africa. On 7 February 2018, a new Disciplinary Procedure Collective Agreement was signed into effect by the parties to the SALGBC. In addition to all the above the City and organised labour also negotiates at the Joburg Divisional Bargaining Council.

The final salary increase of the current Salary and Wage Agreement was implemented on 1 July 2017 with an expiry date of 30 June 2018. Negotiations are taking place to agree on a new Salary and Wage Agreement with effect from 1 July 2018 for a period of three years.

There were no strikes on a national scale in the past five years however there was a locally triggered strike in 2015 at a City level related to a parity issue between Municipal Entities and the City Core for employees on the lower four remuneration levels e.g. general workers and operators. This resulted in a City Group Programme to address issues of parity, which now forms part of the Human Capital Management Enhancement Programme.

The Management of the Labour Relations environment is challenging because of the two factions within SAMWU. The City manages this issue through engagement with both factions until such time that there is clarity regarding which faction is the official SAMWU representative.

In order to equip senior and middle management levels the City continues with the Management and Leadership Development Programme. The City continuously creates awareness with all employees regarding the Code of Conduct as prescribed in the Municipal Systems Act Roadshows in Schedule 2, through departmental presentations and internal publications.

Training and Development

Skills audits and the subsequent identification of skills gaps lead to specific development of employees as a priority for the City. These actions ensure that the required skills to ensure the delivery of a professional service are developed for individual employees in line with the specific functions that they perform to ensure value-add to the City's objectives. Interventions were proposed following the Skills Audit of levels 1 and 2. The final report of the Skills Audit of levels 3 and 4 is awaiting Mayoral approval.

Skills development consists of both daily informal mentoring and coaching of employees as well as formal training and developmental programmes. The City further implements some external outreach programmes to contribute to the development of the community with a specific intent for the youth to be skilled and obtain experience and exposure in order for them to become employable.

The following internal employee focused initiatives are implemented:

- Subsidised Education to enhance City specific skills and career development;
- Career path development for employees through performance management and individual learning plan processes;
- Leadership and Management Development Training Programmes;
- Minimum Competency Training Programme to develop competencies in line with National Treasury Competency requirements;
- Adult Educational Training (AET) programmes for the previously disadvantaged;
- Matric Programme for the previously disadvantaged; and
- Skills Development Consulting Services to our internal clients (Business Units).

The following external Outreach Programmes are implemented:

- Internship Programme that allow students to complete the practical component linked to their studies which may allow such interns to become employable;
- Learnership Programme for the community to make an educational contribution of theoretical and practical skills which may allow such Learners to become employable; and
- A Bursary Scheme for the community with a strategic intent to focus these bursaries on City specific skills requirements.

4.2 Employee positioning, vacancies and turnover

The City Group as at 30 June 2018, has 27 503 employees across the various Departments and MEs and a total staff establishment of 29 698. There are 2 195 vacancies at present with a vacancy rate of 7.4%. The table below further depicts the City Group staff establishment and vacancies as at 30 June 2018.

Table 52: Employee positioning for the City of Johannesburg 2017/18

Employees					
Description	**Year (2016.17)**	**Year (2017.18)**			
	Employees	**Approved Posts**	**Employees**	**Vacancies**	**Vacancies**
	No.	**No.**	**No.**	**No.**	**%**
CM: Citizen Relationship & Urban MNGT	436	458	421	37	8%
CM: Executive Management Office (OCM & COO)	32	35	32	3	9%
CM: G/Strategic, Policy Co-ordination & Relations	46	52	47	5	10%
CM: Group Communication & Tourism	54	60	55	5	8%
CM: Group Governance	47	48	43	5	10%
CM: Group Legal & Contracts	46	88	78	10	11%
CM: Group Risk and Assurance Services (GRAS)	67	92	80	12	13%
Group Information Communication Technology & Information Management	2	107	96	11	10%
CM: Group Forensic & Investigation Services	26	41	38	3	7%
CM: Private Office of the City Manager	2	2	2	0	0%
Community Development	1 494	1 716	1 403	313	18%
Development Planning	424	496	459	37	7%
Economic Development	102	112	100	12	11%
Environment & Infrastructure Service Department	95	104	98	6	6%
Group Corporate & Shared Services	475	390	374	16	4%
Group Finance	1 784	1 937	1 797	140	7%
Health	1 959	1 936	1 842	94	5%
Housing (Housing Department part of Johannesburg Core Administration)	443	470	425	45	10%
Legislature (Office of the Speaker)	189	224	213	11	5%
Office of the Executive Mayor	91	74	61	13	18%
Public Safety	5 565	5 916	5 643	273	5%
Social Development	261	326	300	26	8%

Employees					
Description	**Year (2016.17)**	**Year (2017.18)**			
	Employees	**Approved Posts**	**Employees**	**Vacancies**	**Vacancies**
	No.	**No.**	**No.**	**No.**	**%**
Transportation (Transportation Department part of Johannesburg Core Administration)	566	593	551	42	7%
Sport and Recreation (City Parks and Zoo - Municipal Entity)	1 441	1 628	1 383	245	15%
Electricity (City Power - Municipal Entity)	1 692	1 716	1 657	59	3%
Development Implementation (Johannesburg Development Agency - Municipal Entity)	97	109	93	16	15%
Housing (Johannesburg Social Housing Company (JOSHCO) - Municipal Entity)	106	105	98	7	7%
Johannesburg Property Company (Municipal Entity)	558	606	524	82	14%
Roads (Johannesburg Roads Agency - Municipal Entity)	1 558	1 713	1 667	46	3%
Water (Johannesburg Water - Municipal Entity - Water, Sanitation and Storm water Drainage)	2 646	2 840	2 628	212	7%
Metro Trading Company(MTC)		38	30	8	21%
Johannesburg Market (Municipal Entity)	327	341	316	25	7%
Transport (Metro bus - Municipal Entity)	739	827	753	74	9%
Johannesburg Theatre (Municipal Entity)	135	140	140	0	0%
Waste Management (Pikitup - Municipal Entity)	4 262	4 357	4 056	301	7%
Totals	**27 767**	**29 698**	**27 503**	**2 195**	**7.4%**
Headings follow the order of services as set out in chapter 3. Service totals should equate to those included in the Chapter 3 employee *Schedules. Employee and Approved Posts numbers are as at 30 June, as per the approved organogram.*			*includes 124 Temps*		

4.2.1 Vacancies Time and Staff Turnover

The staff vacancy time and staff turnover for the City Group for 2017/18 is 7.40% per annum. The turnover increased and is indicative of a stable labour environment. Resignations comprised 1.5% of the Turnover Rate and the balance is made up of retirements, deaths, contract terminations, dismissals and medical boarding.

The vacancy time and staff turnover rate for Section 56 Senior Managers was 26.89%. It must however be noted that Section 56 Senior Managers are on five-year Fixed Term Contracts (FTCs) and the largest proportion of these contracts normally expire after the Local Government Elections because the appointments at this level is mostly made following Local Government Elections. These Senior Managers include the City Manager and direct reports which includes Heads of Departments and Managing Directors / Chief Executive Officers of Municipal Entities.

Due to continuous investigations into alleged fraud and corruption some senior managers have been suspended and some have resigned before the termination of their FTCs which also influenced and resulted in a higher turnover rate on this level.

It remains a challenge to appoint specific scarce and critical skills within certain career groups e.g. Nursing, Medical Doctors, Emergency Services Trainers, Valuers, Town Planners, Environmental Specialists, Urban Designers and Engineers. The table below depicts the vacancy rate for the specific scarce and critical skills within certain career groups, which is 7.80%.

Table 53: Vacancy rate for 2017/18

Vacancy Rate: Year (2017.18)			
Designations	***Total Approved Posts**	***Vacancies (Total time that vacancies exist using fulltime equivalents)**	***Vacancies (as a proportion of total posts in each category)**
	No.	**No.**	**%**
Municipal Manager	1	0	0,00
CFO	1	1	100,00
Other S57 Managers (excluding Finance Posts)	32	9	26,69
Other S57 Managers (Finance posts)	0	0	0
Police officers	2 751	127	4,63
Fire fighters	1 376	102	7,43
Senior management: Levels 13-15 (excluding Finance Posts)	739	114	15,45
Senior management: Levels 13-15 (Finance posts)	106	17	16,44
Highly skilled supervision: levels 9-12 (excluding Finance posts)	1 998	171	8,58
Highly skilled supervision: levels 9-12 (Finance posts)	238	23	9,53
Total	**7 242**	**565**	7,80
*Note: *The calculation is based on the following principles, the date on which the position is filled and deduct the date that the position became vacant. The total is then dived by 365 days.*			

Table 54: Turn-over rate comparison per year

Turn-over Rate			
Details	**Total Appointments as of beginning of Financial Year (Excluding Temporary Employees)**	**Terminations during the Financial Year**	**Turn-over Rate***
	No.	**No.**	
Year -1 (2015/16)	28 248	2 063	7,30

Turn-over Rate			
Details	**Total Appointments as of beginning of Financial Year (Excluding Temporary Employees)**	**Terminations during the Financial Year**	**Turn-over Rate***
Year 0 (2016/17)	27 191	1 199	4,41
Year 1 (2017/18)	27 379	1 387	5,00
** Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year*			*T 4.1.3*

4.3 Managing the Municipal Workforce

4.3.1 Group Human Capital Management

Group Human Capital Management (GHCM) provides the following functions/services across the City Group:

- Strategic Human Capital Management;
- Talent Acquisition;
- Remuneration, Benefits Management and Job Evaluation;
- Transformational Services inclusive of Employment Equity, Gender Mainstreaming and People with Disabilities;
- Individual Performance Management Implementation, Monitoring, Evaluation and Reporting;
- Employee Relations Management;
- Employee Development;
- Employee Assistance Programmes;
- Business Partnering;
- Labour Relations;
- Employee Assistance Programme (EAP);
- Human Capital Management Administration and Transactional Services (Payroll);
- Group Human Capital Management Reporting; and
- Organisational Development.

The provision of all of the above functions contribute to the stability of the City and the delivery of a professional, effective and efficient service, specifically with regard to the institutional design, employee development, appropriate policy frameworks, the acquisition of suitably qualified and experienced employees as well as engagement with stakeholders on different levels and forums

All of the above is done in compliance to legislative requirements as well as the roll out of national, provincial and City imperatives.

4.3.1.1 Regulatory Compliance, Policy and Planning

The City Group currently consists of the Core Administration and 12 MEs. The City Group formulates and reviews Human Capital Management Policy Frameworks and the MEs are expected to customise or align their policies without downgrading the set guidelines and standards. This contributes to a standardised Human Capital environment within the City Group.

The City is in the process of an Institutional Review as per legislative requirements and once approval processes have been finalised, new structures will be implemented and subsequently maintained in the normal course of business through the Organisational Development Directorate within GHCM. Notwithstanding this, business as usual continues in this regard where amendments of structures are necessary to enhance and ensure effective service delivery.

The City ensures compliance with the legislative requirements e.g. Employment Equity Act, Skills Development Act, Labour Relations Act, Collective Agreements, etc. Specifically for Employment Equity and Skills Development, the City reports on progress made to the applicable structures e.g. Department of Labour and Local Government SETA. The City's Employment Equity Plan for the period 2016 to 2021 was approved and the process of implementation continues accordingly.

The parity benchmarking exercise that started in 2016 with the implementation of the common salary key-scales across the City Group is currently being implemented. Phase 1 for Pikitup on the A and B bands has been concluded and Phase 2 is currently under way.

The governing Policy Frameworks of GHCM address inequality and poverty by:

- Incorporating EE elements and principles in all policies;
- Offering a Bursary Scheme and opportunities to interns and learners;
- Providing support to the Expanded Public Works Programme (EPWP) in which temporary workers are sourced from the community;
- Addressing the issue of gender and disability management in the GHCM Policy Frameworks;
- Providing GHCM Policy Frameworks to the MEs as a minimum standard for supporting the City; and
- Growth and Development Strategy (GDS).

Some GHCM Policy Frameworks are due for review and a need has also been identified for the development of some new Policy Frameworks.

The Department of Cooperative Development and Traditional Affairs (COGTA) is currently in the process of drafting new Local Government Staff Regulations which includes specific frameworks for some Human Capital functions which will affect the development of new Policy Frameworks as well as the review thereof.

The promulgation of these Staff Regulations is awaited, however GHCM continues with business as usual relating to the development and review of Policy Frameworks and should the need arise to make amendments based on the COGTA Staff regulations, it will be accommodated accordingly.

The table below outlines all current approved Human Capital Policy Frameworks as well as those under development.

Table 55: Human Capital Management Policies and Plans completed and reviewed during 2017/18

HR Policies and Plans				
	Name of Policy	**Completed**	**Reviewed**	**Date adopted by council or comment on failure to adopt**
		%	**%**	
Completed				
1	Group Employment Equity and Transformation Policy Framework	100%	100%	Approved by Mayoral Committee on 04/12/2014
2	Group Talent Acquisition Policy Framework	100%	100%	Approved by Mayoral Committee on 04/09/2014
3	Group Employee Assistance Programme Policy Framework	100%	100%	Approved by Mayoral Committee on 04/12/2014
4	Group HIV and AIDS Policy Framework	100%	100%	Approved by Mayoral Committee on 04/12/2014
5	Group Management of Occupational Exposure to HIV Framework	100%	100%	Approved by Mayoral Committee on 04/12/2014
6	Group Training and Development Policy Framework	100%	100%	Approved by Mayoral Committee on 04/12/2014
7	Group Safety Health and Environment Policy Framework	100%	100%	Approved by Mayoral Committee on the 04/12/2014
8	Group Employee Health and Wellness Policy Framework	100%	100%	Approved by Mayoral Committee on the 04/12/2014
9	Group Medical Surveillance Policy Framework	100%	100%	Approved by Mayoral Committee on the 04/12/2014
10	Group Vehicle and Driver Safety Policy Framework	100%	100%	Approved by Mayoral Committee on 04/12/2014
11	Sexual Harassment Policy	100%	100%	Approved 18 July 2011
12	Group Organisational Structure Development & Maintenance Policy Framework	100%	100%	Approved by Mayoral Committee on 04/09/2014
13	Group Employee Mobility	100%	100%	Approved by Mayoral Committee on 04/09/2014
14	Group Payroll Management	100%	100%	Approved by Mayoral Committee on 04/09/2014
15	Group Substance Abuse Policy Framework	100%	100%	Approved by Mayoral Committee on 04/09/2014
16	Group Shared Services Policy Framework	100%	100%	Approved by Mayoral Committee on 04/09/2014
Under Review				
17	Group Performance Management System Policy Framework	100%	20%	Approved by Mayoral Committee on 07/12/2012 and currently under review
18	Group Job Evaluation Policy Framework	100%	80%	Depending on the Parity Benchmarking progress the policy will be submitted for approval when ready.
19	Group Remuneration Policy Framework (inclusive of Rewards)	100%	80%	Depending on the Parity Benchmarking progress the policy will be submitted for approval when ready.

