JOHANNESBURG ROADS AGENCY SOC (LTD)

Reg. No. 2000/028993/07

ANNUAL REPORT 2010-2011

'Transforming children's lives through our drive, capability, competencies, acumen, skills and attitude'

In terms of Section 121 of the

Municipal Finance Management Act 2003 and Section 46 of the Municipal Systems Act 2000

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Part 1

1. Scope of the Annual Report

This report covers the Johannesburg Roads Agency (Pty) Ltd ('JRA') governance, financial, social responsibility, environmental, broader economic and overall sustainability performance for the 2010/11 financial year. It provides an account of the company's achievements to date and offers a forward-looking perspective in terms of future plans and value generating strategies.
The report also covers the following:

- Comparative information;
- Performance information;
- Sustainability reports;
- Operational reports.

Part 2

2. Company profile

The Johannesburg Roads Agency (Pty) Ltd (JRA) commenced its business on 1 January 2001 with the City of Johannesburg (COJ) being the sole shareholder. The JRA's purpose and mandate in terms of the Service Delivery Agreement (SDA) with the CoJ is to be responsible for the construction, maintenance, and management of infrastructure networks associated with roads, road reserves, storm water, footways, railway sidings and traffic mobility management.

The City adopted a new governance model in 2006 placing the JRA within the Transportation Sector cluster together with the Transportation Department and Metrobus. Administratively, the cluster is responsible for and accountable to the City Manager whilst politically it is accountable to the Member of the Mayoral Committee (MMC) responsible for Transportation, Councillor Rehana Moosajee.

2.1 Vision and Mission

The JRA's core business is derived from its mandate established in terms of the Service Delivery Agreement with the City. JRA's mandate can be summarised as the construction and maintenance of road infrastructure networks, this being inclusive of roads, bridges, storm water, culverts, traffic signals, traffic signal systems, footways, road signage, community road safety and road markings, etc.

The JRA's vision is ***"the vehicle that makes the City work"***. The JRA is regarded as the catalyst that provides the means to ensure that service delivery is realised. This includes the provision of services such as water, electricity, waste services, schooling, health, employment and recreation. The provision of a reliable transport infrastructure cannot be seen as an end in itself, but rather the means to a better quality of life for the communities in the City of Johannesburg.

The JRA's mission is ***"to provide a sound transit infrastructure management system in support of enhanced mobility"***.

The Board is presided over by a non-executive Chairman. The non-executive directors have the responsibility of ensuring that the Chairman encourages proper deliberation of all matters requiring the Board's attention. The Board meets regularly and sets the strategic direction of the company. It also monitors overall performance.

The Directors are appointed by the City and bring to the Board a wide range of expertise including significant financial, commercial and governance experience to the company. They advise and assist the Company Secretary and are entitled to seek independent professional advice concerning the affairs of the company at its expense.

The Executive Management Team (EMT) forms the backbone of collective leadership and management of the JRA. The role of the EMT is to align the operational synergies and activities of the different Business Units with that of the Company priorities and the City strategy.

2.2 Strategic Goals and Objectives

The JRA's strategic goals are determined from year to year by the City Council of Johannesburg, and are informed by the IDP, the Mayoral priorities and the GDS amongst other instruments.

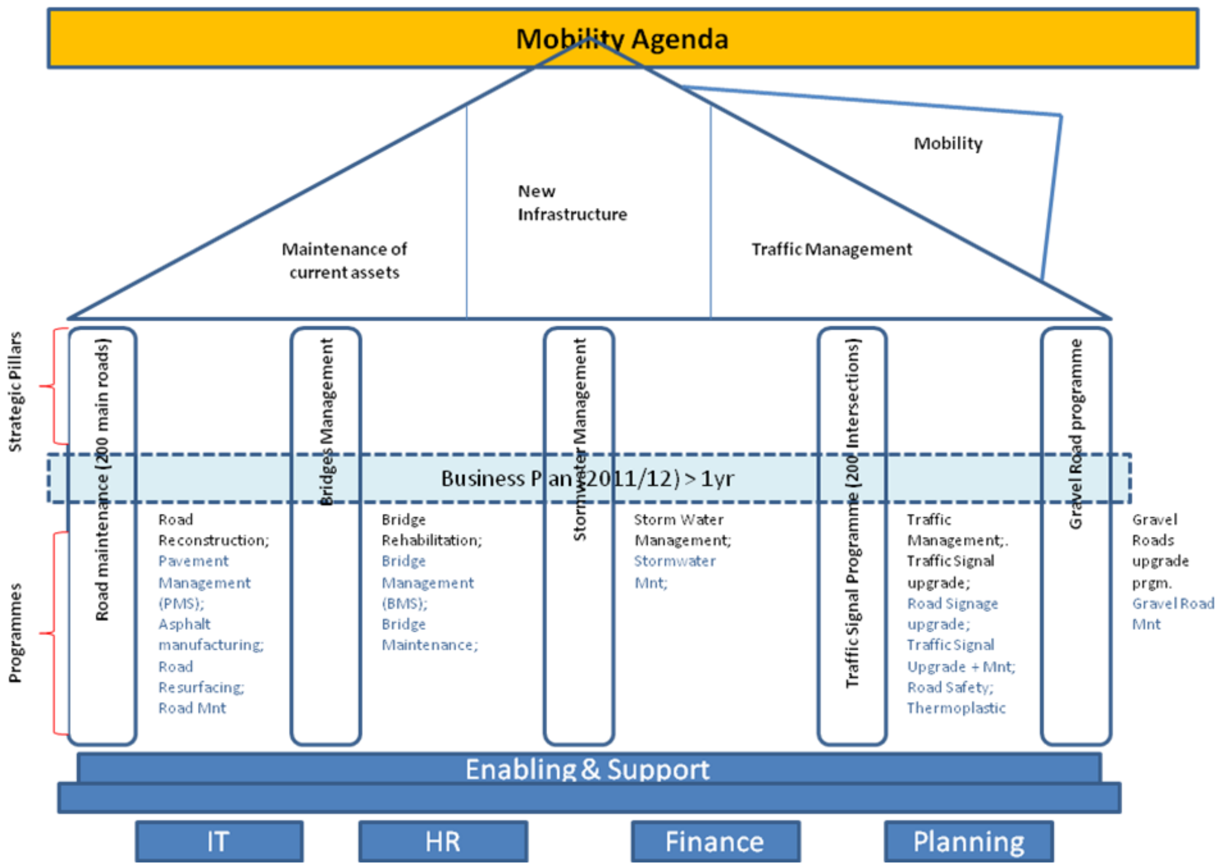
The JRA has adopted an approach designed to identify and manage value-adding activities which work towards the achievement of its strategic objectives across all business units and to eliminate silo thinking and execution. The following are the strategic objectives of the organisation:

- To ensure a sound transit infrastructure
- To ensure a sound traffic regulatory system
- To ensure a sound storm-water management system
- To ensure a sound social contract management
- To ensure business excellence
- To ensure business continuity

The JRA function is to maintain the current valuable road infrastructure but at the same time remain cognisant of the City's Growth and Development Strategy and strategic delivery objectives. To this end, the JRA has aligned its operational outputs into six (6) Strategic Pillars, these being:

- Resurfacing (revitalization) of road network programme
- Bridge management programme
- Stormwater management programme
- Traffic Signals Program (specific focus on 200 main arterial roads intersections;
- The Gravel Roads Program
- Effective enabling and efficient support systems including effective Human Capital Development (management, utilisation and retention of employees), systems (IT) support and lastly efficient financial management support.

All key output deliverables are thus aligned to these strategic pillars and the outputs support the JRA's Mobility Strategy. This is best summarised in the following representation:



In delivering these key outputs, the JRA subscribes to the Transportation Sector's core set of values, *viz* Honesty, Integrity, Accountability, Respect and Ubuntu.

2.3 Strategic plans, programs and delivery agenda

The JRA's key programs are aligned to the City's 5 Year Strategic Objectives and the annual IDP programs. These also take into account the Growth & Development Strategy (GDS) and Mayoral Priorities. The JRA's programs comprise the following delivery activities:

Table 1: Alignment of JRA programmes with CoJ delivery agenda

5 Year Strategic Objectives	IDP Programme	JRA Programme	Delivery Agenda Detail
Citywide gravel roads surfacing programme	Road infrastructure maintenance and upgrading programme	Road Reconstruction programme	The improvement of Visual Road Condition Index (VCI) through implementation of the road reconstruction programme
		Road Resurfacing programme	The improvement of Visual Road Condition Index (VCI) through implementation of the rehabilitation/resurfacing programme
		Road maintenance programme (pothole repairs, footways)	Identified / reported potholes repaired
		Gravel roads maintenance programme	Gravel roads re-gravelled, bladed, ripped and shaped
		Bridge maintenance programme	Motorway and district bridges repaired
		Bridge rehabilitation programme	Motorway and district bridges rehabilitated
		Road infrastructure management system	Road surface Visual Condition Index (VCI) survey : PMS
		Stormwater maintenance programme	Kerb inlets (Ki's) cleaned and unblocked

5 Year Strategic Objectives	IDP Programme	JRA Programme	Delivery Agenda Detail
		Railway sidings maintenance program	Maintenance of railway sidings
		Asphalt manufacturing	Production of asphalt pre-mix for resurfacing and pothole patching
Reduction in traffic signal outages to less than 1% of all signals out on any given day	Traffic signal upgrade and maintenance programme	Mobility : Intelligent Transport Systems (ITS) programme	Remote monitoring / UTC; adaptive control; upgrading controllers & phasing
		Mobility: CBP programme	CBP improved congestion management (remote monitoring, adaptive control, upgrading controllers + phasing, geometric improvements, UPS
		Mobility: Traffic Signals upgrade programme	SARTSM; new signals and controllers; geometric improvements; guardrails; UPS, LED
		Traffic signal upgrade and maintenance program	New traffic signals; traffic signal upgrade (existing, controllers, lamps, cables, signal heads, traffic signal maintenance, remote-controlled UTC system, new signal phasing; existing signal phasing, emergency back up power (UPS + Solar); LED signal heads.
Reduced delay to all general road users as a result of incidents on the road	Road network conditions detection and information programme	Road network conditions detection and information programme	Maintain existing variable message systems (VMS); CCTV camera maintenance
All major intersections provided with adequate road signs	Road signage upgrade programme	Road Signage maintenance and upgrade programme	Maintenance and upgrade of: route markers, tourism signs, directional signs and regulatory/ warning signs, existing street name signs, new street name signs, road markings.
Improved storm water infrastructure and management system	Storm water development and management programme	Stormwater Management programme	Stormwater Master plan & Integrated Master planning
			Conversion of Stormwater Channels
			Emergency , critical and urgent Stormwater Projects
			Environmental compliance
			CBP stormwater improvements (emergency stormwater repairs (re-occurring), conversion of open storm water channels, stormwater improvements, emergency stormwater repairs)
Improvement in the visual condition index by 2%	Citywide gravel roads surfacing programme	Gravel Roads Upgrade programme	Orange Farm, Ivory Park, Doornkop, Diepsloot, Braam Fischer
Reduce number of traffic accidents	Transportation safety programme	Road safety programme	Implementation of road safety measures City wide
Improved % of residents who could otherwise access motorised transport, walking or cycling to work, shops and schools. Reduced exhaust emission levels	sustainable transport program (transportation component)	Non-motorised transport program (NMT)	Review design standards for sidewalks (including by bridges) to promote and ensure disability friendliness.
Proactive adoption of appropriate cleaner production technologies and/or initiatives	Resource Conservation programme	Resource Conservation programme	Road Markings – application of Thermoplastic Paint

