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City of Johannesburg
Johannesburg Roads Agency

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OPEN LETTER TO JRA SERVICE PROVIDERS

24 April 2014

The Board of Directors and Management team of the **Johannesburg Roads Agency (JRA)** are committed to achieving complete turnaround of business operations. This is already evidenced by the successful completion of the 5 year corporate strategy (Strategy 2017), successful turnaround of the company's financial position to solvency and the securing of significant funding allocations over the medium term. The work has already started through the road resurfacing programme, gravel roads upgrade programme and the modernisation of traffic signal systems, among others.

Equally important in this turnaround process is Management's focus on restoring ethical conduct within the procurement environment, ensuring good quality service delivery to the citizens of Johannesburg and improving productivity levels both internally and with external partners.

With regard to ethics the **Johannesburg Roads Agency (JRA)**'s Management as well as its Supply Chain Management team demonstrated their commitment to high ethical and moral standards by signing the Agency's Supply Chain Pledge in August 2013. The Board of Directors now actively tackle social and ethics matters through its sub-committee in line with King III. The company's code of conduct and the ethics code of conduct are also under review. The JRA will also appoint a social and ethics officer to be the custodian of good corporate citizenship within the company.

The JRA has observed that the quality of road infrastructure and other services that are provided by suppliers on behalf of the JRA has deteriorated significantly in recent years. It is true that in some cases the limited engineering capacity within the JRA compromised the company's ability to

Directors:
Chairman: K Shubane, Managing Director: DS Macozoma, CFO: G Mbatha,
Non-Executive Directors: M Maimane, A Torres, M Dlamini, N Msezane, E Ngomane, L
Mashamaite, L Nxumalo, H Mashele, Company Secretary: K Mills

Registration No. 2000/028993/07

supervise and monitor the provision of services by suppliers. This matter is receiving attention internally and interventions have already been made in the Organogram and in specific areas such as project management, procurement, performance management and quality assurance. The second element relates to improving supplier performance during projects. To this end the JRA hereby informs all its current and prospective suppliers that things will change immediately.

The JRA will no longer:

- Tolerate sub-standard infrastructure delivery
- Conduct business with suppliers that have a bad performance track record
- Conduct business with suppliers that have been involved in corrupt activities
- Conduct business with suppliers that have poor site health and safety records

The days of defrauding Government are over and the Citizens of the City of Johannesburg definitely deserve more than what they have been getting. The JRA thus calls on all ethical suppliers who are committed to delivering high quality services to come forward and partner with us. All unscrupulous suppliers are hereby informed to never bid with the JRA again.

The JRA will work closely with the City of Johannesburg, the Auditor General, National Treasury, the Construction Industry Development Board (CIDB) and all relevant industry associations that represent the interests of various service providers to ensure that this decision is implemented.

Finally the JRA will soon be launching its SMME Desk to provide the much needed support for emerging contractors and small suppliers in the areas of technical operations, business

management and financial management. This will ensure that the JRA supports those suppliers that really need support, while discontinuing the use of bad suppliers.

The JRA looks forward to a healthy and successful new partnership with its suppliers.

Mr. Skhumbuzo Macozoma

Managing Director

Johannesburg Roads Agency