HR Policies and Plans				
	Name of Policy	**Completed**	**Reviewed**	**Date adopted by council or comment on failure to adopt**
		%	**%**	
20	Group Strike Management Policy Framework	0%	60%	In progress and dependent on the finalisation of the Demarcation Agreement
21	Group Employee Relations Policy Framework	0%	60%	In progress and dependent on the finalisation of the Demarcation Agreement

4.3.2 Performance Management

The current City-wide SAP Implementation Project includes a module for electronic performance management with an anticipated roll-out of 2019/20. The extent to which this system shall meet the City Group business requirements will inform any further business decisions relating to additional systems to create a user-friendly system that can be integrated with all other elements in the human capital value chain.

Such an automated electronic system will enable a more efficient administration and monitoring of performance management, relieve the current time-consuming administrative burden and improve the accuracy of reporting. It will furthermore contribute to the successful integration of MEs.

COGTA embarked on a national initiative of developing staff regulations for all municipalities. The intention was to implement in 2017, however the staff regulations have not been promulgated as yet. The City therefore took the initiative of revising its current approved policy framework using the tenets of the draft staff regulations as it relates to performance management. This Individual Performance Management System will serve at the City's decision-making structures for approval and subsequent implementation.

GHCM is currently doing research to develop a Group rewards and Recognition Policy Framework to address the issue of all categories of rewards including that of performance management. Once finalised and approved it will contribute to fair and consistent application in this regard and will improve employee morale.

However it must be noted that the performance management of Section 56 Senior Managers is regulated through the Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to the Municipal Managers. The effect of this is that the differences between the performance and reward systems will probably remain between Section 56 Senior Managers and other municipal employees.

The table below outlines financial performance rewards for the City's employees for 2017/18. It must be noted that the City Core Administration rewards permanent employees through the allocation of special leave days (non-financial) and not monetary (financial) value.

Table 70: Performance rewards by Gender

Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 0 (2017.18)	Proportion of beneficiaries within group
				R' 000	%
F)Unskilled	Female	3 014	318	1 321	11%
	Male	3 909	724	2 212	19%
E)Semi-skilled	Female	2 823	324	4 816	11%
	Male	4 020	836	10 846	21%
D)Skilled & Jnr Management	Female	4 604	362	9 785	8%
	Male	6 177	1 098	31 902	18%
C)Profes & Mid Management	Female	920	210	10 841	23%
	Male	1 156	358	19 695	31%
B)Snr Management	Female	268	17	2 575	6%
	Male	449	31	4 586	7%
A)Top Management	Female	7	1	313	14%
	Male	13	0	0	
Total		**27 379**	**4 279**	**98 893**	**16%**
Has the statutory municipal calculator been used as part of the evaluation process?					Yes/No
Note: MSA 2000 S51 (d) requires that … 'performance plans, on which rewards are based should be aligned with the IDP'… (IDP objectives and targets are set out in Chapter 3) and that Service Delivery and Budget Implementation Plans (developed under MFMA S69 and Circular 13) should be consistent with the higher level IDP targets and must be incorporated appropriately in personal performance agreements as the basis of performance rewards. Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of the column (as illustrated above).					

**Note:*

The proportion of beneficiaries within the group is above 100% because the employment of some of the beneficiaries at this level had terminated before the end of the financial year.

4.4 Capacitating the municipal workforce

4.4.1 Competency Development

During the 2017/18 financial year the City of Joburg continued to capacitate its employees as per the Skills Development Act requirements. A number of employees were trained on their specific job requirements so as to enable them to function at optimum level.

All levels of management were trained on leadership and management skills as per skills audit findings so that they can manage their teams more effectively. The City also continued to train employees affected by the National Treasury requirements on Minimum Competency Levels. Financial constraints make it difficult to provide all the capacitation required by employees and to efficiently manage this, the City has to prioritise and focus on the most urgent training needs.

The City is also considering building internal capacity in order to reduce over reliance on service providers. Several applications have been made to the Local Government Seta in terms of a discretionary grant. This process is challenging as the LGSETA is slow on responding to these requests, which makes it difficult to plan training going forward.

Focussed training for certain Business Units related to their specific functions, was also implemented to improve productivity levels in these areas. Training included the Adult Education Training (AET), Matric Programme, Financial Life Skills and Awareness Programmes on different issues such as health. All employees have Individual Learning Plans (ILPs) that are linked to their Performance Management and all ILPs are considered when compiling the City's Workplace Skills Plan (WSP). Skills gaps identified during the Skills Audit are reflected in the Workplace Skills Plan for the City. Both the Workplace Skills Plan and the Annual Training Report were timeously submitted to the Local Government SETA.

The City, in addressing the priority "of creating an efficient work force", needs to inculcate a culture of continuous learning in the organisation. Skills development is not the only mechanism of formalised training and development. Coaching, mentoring and on-the-job training are also used in the skills development processes. The Return on Investment (ROI) for training and development will be improved when all the components of a culture of a learning organisation is developed.

The table below reflects the skills levels and number of skilled employees for 2017/18.

Table 56: Skills matrix for the City's employees

Skills Matrix														
Management level	**Gender**	**Employees in post as at 30 June Year 0 (2014.15)**	**Number of skilled employees required and actual as at 30 June Year 0(2017.18)**											
			Learnerships			**Skills programmes & other short courses**			**Other forms of training**			**Total**		
		No.	**Actual: End of Year -1 (2016.17)**	**Actual: End of Year 0 (2017.18)**	**Year 0 Target (2017.18)**	**Actual: End of Year -1 (2016.17**	**Actual: End of Year 0 (2017.18)**	**Year 0 Target (2017.18)**	**Actual: End of Year -1 (2016.17)**	**Actual: End of Year 0 (2017.18)**	**Year 0 Target (2017.18)**	**Actual: End of Year -1 (2016.17)**	**Actual: End of Year 0 (2017.18)**	**Year 0 Target (2017.18)**
MM and s56	Female	7	0	0	0	7	6	3	5	0	0	12	6	3
	Male	13	0	0	0	22	14	1	12	0	0	34	14	1
Councillors, senior officials and managers	Female	999	0	0	0	1 027	647	533	786	24	0	1 813	671	533
	Male	1 390	0	0	0	1 422	979	611	843	25	0	2 265	1 004	611
Technicians and associate professionals*	Female	229	0	0	0	308	768	196	79	369	0	387	1 137	196
	Male	1 008	0	0	0	625	1 432	160	136	356	0	761	1 788	160
Professionals	Female	1 149	0	0	0	1 187	636	190	1 039	65	0	2 226	701	190
	Male	720	0	0	0	1 071	411	175	816	52	0	1 887	463	175
Sub total	Female	2 384	0	0	0	2 529	2 057	922	1 909	458	0	4 438	2 515	922
	Male	3 131	0	0	0	3 140	2 836	947	1 807	433	0	4 947	3 269	947
Total		5 515	0	0	0	5 669	4 893	1 869	3 716	891	0	9 385	5 784	1 869
**Registered with professional Associate Body e.g. CA (SA)*														*T 4.5.1*

Note:

1. *The City does not have Permanent Employees participating in Learnership Programmes and therefore the applicable columns in the above tables are not populated.*
2. *For the current year the Subsidised Education for the Core Administration is included in the column headed "Skills Programmes and Short Courses" while for the Municipal Entities Subsidised Education is recorded in the column headed "Other forms of training".*

4.4.2 Training

The City of Johannesburg budgets 1% of employee remuneration for skills development. MEs operate as independent companies and do not necessarily report into a SETA. The table below reflects the training expenditure for the Core Administration only. Within the Core Administration the skills expenditure ratio was at 1.2% of the core administration employee cost.

Figure 12: Analysis of skills matrix

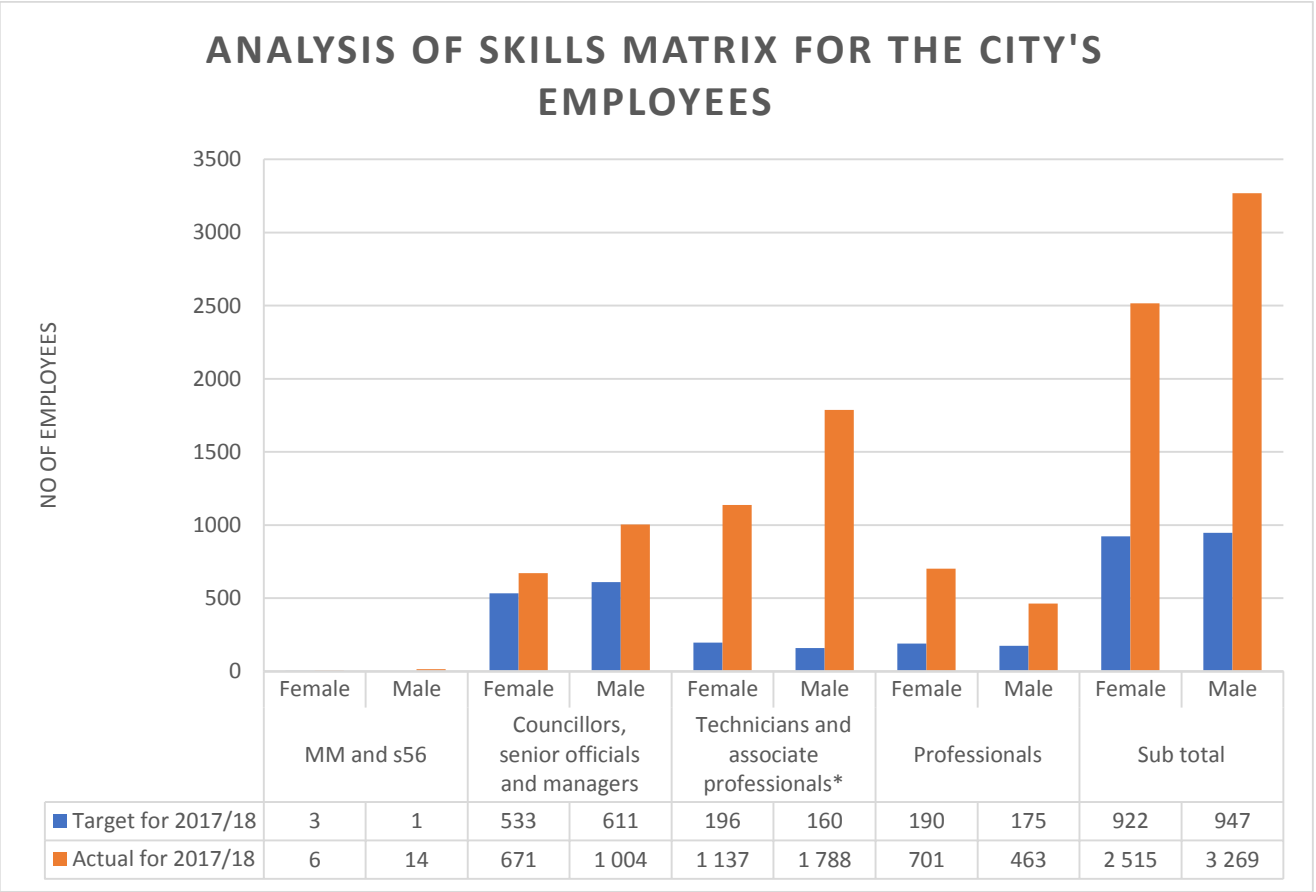


Table 57: Skills matrix

Management level	Gender	Target for 2017/18	Actual for 2017/18
MM and s56	Female	3	6
	Male	1	14
Councillors, senior officials and managers	Female	533	671
	Male	611	1 004
Technicians and associate professionals *	Female	196	1 137
	Male	160	1 788
Professionals	Female	190	701

Management level	Gender	Target for 2017/18	Actual for 2017/18
	Male	175	463
Sub total	Female	922	2 515
	Male	947	3 269
Total		1 869	5 784
*Registered with professional Associate Body e.g. CA (SA)			

The table below reflects expenditure on skills development during 2017/18.

Table 58: Expenditure on skills development during 2017/18

Skills Development Expenditure R'000										
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 2017/18							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female	5			2 000 000	854 000			2 000 000	854 000
	Male	12			3 000 000	1 160 000			3 000 000	1 160 000
Legislators, senior officials and managers	Female	768			6 965 000	6 155 000			6 965 000	6 155 000
	Male	831			7 500 000	4 500 000			7 500 000	4 500 000
Professionals	Female	1 029			8 000 000	10 000 000			8 000 000	10 000 000
	Male	801			8 000 000	7 000 000			8 000 000	7 000 000
Technicians and associate professionals	Female	66			2 000 000	2 510 000			2 000 000	2 510 000
	Male	124			3 000 000	3 795 000			3 000 000	3 795 000
Clerks	Female	859			7 120 000	6 990 000			7 120 000	6 990 000
	Male	561			4 690 000	3 880 000			4 690 000	3 880 000
Service and sales workers	Female	653			6 730 000	8 950 000			6 730 000	8 950 000
	Male	669			6 610 000	6 510 000			6 610 000	6 510 000
Plant and machine operators and assemblers	Female	1			5 000 000	5 540 000			5 000 000	5 540 000
	Male	151			7 000 000	9 840 000			7 000 000	9 840 000
Elementary occupations	Female	2 258			5 000 000	5 079 831			5 000 000	5 079 831
	Male	2 493			5 080 495	3 508 505			5 080 495	3 508 505
Sub total	Female	5 639	0	0	42 815 000	46 078 831	0	0	42 815 000	46 078 831
	Male	5 642	0	0	44 880 495	40 193 505	0	0	44 880 495	40 193 505
Total		11 281	0	0	87 695 495	86 272 336	0	0	87 695 495	86 272 336
**% and *R value of municipal salaries (original budget) allocated for workplace skills plan.*									**98.38%***	*R 87695495

T4.5.3

Note:

1. *The above table (Table 91) refers to the City of Johannesburg Core Administration only. Municipal Entities operate as independent companies and do not necessarily report into a SETA and for this reason they cannot provide the required level of detail per individual.*
2. *The City does not have Permanent Employees participating in Learnership programmes and therefore the applicable columns in the above tables are not populated.*

Table 59: MFMA Competency Training

Financial Competency Development: Progress Report*						
Description	**A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))**	**B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c)**	**Consolidated: Total of A and B**	**Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))**	**Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))**	**Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))**
Financial Officials						
Accounting officer	1	0	1	1	1	1
Chief financial officer	1	0	1	1	1	1
Senior managers	45	89	134	69	65	95
Any other financial officials	657	133	790	612	584	602
Supply Chain Management Officials						
Heads of supply chain management units	1	0	1	1	1	1
Supply chain management senior managers	14	9	23	18	5	12
TOTAL	**719**	**231**	**950**	**702**	**657**	**760**

** This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)* *T 4.5.2*

4.5 Managing the municipal workforce expenditure

4.5.1 Municipal Employee Expenditure

The Remuneration Ratio is considered one of the important indicators which is used to analyse the employee expenditure of a municipality. The guidelines of how this Ratio is determined are provided by National Treasury and the expectation is that it should be below 30%. The Remuneration Ratio is determined by dividing Employee Remuneration by the Total Operating Expenditure (OPEX). This Ratio is an indicator of whether municipal employee cost is under control and it is also used by investors to determine if the municipality is an attractive investment destination. The City's Remuneration Ratio for 2017/18 is 20.57%.