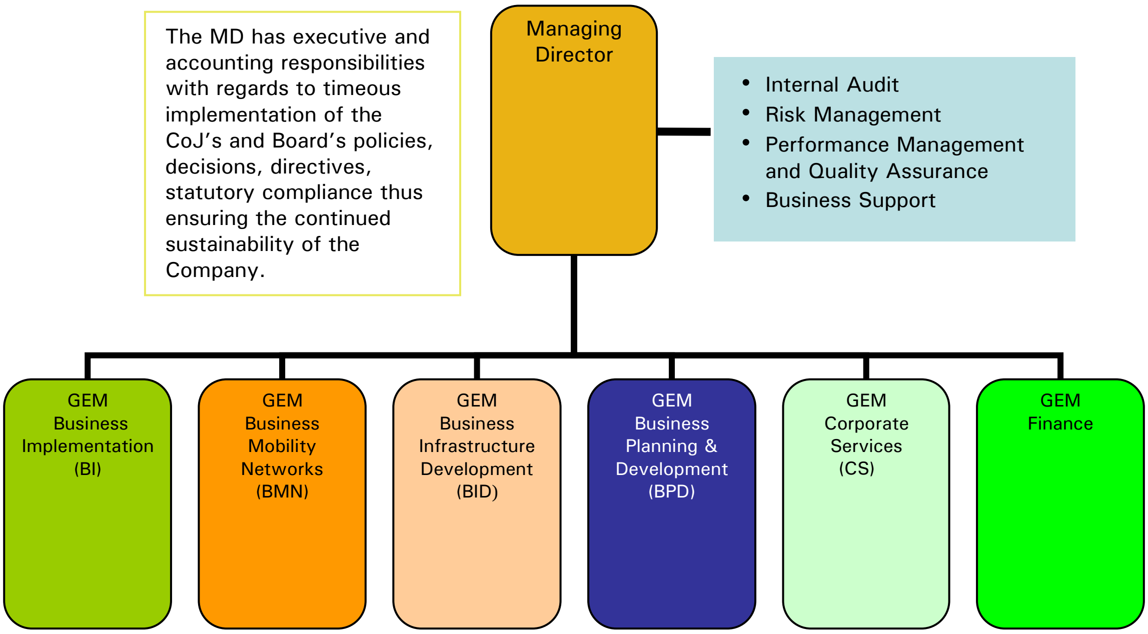
2.4 Company Structure

In line with collective leadership principles, the company has an Executive Management Committee (EMT) constituted of the Managing Director and the General Executive Managers. This Committee forms the backbone of collective management and decision making processes within the JRA.

The company's organisational structure comprises of the following business units:

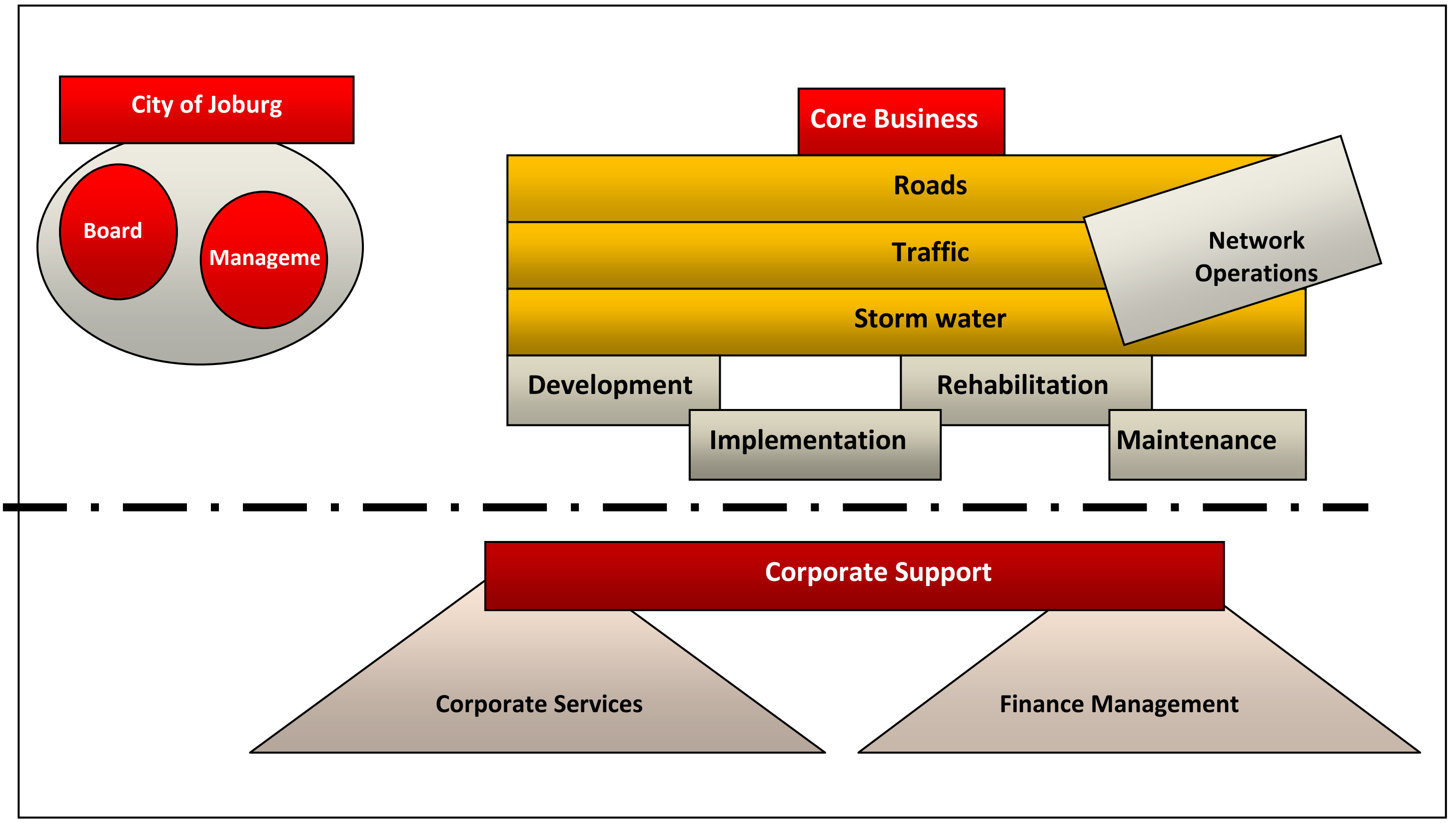
- Business Infrastructure Development (BID)
- Business Planning & Development (BPD)
- Business Mobility & Networks (BMN)
- Business Implementation (BI)
- Corporate Services (CS)
- Finance (FIN)

Figure 1: The JRA's High-Level Corporate Structure



The organisational structure defines how the core business of the JRA such as planning, design, construction, refurbishment and maintenance of roads, traffic signals and storm water channels are managed.

The JRA has refined the company organisational structure in order to align its activities with that of the City's seven (7) Regions. Operational activities are managed from the JRA's seven regional offices with a Head Office housing administrative and strategic activities. The restructuring is aimed at improving service delivery by placing operational activities at regional level to do work on a per region per ward basis.


City of Joburg
Board
Manageme
Core Business
Roads
Traffic
Storm water
Network Operations
Development
Implementation
Rehabilitation
Maintenance
Corporate Support
Corporate Services
Finance Management

Part 3

3. Leadership Overview

3.1 Member of the Mayoral Committee: Councillor Rehana Moosajee.

As the Member of Mayoral Committee (MMC) for Transportation, I am responsible for the oversight of the performance of the Transportation Sector that includes the Johannesburg Roads Agency.

The 2010-11 term has seen important events that will have an impact on both the City and the JRA in the future. Following the Local Government elections, new Mayoral Committee members were appointed and the Executive Mayor, the honorable Cllr Parks Tau, was sworn in for the next term of office. The year ended on a positive note with the launching of the 2040 Growth and Development Strategy for the City of Johannesburg. The 2040 GDS heralds new opportunities for the City as well as the JRA and I am confident that our successes and deliverables will make a positive impact to the community and enhance economic growth for the City and the Province.

I would also like to thank the JRA for its contribution to Service Delivery during the year including their contribution towards the successful hosting of the 2010 FIFA Soccer World Cup amongst other key service delivery focus areas. These successes included: -

- Surfacing of 9.7 km of gravel roads was completed in Orange Farm, Ivory Park, Diepsloot and Doornkop,
- Upgrading of Stormwater in Protea Glen Ext 1-4 was completed,
- The continuation of open channel storm water conversions in Ivory Park , Diepsloot and Alexandra,
- Stormwater Control was completed in the Klein Jukskei Catchment (Willows Development-Windsor),
- 5093 route markers, tourism signs, directional signs and regulatory signs were upgraded to ensure legal compliance with SARTSM across 109 wards,
- 1801 lane km of standard road marking was painted across 109 Wards,
- 198 lane km road markings was upgraded with thermoplastic road marking paint,
- 146 Lane km of road was rehabilitated during the year,
- 14.5 km of roads was reconstructed,
- 1952 km of gravel roads were maintained including blading, ripping and shaping,
- 52,084 Stormwater kerb Inlets (Ki's) were cleaned and un-blocked during the year,
- 17,359 linear meters of storm water pipe lines were cleared.

I would to thank the Chairman of the Board, Mr. Khehla Shubane, the Managing Director, Ms Duduzile Maseko and all staff of the JRA for their dedication and commitment in serving the people of Johannesburg.

Councillor Rehana Moosajee.

3.2 Chairman of the Board of Directors: Khehla Shubane

This past year the Johannesburg Roads Agency has continued to promote access and movement of people in the most disadvantaged areas where basic services are in demand.

Our Board consists of people with an impressive range of expertise in information technology, human resources, legal, engineering, etc. All our members are driven by a passion to serve the people of Johannesburg and provide a platform that promotes economic growth.

The composition and the function of Board and committees in JRA is guided by King II, III and other relevant legislations. All the Board and board committee meetings took place regularly as required by legislation with the exception of the Service Delivery Committee which had challenges when the chairman of the committee resigned and there was a failure to achieve quorum.

The Johannesburg Roads Agency has done well. The overall performance of the Company has improved from 71.4% to 89.95% for the year under review. The Board is concerned about certain areas of the business that performed below average, particularly financial and procurement processes and high level of critical skilled staff turnover.

The Board undertook to implement interventions aimed at addressing the findings contained in the Consultant’s report on the re-engineering of the JRA. The detailed financial statement (attached) confirms that the company is “a going concern”

The road network in the CoJ area continues to deteriorate. Although the JRA has performed well in terms of their KPI’s, the potholes in our roads are indicative of an underlying problem. During 2010/11, the JRA’s programmes were realigned to address the budget allocations between preventative and reactive maintenance programmes. This strategy is beginning to bear fruit, however the rate of deterioration of roads is also partly due to poor planning. It is encouraging to see that management has made progress with the ensuring that the planning process happens earlier in the project life cycle than it did in the past. However, a lot more work is required before we can claim to have fully addressed this requirement.

Although the company relies on funding from the City of Johannesburg, it is incumbent on the JRA to exercise every available option to source additional funding from outside the Municipal environment. This includes maximizing the opportunities of lessening the burden on our limited budgets through innovative partnerships with third parties. In the current climate, budgets will always be under threat and the JRA must continue to strive for efficiencies and to deliver services within its budget allocations. The Company is committed to its financial turnaround strategy which includes the implementation of cost saving initiatives and the maximisation of revenue generation.

Khehla Shubane

Board of Directors

Mr. Khehla Shubane (55)
Chairman: Non- Executive
Qualifications:
BA (Hons),MBA

Skills:
Management
Business Planning and
Strategy
Leadership:
Chairman of Board: JRA

Ms Duduzile Gwendoline Maseko (49)
Managing Director
Qualifications:-
Fellowship on Global Security, BA (Hons); Chief Executive Officer Certificate.
Skills:-
Roads Rehabilitation
Intelligent Traffic Management Systems
Local Government Finance and Management
Leadership:-
Managing Director
Past President of ILGM
President of NFBPA

Mr. Lionel Brenner (49)
Non- Executive Director
Qualifications:
B.Com (Hons), CA (SA)
Skills:
Chartered Accountant
Financial Accounting
Corporate Governance

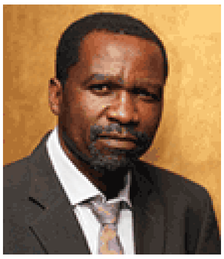
Leadership:
Chairman of Audit Committee: JRA

Adv. Derick Jeffrey Block (42)
Non- Executive Director
Qualifications:
B Iuris, LLB and Higher Diploma in Tax Law
Skills:-
Advocate of the High Court
Senior management roles in the rail
information technology

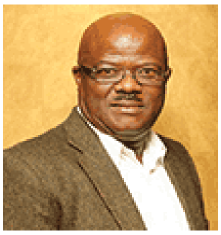
Mr. Patrick Francis Crowley (66)
Non- Executive Director
Qualifications:
B.Eng

Skills:
Professional Engineer
Civil Engineering
Planning and Construction of Roads
Leadership:
Chairman of Service Delivery Committee: JRA

Ms. Khomotso Mthimunye (45)
Non- Executive Director
Qualifications:
B.Com; B.Compt (Hons); Higher Diploma in Tax Law; CA (SA)
Skills:
Chartered Accountant
Financial Consulting



Dr. Washington Reuben Rudo Nyabeze (46)
Non- Executive Director
Qualifications:
B.Sc Civil Engineering (Hons), GDE, M.Sc (Engineering) and PhD (Engineering and Financial Management)
Skills:
Professional Engineer
Strategy Development
Hydro power engineering
Leadership:
Chairman of Risk & Finance Committee
Member of the National Water Advisory Committee (appointed by Minister of Water and Environmental Affairs



Mr. Musa Joshua Simelane (60)
Non- Executive Director

Qualifications:
B.Sc Eng. ; M.Sc Eng

Skills:
Manufacturing engineering experience
Project Management

Leadership :
Managing Director (Qualipros Management Development Systems)

Ms. Xolisa Hloma (57)
Non- Executive Director
Qualifications:
B. Admin, Higher Diploma in Personnel Management. Post Graduate Diploma in Management, Master in HR
Skills:
Human Resource
Performance management
Leadership and Strategy
Leadership:
Chairman of REMCO
Chairman of MTC

Mr Francis Iketheleng Matabane (47)
Non- Executive Director
Qualifications:
CA (L)

Skills :
Corporate transformation and restructuring
Strategy development and deployment
Leadership:
Group Executive Director (REVO)
NED Metro Trading Company

Mr Smith Mpho Maimane (39)
Non- Executive Director
Qualifications
B. Comm (Hons)
Skills:
Financial Accounting
IT Specialist
Leadership :
Board of Directors: Pandora Platinum

3.3 Managing Director: Duduzile Gwendoline Maseko

The Johannesburg Roads Agency is responsible for the implementation of projects and services aimed at promoting access and, enabling mass movement of people and goods as well as development of new infrastructure that promotes quality of life.

The Board and the City of Johannesburg has placed emphasis on refining and restructuring the organisation with the aim of enhancing service delivery, as well as to review and implement interventions that strengthen corporate governance within the organisation. A process review (with recommendations) has been completed and a project plan and scoping have been endorsed. The decentralisation of core activities into the 7 Regions is on schedule and the appointment of dedicated coordinators to implement the regionalization has been finalised. In the last quarter of the year, a new region (Region D) was established with two depots amalgamated to form a regional "one-stop shop". This went without major glitches and learnings from this project will be used in other regions.

The main objective of the project (Vulindlela 2) is quick, quality service delivery in all regions and wards. The decentralisation of functions such as personnel and operations centres is at an advanced stage.

The support of the MMC and the Board has contributed immensely to assisting the organisation to change its strategy to address future needs and expectations.

Capacity building and training of staff during the year is on track such as the initiation of registration of engineers, project managers and accountants. The strategy of rotating senior managers to build knowledge whilst closing gaps on vacant positions was also implemented during the year. Continuous skills refresher training is taking place on all levels of the organisation, with a particular focus on critical skills.

The overall performance of the company continues to improve, having moved from 71.4% of target in the previous year to 89.95% during the year under review. Actions taken to introduce measures to strengthen the resilience of the company's operations has delivered good results in the following key performance areas:

- Clean Audit
- Network Deterioration (Resurfacing/Rehabilitation)
- Reactive Maintenance (Quick Response – reduction of 3-day turnaround to 48-hours)
- Less flooding (increased capacity of stormwater systems and clearing of water courses)

The strengthening of operations at the regional level included the following activities:

- "Back to the shop floor" as a management approach
- Provision of comprehensive service delivery (from maintenance to construction of roads and traffic lights)
- Training and development of key service delivery personnel to improve performance and productivity.

The JRA remains committed to adhering to all laws that promotes equality, Employment Equity, development of people, Expanded Public Works Programme (EPWP) and *to* addressing *the* needs of the most vulnerable communities through our Social Responsibility policy.

It is on track in its quest to change mindsets and to becoming an employer of choice whilst at the same time ensuring that employees understand that what they do is more than just a job and that they have the power change people's lives. The JRA is also, more than ever, committed to employment equity particularly in regard to women and people living with disability. It is committed to the employment of HDIs especially women with disabilities and looks to capacitate youth.

Duduzile Gwendoline Maseko

3.4 Executive Management

The company's executive management during the 2010/11 term comprised the following staff:

Ms Thulisiwe Nkosi	Advocate Thulani Makhubela
GEM: Corporate Services (CS) ❖ **Qualifications:** BA (Communications); Masters Certificate in Training; Diploma in Advanced Project Management; Diploma in Payroll Management; Diploma in Company Direction. ❖ **Skills:** Skills Development Facilitator; HR Management experience (HR Strategy, Employee Relations, Performance Management, Remunerations management, Human resource development, employee Wellbeing, Occupational Safety, Organizational development, Recruitment and administration.	**GEM: Business Planning and Development (BPD)** ❖ **Qualifications**: B Iuris, LLB and Advanced Labour Law Certificate ❖ **Skills:** Admitted Advocate (appearance in High Court, Regional, Magistrate Courts and the Labour Court, the CCMA and Bargaining Councils and Truth and Reconciliation Commission); Business Planning & Development; Company Law; Company Secretariat experience; SCM processes; Executive Management experience
Ms Audrey Raphela	**Mr James Frederick Oliver (Jimmy)**
GEM: Finance ❖ **Qualifications:** CA(SA); B. Com; B.Compt (Hons) ; CTA ❖ **Skills:** Financial Management; Internal Auditing	**GEM: Business Implementation (Bi)** ❖ **Qualifications:** Master's Degree in Development Studies; Honours Degree in Public Administration. ❖ **Skills:** Local Government Infrastructure Development; Change Management; Performance Management; Roads Rehabilitation; Project Management and Implementation
Mr Peet Booyens	**Mr Yashvant Mistry**
GEM: Business Mobility Network (BMN) ❖ **Qualifications:** B.Sc (Civil); Master's Degree (Business Leadership) ❖ **Skills:** Local Government Civil Engineering; Transportation and Traffic Engineering	**GEM: Business Infrastructure Development (BID)** ❖ **Qualifications:** B.Sc (Civil) ❖ **Skills:** Local Government Civil Engineering; Transportation and Traffic Engineering

Resignations and staff rotation affected the placement of executive staff within the JRA structure during the year. These changes are reflected below:-

Post	Date of change		Placement
GEM: Corporate Services	Feb 2011	Ms Thulisiwe Nkosi - Resigned	Mr Raven Shabe (Acting)
GEM: Finance	March 2011	Ms Audrey Raphela - Resigned	Mr Andre Geen (Acting)
GEM: Business Infrastructure Development	January 2011	Mr Yashvant Mistry - Retired	Mr Jimmy Oliver
GEM: Business Planning and Development	April 2011	Staff rotation	Mr Peet Booyens
GEM: Business Implementation	April 2011	Staff rotation	Adv Thulani Makhubela
GEM: Business Mobility Network	April 2011	Staff rotation	Mr Sipho Nhlapo (Acting)

3.5 Chief Financial Officer review:- Andre Geen

The JRA ended the year with a deficit of R36.2million for the 2010/11 financial year. The reasons for this are contained in the sections hereunder.