There are decisions that are not in the control of the municipality payroll such as the Salary and Wage Collective Agreement which determines the salary increase at a National Level and which will affect the Remuneration Ratio.

The table below reflects an increase in the number of employees whose salaries have increased due to upgrading of their positions. This is as a result of the implementation of the Parity Exercise for Bands A and B. It is expected that as the Parity Exercise is further rolled out for Bands C and D, the number of employees reflected in the table below will further increase.

Table 60: Employees whose salaries were increased due to their positions being upgraded during 2017/18

Number of Employees Whose Salaries Were Increased Due to Their Positions Being Upgraded		
Beneficiaries	**Gender**	**Total**
F) Unskilled	Female	
	Male	
E) Semi-skilled	Female	11
	Male	3
D) Skilled & Jnr Management	Female	
	Male	
C) Professional & Mid Management	Female	
	Male	2
B) Senior Management	Female	
	Male	
A) Top Management	Female	
	Male	

Total	16
Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of the column (as illustrated above).	

4.5.2 Sick leave

All categories of leave are regulated through the Main Collective Agreement and Collective Agreement Conditions of Service. All processes for Leave Applications, Attendance Registers, Activity Reports and delivery of Leave Applications to the Transactions Processing Unit are manual and on hardcopy and only at the end of these processes is leave captured on the payroll system.

The manual nature of the leave administration processes results in a number of challenges such as:

- Delays from the time when the leave is applied for until it is captured;
- The above delays can result in inaccurate leave balances and subsequent inaccurate leave accrual figures being reflected in the Annual Financial Statements;
- Extensive and time-consuming control and monitoring mechanisms to ensure accuracy and to prevent attendance fraud; and
- Attendance controls through Attendance Registers is unreliable and prone to fraud and corruption.

All of the above increase the risk of audit findings against the City which is difficult to mitigate due to the manual leave system and may very well result in a qualified audit.

The automation of all leave processes and accurate attendance recording through biometric attendance systems linked to the payroll system is crucial for accurate administration and to reduce the risk of attendance fraud and Auditor-General findings for incorrect leave accruals.

It should further be noted that the automation of the Human Capital Management processes and systems are key to the successful reabsorption of the Municipal Entities and to ensure standardised application of Human Capital Management processes within the City Group.

The table below reflects the average sick leave per individual employee as 3.88 days for 2017/18, which is seen as positive.

Once the SAP implementation project has been concluded and all of the MEs have been incorporated into one automated electronic system, then reporting for all types of absences can be more regular and the accuracy thereof will improve.

Table 61: Number of days and cost of sick leave

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	**Total sick leave**	**Proportion of sick leave without medical certification**	**Employees using sick leave**	**Total employees in post***	***Average sick leave per Employees**	**Estimated cost**
	Days	**%**	**No.**	**No.**	**Days**	**R' 000**
Lower skilled	31 189	13%	3 522	6 923	4,51	18 149
Skilled	31 966	16%	3 974	6 843	4,67	32 758
Highly skilled production	34 184	20%	5 694	10 781	3,17	53 925
Highly skilled supervision	6 459	20%	1 065	2 076	3,11	19 869
Senior management	2 295	18%	361	717	3,20	10 135
MM and S56	35	9%	7	20	1,75	311
Total	**106 127**	**16%**	**14 623**	**27 360**[14]	**3,88**	**135 146**

** - Number of employees in post at the beginning of the year*
**Average is calculated by taking sick leave in column 3 divided by total employees in column 6*

T 4.3.2

The graph below outlines the average number of days of sick leave per employee category.

Figure 13: Average sick days per employee category

[14] Note that MTC is excluded from the total employees, as at the time of report this information was not available as MTC was in the process of filling positions and confirming levels.

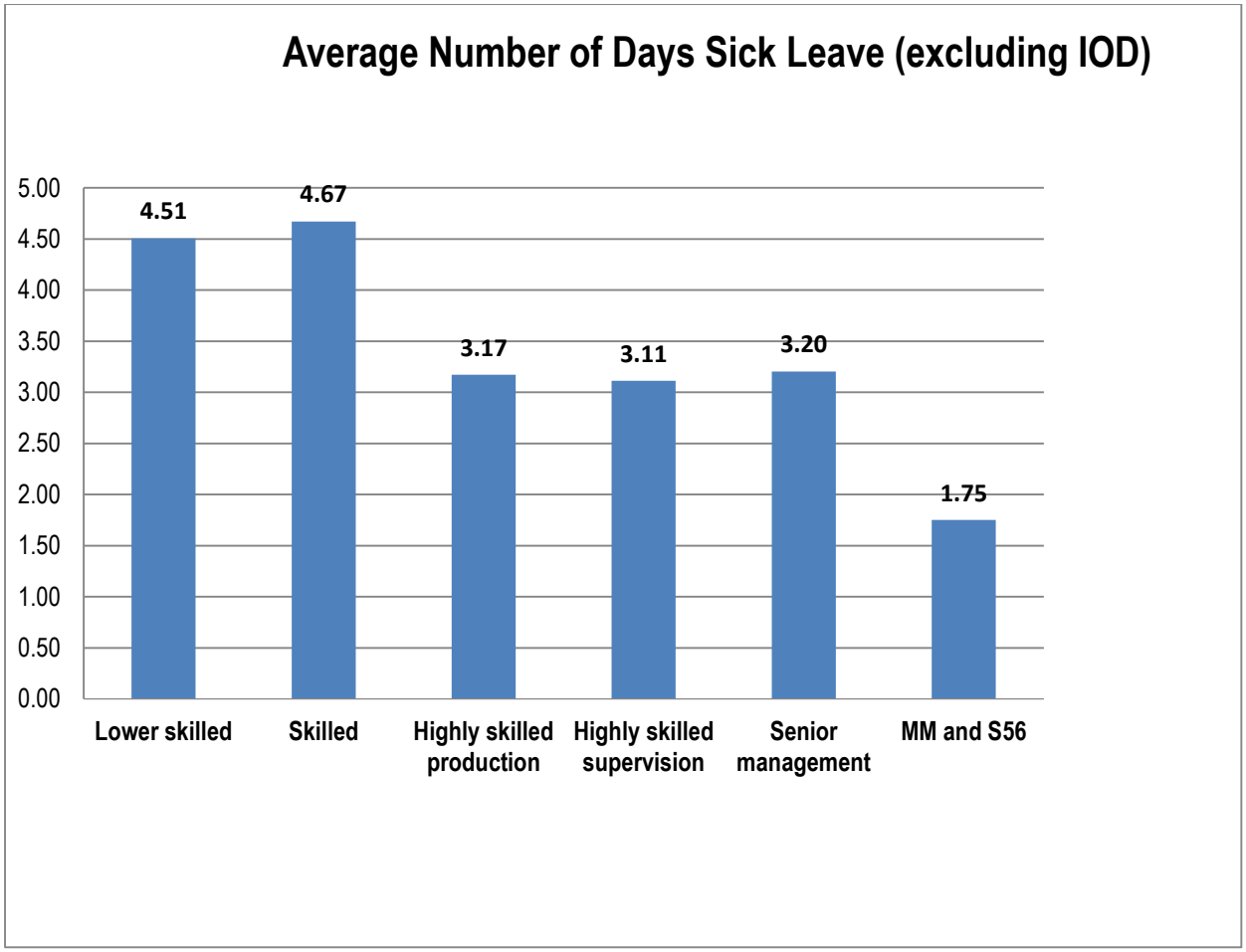


Figure 14: Average number of days' sick leave per employee cadre, excluding injuries on duty

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	**Total sick leave**	**Proportion of sick leave without medical certification**	**Employees using sick leave**	**Total employees in post***	***Average sick leave per Employees**	**Estimated cost**
	Days	**%**	**No.**	**No.**	**Days**	**R' 000**
Lower skilled	31 189	13%	3 522	6 923	4,51	18 149
Skilled	31 966	16%	3 974	6 843	4,67	32 758
Highly skilled production	34 184	20%	5 694	10 781	3,17	53 925
Highly skilled supervision	6 459	20%	1 065	2 076	3,11	19 869
Senior management	2 295	18%	361	717	3,20	10 135
MM and S56	35	9%	7	20	1,75	311
Total	**106 127**	**16%**	**14 623**	**27 360**	**3,88**	**135 146**
** - Number of employees in post at the beginning of the year*						*T 4.3.2*
**Average is calculated by taking sick leave in colunm 3 divided by total employees in colunm 6*						

The table below outlines the number and cost of injuries for municipal employees on duty for 2017/18.

Table 62: Number and cost of injuries on duty

Number and Cost of Injuries on Duty					
Type of injury	**Injury Leave Taken**	**Employees using injury leave**	**Proportion employees using sick leave**	**Average Injury Leave per employee**	**Total Estimated Cost**
	Days	**No.**	**%**	**Days**	**R'000**
Required basic medical attention only		3 385			10 000
Temporary total disablement		850			6 603
Permanent disablement		10			298
Fatal		5			Awards not yet issued by Compensation Commissioner
Total	0	4 250		0	16 901

Note:

Due to the manual nature of the Leave Systems it is not possible for the Municipal Entities to provide the Injury on Duty leave. The information in the table above reflects the number of employees for whom injuries on duties were captured and the cost. The approximate cost was manually calculated by the Safety and Health Branch.

4.5.3 Disciplinary Action

The City endeavours to give effect to Priority 5 of the IDP of "Create an honest and transparent City that fights corruption". This is effected by maintaining discipline and harmonising employment through the application of the code of conduct as per Schedule 2 of the Municipal Systems Act (MSA) 32 of 2000 and disciplinary codes as per Schedule 8 of the Labour Relations Act (LRA) 66 of 1995.

The purpose of the aforementioned legislative codes is to inform employees of the workplace rules and conduct which is acceptable in the workplace. The codes also assist line management in dealing with employee conduct in a consistent, transparent and fair manner. It is management's duty to ensure that workplace discipline is maintained. However, in case of an employee being the Municipal Manager or reporting directly to a Municipal Manager, only the Local Government Disciplinary Regulations for Senior Managers of 2010 applies.

In the City's efforts to eradicate fraud and corruption there is a particular focus on investigating alleged misconduct and the necessary disciplinary processes are followed where applicable.

The status of disciplinary proceedings in the City Group is as follows:

Core Administration:

- 133 fraud and corruption disciplinary cases of which 18 were finalised and 115 are pending finalisation.
- One high profile case involving Senior Executive Manager was recorded. The Senior Executive was placed on suspension pending disciplinary charges. The case was finalised on 14 March 2018 and he was dismissed.
- A total of 135 suspensions were registered in the City Core Administration of which 28 suspensions resulted in disciplinary cases and were finalised and the incumbents dismissed, and four were reinstated.

Municipal Entities:

- Twenty nine (29) fraud and corruption disciplinary cases of which nine were finalised and 20 are pending finalisation.
- A total of 69 suspensions are registered in the MEs related to disciplinary cases. Some of these are finalised and others are pending investigations and ongoing disciplinary hearings.

Labour Relations has observed trends at both Core Administration and MEs in that the major acts of misconduct are corruption, fraud, dishonesty, maladministration, negligence, insubordination and absence without leave. As a result an external service provider (Mncedisi Ndlovu Sedumedi Attorneys) was appointed by the City to conduct an audit of the pending disciplinary hearing matters under different business units. The mandate of the service provider was to audit the files where the alleged offences occurred up to 31 July 2016.

The service provider was able to conduct audits in the following departments and units:

- Johannesburg Metro Police Department;
- Group Customer Relations and Urban Management;
- Emergency Management Services;

- Transport Department;
- Group Finance;
- Housing Department; and
- Development Planning.

During the audit the following transpired:

- The first group consist of 19 employees who pleaded guilty and were given final written warnings valid for 12 and six months;
- One matter was withdrawn;
- Four matters where employees were found guilty and dismissed; and
- 31 matters where employees were charged with various offences.

Although the LRA emphasises the saliency of resolving a dispute promptly and expeditiously there are some matters which are technical and often raise complex questions of law. These ordinarily take time to conclude as compared to simple and straight forward matters.

The table below reflects the number and period of suspensions.

Table 63: Number and period of suspension

umber and Period of Suspensions				
Position	**Nature of Alleged Misconduct**	**Date of Suspension**	**Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised**	**Date Finalised**
GM Legal Services	Failure to fulfil statutory obligations	2015/09/01	Matter in progress.	Pending
Assistant Manager-security	Dishonesty	2017/07/01	Disciplinary process Underway	Pending
Manager-Property	Contravening code of conduct	2017/07/01	Disciplinary process Underway	Pending
Manager Acquisition	Fraud	2018/05/01	Disciplinary process Underway	Pending
Assistant Manager-Property	Fraud	2017/10/01	Disciplinary process Underway	Pending
Admin officer: HCM	Negligence	2016/03/29	In Progress	Pending
General worker	alleged recruitment fraud	2015/11/05	Matter in progress.	Pending
Manager: Contracts	Insubordination and absenteeism	2015/07/26	In Progress. Awaiting verdict.	Pending

umber and Period of Suspensions				
Position	**Nature of Alleged Misconduct**	**Date of Suspension**	**Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised**	**Date Finalised**
Traffic signals Technician	Theft of JRA traffic signals equipment	2016/06/29	Matter in progress.	Pending
Assistant Manager: Legal Services	Alleged fraud	2016/09/01	Matter in progress	Pending
Admin officer: HCM	Negligence	2016/03/29	In Progress	Pending
General worker	alleged recruitment fraud	2015/11/05	Matter in progress.	Pending
Manager: Contracts	Insubordination and absenteeism	2015/07/26	In Progress. Awaiting verdict.	Pending
Depot Manager	Alleged fraud	2016/10/10	Investigation in progress	
Internal Messenger	Theft of printer cartridges	2017/02/14	**Finalised- Acquitted**	2017/10/24
Manager: Recruitment and Selection	Alleged fraud Failure to fulfil obligations by disclosing information	2017/02/17	Investigation in progress	Pending
Acting Supervisor: RSD	Theft of asphalt	2017/03/22	Investigation in progress	Pending
Assistant Depot Manager	Other (Alleged sexual harassment)	2017/05/22	Hearing in progress	
Company Secretary	Insubordination	2016/06/26	**Contract Terminated**	2018/02/28
Depot Manager	Insubordination	2017/07/10	**Finalized: Acquitted**	2017/12/07
Regional Operations Manager	Negligence	2017/06/01	**Finalized: Acquitted**	2018/01/11
Operations Manager	Irregular Expenditure	2017/12/06	**Resigned**	2018/02/28
Project Manager	Irregular Expenditure	2017/12/07	**Dismissed**	2018/02/23
Ops Manager: Income and Assets	Offensive behaviour	2018/06/06	Matter to sit	Pending
Depot Manager	Assault of colleague/ Irregular expenditure	2018/06/07	Matter to sit	Pending