Revenue and other income

The company posted revenue of R516 million for the year compared to a budget of R494 million. Revenue realised exceeded the budget by R22 million. The main drivers of this excess revenue were an under achievement of advertising revenue of R2 million and an over achievement of targets in:

- Jobbing R9 million;
- Reinstatements R4 million;
- Maintenance of traffic signals R1 million;
- Management fees of R2 million;
- R3 million for the extended public works programme; and
- an emergency pothole grant of R10 million

The JRA envisaged that advertising revenue would be increased to R60 million but this did not materialise in the year under review.

Table 2: Revenue Mix

Source	Amount		Variance
	Budget R'm	Actual R'm	R'm
Subsidy – City of Johannesburg	440	440	0
Advertising	33	31	(2)
Jobbings	4	13	9
Reinstatements	9	13	4
Maintenance of traffic signals	3	4	1
Management fees	5	7	2
Other revenue*		13	13
Fair Value Adjustment		(5)	(5)
Total Revenue	494	516	22

* Other revenue consists of Extended Public Works Program (R3m) and Emergency Pothole Grant (R10m).

Operating Expenses

The total operating expenditure was R574 million against an adjusted operating expenditure budget of R475 million broken down as follows:

Table 3: Operating Expenses

EXPENDITURE	BUDGET R'm	Adjusted Budget R'm	ACTUAL R'm	VARIANCE R'm
Material Cost	34,678	30,506	45,760	15,254
Consulting Fees	17,258	15,112	24,377	9,265
Contractors JRA	44,504	40,948	47,403	6,455
Depreciation	5,061	5,080	12,495	7,415
Fleet Cost	54,445	55,763	67,143	11,380
Interest Paid	532	9,601	8,865	(736)
Municipal Charges	8,505	7,457	12,661	5,204

EXPENDITURE	BUDGET R'm	Adjusted Budget R'm	ACTUAL R'm	VARIANCE R'm
Khendla Ma-Pothole Project	0	0	13,691	13,691
Employee Cost – Direct	279,096	276,670	277,378	708
Data Services	2,394	1,431	3,199	1,768
Security	5,653	4,526	8,385	3,859
Licenses	1,943	2,465	3,914	1,449
Other(2)	45,091	25,696	49,055	23,359
Total	499,160	475,255	574,326	99,071

The main reasons for the additional expenditure were:

- The additional material cost expense was as a result of insurance that were paid out by the Insurer and is shown as additional Revenue of R 13 million.
- Consulting Fees were overspent as a result of the expenditure incurred for IT and the Joint Command Centre.
- Contractors JRA additional expenditure was incurred for reinstatements. This was funded by the additional reinstatement revenue.
- The Depreciation budget was not aligned to the actual expense, since the useful asset life is assessed annually.
- The interest paid to the City is linked to the negative cash flow position of JRA, due to claims only being refunded by the City after the service provider has been paid for BRT, MIG and Capital projects.
- Municipal Charges (refuse, sewer, water and electricity) budget was insufficient to cover the increases for the 2010/11 financial year.
- Microsoft conducted an audit on JRA licences and not all users were covered under the licence agreement.
- Security increased by 31% as a result of additional security being sourced for the MMC, Transportation. This is funded from additional Revenue shown above and paid by Transportation.
- Data Services was over budget. SIM cards were stolen from traffic signals and used illegally. This has been taken up with Vodacom and discussions are taking place to resolve the issue

Despite the abovementioned decline in expenditure, there were increases in other expenses compared to budget, ie:

- Auditors remuneration increased from R1.3 million to R1.5 million
- Conferences and Seminars increased from R1 million to R1.3 million
- Depreciation increased from R12 million to R12.5 million
- Employee costs increased by R34.6 million from R242.8 million to R277.4 million
- Software expenses increased from R3 million to R5.3 million.
- Security service costs increased from R5.6 million to R8.4 million as additional security was provided.

Capital Expenditure

The JRA was initially allocated capital expenditure budget of R229,2 million for the financial year. However, an additional R14,3 million was received during mid-year as a budget adjustment. The additional increase in funding was mainly utilised in the conversion and upgrading Stormwater projects and the rehabilitation of the Jukskei River.

In total, the CAPEX funding allocated to the JRA for 2010/11 (excluding additional funding) was R229.174 million while the actual expenditure incurred during the year was R215.2 million. By agreement with the City, these were carried over and accrued for to August 2011 when the projects were finaly completed.

Balance Sheet and Cash Flow

- Inventories decreased from R25 million to R17.8 million. This related to the high levels of stocks held for emergency purposes during the FIFA 2010 World Cup Soccer tournament.
- Trade and Other Receivables increased from R336 million to R408 million. This was largely due to CAPEX invoices relating to expenditure being raised in the last quarter of 2010/11 financial year.
- Trade and Other Payables increased from R381 million to R397 million despite the accrual for projects that were due for completion at the end of the financial year and stringent adherence to the MFMA requirements (effecting payments within the 30 days of receiving of invoices).
- The Retirement Benefit obligation decreased by R6.7 million from R64.6 million to R57.9 million. This was mainly due to the reduction in the liability subsequent to the valuation.

Budget allocation analysis

The JRA budget allocations for the 2010/11 period were as follows:-

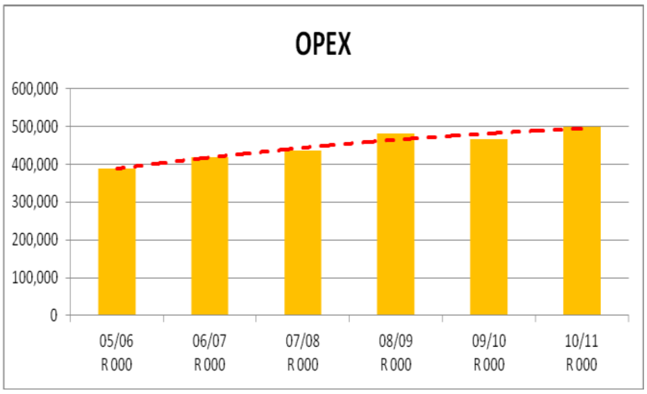
OPEX		
Subsidy	**Revenue**	**Total**
R429,693m	R69,467m	R499,160m

CAPEX				
EFF	**EFF(2)**	**MIG**	**BSC + Other**	**Total**
R46,900m	R100.09m	R66,774m	R15,0m	R228,764m

The budget allocations over the past 5 years pre 2010/11 are reflected in the following table:

<u>OPEX</u>

	05/06 R 000	**06/07 R 000**	**07/08 R 000**	**08/09 R 000**	**09/10 R 000**	**10/11 R 000**
OPEX	**388,631**	**417,443**	**437,039**	**482,091**	**465,386**	**499,160**
Grant + Subsidy	326,686	353,299	371,316	408,603	403,210	429,693
Revenue / income	61,945	64,144	65,723	73,488	62,176	69,467
Growth			4.69%	10.31%	-3.47%	7.26%
Inflation (6% pa)	*R388,631*	*R411,949*	*R436,666*	*R462,866*	*R490,638*	*R520,076*

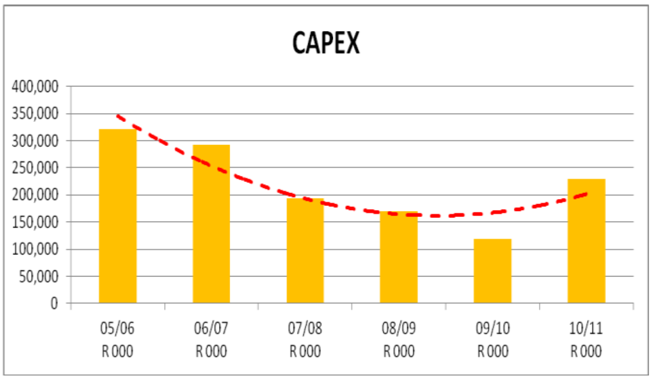


Over the past 6 years there has been a decline in real terms of the budgetary allocation which assumed an average CPIX of 6% per annum. Had the projected budget followed the CPIX curve, the allocated budget would be R520million by 2010/11. This is having a negative impact on the JRA operations.

CAPEX

	05/06 R 000	06/07 R 000	07/08 R 000	08/09 R 000	09/10 R 000	10/11 R 000
CAPEX	321,200	292,570	193,500	170100	119,031	228,764
Growth			*-33.86%*	*-12.09%*	*-30.02%*	*92.19%*
3% Growth over baseline	*R 321,200*	*R 330,836*	*R 340,761*	*R 350,984*	*R 361,513*	*R 372,359*

Over the past years the investment in new assets has declined which has implications in terms of the operating budget. It resulted in asset failure and placed a greater burden on the operating budget in terms of maintenance expenditure. Projections were based on R321,2 million in 2005/6 with an assumption over time of an average increase of 3%. This would result in an expenditure level of R372 million .The budget in the year under review was R229,2 million representing a shortfall of R142,8million



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(a) JRA CAPITAL EXPENDITURE AT 30 JUNE 2011

The table below reflects the status of capital expenditure as at June 2011. It is inclusive of both actual expenditure and financial commitments.

Table 3:- Capital Expenditure 2010/11

PROJECT NAME	BUDGET EFF	BUDGET MIG/DEV CONT	TOTAL FUNDING	% SPENT	EXPENDITURE	VARIANCE
Diepsloot Gravel Roads	-	10,000	10,000	122	12,206	(2,206)
Ivory Park Gravel Roads	-	15,000	15,000	114	17,048	(2,048)
Doornkop Gravel Roads	-	9,000	9,000	131	11,790	(2,790)
Orange Farm Gravel Roads	-	17,000	17,000	113	19,143	(2,143)
Braam Fischerville						
TOTAL GRAVEL ROADS	**-**	**51,000**	**51,000**	**118%**	**60,187**	**(9,187)**
ITS System	5,000		5,000	103	5,144	(144)
New Road Signs	31,254		31,254	90	28,433	2,821
TOTAL MOBILITY	**36,254**		**36,254**	**93%**	**33,577**	**2.677**
Operational CAPEX	7,910		7,910	81	6,407	1,503
TOTAL OPERATIONAL CAPEX	**7,910**		**7,910**	**81%**	**6,407**	**1,503**
Conversion Storm Water Channels	19,920	15,000	34,920	107	37,201	(2,281)
Re-Occurring SW Improvements	16,000		16,000	94	15,085	915
Stormwater Masterplanning		3,000	3,000	96	2,886	114
Stormwater Projects	18,316	6,774	25,090	84	21,125	3,965
TOTAL STORMWATER	**54,236**	**24,774**	**79,010**	**97%**	**76,297**	**2,713**
June 16 Trail	1,000		1,000	90	898	112
Environmental Compliance		1,000	1,000	30	304	696
TOTAL STRATEGIC PROJECTS	**1,000**	**1,000**	**2,000**	**60%**	**1,202**	**798**
Road Surfacing	38,000		38,000	102	38,779	(779)
Bridge Rehabilitation	10,000	15,000	25,000	3	10,187	14,813
Jukskei Rehab Project		4,387	4,387	0	-	4,387

	48,000	19,387	67,387	75%	48,966	18,421
PROJECT NAME	**BUDGET EFF**	**BUDGET MIG/DEV CONT**	**TOTAL FUNDING**	**% SPENT**	**EXPENDITURE**	**VARIANCE**
TOTAL BUDGET	**147,400**	**96,161**	**243,561**	**93.05%**	**226,636**	**16,925**

Part 4

4. Performance Review

4.1 Highlights and Achievements

Business Network and Traffic Management ('BMN')

BMN is responsible for managing the utilisation of roads, traffic networks and infrastructure. This includes networks intelligence management, traffic signals, networks engineering, road markings and traffic signage as well as planning and network performance management

Traffic signals are one of the top priorities for the BMN department. The unit's business strategy revolves around the state of the traffic signals infrastructure and is dependent on the upgrading of all the signalised intersections. A well maintained traffic signal network results in visible and sustainable improvements in the traffic flow by reducing delay and improving the safety of drivers and pedestrians. By aggressively upgrading the traffic signal infrastructure the Agency came closer to meeting its goal of improving mobility on the roads network. Of the existing traffic signal installations in the City, a large percentage needs to be upgraded, not only to be in a sustainable working condition, but also to comply with legal standards, to alleviate traffic congestion and to increase mobility in general.

During the year, the department managed to ensure that the maximum number of signalised intersections not functioning at any given day during the year was at most 12 (excluding power outages) on any given day. This is less than 1% of the overall number of signalised intersections. Vandalism and accidents continue to contribute to outages as they damage infrastructure. Construction activities on major road projects such as the Freeway Improvement Scheme and the BRT system also result in outages on major arterials, especially the on and off ramps at interchanges. Such construction has resulted in exposed cables, power cuts, and removal of signals and damaged poles.

As part of the general upgrading of the signal network and in an effort to reduce congestion, 10 new signals were constructed at warranted intersections, 335 revised signal phasing's were implemented to improve mobility and reduce congestion, 338 signalised intersections were connected to remote monitoring systems to improve maintenance reaction time and 66 traffic signal controllers were upgraded at signalised intersections, 66 Adaptive Control Devices were installed to improve traffic congestion as well as 80 UPS devices installations and 3 Geometric Improvements to intersections to improve traffic flow. The infrastructure upgrade will improve service delivery by reducing signal outages and improving safety in terms of compliance and improved visibility. These initiatives will lead to improved mobility.

Road markings provide guidance for traffic, separate opposing lanes of traffic, prohibit passing manoeuvres, and delineate roadway edges. In general, road markings convey traffic regulations and warnings to drivers. During the year, the department upgraded 1801 lane kms of road markings in the COJ area with normal road marking application and 198 lane km with thermoplastic road marking application.

Additional road traffic signs were erected to ensure that the best possible guidance is given to citizens by achieving a basic legacy guidance sign system in accordance with the requirements of the SADC Road Traffic Signs Manual (RTSM) and relevant City policies. In total, 5093 route markers, tourism signs, directional signs and regulatory signs were replaced to ensure legal compliance with SARTSM.

Business Implementation Department ('Bi')

Strategically, and in line with the organisational focus, the department focused on the mayoral priorities and visible service delivery during the year. To this end, the Department sought to improve its turnaround times, to be more customer focused and to deliver sustainable service. Highlights for the year included:

- Performance against KPI targets improved when compared to the previous year.
- JMPD By-law enforcement officers and JRA inspectors were deployed for visible enforcement in all areas to monitor activities.
- In January 2010 four contractors were appointed to do backfilling and reinstatements which increased resource capacity and improve service levels.
- The number of completed reinstatements improved with the assistance of the contractors who worked through the night.
- The number of illegal trenches decreased due to the presence of by-law enforcement officers on sites
- On 1 July 2010 all activities associated with the management of Wayleaves were transferred from BPD to Bi. All activities were reorganised and aligned to the seven Regions in order to comply with the JRA decentralisation strategy.

There has been a shift towards preventative maintenance instead of a reactive maintenance programme during the year. However to do this, a holding action is required on roads and not all budgets can be allocated to a preventative type programme only.

The numbers of completed reinstatements has improved with the assistance of the contractor working through the night 24/7. New processes were put in place to streamline the completion of trench reinstatements. These are gaining momentum.

Wayleaves

The department faced many challenges during the 2010/11 period. During the year, adverse weather conditions resulted in delays in completing reinstatements within the targeted times. Trenches could not be repaired in time as hot-mix was adversely affected by the weather. Temporary repairs using milling chips were utilised to make the reinstatement safe until such time that a permanent repair could be effected. Deteriorating water pipes continued to create pressure on the road network and failed pipes created continued water leaks resulting in road damage and collapses.

The JMPD by-law enforcement officers continued to support the JRA during the year with by-law enforcement activities. During the year they issued 211 citations for by-law violations from 1 January 2010. The total amount of citations was R125, 500.00. The team has also impounded tools and equipment that were being used by illegal street vehicle mechanics and other companies whilst working without proper documentation on City roads eg approved Wayleaves and hoarding permits. Several arrests were made for illegal encroachment and illegal trenching within road reserves. The team has managed to decrease the number of illegal street mechanics and work being performed without a Wayleave.

The theft and vandalism of JRA assets is an ongoing challenge and during the year the JMPD by-law enforcement unit made numerous arrests. The culprits were charged criminally. Theft of equipment included road traffic signals batteries, theft of cables and crash barriers.

Plant

Shell Plant shutdowns in Durban during the year resulted in delays in bitumen supplies which is the integral substance for the manufacturing of Hot mix.

During the year the unit continued with road and stormwater infrastructure maintenance activities. The following highlights are to be noted:

- 146 Lane km of road was rehabilitated during the year
- 1952km of gravel roads were maintained during the year. Certain gravel roads have eroded to rock bed and gravel had to be imported to the sites. 33,758m³ was imported which is to be noted as an achievement of the KPI.
- 14.25km of road was reconstructed
- 146 lane km of road was rehabilitated during the year
- 52,084 KI's were maintained during the year and 17,359 lm of storm water pipelines were cleared
- A damaged expansion joint on the M2 East and West (in the immediate vicinity of the Rissik Street offramp merging lane) wase completed.
- VIP queries for action by the department were captured on the system. The turnaround times to address the respective queries improved.

Business Planning and Development ('BPD')

Business Planning is responsible for the development of business strategies, policies, procedures and performance standards of the JRA, as well as monitoring and reporting on the overall performance of the JRA. BPD is also responsible for occupational health and safety, development control, design and general co-ordination of stormwater infrastructure development.

The department consists of five (5) units, namely:

- Development Control (public and private)
- Asset Management and Monitoring (Bridge , roads , dams management systems and GIS)
- Business Planning and Development
- Occupational Health & Safety, Environmental and Disaster Management
- Infrastructure Planning

BPD rose to the challenges and demands of the clients it serves. The 20010/2011 period recorded positive results in all areas of responsibility. The department succeeded in obtaining additional an R70 million CAPEX funding for the 2010/11 year.

Development Control

Development Control managed to meet its turnaround times in the processing of development and rezoning applications and performance in relation to delivery requirements were exceeded. A continued focus was also placed on ensuring that the set design standards were met and these were monitored during the developments throughout the construction stages.

Business Planning and Development

During the year, focus was placed on the development and management of the 2011/12 Business Planning process. The Business Plan details the company's priorities and objectives in delivering services in accordance with the City's strategic and development priorities as set out in the Integrated Development Plan (IDP), the Growth & Development Strategy (GDS) and also the JRA company key programmes.

The JRA's total 2011/12 Budget allocation was confirmed as:

Table 4: 2011/12 Budget allocation

Budget	Johannesburg Roads Agency	Adjusted Budget 2010/11 R '000	Budget 2011/12 R'000	% change	Total 2010/11 R'000	Total 2011/12 R'000	% Change
OPEX	Operating Subsidy	439.693	460.300	7.13%	493.434	523.420	6.08%
	Revenue	53.741	63.120	17.45%			
CAPEX	EFF Loans	147.400	74.200	-49.66%	243.561	243.818	0.11%
	National Grant	0	9.618	100%			
	MIG	81.161	145.000	78.66%			
	Other + BSC	15.000	15.000	0.00%			

Across the board, the JRA budget allocation increased by approximately 6.08% (OPEX) and 0.11 % (CAPEX).

To address the budget challenges, the JRA has launched numerous key initiatives. A case for change was developed which includes the following:-

- Development of new strategy and new company structure
- Business Process Mapping
- Company sustainability and performance enhancement (continuous improvement)
- Company profiling and skills audit
- IT Strategy implementation
- Governance (enhancement of Governance , relations activities with the CoJ)

During the year, BPD focused its IGR relations on engaging with COJ stakeholders and external authorities. A delegation from Ethiopian Roads Authority visited the JRA on the 23 September 2010. The purpose of the visit was to partner and strengthen relations with the JRA and improve capability in all aspects to deliver public services to communities in a more integrated and sustainable manner.