umber and Period of Suspensions				
Position	**Nature of Alleged Misconduct**	**Date of Suspension**	**Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised**	**Date Finalised**
Maintenance Manager	Dishonesty	2016/08/15	Investigation has been concluded. The Hearing held on 24th November not concluded. The disciplinary enquiry has now been re- scheduled for the 5th & 6th July 2018.	
Property Administrator	Dishonesty	2016/03/03	Finalized- Appeal lodged	2017/09/13
Quantity surveyor	Dishonesty	2017/03/01	Investigations have been concluded. The case has been postponed until further notice. The parties are still in engagement to agree on a suitable date for the disciplinary enquiry. It is anticipated that the enquiry will be held and concluded in July 2018	Pending
Asset clerk	Dishonesty	2017/03/01	Investigation has been concluded. The Hearing held on 24th November not concluded. The disciplinary enquiry has been re-scheduled for the 5th & 6th July 2018.	Pending
Cashier	Dishonesty	2017/09/22	The chairperson of disciplinary enquiry found him guilty and dismissed on the **25 April 2018**	2018/04/25
Cashier	Dishonesty	2017/09/22	The enquiry has been re-scheduled to 12th & 13th July 2018.	Pending
Core-Operations Executive	Dishonesty	2018/06/04	Placed on suspension pending finalisation of disciplinary enquiry. The enquiry was scheduled for 21st & 22 June 2018. The enquiry was postponed due to agreement between the parties.	Pending

umber and Period of Suspensions				
Position	**Nature of Alleged Misconduct**	**Date of Suspension**	**Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised**	**Date Finalised**
Senior Manager: Property	Dishonesty	2018/06/11	Placed on suspension pending finalisation of disciplinary enquiry. The enquiry was scheduled for 20th June 2018. The enquiry was postponed due to agreement between the parties.	Pending
Caretaker	Fraud	2017/08/16	Disciplinary Hearing underway	Pending
Maintenance Administrator	Failure to fulfil statutory obligations	2017/05/31	Final Written Warning	2018/04/01
General Worker	Other	2017/07/17	Case Pending	Pending
Cashier (5)	Fraud	2017/01/20	Finalized-Dismissed	2018/02/22
Cashier (72)	Fraud	2017/01/20	Suspension has been uplifted on 2018/02/01 due to the fact that in terms of the SALGBC Disciplinary Code and Procedure an employer is prohibited from suspending an employee/s for a period exceeding 3 months. After the upliftment of these suspensions, these employees were utilised in other capacities where they were not expected to deal with the City's cash in order to alleviate and circumvent the risk of further acts of fraud and corruption. All these disciplinary hearings has since been concluded.	Pending
Assistant Director	Fraud & Corruption	2017/02/01	Finalized-Reinstated	2017/08/01
Deputy Director	Insubordination & Other	2017/01/01	Finalized-Dismissed	2017/09/01
Area Manager	Fraud, Corruption & Dishonesty	2017/03/15	Finalized-Dismissed	2017/11/01
General Worker		2017/03/16	Finalized-Reinstated	2017/09/01
Unit Head	Insubordination & Other	2017/10/03	Finalized-Dismissed	2018/06/15
Group Executive Director: GCSS		2017/04/13	Finalized-Dismissed	2018/03/14
Director		2017/07/20	Finalized-Dismissed	2018/02/22
Director		2016/12/01	Finalized-Dismissed	2017/12/22
Director		2017/10/17	Finalized-Dismissed	2018/07/02

umber and Period of Suspensions				
Position	**Nature of Alleged Misconduct**	**Date of Suspension**	**Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised**	**Date Finalised**
Assistant Director	Fraud & Corruption	2016/11/17	Finalized-Dismissed	2017/08/01
Ops-Manager	Fraud & Corruption	2016/11/17	Finalized-Reinstated	2017/08/01
Deputy Director	Fraud & Corruption	2016/11/17	Finalized	2017/09/01
Area Manager	Fraud & Corruption	2017/01/15	Finalized-On Appeal	Pending
General Worker	Fraud & Corruption	2017/01/15	Finalized-On Appeal	Pending
Director		2018/05/01	under investigation	Pending
Deputy Director	Fraud, Dishonesty & Gross Negligence	2017/07/05	Charged-On going	Pending
Manager	Fraud, Dishonesty & Gross Negligence	2017/07/05	Charged-On going	Pending
Officer	Fraud, Dishonesty & Gross Negligence	2017/07/05	Charged-On going	Pending
Personal Assistant	Fraud, Dishonesty & Gross Negligence	2017/07/05	Charged-On going	Pending
Deputy Director	Fraud, Dishonesty & Gross Negligence	2017/07/05	Charged-On going	Pending
Manager	Fraud, Dishonesty & Gross Negligence	2017/07/05	Charged-On going	Pending
Officer	Fraud, Dishonesty & Gross Negligence	2017/07/05	Charged-On going	Pending
Personal Assistant	Fraud, Dishonesty & Gross Negligence	2017/07/05	Charged-On going	Pending
Assistant Director	Fraud	2018/04/01	under investigation	Pending

umber and Period of Suspensions				
Position	**Nature of Alleged Misconduct**	**Date of Suspension**	**Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised**	**Date Finalised**
Chief building inspector	Gross Negligence	2017/02/19	Finalized-Dismissed	2017/08/01
Admin officer	Fraud	2017/10/01	Finalized-Reinstated	Pending
Group Head		2018/05/01		Pending
Customer Relation (8)	Fraud	2017/09/01	Finalized-Dismissed	2018/06/22
Customer Relation (3)	Fraud	2017/09/01	under investigation	Pending
Deputy Director Legal	Dishonesty	2016/12/01	Matter in progress	Pending
Officer	Fraud	2016/01/01	Matter in progress	Pending
Credit Control	Fraud & Corruption	2017/03/16	Matter in progress	Pending
Assistant Validation	Fraud & Corruption	2017/03/16	Matter in progress	Pending
Assistant Billing		2017/03/16	Matter in progress	Pending
Assistant Validation	Fraud & Corruption	2017/03/16	Matter in progress	Pending
Ops-Manager	Fraud & Corruption	2017/03/16	Matter in progress	Pending
Billing Assistant	Fraud & Corruption	2017/03/16	Matter in progress	Pending
Customer Relation	Fraud & Corruption	2017/03/16	Matter in progress	Pending
Personal Assistant	Other	2017/07/06	Matter in progress	Pending
Admin Officer	Other	2017/07/06	Matter in progress	Pending
Supervisor: Midrand	Fraud & Corruption	2015/04/08	Disciplinary case concluded, and no charges were laid.	2018/05/30
Manager: Commodity Non Production	Fraud & Corruption	2017/04/26	The disciplinary case is under review at the labour court	2017/11/21
Project Coordinator	Fraud	2017/06/08	In progress	Pending
Clerk of Works	Fraud	2017/06/08	In progress	Pending
Senior Buyer: Commodity Non-Production	Fraud & Corruption	2016/04/18	Dismissal	2017/11/27
Administrator: Canteen	Fraud & Corruption	2017/03/28	Final Written Warning	2017/12/01
Director Finance	under investigation	2017/12/11	In progress	Pending
Director Engineering Services	under investigation	2017/12/22	In progress	Pending
Officer: Servitude	Fraud & Corruption	2017/12/14	Resignation	2018/04/08

umber and Period of Suspensions				
Position	**Nature of Alleged Misconduct**	**Date of Suspension**	**Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised**	**Date Finalised**
Project Coordinator	Gross Negligence	2018/04/03	In progress	Pending
Field Services Manager	Gross Negligence	2018/02/27	In progress	Pending
Electrician Maintenance	under investigation	2018/05/09	In progress	Pending
Animal Attendant	Other	2016/11/03	Still Under Investigations	Pending
Heard Gardner	Other	2016/11/16	Still Under Investigations	Pending
Horticulture Operator	Dishonesty	2016/02/07	Under Investigations	Pending
HEAD GARDENER	Dishonesty	2017/07/24	WW - Transferred to Region E	2017/09/06
FOREMAN	Sexual harassment	2018/01/09	Investigation Discontinued (i.e. no case to be made)	2018/01/17
FACILITIES BOOKING OFFICER	Dishonesty & Gross Negligence	2017/12/12	Finalised-Dismissed	2018/03/13
OPERATOR: BAND SAW	Assault & Gross Negligence	2017/11/16	Finalised	2018/04/12
Bus Operator	Failure to fulfil statutory obligations	2017/07/01	Finalised	2017/07/27
Bus Operator	Failure to fulfil statutory obligations	2017/08/01	Final W. Warning	2017/08/15
Bus Operator	Failure to fulfil statutory obligations	2017/08/01	03 Days suspension	2017/08/15
Bus Operator	Failure to fulfil statutory obligations	2017/09/01	07 Days Suspension	2017/09/22
Bus Operator	Failure to fulfil statutory obligations	2017/09/01	Finalised	2017/09/12
Bus Operator	Failure to fulfil statutory obligations	2017/09/01	07 Days Suspension	2017/10/23

Table 64: Disciplinary action taken on cases of financial misconduct

Disciplinary Action Taken on Cases of Financial Misconduct				
Position	**Nature of Alleged Misconduct and Rand value of any loss to the municipality**	**Disciplinary action taken**	**Suspended Y/N**	**Date Finalised**
Manager Acquisition	Fraud	Disciplinary process Underway	Y	Pending
Assistant Manager-Property	Fraud	Disciplinary process Underway	Y	Pending
Admin officer (3)	Alleged leave fraud	Matter in progress. Accused requested further consultation	N	Pending
Admin officer (3)	Alleged overtime fraud	Matter in progress.	N	Pending
General worker (2)	Alleged recruitment fraud	Matter in progress.	Y	Pending
Special Workman	Alleged fraudulent overtime claims.	Matter in progress.	N	Pending
Assistant Manager: Legal Services	Alleged fraud	Matter in progress	Y	Pending
Depot Manager (2)	Alleged fraud	Investigation in progress	Y	Pending
General worker	Alleged recruitment fraud	Matter in progress. Suspension uplifted	N	Pending
Manager: Recruitment and Selection	Alleged fraud	Investigation in progress	Y	Pending
Operations Manager	Irregular Expenditure	Resigned	Y	2018/02/28
Project Manager	Irregular Expenditure	Dismissed	Y	2018/02/23
Depot Manager	Irregular expenditure	Matter to sit	Y	Pending
Caretaker	Fraud	Disciplinary Hearing underway	y	Pending
Cashier (11)	Fraud	Finalized-Dismissed	N	2018/02/22
Cashier (72)	Fraud	Suspension has been uplifted on 2018/02/01 but matter still under Investigation	N	Pending
Assistant Director (2)	Fraud & Corruption	Finalized-Reinstated	N	
Area Manager	Fraud, Corruption & Dishonesty	Finalized-Dismissed	N	2017/11/01
Assistant Director	Fraud & Corruption	Finalized-Dismissed	N	
Ops-Manager	Fraud & Corruption	Finalized-Reinstated	N	
Deputy Director	Fraud & Corruption	Finalized	N	
Area Manager	Fraud & Corruption	Finalized-On Appeal	Not Provided	Not Provided
General Worker	Fraud & Corruption	Finalized-On Appeal	Not Provided	Not Provided
Deputy Director	Fraud, Dishonesty & Gross Negligence	Charged-On going	Y	
Manager	Fraud, Dishonesty & Gross Negligence	Charged-On going	Y	
Officer	Fraud, Dishonesty & Gross Negligence	Charged-On going	Y	

Disciplinary Action Taken on Cases of Financial Misconduct				
Position	**Nature of Alleged Misconduct and Rand value of any loss to the municipality**	**Disciplinary action taken**	**Suspended Y/N**	**Date Finalised**
Personal Assistant	Fraud, Dishonesty & Gross Negligence	Charged-On going	Y	
Deputy Director (3)	Fraud, Dishonesty & Gross Negligence	Charged-On going	Y	
Manager	Fraud, Dishonesty & Gross Negligence	Charged-On going	Y	
Officer	Fraud, Dishonesty & Gross Negligence	Charged-On going	Y	
Personal Assistant	Fraud, Dishonesty & Gross Negligence	Charged-On going	Y	
Assistant Director	Fraud	Under investigation	y	
Admin officer	Fraud	Finalized-Reinstated	N	Not Provided
Customer Relations Agent (8)	Fraud	Finalized-Dismissed	N	
Customer Relations Agent (3)	Fraud	Under investigation	y	
Officer	Fraud	No Status Given	y	
Credit Control	Fraud & Corruption	No Status Given	y	
Assistant Validation (2)	Fraud & Corruption	No Status Given	y	
Ops-Manager	Fraud & Corruption	No Status Given	y	
Billing Assistant	Fraud & Corruption	No Status Given	y	
Customer Relation	Fraud & Corruption	No Status Given	y	
Cashier (2)	Fraud	Dismissed	N	2017/12/20
Act. Sgt Metro Police Officer	Corruption	Written warning	N	2018/03/07
Metro Police Officer	Fraud	Matter part-heard & postponed	N	
Cashier	Fraud	Matter part-heard & postponed	N	
Metro Police Officer (2)	Fraud	Matter part-heard & postponed	N	
Supervisor	Fraud	Matter part-heard & postponed	N	
Admin Officer	Fraud	Matter part-heard & postponed	N	
Cashier	Fraud	Matter part-heard & postponed	N	
Metro Police Officer	Corruption	Matter part-heard & postponed	N	
Platoon Commander	Fraud	Matter still on roll	N	
Supervisor: Midrand	Fraud & Corruption	Disciplinary case concluded, and no charges were laid.	N	2018/05/30

Disciplinary Action Taken on Cases of Financial Misconduct				
Position	**Nature of Alleged Misconduct and Rand value of any loss to the municipality**	**Disciplinary action taken**	**Suspended Y/N**	**Date Finalised**
Manager: Commodity Non Production	Fraud & Corruption	The disciplinary case is under review at the labour court	N	2017/11/21
Project Coordinator	Fraud	In progress	y	
Clerk of Works	Fraud	In progress	y	
Senior Buyer: Commodity Non-Production	Fraud & Corruption	Dismissal	N	2017/11/27
Administrator: Canteen	Fraud & Corruption	Final Written Warning	N	2017/12/01
Officer: Servitude	Fraud & Corruption	Resignation	N	2018/04/08
Horticultural Operator (2)	Bribery	Finalized	N	2018/06/25

** This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)*

5. Group Chief Financial Officer's Report

5.1 Introduction

This report in essence highlights the City's financial position and financial performance for the year under review. The consolidated financial results herein presented are evidence of service delivery and hard work taking into account the financial performances of all the Departments (i.e. Core) and the Municipal Owned Entities (MoEs) collectively referred to as the Group consolidated financial results of the City. It therefore gives me great pleasure to present the highlights of the financial performance of the City of Johannesburg based on the consolidated Annual Financial Statements for the year ended 30 June 2018.

These Annual Financial Statements were prepared in compliance with the provisions of the Generally Recognized Accounting Practice (GRAP), which is consistent with the prior year.