BPD developed an IGR Framework, the main focus being to:

- Provide predictability and certainty to executives in regard to the design and execution of key national development priorities;
- Define the role of intergovernmental forums in policy formulation;
- Define the Intergovernmental Development Agreement;
- Establish a framework to promote and facilitate intergovernmental relations; and
- Provide for mechanisms and procedures to facilitate intergovernmental issues.

A challenge for the Business Planning Unit is to support the JRA in engaging the City on setting of budgets and force majeure events that effect the company's business. Severe flooding over the

December 2010 and January 2011 periods resulted in damage to the JRA road, bridges and stormwater systems. The damage to the infrastructure occurred in the followingareas:

- Roads and Stormwater infrastructure for December 2010 and January 2011 flooding
- Low Level bridge over topping

In order to address the flooding damages, the JRA investigated the damages. The following was required to address the repairs to infrastructure as a result of the flooding:-

Fountainbleau, Getrude Street	R 2,500,000.00
Chartwell: Seven Oaks Street	R 1,200,000.00
Farmall: First Road	R 1,200,000.00
Fourways: Granite Street	R 900,000.00
Bloubosrant: Main Road	R 900,000.00
Prosperity Road btwn Saucer & Progress Rd	R 220,000.00
Katode Road btwn Earphone and Paul Kruger	R 200,000.00
Maraisburg: Spencer Road	R 500,000.00
Cemetery Road in Braamfischerville	R 10,000,000.00
20 Onslow Road in Georginia	R 500,000.00
Main Reef Road – Roodepoort	R 200,000.00
Kliptown Low Level Bridge	R 20,000,000.00
Orlando West Bridge	R 2,000,000.00
Stormwater Masterplanning for Soweto	R 3,000,000.00
Total Required	R 43,320,000.00

Due to the severity of the damages, the JRA affected the necessary repairs making use of budget streams (R8.6 million from Disaster management and R1,982,472 million from Bulk Services Contributions). The shortfall was funded by the JRA and this amount (R32,737,528) has been claimed from the CoJ from the National Disaster Fund Allocation.

Health, Safety and Environmental

The Occupational Health Safety and Environmental Management unit ("SHE") continued to place a focus on safety and environmental matters. Special emphasis was placed on compliance to OHASA regulations and standards. The increased awareness levels of employees resulted in fewer incidents of occupational injuries.

The SHE unit engaged with depots in order to assist with compliance relating to statutory appointments and training. Through continued effort, the staff gradually learned to identify, assess and control risks in day to day activities.

Waste management and the disposal thereof improved once the proper management of waste disposal was introduced at the depots.

The department continued to create an environment where all employees and organisation's activities in the JRA business complies with the National Environmental Management Act.

Asset Monitoring

The unit is responsible for capturing spatial data of the JRA for various systems being HANSEN, Pavement Management System (PMS), Bridge Management System (BMS), Footway and Pavement Management System (PMS), Traffic Management System (TMS) and Mobile Workforce Management System (MWMS). Challenges faced by the unit included:

- The continued growth of Geographic Information System data over the past 5 years.
- Staff shortages resulting in delays in capturing spatial data on HANSEN.
- Due to the high demand for GIS maps, data and service requests related to 2010, gravel roads and other projects or queries, it was not possible to keep the Geo-admin work up to date as required to keep the HANSEN assets database updated.

Capital Infrastructure Planning

The unit aligned the JRA's Business Plan with the CIMS process. Highlights include:

Determination of Infrastructure Planning priorities and development of CAPEX programmes for 2011-12 term.

- Alignment of the Capital Investment Management System (CIMS) and the JRA 2011/12 Business Plan
- Preparation of Design Reports for all the CAPEX projects
- Environmental Authorisation of all the JRA's CAPEX projects.
- Stormwater and Road infrastructure planning
- Roads infill master planning – 3 areas
- Stormwater infill master planning – 2 areas
- Flood lines and Masterplanning – City Wide
- Conversion of open SW channels – 4 areas
- Conversion of open SW channels in conjunction with MSW

Business Infrastructure Development ('BID')

Stormwater improvement projects

Various projects in various Regions throughout the COJ were indentified that required the JRA's response to floods experienced in the City during January 2010. Service providers were appointed to undertake all emergency or disaster management work that included stormwater, relocation of services, layer works, kerbing, paving and surfacing, on an as and when required basis.

Stormwater projects fall under Programme C in the CAPEX business plan of JRA. Following the approval of the Business Plan, different categories of storm water projects with associated budget allocation were approved.

The Stormwater implementation programme (as identified in the 2010/11 Business Plan) consists of six programmes with the associated projects, these being:

1 Conversion of Open Channels to Sub-soil Drainage system:
- Ivory Park
- Diepsloot
- Orange Farm
- Alexandra

2 Emergency Stormwater repairs:
- Halfway Gardens, Smuts Drive
- Craigon, Willow and Poplar Street
- Morningside, Investigation of the whole township Rivonia Rd
- Witpoortjie, Progress Rd Naledi Ext.2 Mokhobane Street
- Meredale, Ulster Street
- Meredale, Mnandi Street
- Diepkloof Ext.
- Diepkloof, Makhura Street
- Emndeni, Mayibuye Street
- Dobsonville Ext.2, Hashi Street
- Diepkloof, Ext.1, Khotso Street
- Molapo, Molele Street

3 Stormwater Recurring:
- Floracliff, Kenya Street
- Witkopen Poplar Avenue
- Fairlands, Wilson Road
- Diepsloot
- Mountain View, Silvia Road
- Lenasia South Ext.4, Borah Peak Street
- Lenasia South Ext.4, Simonsberg Street

4 Erosion Protection:
- (ARP) Jukskei River Rehabilitation

5 Stormwater Improvement:
- Protea Glen Ext. 1&4 (Ward 14)
- Stormwater Upgrading: Protea Glen Ext. 3&4
- Klein Jukskei Catchment Willows Development-Windsor

6 New Stormwater, Sinkhole and Flooding:
- Willows Wild Pylons
- Bramley Corlett Drive
- Stormwater Master Plan Implementation in Far East Bank Ext.9
- Kanana Ext 1 Sophia town Flooding
- Rabie Ridge (Kanana)
- Mayibuye
- Bramfisherville
- Kanana Proper

The abovementioned projects were completed during the year. In addition, the upgrading of the stormwater damaged gravel roads in Ivory Park and Rabie Ridge were stabilised and completed in 2010/11 financial year.

JRA's advancement of women in construction industry:

The Willows Wild Pylons River Bank Protection project was chosen by the National Department of Public Works to showcase the progress women have made in the construction industry. The scope of work consisted of installation of gabions baskets and reno mattresses to protect the pylons near the river bank and river bed respectively. The project was successfully completed by the company within allocated timelines. The project was funded from the JRA 2010/11 budget of R1.5million.

Challenges

The department experienced various challenges throughout the year which were overcome to ensure an effective implementation of all projects. The challenges included the following:

- Delayed planning processes
- Unusual heavy rains that were experienced during December 2009/January 2010 period affecting progress on sites
- Under-performance of some of the appointed service providers
- Insufficient budget to cope with the needs.

In addressing the potential threat that projects would not be completed within their targets, corrective measures were put in place to ensure deadlines were met. These included:

- Contractors increased resources (i.e. plant, equipment, personnel) and extended working periods (i.e. from 07h00 to 18h00 and over weekends).
- All layer works, kerbing and associated stormwater systems will be completed by May to enable final surfacing to be completed in June. Note must be made that the latter activity utilises approximately 15% of the total project cost.
- Weekly progress monitoring by JRA project managers to ensure compliance with programme and timeous attention to any problems.

Gravel Roads Upgrade Programme

The Gravel Roads upgrade programme is a continuation of gravel roads upgrading to surfaced standards in the four Mayoral priority areas of Doornkop, Diepsloot, Ivory Park and Orange Farm. An amount of R51million was allocated for road and associated stormwater drainage systems. In consultation with affected Ward Councilors and taking into account engineering requirements, roads in each area were prioritised. Provision of a bulk stormwater system is critical in ensuring durable roads. As a result, where bulk a stormwater system was non-existent, installation thereof was prioritised and preceded the construction of roads. A total of 13.277km was upgraded in the four areas together with 4 701m of associated stormwater pipes. All projects were completed despite challenges experienced such as:

- Encroachment of property boundary walls into road reserve that result in road realignment
- Unseasoned rainfall
- Bitumen supplies
- Unknown existing services and response time by utilities to remedy damages

Apart from improved living conditions, the upgraded roads have resulted in speeding tendencies by motorists that poses risks to pedestrians and vehicles. Speed humps have therefore been installed where necessary but driver education is required in order to ensure a sustainable solution to the challenge.

A total budget of R51million was approved for the 2010/11 financial year to continue with the gravel roads upgrade programme in the four priority townships as defined by the Mayoral priority.

Gravel Roads Upgrade Programme:

- Diepsloot - 100% complete
- Ivory Park - 100% complete
- Doornkop - 100% complete
- Orange Farm - 100% complete

Road Reconstruction

The huge gravel roads backlog in the City and lack of access to many settlements has affected road maintenance over the years. Lack of adequate maintenance budgets decreased the visual condition index of the roads. This is a measure of how poor or good the road condition is and assists in determining the treatment required to extend road lifespan. A significant number of roads have deteriorated to a level that reconstruction has become necessary to hold the road. An amount of R38million was therefore allocated in the year under review for reconstruction of some of these roads. The roads prioritised were in all regions except Region F. Most of the damages could be attributed to the lack or insufficient stormwater drainage system. The reconstruction mainly comprised of road layer works, surfacing and requisite stormwater upgrades.

Road Reconstruction programme:
Various roads were also reconstructed in the following Regions:

- Region A - 100% complete
- Region B - 100% complete
- Region C - 100% complete
- Region D - 100% complete
- Region E - 100% complete
- Region G - 100% complete

North Riding Disaster Repairs

This project was a continuation of work that started in the 2009/10 financial year. The Developer Contribution Fund was used to undertake the urgent stormwater repairs that resulted from the 2008/2009 floods that swept the CoJ's south western and northern areas.

The storm water reticulation in the Northriding area was incomplete and during the 2008/09 rainy season considerable damage was caused to a number of roads in the area. An assessment was carried out and a number of roads were identified for stormwater reticulation upgrade and road rehabilitation. These identified roads were:

- Bellairs Drive from Pritchard Street to Malibongwe
- Hyperion Drive from Pritchard Street to Witkoppen
- Blandford Road from Bellairs Drive to Ascot Road
- Ascot Road from Malibongwe to Blandford
- Derby Road from Hyperion to end of gravel section

The project was split into three sections, and three contractors were appointed for each section. The total budget for the project was R51,692,867.62.

All the roads have been completed.

Alexandra Renewal Programme (ARP)

The JRA also did work for the COJ in terms of the Alexandra Renewal Programme ARP which has been 100% completed.

Corporate Services ('CS')

The organisational structure is currently being reviewed in preparation for the implementation of the region-based service delivery strategy. All positions are being assessed against the needs of each region to ensure efficiencies are improved and overhead expenses contained.

The review of the structure will include the decentralisation of support functions to the respective regions to ensure effective value add to the service departments. This will alleviate the congestion at head office.

The distribution of staff is biased towards the core service delivery functions with the support functions accounting for only 10% of the total staff complement.

Our policies are designed to uphold the values of employment equity, diversity and skills development. The skills of employees are constantly being improved through various employee empowerment programs that include on-the-job training, exchange programmes and overseas training programmes. Our study assistance programme also allows employees to improve their education through distant learning while continuing with their work.

There are continuous efforts being made to improve the performance of employees. Our performance management policy is designed to reward performance and to identify weaknesses in the performance. The employee recognition scheme also serves to motivate and encourage staff to strive for continuous improvement.

Organisational Reengineering Project

The Vulindlela 2 project was commissioned by the Shareholder Unit and supported by the JRA's Board of Directors. The reengineering project team was tasked to assess the company's processes, policies and organisational structure against the ability to perform daily tasks and achieve objectives. The project has been finalised and the final report was presented to both the shareholder unit and board of directors.

The reports listed a number of recommendations and management is awaiting a board resolution on the way forward. In the meantime, some vacancies have been put on hold until the recommendations have been approved by the board of directors.

Media Relations Management

As part of the improved marketing campaign strategy, during April 2011 a total of 14 full page advertorials were published in Caxton newspapers targeting the local communities. The messages and photos which were carried in the advertorials included the JRA's *Khendla Ma*-Pothole, Letsema, Pothole Brigade and normal maintenance programmes. In June 2011 Kaya FM hosted a talkshow about JRA's Road Safety Campaign in Orange Farm schools.

Daily traffic updates are done from mornings to afternoons, Monday to Friday on different radio stations, informing the public about various problems on the roads such as roadworks and traffic lights not working.

Internal Communications

Weekly Internal News Bulletins are sent via the email facility to all JRA staff to communicate with the employees regarding different activities such as the employee news, projects and programmes of the company. To save paper and printing costs, the News Bulletins are sent via email. An average of three news bulletins are sent per week.

Posters are sometimes published and put up in the head office building and depots. The quarterly JRA newsletter, "On the Road News" is published every quarter. The newsletter serves as an internal and external communication, and profiles new projects and activities of the company. Employee news and circulars are uploaded regularly on the intranet and JRA website.

Public Relations

As part of the internal public relations, the Marketing and Communications department has embarked on a depot visit programme to engage with employees and to listen to their concerns. So far, the depots which had been visited include Road Surfacing Depot, Dobsonville, and Traffic Marking in Zandfontein, Traffic Marking Central and Traffic Calming Central depots. Further depot visits have been scheduled.

Other public relations activities which were undertaken include:

- The City's Stakeholder Summit, where JRA took part with other MOEs, and branded the event, distributing pamphlets and booklets to at least 800 delegates who visited the summit.
- The Protea Glen *Letsema* programme served as a direct public relations even and communicated with the residents. While JRA employees worked on the roads to fix the road defects, the Marketing and Communications team distributed at least 200 pamphlets to motorists and residents encouraging them to look after their road infrastructure.
- The Road Safety Campaign saw the Marketing department and BMN visiting Qoqa Secondary School in Orange Farm where the school children were taught about road safety and about 100 pamphlets on road safety issues were distributed to the learners.

Customer Relations Management

This is a new function which has been added to the Marketing and Communication department. It is located on the third floor and responds to VIP queries, JRA internal calls, calls from Pakama Project, Batho-Pele Hotline, Petitions, CoJ Regional Complaints Matrix and Complaints logged from the JRA Website.

Stakeholder Relations

JRA is in partnership with the CoJ Marketing department to conduct mall campaigns. The mall campaigns also involve other MOEs such as Joburg Water, City Power, and JMPD etc where they set up one exhibition stand where residents can obtain information on the services the City and its MOEs render. The residents get the opportunity to ask questions, log complaints and put forward their suggestions face to face with officials. Nine mall campaigns have been rolled out since the beginning of this year which JRA attended. At least 500 mall visitors were given JRA pamphlets/booklets per mall visitation containing JRA information on road safety, floods, speed humps etc.

Outdoor Advertising

This function deals with outdoor advertising applications. It checks all the applicants who want to advertise on the road infrastructure and whether or not they comply with the CoJ's outdoor advertising requirements and standards.

Marketing and Communication initiatives

Table 5: Marketing and Communication initiatives

Events attended	External and Internal Communications	Customer Relations Management	Outdoor Advertising
10 Letsema Programmes	15 Advertorials	396 Petitions	58 - Applications received
NEPAD Transport Infrastructure Summit	22 News Bulletins	511 VIP Queries	
Transport Month - Regional Service Delivery Seminars and other activities	5 Interviews with radio stations	1983 Hotline Queries	
A Decade of Service Delivery JRA Seminar	2 Newsletters	7 Mall Campaigns	
South African Roads Federation (SARF)	12 Media Releases	1 Depot Survey was conducted (15 depots were visited)	
Siyaphumelela Awards	12 Media Responses	5 Depot visits	
Coka Street Interviews	10 Print Publications		
16 (18) June Alexandra Tour	9 Public Notices		
The Launch of the Radio Radar	14 Intranet uploads and posting of news and documents		
COJ's Marketing Presentation	20 Website uploads and posting of news and documents		
Mandela Day, a partnership between Transportation and JRA Marketing	37 Email Facility (employees notices and circulars)		
90 Days Communication's Program Launch			
Stakeholder Summit			
Road Safety Awareness Campaign			
CoJ Group Employee Survey			
Towards the Ten Years of Service Delivery Seminar			
Rand Easter Show			
Africa Roads Conference			

4.2 Strategic Goals and Objectives: Performance against IDP and City Scorecard

The table below contains a summary of the JRA's strategic goals and supporting objectives for the period 2010/11. The JRA's strategic goals and objectives support the Mayoral priorities, GDS Principles and Transportation Sector Plan goals as mentioned in the preceding sub-sections.

Table 6: The JRA's Strategic Goals and Objectives for 2010/2011

Goals	Objectives
To ensure sound transit infrastructure	• Transit infrastructure development • Transit infrastructure maintenance
To ensure a sound traffic regulatory system	• Traffic regulatory infrastructure • Regulatory operating system
To ensure a sound stormwater management system	• Storm water infrastructure development • Storm water infrastructure maintenance
To ensure sound social contract management (awareness, education, training, promotion, marketing communication)	• Community involvement • Community capacity development/awareness creation
To ensure sound business excellence	• **Business management/leadership:** – Strategic positioning (strategic & operational planning, structuring/influencing) – Organisation culture development – Business performance management – Stakeholder relations management/ communication – Corporate governance – Service delivery • **Internal Risk Management:** – People management – Financial management – Information/connectivity technology management – Facilities management (equipment, fleet, offices, etc.) – Information/knowledge management – Materials management • **Programme/project management**
To ensure business continuity	• Company sustainability • Enhance partnerships • Leverage new sources of funding/create sources of funding

4.3 JRA performance against set targets during 2010/11

During the year, the JRA achieved an overall performance against set targets of 89.95% Achievements of this performance in relation to the 5 Year Strategic Objectives and the IDP programs are set out below:

Table 7: Performance against set targets during 2010/11

5 Year Strategic Objective (as per the IDP)	5 Year Indicator	5 Year Target	IDP Programme and Key 2010/11Targets	Achievements
250 kilometres of gravel roads surfaced	**Gravel Roads surfaced**	**250 km**	**City-wide gravel roads surfacing program** - *Orange Farm 2.2 km* - *Ivory Park 3.3km* - *Diepsloot 2.2km* *Doornkop 2.0km* -	**City-wide gravel roads surfacing program** *Orange Farm :-* *4.7km of road complete with kerbing, channelling and stormwater.* *Ivory Park:-* *3.1km of road complete with kerbing, channelling and stormwater* *Diepsloot :-* *2.5km of road complete with kerbing, channelling and stormwater* *Doornkop :-* *2.9km of road complete with kerbing, channelling and stormwater.*
Improved Stormwater infrastructure and management system across Johannesburg	**Improved Stormwater infrastructure**	**Improved Stormwater infrastructure**	**Stormwater development and management program** *Stormwater Masterplanning & Implementation in marginalized areas as per 2008 Wards Report (28 Wards)* *Environmental compliance and structural upgrades* *Upgrading of Stormwater in Protea Glen Ext 1-4 (Phase 1-5) – CBP* *Klein Jukskei Catchment: Stormwater Control (CBP): Willows Development – Windsor* *Conversion of open Stormwater drains to underground / covered drains*	**Stormwater development and management program** *Stormwater Master Planning* *Stormwater Master Planning was completed in Bram Fischer* Ville, Diepsloot, *Protea* Glen, *Orange Farm* Protea Glen Ext 1-4: 100% of storm water improvements in Protea Glen Ext 1-4 was completed *Klein Jukskei Catchment:* *100% of Stormwater Control was completed in the Klein Jukskei Catchment (Willows Development-Windsor)* *Conversion of open stormwater drains:* *100% of stormwater conversions was completed in Ivory Park and Diepsloot*
100% of all major intersections provided with adequate road signs	**Road signage upgrade program**	**Improved Traffic management infrastructure**	**Road signage upgrade program** *5000 road traffic signs upgraded to ensure legal compliance* *1500 lane km road markings upgraded along class 5 and 4 roads* *Upgrade 250 lane km with thermoplastic road marking paint*	**Road signage upgrade program** *5093 route markers, tourism signs, directional signs and regulatory signs (replaced to ensure legal compliance with SARTSM) across 109 wards* *1801 lane km of standard road marking was painted across 109 Wards.* *198 lane km road markings upgraded with thermoplastic road marking paint .*