5.2 Financial overview

In the year under review the City achieved a surplus of R2.9 billion (2017: R1.4 billion) notwithstanding the economic climate which remained fragile throughout the financial year. The City has remained focused on continuously strengthening its financial position whilst actively pursuing the achievement of its service delivery goals. Some of the key achievements include:

- In the year under review, the City spent 91% of the budgeted R7 billion capital budget. Capital investment is a key tool for improving service delivery and realizing transformational changes as articulated in the Diphetogo approach adopted by the City.

- The City's cash and cash equivalents at year end amounted to R2.2 billion. Our focus has been, and remains, to build adequate cash reserves to fund service delivery programmes through a rigorous cash management strategies that ensure timely information is available to management to allow for agility in managing cash-flows.

- The challenging macro-economic environment continues to negatively impact on our customers' ability to pay for services. In the year under review the City achieved a revenue collection rate of 91%. The City is committed to improving the customer experience within

the revenue value chain and to this end a number of interventions have been put in place including:

- Identifying and remedying the process failures that have hampered timeous resolution of billing queries;
- Improved data management, which has led to more accurate billing;
- Reducing the backlog, especially the high estimations on electricity and water meters; and
- Improving the coverage of physical meter reading.

In order to improve ease of effecting payments for municipal services, additional payment channels are continuously being explored. Customers experiencing cash flow challenges, are encouraged to enter into payment arrangements to service their outstanding debt.

- The City has again achieved an unqualified audit opinion as was the case in the previous financial year. This is a firm indication of the dedicated leadership which drives governance, compliance and sound financial management. We continue to strive towards clean administration and the highest standards of corporate governance.

Global Credit Rating Co. (GCR) and Moody's recently completed their credit ratings reviews of the City of Johannesburg. GCR assigned the City with a long-term rating of $AA_{(ZA)}$, with the short-term rating at $A1+_{(ZA)}$ and a stable outlook. Moody's maintained the long-term issuer and debt ratings of $Baa3\ (Global\ scale, local\ currency)$ and $Aa1.za\ (National\ scale, local\ currency)$, whilst the short-term issuer ratings were assigned at $P-3\ (Global\ scale, local\ currency)$ and $P-1.za\ (National\ scale, local\ currency)$, whilst the outlook was revised downwards to negative.

The City remains committed to prudent management of its finances and to this end, has set out the following key initiatives:

- Development and implementation of a billing management policy that complies with legislative prescripts and by-laws;
- Update and roll-out of standard operating procedures for revenue processes to improve controls and systems;
- Implementation of strict credit control processes;
- Reduction of uncollectable debt;
- Development and implementation of a billing and payments portal;
- Development of a customer-centric approach;
- Increase in the use of e-services.

5.3 ANALYSIS OF THE ANNUAL FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2017/18

5.3.1 Statement of Financial Performance

	Jun-18			Jun-17	2017-2018
	Actual	Budget	Variance	Actual	Growth
	R'000	R'000	%	R'000	%
REVENUE					
Property rates	9,110,560	9,119,720	0%	7,912,381	15%
Service Charges	25,430,502	27,777,582	-8%	24,681,213	3%
Government Grants and subsidies	9,771,313	7,327,237	33%	9,464,674	3%
Interest received	715,421	456,875	57%	608,738	18%
Other	2,891,820	2,989,865	-3%	2,934,528	-1%
	47,919,616	**47,671,279**	**1%**	**45,601,534**	**5%**
EXPENDITURE					
Employee related costs	11,187,614	11,571,435	-3%	10,394,674	8%
Debt impairment	3,252,433	3,006,540	8%	3,892,594	-16%
Depreciation and amortisation	3,150,045	3,938,193	-20%	2,998,824	5%
Finance Costs	2,552,507	2,472,109	3%	2,421,815	5%
Bulk Purchases	15,196,616	15,380,224	-1%	14,978,933	1%
Other	9,438,192	10,516,174	-10%	9,651,443	-2%
	44,777,407	**46,884,675**	**-4%**	**44,338,283**	**1%**
Operating Surplus	**3,142,209**	**786,604**		**1,263,251**	
Taxation	256,928	352,228		109,549	
NET SURPLUS / (DEFICIT) FOR THE YEAR	**2,885,281**	**434,376**		**1,153,702**	

5.3.1.1 Revenue

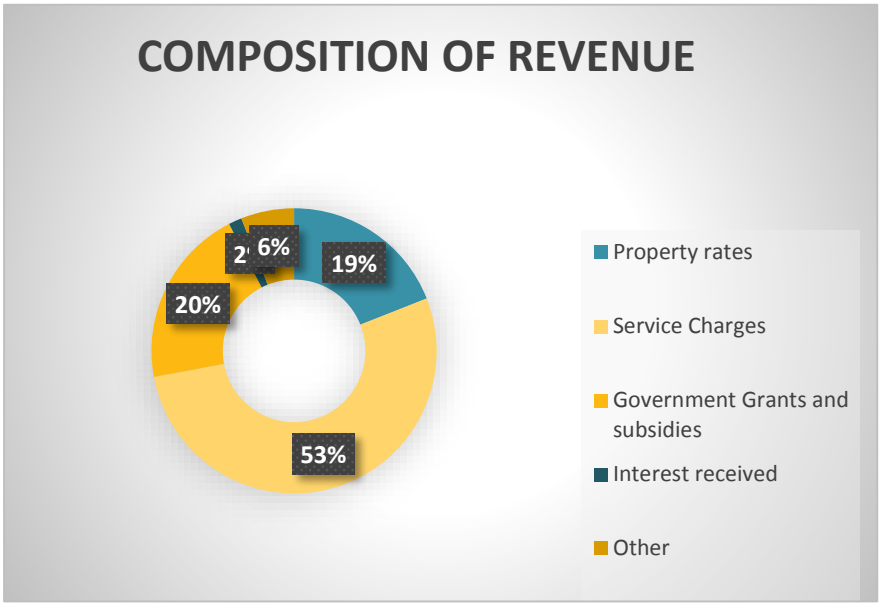
Total revenue is under budget by 1%, however has increased by 5% when compared to 2017. The R47.9 billion revenue is mostly derived from services rendered to the citizens of Johannesburg as well as grants received from National Government.

The major revenue streams that supported the city's operations are: service charges (water, electricity, refuse removal and sanitation), government grants and property rates respectively. The revenue composition remained unchanged when compared to the previous financial year with services charges and property rates accounting for 72% [2017: 72%] of the total revenue generated.

Government grants for the current year contribute 20% to total revenue which is consistent with the prior year. Even though the city's capital budget decreased in the financial year under review, the City

has continued to be less reliant on grants. This was achieved through the Financial Development Plan initiatives which have ensured continued generation of surpluses which are a key component of the City's capital budget funding sources.

Government grants for the current year contribute 20% to total revenue which is consistent with the prior year. Even though the city's capital budget decreased in the financial year under review, the City has continued to be less reliant on grants. This was achieved through the Financial Development Plan initiatives which have ensured continued generation of surpluses which are a key component of the City's capital budget funding sources.



Analysis of Property Rates

	2018 Actual R'000	% of Total	2017 Actual R'000	% of Total
Property Rates Comprise				
Residential	3,392,435	37%	3,114,579	39%
Commercial	5,530,872	61%	4,625,362	58%
State	187,253	2%	172,440	2%
	9,110,560	**100%**	**7,912,381**	**100%**

The composition of property rates revenue has slightly shifted, with Commercial customers being the main contributors at 61%. The 15% (See table 3.1) year on year increase in total property rates revenue is mainly attributable to an increase in commercial property rates received, as a result of combined effect of - improvement in our billing system; new developments within the City; and adjustments made which arise from customer queries and supplementary valuation rolls.

Analysis of Service Charges

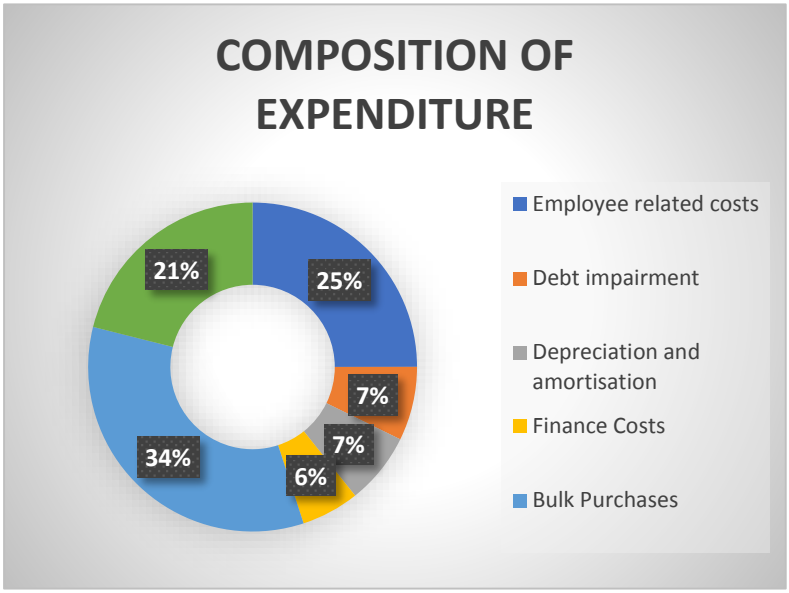
Service charge revenue average growth of 3% (See Table 3.1) is below the budgeted increases due to:

- Electricity – year on year decrease of 6% mainly due to changing consumer patterns.
- Water & Sanitation - Revenue billed continues to decline as a result of reductions in volumes even after the lifting of water restrictions.

As a result the composition of service charges has slightly changed when compared to the previous year. Water revenue's contribution has increased by 4% while electricity revenue's contribution has declined by 6%. Strategic interventions in the new financial year will focus on turning around the business of City power including management of non-technical losses.

	2018		2017	
	Actual		Actual	
	R'000	%	R'000	%
Rendering of Services				
Sale of electricity	13,589,158	53%	14,485,674	59%
Sale of water	6,005,511	24%	4,982,844	20%
Surcharges: Electricity	168,684	1%	163,846	1%
Surcharges: Water	59,155	0%	47,281	0%
Surcharges: refuse	5,406	0%	5,014	0%
Refuse removal	1,439,440	6%	1,314,763	5%
Sewerage and sanitation charges	3,623,344	14%	3,197,855	13%
Other services	539,804	2%	483,936	2%
	25,430,502	**100%**	**24,681,213**	**100%**

5.3.1.2 Expenditure

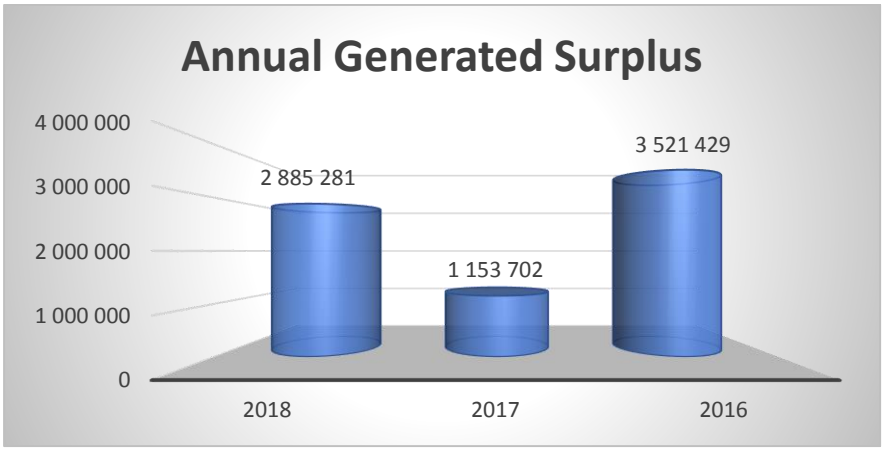


Operational expenditure increased by 1% to R44.8 billion mainly due to inflationary pressures on other expenditure items.

In the financial year under review, the City's major cost drivers were the bulk purchases, employee related cost and debt impairment respectively.

Employee related costs increased by 8% when compared to the previous year. The increase is mainly due to general annual increases of salaries, strategic appointments and parity adjustments.

5.3.1.3 Annual Surplus Generated



Despite the challenging economic environment, the City was able to generate a net surplus of R2.9 billion. As indicated in the previous year, the city has adopted cost containment measures as well as prudent spending of approved budget whilst optimizing revenues. In addition, the City embarked on an expenditure review in order to analyze and evaluate the City's spending habits. The outcomes of the expenditure review were taken into consideration in the 2017/18 budget preparation. The achievement of a surplus is in line with the City's Financial Development Plan. The City commits its own funds generated through surpluses alongside investor funding and government grants in order to deliver its accelerated capital expenditure Programme.

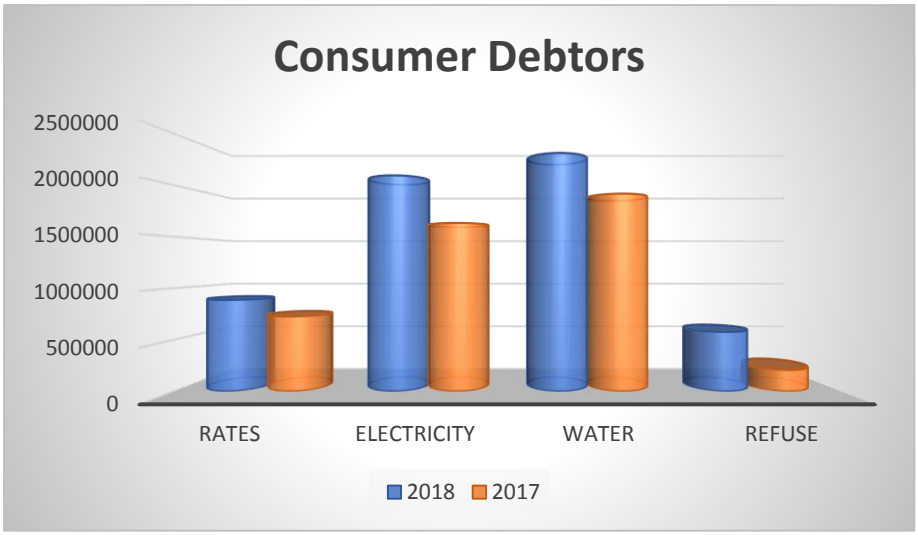
5.3.2 Statement of Financial Position

	Jun-18	Jun-17	2017-2018	%Of Total	
	Actual	Actual	Growth	2018	2017
Net Assets and Liabilities					
Net Assets	44,648,926	41,762,259	7%	52%	51%
Non-current liabilities	25,951,611	23,334,228	11%	30%	28%
Current liabilities	14,583,409	17,230,871	-15%	17%	21%
	85,183,946	**82,327,358**	**3%**	**100%**	**100%**
Assets					
Non-current assets	73,788,923	70,286,591	5%	87%	85%
Current assets	11,395,023	12,040,767	-5%	13%	15%
	85,183,946	**82,327,358**	**3%**	**100%**	**100%**

The Statement of Financial Position presented reflect a solid financial position of the City with total assets increasing by 3% to R85.2 billion driven largely by annual capital expenditure in excess of R6.4 billion.

The City's net assets position has improved by 7% to R44.7 billion. The increase in net assets is attributable to the surplus generated during the year under review of R2.9 billion.

5.4. CONSUMER DEBTORS



Net outstanding consumer debtors amounted to R5.9 billion as at 30 June 2018 [2017: R4.5 billion]. Electricity and water debtors account for 75% of the total net consumers debtors balance. This is in line with the revenue generated from these services. Total consumer debtors increased by 31% from the previous year, driven mostly by the disposable income pressures faced by consumers under the prevailing economic conditions. Old debtors which were previously impaired and assessed as non-recoverable or prescribed, were written off during the year under review.

5.5 CAPITAL EXPENDITURE

The 2017/18 capital expenditure, as expressed by the additions capitalised in the current year amounted to R6.4 billion (91% of approved capital budget of R7 billion).

5.6. FINANCIAL RATIOS

Ratio summary	Target	Year end - June 18
Debt (Total Borrowings) / Revenue	**45%**	42%
Repairs and Maintenance as a % of PPE and Investment Property (Carrying Value)	**8%**	4%
Cash / Cost Coverage Ratio (Excl. Unspent Conditional Grants)-In Months	**1-3 months**	1
Current Ratio	**1.5 - 2:1**	0.78
Net Operating Surplus Margin	**>0%**	6%
Remuneration as % of Total Operating Expenditure	**25%-40%**	26%
Interest Expense to Total Operating Expenditure	**8%**	6%
Solvency	**2.1: 1**	2.1

The above ratios, which are closely monitored during the year, ensure that at all times the City remains focused on ensuring continued financial sustainability. All the ratios except two, namely, Repairs and maintenance as well as current ratio are within the set targets.

5.7. AUDIT OPINION

The City is dedicated to achieving clean administration and achieved an Unqualified Audit Opinion once more at a Group level. The audit report is included in the annual report.

I am pleased to report that the following MOEs have achieved clean audits in 2017/18:

- Joburg Theatres
- Johannesburg Property Company (JPC)
- Johannesburg City Parks and Zoo (JCPZ)
- Johannesburg Development Agency (JDA)

The City is proud of this achievement and corrective measures and action plans have been put in place to ensure that the matters reported on by the Auditor General are remedied going forward to improve the current status.

5.8. CONCLUSION

wish to express my earnest appreciation to the Executive Mayor, Councilors, Member of the Mayoral Committee responsible for Finance, Mayoral Committee, Section 79 Oversight Committees, Group Audit Committee, Group Performance Audit Committee, Group Risk Governance Committee, Municipal Manager, Chief Operations Officer, Executive Management Team, Boards of Directors, Oversight Committees, Managing Directors and Chief Financial Officers of Municipal Owned Entities and their teams for the support they have provided during the 2017/18 financial year.

A sincere word of appreciation goes to the entire staff of the City and MoEs, who have played a role in making the financial year under review a success and ensuring that the financial statements are finalized on time. The hard work, sacrifices and intensive efforts throughout the year, are much appreciated.

We remain committed to stabilizing the finances of the City, and instituting fiscal discipline. Through our fiscal management we will ensure:

- Sustainable cash flow is maintained over the medium term to build up sufficient reserves which can be utilized towards future capital investments.
- Borrowings will be used to augment internally generated reserves while ensuring the debt to revenue ratio remains within the prescribed limits set by National Treasury.

Going forward I hope that through prudent financial management we can achieve transformational change – Diphetogo – for the people of Johannesburg.

_____

Charity-Ann Wurayayi
Acting Group Chief Financial Officer
City of Johannesburg Metropolitan Municipality

6. Annual Report of the Group Audit Committee

ANNUAL REPORT OF THE GROUP AUDIT COMMITTEE (GAC) OF THE CITY OF JOHANNESBURG MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2018

Legislative Mandate

The Audit Committee is constituted in terms of sections 166(2) and 166 (6) (b) of the Municipal Finance Management Act, No. 56 of 2003 (MFMA).

The Audit Committee is an independent advisory body which **must** advise the Council of City of Johannesburg Municipality (Council), Mayor, Mayoral Committee, Accounting Officer and the management of the City of Johannesburg Municipality (Municipality). It advises on matters relating to:

- Internal Financial Control;
- Internal Audit;
- Risk Management Processes;
- Financial Reporting;
- Performance Management;
- Governance;
- Compliance with Laws and Regulations; and
- Any other issues referred by the Municipality or its Entities.

Integrated Independent Oversight

The City established three different Advisory Committees because of its size and complexity i.e. Group Audit Committee (GAC), Group Risk Governance Committee (GRGC) and Group Performance Audit Committee (GPAC). To ensure continuity and feedback, dual membership system was adopted. Two members from each Committee represent their Committee on the other Committees to enable feedback on what transpired in the meetings of the Committees they are deployed to, back to their main Committee.

The Cross-members do not occupy the positions of Chairperson in any of the Committees. Due to the City's business size and complexity it delegated performance and risk oversight responsibilities to

GPAC and GRGC respectively. Therefore, for completion purposes of the Audit Committee Report, the composition of the two Committees is reflected in the report.

Terms of References

The GAC reports that it has adopted appropriate formal Terms of Reference as its GAC Charter, and has regulated its affairs during the past financial year in accordance with those terms of reference. The GAC has discharged all its responsibilities as contained therein.

Group Audit Committee Members and Attendance

The Group Audit Committee (GAC) consisted of seven independent members between July 2017 and March 2018 but the number was reduced to six independent members in April 2018.

The management team, representatives from the internal auditors and external auditors attended the GAC meetings by invitation. The GAC also met with the external auditors and internal auditors, without management being present. The internal and external auditors have unrestricted access to the GAC.

The table below lists membership of the committee as well as attendance of the meetings:

Member Name	Qualification	Appointment Date	End of Term	Meetings attended
Ms Zodwa Manase (Chairperson)	CA (SA), H Dip Tax	01 Apr 2015	31 Mar 2018	5/6
Mr Nala Mhlongo* (Chairperson)	CA (SA), CGMA, ACMA, Adv. Cert. in Tax	01 Apr 2015	31 Mar 2019	8/8
Ms Karen Muthen (Cross member)	CA(SA), MBA, LLM	01 Apr 2017	31 Mar 2019	7/8
Mr Zola Fihlani	CA (SA), H Dip Tax	01 Apr 2017	31 Mar 2019	3/8
Ms Gwen Ngwenya	M. Int. Econ.	01 Apr 2017	31 Mar 2018	2/6
Mr Adrian Schofield	ACCA Part 1	01 Apr 2017	31 Mar 2018	6/6
Mr Richard Newby	CA(SA)	01 Apr 2017	31 Mar 2019	5/8
Mr Ignatius Sehoole	CA (SA) , Dip.Gen. Man.	01 Apr 2017	1 Nov 2018	4/8

Mr Norman Baloyi (Cross member)	CISA, CISSP, CISM, MBA, MPhil Dev. Fin., MSc Elect., MSc Elec. Eng.	01 Apr 2018	31 Mar 2019	1/2

*Assumed GAC Chairperson Role on 1 April 2018

Group Performance Audit Committee (GPAC).

In accordance with the provisions of section 14(2) of the Regulations, GPAC is established as an independent oversight and advisory body, to advise COJ, Municipal Council ("Council"), Executive Mayor and Mayoral Committee, Accounting Officer and the Management Staff of COJ on matters relating to:

- *performance management;*
- *performance evaluation;*
- *compliance with the MSA and any other applicable law; and*
- *any other issues referred to it by COJ or Mayoral Committee.*

GPAC, amongst other responsibilities, assesses and oversees the organizational performance management system and its service delivery performance including the Municipal Entities. The other primary objective of the GPAC is to assist the Mayoral Committee in fulfilling its oversight responsibilities and reviewing the performance targets as set out in the Business Plans, Integrated Development Plan (IDP), and the Service Delivery and Budget Implementation Plan (SDBIP).

Group Performance Audit Committee composition.

Member	Appointment Date	Qualification(s)	End of term	Meetings attended
Professor Patrick Fitzgerald (Chairperson)	1 April 2013	MA, BA	31 March 2018	4/4
Mr Reginald Haman**	1 April 2014	MBA, PDBA, NDip.	31 March 2018	2/4
Mr Avhapfani Tshifularo	1 April 2017	M.Phil.	31 March 2018	4/4
Mr Khumo Shongwe	1 April 2017	MSc Clin. Psy.	31 March 2018	3/4

Dr Jabulile Manana	1 April 2017	MBBCh	31 March 2018	4/4
Mr Zolani Fihlani	1 April 2017	CA (SA), H Dip Tax	31 March 2018	2/4
Ms Gwen Ngwenya*	1 April 2017	M.Int.Econ.	31 Mar 2018	3/4
Mr Griffiths Zabala	1 April 2018	Dip.Soc.Dev., B.A., MA (Hum. Res.)	31 Mar 2019	2/2
Mr Ayanda Wakaba**	1 April 2018	MBA	31 Mar 2019	2/2
Mr Bheki Dladla	1 April 2018	MBA	31 Mar 2019	2/2
Mr Norman Baloyi	1 April 2018	CISA, CISSP, CISM, MBA, MPhil Dev. Fin., MSc Elect., MSc Elec. Eng.	31 Mar 2019	1/2
Mr Karen Muthen	1 April 2018	MBA,LLM ,CA (SA)	31 Mar 2019	2/2
Mr Adrian Schofield	1 April 2018	ACCA Part 1	31 Mar 2019	2/2

*GPAC Members retired on 31 March 2018

**Assumed GPAC Chairperson Role on 1 April 2018

Group Risk Governance Committee (GRGC).

The GRGC is established as an independent **oversight and** advisory body, to advise COJ, Municipal Council ("Council"), Executive Mayor and Mayoral Committee, Accounting Officer and the Management Staff of COJ on matters relating to:

- Governance Risk and Compliance, corporate governance practices as per KING III and KING IV.
- Enterprise risk management;
- City wide risk profile and appetite;
- Compliance management processes;
- Information security management; and
- any other issues referred to it by COJ or Mayoral Committee.

The City's GRGC provides oversight advisory services on matters relating to Risk Governance and Compliance as well as overseeing Enterprise Risk Management System. The committee also ensures that all risks that might affect the service delivery level and attainment of clean audit are addressed and measures are put in place to prevent future occurrences. Last but not least it provides oversight on the Group insurance portfolio which the Committee is concern about the increase in premiums and the excessive insurance claims that are due to poor risk control measures.

Group Risk Governance Committee composition.

Member	Appointment Date	**Qualification(s)**	**End of term**	**Meetings attended**
Prof Tshilidzi Marwala(Chairperson)*	1 April 2017	PhD Eng.	21 Nov. 2017	2/2
Mr Richard Newby	1 April 2017	CA (SA)	31 March 2018	4/4
Mr Khwathelani Tshikovhi**	1 April 2017	MBA	31 March 2018	4/4
Ms Karen Muthen	1 April 2017	MBA,LLM ,CA (SA)	31 March 2018	3/4
Mr Adrian Schofield	1 April 2017	ACCA Part 1	31 March 2019	4/5
Mr Khumo Shongwe	1 April 2017	MSc Clin. Psy.	31 March 2019	5/5
Mr Reginald Haman***	1 April 2014	MBA, PDBA, NDip.	31 March 2019	4/5
Mr Zola Fihlani	1 April 2018	CA (SA), H Dip Tax	31 March 2019	0/1
Mr Ignatius Sehoole	1 April 2018	CA (SA) , Dip.Gen. Man.	01 Nov. 2018	0/1
Mr Bheki Dladla	1 April 2018	MBA	31 March 2019	1/1

*GRGC Member retired on 17 November 2017

**GRGC Member retired on 31 March 2018

***Assumed GRGC Chairperson Role on 1 April 2018

Effectiveness of Internal Control

During its meetings, the Group Audit Committee has:

- Reviewed the adequacy and effectiveness of the City's system of internal financial control including receiving assurance reports from Management, Internal and External Audit, Legal and Compliance as well as Enterprise Risk and Advisory;
- Reviewed the City's approach on its exposure to the business and financial risks and whether processes are in place to safeguard the assets;
- Reviewed significant issues raised by the Internal and External Auditors;
- Reviewed whether the financial systems can be relied upon in the preparation and presentation of financial statements;
- Reviewed significant legal exposures and pending cases;
- Reviewed significant cases of misconduct, fraud or any other unethical activity by employees of the City ; and

Based on the processes and assurances obtained, we believe that the internal controls are effective in most areas, significant areas requiring improvements are addressed in the recommendations included in this report.

Performance Information

The Group Performance Audit Committee (GPAC) has reviewed performance information provided by the City as well as Internal Audit reports at quarterly meetings throughout the year. The reliability and usefulness of performance information remains a concern to the GPAC and it expressed concern over non-alignment of Key Performance Indicators (KPIs) with the Integrated Development Plan (IDP).

The GPAC was also faced with challenges in evaluating the performance of the City due to insufficient, inaccurate or no evidence being provided in support of the substantive performance reported. Inadequate record keeping and the lack of management reviews in relation to reported performance information were system weaknesses identified by the GPAC. The committee therefore is concerned that key decisions could be taken based on inaccurate reported performance information which might also result in funds being channeled to areas where they are not necessarily required. The committee implores management to implement forthwith adequate review measures, and robust systems of record keeping.

Internal Audit

The Group Audit Committee has:

- Reviewed and approved the Internal Audit Charter;
- Reviewed and approved the Internal Audit Plan;
- Exercised its statutory duty of oversight over the internal audit function;
- Evaluated the independence, effectiveness and performance of the Internal Audit Unit in the fulfillment of its mandate; and
- Encouraged co-operation between External and Internal Audit work.
- Reviewed a summary of the salient findings of all internal audits carried out by the unit during the year was reported quarterly.
- Reviewed the responses from the Management of the City to the internal audit findings and where necessary corrective action was recommended and implementation monitored.

Risk Management

The Group Risk Governance Committee (GRGC) has reviewed the quarterly management risk reports which dealt with the followings:

- Progress on implementation of mitigations for strategic risks;
- Emerging and materialised risk identified;
- Other significant changes on the risks profile;
- Progress on implementation of Business Continuity Programmes;

The GRGC noted progress on the City's risk assessment, risk analysis as well as results of risk monitoring and mitigation actions and/or risk treatment plans on the City-wide top risk.

The committee remains concerned with lack of progress made on the implementation of the Disaster Recovery Plan and the Business Continuity Plan. On compliance management, the Committee expressed its concern on the huge number of Departments that are deemed to be non-compliant.

Evaluation of Financial Statements

The Group Audit Committee has;

- Reviewed the quality, adequacy, accuracy and reliability of financial information;
- Reviewed and discussed the audited Annual Financial Statements with the Auditor-General;
- Responded to any issues raised by Internal Audit and AGSA during the year;
- Reviewed changes in accounting policies and practices; and
- Reviewed significant adjustments resulting from the audit.

Quarterly Reporting

The Group Audit Committee was satisfied with the content and quality of quarterly reports prepared and submitted by the Accounting Officer to the Committee for review.

There is, however, room for improvements with regard to the timeliness of the quarterly reports submitted for meetings.

Quarterly Group Audit Committee meetings are scheduled long after the respective reporting quarter (three months after close of reporting quarter) resulting in quarterly reports being received, reviewed and deliberated on long after the period in discussion.

Auditor-General South Africa

The Group Audit Committee has:

- Reviewed the scope of the External Audit to ensure the critical areas within the City are covered;
- Reviewed the AGSA's report on issues arising out of the external audit and concurred with unqualified with others matters for the City; and

Based on processes followed and assurances received from the AGSA, nothing has come to the attention of the Audit Committee with regards to any matter impacting on the independence of the External Auditors.

Key Recommendations

- The Accounting Officer should ensure that all stakeholders continue with diligent efforts to manage and reduce the significant Water and Electricity Losses.
- Over the last three years, the City has lost approximately R100 million as a result of bus cash shortages. It is recommended that processes and controls are streamlined and strengthened swiftly in order to eliminate any loopholes, that an automated fare collection system is implemented without delay and that all bank accounts should be reconciled daily and any corrective actions implemented immediately.
- Probity audits are conducted for all tenders in respect of significant procurements of goods and services, however, no such audits are conducted on procurement of goods and services under contracts secured by other organs of state (in terms of Regulation 32 of Municipal Supply Chain Management Regulations). It is recommended that the City should consider conducting probity audits on Regulation 32 procurement.
- The threshold for the implementation of probity audits should be reviewed by the EMT, so as to remove any impediments to the expeditious awarding of procurement contracts, and to ensure that any negative effect on service delivery is minimized.
- The Accounting Officer should ensure that all stakeholders continue with diligent efforts to improve the debtors' collection rates and to focus attention on revenue improvement strategies, as well as on cost cutting and project prioritization initiatives which may assist in improving the overall liquidity status of the City.
- The City may consider setting up a Disciplinary Board (in terms of Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings) to oversee the forensic investigations on matters of financial misconduct.
- A concerted effort needs to be made to reduce the timeframe for conclusion of disciplinary processes. Alternative dispute resolution strategies should be considered in respect of labour disputes that are legally and technically complex, in order to minimize the financial obligations of the City.
- The number of unresolved significant internal and external audit findings from the previous years remains high and therefore it is recommended that the internal control issues should receive appropriate attention in order to improve the annual audit outcomes.

- Progress made in filling-up the vacancies within the internal audit unit and other critical positions in the City is noted and appreciated, however, the Audit Committee remains concerned with number of vacant senior positions and therefore the Accounting Officer should ensure that the remaining senior positions are addressed accordingly.
- According to AGSA report, certain investments were made in contravention of Municipal Investment Regulation 6.The investees of the investments in question have never been disclosed on the Group Annual Financial Statements for the City. In future, it is recommended that a full disclosure be made about the nature and the names of the investees of all significant investments made on behalf of the City.
- In order to make sure that the returns of investments for projects are maximized, the Accounting Officer should continue with diligent efforts to set-up and stabilize the Programme Management Office (PMO), such that capital spend is continuously and effectively monitored.
- According to JPC's Annual Report for the year ended 30 June 2018, value of properties available to the market for economic development and revenue generation for the City amounts to R4.577 billion but the City's Group Annual Financial Statements for the year ended 30 June 2018 only reflect the investment properties for only R1 billion. According to JPC's accounts, the City's investment properties generated R58.4 million in revenues for 2018 financial year but nothing is disclosed in the Group Financial Statements for the City. It is recommended that the full disclosure be made regarding the investment properties for the City including the returns on investments.
- It is recommendation that the physical verification of the properties owned by the City be done on a regular basis by reconciling the internal records to the valuation rolls and the Deeds Registry.
- According to Regulation 16 of the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, "Municipalities and municipal entities must report on all suspensions, disciplinary or criminal proceedings instituted in cases of financial misconduct in their annual reports". It is recommended that this requirement be implemented in full.
- The ICT environment remains a challenge for the City and accordingly Management is encouraged to address it swiftly**.**

- Financial recording, reconciliation, reporting and review must be diligently and competently performed throughout the financial year, in order to eradicate the need for material adjustments to the financial statements after financial close;
- Internal controls surrounding procurement processes must be strictly aligned with procurement regulations and strengthened to mitigate the rising irregular expenditure.
- The City should establish a system of reconciling the number of consumers for all categories of services (electricity, water and waste management) against the number of ratepayers as per the valuation rolls annually and all significant variances should be documented and investigated in order to detect any revenue leakages which may arise as a result of the discrepancies. Significant fluctuations of consumer numbers between the consecutive financial years should also be investigated in order to establish the root causes.

Appreciation

The Group Audit Committee would like to express its gratitude to the Council, Mayor, Mayoral Committee, Accounting Officer, Executive Management, Finance staff, Representatives of the Entities, forensic investigators, Internal Audit Staff, Other Assurance Providers and the AGSA for their co-operation and assistance during the year.

Mr A N Mhlongo

Chairperson of the Group Audit Committee

Date: 30 November 2018

7. Auditor-General Audit Findings

Report of the Auditor-General to the Gauteng Provincial Legislature and the council on the City of Johannesburg Metropolitan Municipality

7.1 Report on the audit of the financial statements

Opinion

1. I have audited the consolidated and separate financial statements of the City of Johannesburg Metropolitan Municipality (CJMM) set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the City of Johannesburg Metropolitan Municipality as at 30 June 2018, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act, 2016 (Act No. 3 of 2017) (DoRA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matter

6. Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were

addressed in the context of my audit of the financial statements as a whole and in forming my opinion, and I do not provide a separate opinion or conclusion on these matters.

Key audit matter	**How the matter was addressed in the audit**
Significant difficulties encountered in obtaining information requested for audit purpose	
The engagement letter signed with the accounting officer agreed to provide requested documents within three working days. The municipality was unable to provide, in some cases, the requested documents within the agreed time. These significant difficulties adversely impacted the allocated time for audit execution and the evaluation of audit evidence. Accordingly, the significant difficulties in providing requested information and the impact thereof, is considered a key audit matter.	To monitor the submission of documents in response to the request for information, a tracking mechanism was set up between the municipality and senior members of the audit team. Where information was not provided timeously, concerns were escalated to leadership at various platforms as follows: Regular audit steering committee meetings were held to assess the significant difficulties encountered in obtaining information not provided. The impact on the financial statements was assessed and reported accordingly. Escalation of significant difficulties encountered in obtaining information to the accounting officer; and Submitting progress reports to the accounting officer on a regular basis. I am satisfied that all material outstanding information has been provided and sufficient time was available to assess and report where applicable.
Revenue recognition	
Revenue from service charges for electricity, as disclosed in note 34 in the consolidated annual financial statements, was recognised based on actual meter readings or estimates of consumption. The revenue is recognised by City Power Johannesburg and Johannesburg water who is the municipal entity's responsible for billing service charges.	My procedures included the following: Understanding and evaluating the flow of information, the information technology (IT) system and the controls relating to the meter reading process, the billing process and the systems interface process, which included involving my IT audit specialists.

Key audit matter	How the matter was addressed in the audit
Revenue recognition for electricity and water service charges has been identified as a key audit matter due to the significant judgement applied in calculating the estimation of consumption used and the significant volume of transactions processed and interfaced through a complex information system, creating a risk that revenue is incorrectly recognised at the entity.	Identifying the significant risks associated with service billing and designing specific procedures to address the risks identified. Performing substantive test of detail using computer assisted audit techniques by IT audit specialists on the electricity consumption billed to identify estimations used, that exceeded the City's' by-laws. Performing substantive tests of detail on a sample basis on the estimation and meter reading process. Performing procedures to determine the appropriateness of assumptions made by management to determine the estimate. Physical inspection of a sample of meter readings to validate the meter readings captured. I further assessed the adequacy of disclosures in respect of revenue by reference to the applicable accounting standards. I found that the designed manual and IT controls were not adequately implemented and did not operate effectively throughout the year. I found that the significant judgement management made in calculating the estimate was reasonable. My substantive procedures revealed that the extent of estimated readings were significant, resulting in material adjustment journals post year end and amendments in the annual financial statements. I was thereafter satisfied that the revenue recognised was fairly stated.

Emphasis of matters

7. I draw attention to the matter below. My opinion is not modified in respect of these matters

Restatement of corresponding figures

8. As disclosed in note 49 to the consolidated and separate financial statements, the corresponding figures for 30 June 2017 have been restated as a result of errors discovered in the consolidated and separate financial statements of the municipality for the year ended 30 June 2018.

Material uncertainties

9. With reference to note 48 to the consolidated and separate financial statements, the municipality is a defendant in various lawsuits. The outcome of these matters cannot presently be determined and/or reliably measured; therefore, no provision for any liabilities that may result has been made in the financial statements.

Material impairments

10. As disclosed in note 10 to the consolidated and separate financial statements, the consumer debtors' balance has been significantly impaired. The allowance for impairment of consumer debtors amounts to R16 068 158 000 (2016-17:R13 379 501) which represents 73,3% (2016-17: 74,9%) of total consumer debtors. The contribution to the provision for debt impairment was R3 162 718 000 (2016-17:R4 596 297 000).

Material electricity losses

11. As disclosed in note 42 to the consolidated and separate financial statements, material electricity losses of R2 508 683 000 (2016-17: R1 970 946 000) was incurred, which represents 24,2% (2016-17: 18,4%) of total electricity purchased. Technical losses amounted to R970 859 000 (2016-17: R878 234 000) and was due to energy lost in the transportation of electricity from the point of supply to point of distribution through dissipation as useless heat. Non-technical losses amounted to R1 537 824 000 (2016-17: R1 092 712 000) and were due to theft and bypass of meters, illegal recalibration of meters, damaged meters and faulty voltage and current transformers, billing errors and customers without meters.

Other matter

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

Unaudited disclosure notes

13. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement

did not form part of the audit of the financial statements and, accordingly, I do not express an opinion thereon.

Responsibilities of the accounting officer for the financial statements

14. The accounting officer is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the SA Standards of GRAP, and the requirements of the MFMA and DoRA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
15. In preparing the separate financial statements, the accounting officer is responsible for assessing the CJMM's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

16. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
17. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

7.2 Report on the audit of the annual performance report

Introduction and scope

18. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
19. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning

documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

20. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the municipality for the year ended 30 June 2018:

Programmes	**Pages in the annual performance report**
Programme 1: Sustainable services cluster	x – x
Programme 2: Economic growth cluster	x – x
Programme 4: Good governance cluster	x – x

21. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
22. The material findings in respect of the usefulness and reliability of the selected programmes are as follows:

Programme 1: Sustainable service cluster

Number of hours to restore loss of electricity supply to traffic signals within 24 hours

23. The achievement for the target of 24 hours to restore loss of electricity supply to traffic signals within 24 hours reported in the annual performance report was 10.2 hours. However, the supporting evidence provided did not agree to the reported achievement and indicated an achievement of 5.9 hours.

Programme 2: Economic growth cluster

Percentage of reported potholes repaired within one week

24. The achievement for target 80% of reported potholes repaired in one week reported in the annual performance report was 45% of reported potholes repaired within one week.

However, the supporting evidence provided did not agree to the reported achievement as it was not complete and the actual achievement could not be determined.

Programme 4: Good governance cluster

Percentage of clearance of rates certificates issued within 30 days of application being received

25. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of the target 100% of clearance of rates certificates issued within 30 days of application being received. This was due to limitations on the scope of my work. Management could not provide all the supporting evidence for audit. I was unable to obtain sufficient appropriate evidence for the reported actual evidence. Consequently, I was unable to determine whether any adjustments were required to the reported achievement of 84%.

Percentage of investigative matters resolved

26. The achievement for target 50% of investigated matters resolved reported in the annual performance report was 28% of investigated matters resolved. However, the supporting evidence provided did not agree to the reported achievement and the actual achievement could not be determined.

Other matters

27. I draw attention to the matters below.

Achievement of planned targets

28. Refer to the annual performance report on pages x to x for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the reliability of the reported performance information in paragraphs 22 to 26 of this report.

Adjustment of material misstatements

29. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of the following programmes:
    - Programme 1: Sustainable services cluster
    - Programme 2: Economic growth
    - Programme 4: Good governance cluster
30. As management subsequently corrected only some of the misstatements, I raised material findings on the reliability of the reported performance information. Those that were not corrected are reported above.

7.3 Report on the audit of compliance with legislation

Introduction and scope

31. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
32. The material findings on compliance with specific matters in key legislations are as follows:

Annual financial statements

33. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of assets, liabilities, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

34. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
35. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The value of R5 000 465 as disclosed in note 55 of the financial statements is still being assessed to quantify the full extent of the irregular expenditure. The majority of the disclosed irregular expenditure was caused by non-compliance with the Municipal Supply Chain Management Regulations (SCM regulation) on the fleet contract.
36. Reasonable steps were not taken to prevent unauthorised expenditure of R435 476 000, as disclosed in note 52 of the financial statements, in contravention of section 62(1)(d) of the MFMA.

Consequence management

37. Some of the unauthorised, irregular and fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) and (b) of the MFMA.

Assets management

38. Investments were made in Citi Bank, Deutsche Bank, Land and Agricultural Development Bank of South Africa, Trans-Caledon Tunnel Authority and STANLIB, in contravention of municipal investment regulation 6.

Revenue management

39. An effective system of internal control for debtors and revenue was not in place, as required by section 97(i) of the MFMA.

Procurement and contract management

40. Some of the goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of by SCM regulation 17(a) and (c). Similar non-compliance was also reported in the prior year.
41. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1). Similar non-compliance was also reported in the prior year. The majority of this non-compliance was identified in the procurement processes for IT services.
42. Some of the contracts and quotations were awarded to bidders based on preference points that were not allocated and/or calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) and its regulations. Similar non-compliance was also reported in the prior year.
43. Some of the competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with SCM regulation 29(2).
44. The performance of some of the contractors or service providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.
45. The contract performance and monitoring measures and methods were insufficient to ensure effective contract management, in contravention of section 116(2)(c) of the MFMA. Similar non-compliance was also reported in the prior year.
46. Persons in service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of SCM regulation 46(2)(e) and the code of conduct for staff members issued in terms of the MSA. Similar non-compliance was also reported in the prior year.

Other information

47. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the accounting officer report and the audit committee's report. The other information does not include the financial statements, the auditor's report and those selected presented in the annual performance report that have been specifically reported on in the auditor's report.
48. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
49. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
50. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate, however, if it is corrected this will not be necessary.

7.4 Internal control deficiencies

51. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.
52. The accounting officer did not adequately exercise oversight responsibility regarding financial and performance reporting and compliance with legislation. The municipality did not have sufficient monitoring and reviewing controls to ensure that financial and performance reports submitted for audit were accurate and complete and that action plans developed were adequately and timeously implemented.
53. Senior management lacked the necessary control disciplines over financial and performance reporting and compliance with key legislation. As a result, there were inadequate year-end reconciliations, a lack of review of reports and a lack of monitoring over proper control implementation. Furthermore, there was a lack of a proper records management system that could support the information reported in the financial statements and the annual

performance report and as a result material errors and omissions were identified during the audit process.

54. Internal audit processes did not always identify internal control deficiencies and recommend appropriate corrective action effectively and timeously. This resulted in significant and recurring control deficiencies relating to the preparation of the annual financial and performance reports and compliance with legislation.

7.5 Other reports

55. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

56. Eight hundred and sixty-nine cases of alleged irregularities relating to financial misconduct, fraudulent acts, theft and non-compliance were investigated during the financial year. The majority of these cases were investigated internally by the municipality's forensic department. All these investigations relate to irregularities identified prior to 2016/17 financial year. None of the irregularities incurred in the prior year have been investigated.

Johannesburg

31 December 2018

Auditor - General

AUDITOR-GENERAL SOUTH AFRICA

Auditing to build public confidence

Annexure A: Annual Financial Statements

Annexure B: Auditor-General's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the consolidated and separate financial statements, and the procedures performed on reported performance information for selected programmes and on the group's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the consolidated and separate financial statements as described in the auditor's report, I also:

- identify and assess the risks of material misstatement of the consolidated and separate financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
- conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the consolidated and separate financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the CJMM's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the consolidated and separate financial statements. My conclusions are based on the information available to me at the date of the auditor's report. However, future events or conditions may cause a group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial

statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and where applicable, related safeguards.

Annexure C: Corrective Action Taken / To Be Taken to Resolve Auditor General Findings

Table 65: Corrective Action Taken / To Be Taken to Resolve Auditor General Findings

Emphasis of Matters / Additional Matters	Finding	Action Taken / To be Taken	By When	Responsible Department and Official
1. Restatement of corresponding figures	1. As disclosed in note 49 to the consolidated and separate financial statements, the corresponding figures for 30 June 2017 have been restated as a result of errors discovered in the consolidated and separate financial statements of the municipality for the year ended 30 June 2018.	1. Financial information will be reviewed by Core accounting on a month to month basis through monthly reporting to ensure that information is accounted for correctly and supported by valid evidence. 2. Requesting departments to prepare quarterly financial statements in line with the statutory quarterly reporting processes. 3. An Interim hard close will be prepared and reviewed extensively. 4. Follow up on all issues raised by the AG at interim and escalate were necessary. 5. Identify risk areas and place stringent timeliness and processes to ensure that all information is recorded correctly and timeously at year end.	Second and third quarter reporting	**Group CFO**
2. Material uncertainties	2. With reference to note 48 to the consolidated and separate financial statements, the municipality is a defendant in various lawsuits. The outcome of these matters cannot presently be determined and/or reliably measured; therefore, no provision for any liabilities that may result has been made in the financial statements.	6. Contingent Liabilities already included in the Annual Financial Statements, no management action is required as disclosure has been made in line with the standards. 7. The City will continue to monitor developments around reported cases of litigation to ensure that financial risks are being mitigated.	Ongoing	**Group CFO**

Emphasis of Matters / Additional Matters	Finding	Action Taken / To be Taken	By When	Responsible Department and Official
3. Material impairments	3. 10. As disclosed in note 10 to the consolidated and separate financial statements, the consumer debtors' balance has been significantly impaired. The allowance for impairment of consumer debtors amounts to R16 068 161 000 (2016-17: R13 379 509) which represents 73,3% (2016-17: 74,9%) of total consumer debtors. The contribution to the provision for debt impairment was R3 166 973 000 (2016-17: R4 653 908 000).	8. The City together with the Municipal Entities have implemented credit control processes with a view of recovering outstanding debts. The debtor's book is reviewed on a regular basis in order to identify irrecoverable debt to be written off.	Ongoing	**Group CFO**
4. Material electricity losses	4. As disclosed in note 42 to the consolidated and separate financial statements, material electricity losses of R2 508 683 000 (2016-17: R1 970 946 000) was incurred, which represents 24,2% (2016-17: 18,4%) of total electricity purchased. Technical losses amounted to R970 859 000 (2016-17: R878 234 000) and was due to energy lost in the transportation of electricity from the point of supply to point of distribution through dissipation as useless heat. Non-technical losses amounted to R1 537 824 000 (2016-17: R1 092 712 000) and were mainly due to theft and bypass of meters, illegal decalibration of meters, damaged meters and faulty voltage and current transformers, billing errors and customers without meters.	9. From January 2018, The City is embarking on multi-departmental operations to ensure amongst other things that there is by-law enforcement for electricity and water connections. Revenue assurance teams have also been setup to ensure that illegal connection and reconnections are reduced. These efforts are expected to reduce non-technical losses for City Power and Commercial losses for Johannesburg water.	Ongoing	**Group CFO**

Emphasis of Matters / Additional Matters	Finding	Action Taken / To be Taken	By When	Responsible Department and Official
5. Unaudited disclosure notes	5. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion thereon.	10. Comment on Unaudited disclosure: The Unaudited disclosure it is not an audit finding, it is merely a disclosure required by MFMA and the Auditor General does not express an opinion on that disclosure. Therefore no remedial action required.		
6. Annual financial statements	6. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of assets, liabilities, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.	11. Management will enforce strict adherence to timelines ensuring timely submissions and intensive reviews are conducted prior to the Financial Statements being submitted to the Auditor General. 12. The Financial Statements will also be subjected to a quality review by Internal Audit. 13. Monthly reporting process to ensure correct accounting treatment. 14. Interim financial statements will be prepared to ensure that FS are free from material errors. Those that require close attention, they will be resolved timeously, before year end to avoid material adjustments. 15. Issuing standard reporting templates to Departments and Entities to ensure consistency in reporting and reduce the risk of material adjustments. 16. In addition Group Instructions are issued to all MEs and Core to give guidelines on how to account for certain transactions and ensure compliance to GRAP standards and MFMA.	Ongoing	**Group CFO**
7. Expenditure	7. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.	17. Monthly analysis of all payments made. 18. A report is sent to the departmental executive directors and finance heads of all payments made	Ongoing	**Group CFO**

Emphasis of Matters / Additional Matters	Finding	Action Taken / To be Taken	By When	Responsible Department and Official
management		after 30 days requesting reason for late payments and measures put in place to rectify this. 19. This process will be included in the Executive Directors score cards as part of the KPI's.		
	8. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The value of R1 916 929 000 as disclosed in note 55 of the financial statements is still being assessed to quantify the full extent of the irregular expenditure. The majority of the disclosed irregular expenditure was caused by non-compliance with the Municipal Supply Chain Management Regulations (SCM regulation) on the fleet, Information and Communication Technology and security services contracts.	20. The internal controls on procurement processes are a root cause to irregular expenditure e.g. lack of follow through in respect of compliance documents which cannot be produced as evidence during the audit. 21. Corrective measures have been put in place through 22. The establishment of a Compliance Unit to address such gaps. 23. Communication to the end user departments in order to ensure compliance to laws and regulations. 24. HODs should take responsibility to ensure that practices that might result in irregular expenditure are identified and not allowed to occur. This will form part of the HODs scorecards. 25. Quarterly reports on irregular expenditure to be compiled for assessment.	Ongoing	**Group CFO**
	9. Reasonable steps were not taken to prevent unauthorised expenditure of R435 476 000, as disclosed in note 52 of the financial statements, in contravention of section 62(1)(d) of the MFMA.	26. Identified unauthorised expenditure disclosed on the AFS will be reported to Council and it will dealt with in section 32 of the MFMA. 27. Internal controls will be improved to ensure that expenditure is monitored in a timely manner to eliminate the occurrence of unauthorized spending.	Ongoing	**Group CFO**
8. Assets management	10. Investments were made in Citi Bank, Deutsche Bank, Land and Agricultural Development Bank of South Africa, Trans-Caledon Tunnel Authority and STANLIB, in contravention of municipal investment regulation 6.	28. With regards to the Trans-Caledon Tunnel authority, Land Bank of South Africa and Stanlib investment accounts, an instruction has been sent to close these accounts. 29. Regarding the Citibank and Deutsche Bank accounts, the Group Treasury holds a different view to the AG	31 March 2019	Group Head: Treasury and Financial Strategy,

Emphasis of Matters / Additional Matters	Finding	Action Taken / To be Taken	By When	Responsible Department and Official
		finding, which was explained to the auditors, but discarded. Section 7 (3)(b) of the MFMA reads: "a municipality may not open a bank account with an institution not registered in terms of the Banks Act (Act 94 of 1990). Both Citibank and Deutsche Bank are duly registered and have valid banking licenses as issued by the South African Reserve Bank. The basis of the finding is premised on these institutions being local branches of foreign-owned banks, which the MFMA is silent on. The requirement as per legislation is that the banks must be licensed and registered with the SARB, which both are.		Sinovuyo Mpakama
9. Revenue management	11. 39. An effective system of internal control for debtors and revenue for the entities was not in place, as required by section 97(i) of the MFMA.	30. At Group level the City is able to adequately manage, account and report on revenue when it is earned. 31. A decision was taken at the Mayoral Lekgotla to move the billing function to MEs to ensure that there is accountability for revenue earned at that level.	Ongoing	**Group CFO**
10. Procurement and contract management	12. Some of the goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of by SCM regulation 17(a) and (c). Similar non-compliance was also reported in the prior year municipality failed to disclose such interest, in contravention of SCM regulation 46(2)(e) and the code of conduct for staff members issued in terms of the MSA. Similar non-compliance was also reported in the prior year.	32. This finding is as a result of instances where 3 quotations were requested but 1 or 2 quotations were received. The checklist will be amended to include proof of quotations requested. Requesting additional quotation will put the City at risk of quotations manipulation. In instances where the staff members failed do declare interests such are referred to Forensic unit for further investigation and actioning. 33. A practice note and checklist will be re - issued to all User Departments for the utilisation of all requirements below R200 000 threshold.	Ongoing	**Group CFO**

Emphasis of Matters / Additional Matters	Finding	Action Taken / To be Taken	By When	Responsible Department and Official
	13. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1). Similar non-compliance was also reported in the prior year. The majority of this non-compliance was identified in the procurement processes for IT services. compliance was also reported in the prior year.	34. The accounting officer is now prior to approval subjecting the Deviations to EAC process. The Accounting officer has indicated to department that deviations will not be approved even if compliant unless under extraordinary circumstances. 35. The number of deviations have been reduced to manage the risk of differences of interpretation.	Ongoing	**Group CFO**
Procurement and contract management	14. Some of the contracts and quotations were awarded to bidders based on preference points that were not allocated and/or calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) and its regulations.. Similar non-Some of the competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with SCM regulation 29(2).	36. These were isolated instances which were as a result of the transition from the PPPFA 2011 to PPPFA 2017. 37. In instances of changes in legislation the SCM practitioners are now having internal knowledge sharing cessions as and when legislation changes	Ongoing	**Group CFO**
	15. The performance of some of the contractors or service providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. 45. The contract performance and monitoring measures and methods were insufficient to ensure effective contract management, in contravention of section 116(2)(c) of the MFMA. Similar non-compliance was also reported in the prior year. 46. Persons	38. As per the Group Contract Management Policy and Framework, the Department is monitoring contract performances on an ongoing basis. The Group Legal Department also liaises with departments and MES and during such interactions Group Legal will identify non -performing service providers and will advise the departments and MEs to take appropriate action.	Ongoing	**Group CL& CM**

Emphasis of Matters / Additional Matters	Finding	Action Taken / To be Taken	By When	Responsible Department and Official
	in service of the municipality whose close family members had a private or business interest in contracts awarded by the			

Determined Objectives

Classification of the audit finding	Details of the audit finding	Action Taken / To be Taken	By When	Responsible Department and Official
Audit of Pre-determine Objectives				
Misstatements in annual performance – Sustainable service cluster. Number of hours to restore loss of electricity supply to traffic signals within 24 hours 23.	The achievement for the target of 24 hours to restore loss of electricity supply to traffic signals within 24 hours reported in the annual performance report was 10.2 hours. However, the supporting evidence provided did not agree to the reported achievement and indicated an achievement of 5.9 hours.	AG will be requested to include the Forcelink system ICT audit in their scope next year in order for them to have comfort on the Forcelink work orders which support the performance reported	April 2019	Isaac Rampedi GE: Engineering Operations
Misstatements in annual performance – Economic growth.	The achievement for the target 80% of reported potholes repaired in one week reported in the annual performance report was 45% of reported potholes repaired within one week. However, the supporting evidence provided did not agree to the reported achievement as it was not complete and the actual achievement could not be determined.	The formulae used to calculate performance was inconsistent from previous years. In the initial report management reported based on 36.28% (actual performance)/80 (target) = 45%. In prior years management presented all resolved requests as a percentage of all requests received	Q2 and Q3	Acting OPS Manager BPM

Classification of the audit finding	Details of the audit finding	Action Taken / To be Taken	By When	Responsible Department and Official
Audit of Pre-determine Objectives				
Percentage of reported potholes repaired within one week		(36.28%). The amendment enables the JRA to comply with the formulae applied in prior years. This was subsequently amended and a standard formula agreed with the AG for implementation going forward. The Standard Operating Procedure for reporting on Potholes is also being amended to reflect this formulae and evidence to be collected.		
Misstatements in annual performance – **Good governance cluster** Percentage of clearance of rates certificates issued within 30 days of application being received 25	I was unable to obtain sufficient appropriate audit evidence for the reported achievement of the target 100% of clearance of rates certificates issued within 30 days of application being received. This was due to limitations on the scope of my work. Management could not provide all the supporting evidence for audit. I was unable to obtain sufficient appropriate evidence for the reported actual evidence. Consequently, I was unable to determine whether any adjustments were required to the reported achievement of 84%.	The KPI was incorrectly stated as 'Clearance certificates issued within 30 days 'whereas the clearance process is a two legged process. As per the SOP, the evidence provided to audit speaks to both processes. Issuing of Clearance figures was 97% and the issuing of Clearance certificates within 24 hours of payment was 99%.The evidence for both processes is generated by SAP ISU. The KPI will be amended to reflect the two processes. In addition, a review of the supporting information will be performed during the year to ensure that all the supporting documentation is in place.	End of third quarter.	Jacques Mart
Misstatements in annual performance –	The achievement for target 50% of investigated matters resolved reported in the annual performance report was 28% of investigated matters resolved. However, the supporting	The respective units responsible for the resolving of cases will be monitored to ensure they put a	Third Quarter	Lizzy Ramogale

Classification of the audit finding	Details of the audit finding	Action Taken / To be Taken	By When	Responsible Department and Official
Audit of Pre-determine Objectives				
Good governance cluster Percentage of investigative matters resolved 26	evidence provided did not agree to the reported achievement and the actual achievement could not be determined.	proper process regarding the finalisation of cases. This process has already commenced.		Group Forensic & Investigations Services