5 Year Strategic Objective (as per the IDP)	5 Year Indicator	5 Year Target	IDP Programme and Key 2010/11Targets	Achievements
Reduction in traffic signal outages to less than 1% of all signals out on any given day	**Traffic signal upgrade and maintenance program**	**Improved Traffic management infrastructure**	**Traffic signal upgrade and maintenance program** *Maintain 2084 Traffic signal intersections* *Upgrade 395 Traffic Signals to comply with SARTSM* *Install 50 remote monitoring units* *58 New Traffic Signal phasing* *Upgrade 7 VMS sites* *Upgrade 48 CCTV cameras*	**Traffic signal upgrade and maintenance program** *The maximum number of signalised intersections out on any given day throughout the year was 12 intersections (excluding power outages).* *The average number of signalised intersections out on any given day was 10.*
Improvement in the visual condition index by 2%	**Road infrastructure maintenance and upgrading program**	**Improved road infrastructure**	**Road infrastructure maintenance and upgrading program** *115 lane km resurfaced* *2000km gravel roads maintained* *49,000 Kerb Inlets (Ki's) cleaned and unblocked* *3.2 km roads reconstructed*	**Road infrastructure maintenance and upgrading program** *146 Lane km of road was rehabilitated during the year* *1952 km of gravel road (level 1 and level 2) blading, ripping and shaping.* *33,758m³ G5 material was imported to rebuild the base of gravel roads.* *52,084 Stormwater kerb Inlets (Ki's) were cleaned and un-blocked during the year* *17,359 linear meters of storm water pipe lines were cleared* *90.66% of reported road excavations / trenches were completed within the prescribed 3 days.* *The number of illegal trenches has decreased due to the presence of bylaw enforcement officers being visible on sites.* *14.5 km of Roads reconstructed*

4.4 Assessment of Arrears on Municipal Taxes and Service Charges

The table below reflects the assessment of arrears owed by Directors on Municipal Taxes and Service Charges as at 30 June 2011.

Table 8: Assessment of Arrears - Directors

Name of Director	Designation	Amount Owed > 30 days	Status
Khehla Shubane	Chairman of Board of	R 0.00	
Lionel Brenner	Board Non – Executive	R 0.00	
Patrick Francis Crowley	Board Non – Executive	R 0.00	
Xolisa Hloma	Board Non – Executive	R 0.00	
Washington Reuben Rudo	Board Non – Executive	R 0.00	
Derick Jeffrey Block	Board Non – Executive	R 0.00	
Musa Joshua Simelane	Board Non – Executive	R 0.00	
Khomotso Mthimunye	Board Non – Executive	R 0.00	
Francis Iketheleng Matabane	Board Non – Executive	n/a	n/a (private rental)
Smith Sipho Maimane	Board Non – Executive	R 0.00	
Duduzile Gwendoline Maseko	Board Non – Executive Managing Director	R 0.00	

Table 9:- Assessment of Arrears – Senior Management

Name of Senior Management	Designation	Amount Owed > 30 days	Status
Raven Shabe	GEM: Corporate Services	R 0.00	Account up to date
Adv. Thulani Makhubela	GEM: Business Implementation	R 0.00	Account up to date
Andre Geen	GEM: Finance	R 0.00	Account up to date
James Frederick Oliver (Jimmy)	GEM: Business Infrastructure Development	R 0.00	Account up to date
Peet Booyens	GEM: Business Planning and Development	R 0.00	Account up to date
Sipho Nhlapo	GEM: Business Mobility Networks	R 0.00	Account up to date

4.5 Statement on amounts owed by Government Departments and Public utility

The section below reflects the debtor's age analysis and assessment of amounts owed by Government Departments and Public Entities:

Table 10:- Related Parties

Relationships	
Directors	Refer to directors' report note
Ultimate controlling entity	The City of Johannesburg Metropolitan Municipality
Controlling entity	The City of Johannesburg Metropolitan Municipality
Other members of the group	City Housing Company (Pty) Ltd
	City of Johannesburg Property Company (Pty) Ltd
	City Power Johannesburg (Pty) Ltd
	Johannesburg City Parks
	Johannesburg Development Agency (Pty) Ltd
	Johannesburg Metropolitan Bus Services (Pty) Ltd
	Johannesburg Tourism Company
	Johannesburg Social Housing Company (Pty) Ltd
	Johannesburg Water (Pty) Ltd
	Metropolitan Trading Company (Pty) Ltd
	Pikitup Johannesburg (Pty) Ltd
	Roodepoort City Theatre
	The Johannesburg Civic Theatre (Pty) Ltd
	The Johannesburg Fresh Produce Market (Pty) Ltd
	The Johannesburg Zoo
	Greater Newtown Development Company (Pty) Ltd
	Constitutional Hill Development Company (Pty) Ltd
Members of key management	Directors' remuneration

Table 11: Statement on amounts owed by Government Departments and Public Entities

	2011 R 0.00	2010 R 0.00
	Loan accounts - Owing by related parties	
City of Johannesburg Metropolitan Municipality	**-**	**-**
	Loan accounts - Owing to related parties	
City of Johannesburg Metropolitan Municipality	**132,172,579**	**35,433,465**
	Amounts included in trade receivables regarding related parties	
The City of Johannesburg Metropolitan Municipality	145,748,484	148,432,764
Pikitup Johannesburg (Pty) Ltd	17,045	-
City Power Johannesburg (Pty) Ltd	2,836,411	4,117,320
City of Johannesburg Property Company (Pty) Ltd	-	2,432,444
City of Johannesburg – Capex	67,354,193	-
MIG	55,516,825	-
Johannesburg Water (Pty) Ltd	4,638,890	5,419,188
Johannesburg City Parks	1,044,046	647,790
	277,155,894	**161,049,506**
	Amounts included in trade payables regarding related parties	
The City of Johannesburg Metropolitan Municipality	30,506,535	20,284,185
Johannesburg Social Housing Company (Pty) Ltd	408,153	1,396,383
Pikitup Johannesburg (Pty) Ltd	-	145,996
City Power Johannesburg (Pty) Ltd	593,516	2,419,310
Johannesburg Water (Pty) Ltd	18,946	3,864
The Johannesburg Civic Theatre (Pty) Ltd	11,160	18,453
Johannesburg City Parks	636,495	1,589,138
	32,174,805	**25,857,329**

4.6 Recommendations and Plans for the next financial year

The planned activities for the 2011/12 financial year is summarised below. These activities are aligned to the CoJ strategy as well as the JRA's Mobility Strategy

Table 12: Plans for 2011/12

Key Operation	Baseline (2006/11)	5 year target	Delivery agenda	Estimated Budget
			2011/12	2011/12
Gravel Roads surfacing programme (Inclusive of Infill / incidental SW but exclusive of Bulk SW)	135.2 km Gravel Roads surfaced	124.254 km Gravel roads surfaced	25.75 km gravel roads surfaced in marginalized areas	*CAPEX:* *R 103.00 mil*
Road infrastructure construction and upgrade programme *New Access Roads* *Road widening* *Road extensions* *Duelling of carriageways* *Road link* *Road upgrade* *M'way improvements*	N/a	Upgraded and enhanced Road Infrastructure	Implementation of road infrastructure and upgrades:- *New Access Roads* *Road widening;* *Road extensions;* *Duelling of carriageways;* *Road link;* *Road upgrade;*	*CAPEX:* *R 3.20 mil*
Road Infrastructure Preventative maintenance programme (Resurfacing roads)	706.3 lane km of roads were resurfaced across the 7 Regions.	640 Lane km Resurfaced and Rehabilitated	140 Lane km Resurfaced and Rehabilitated	*OPEX:* *R 103.244 mil*
Road Infrastructure reactive maintenance programme (Potholes, patching, chemical control, level 1 & 2 maintenance, footways maintained)	471 578 Potholes Repaired	450,000 Potholes Repaired; 225,000 Road patches; 49,5 million lm level 1	50,000 Potholes Repaired; 25,000 Road patches; 5.4 million lm level 1	*OPEX :* *R 78.936 mil*
Roads Reconstruction programme	19 Km of Roads reconstructed	110 km Road Infrastructure Reconstructed	20 km roads reconstructed *(based on average R 2 mil / km)*	*CAPEX:* *R 40.00 mil*
Gravel Roads maintained programme (Blading, scraping, ripping, shaping, dust control)		9550 km Gravel Road maintained	1206 km Gravel Roads maintained	*OPEX:* *R 18. 306 mil*
Railway siding maintenance programme		Improved Railway sidings	Level 1 railway siding maintenance + repairs	*OPEX:* *(included in prgm Q)*
Pavement Management System (PMS)	8,280 km of Roads Inspected (Dynatest Africa 2008 VCI report)	Continued PMS programme	PMS (M' Ways + Major Roads) BMS (Major bridges)	*OPEX* *R 9.341 mil*
Bridge Development programme	Nil	12 Pedestrian Bridges constructed	Naledi (feasibility + detail Engineering design)	*CAPEX:* *R1.00 mil*
Bridge Rehabilitation programme	10 Bridges Inspected (Jeffares & Green 2008.) 19 Bridges inspected (Principal Inspections	Continued implementation of BMS (Inspections; Principal inspections; Design solutions and construction implementation	Principal Inspections, design solutions; Construction implementation	*CAPEX:* *R 7.00 mil*

Key Operation	Baseline (2006/11)	5 year target	Delivery agenda 2011/12	Estimated Budget 2011/12
Bridge maintenance programme (Maintenance and repairs to guardrails, abutments, bridge furniture, grass cutting, chemical control)		Continued Bridges repaired in accordance with the Bridge Maintenance Plan	Bridge maintenance and repairs	*OPEX:* *R 16.674 mil*
Mobility: ITS and Networks programme (CCTV; Remote Monitoring; Traffic Management Centre; Adaptive Control; Upgrading Controllers and Phasing; VMS)	790 Remote Monitoring 109 Adaptive Control Traffic Management Centre Operations and Maintenance	Enhanced ITS and Network infrastructure	200 Traffic Signal Intersections:- *Remote Monitoring* *Adaptive Control* *Upgrading Controllers*	*CAPEX* *R 8.40 mil*
Mobility: Traffic Mobility / Congestion Management programme (New Traffic Signal Controllers; Upgrading signalised intersections to SARTSM; New Traffic Signals at Warranted intersections; New UPS Devices;; Geometric Improvements; Revised	350 New Traffic Signal Controllers 815 Upgrading signalised intersections to SARTSM 161 New Traffic Signals at Warranted intersections New UPS Devices = 250 43 Geometric Improvements completed	Enhanced Traffic Mobility and reduced traffic congestion	Upgrading signalised intersections	*CAPEX* *R 12.1 mil*
Mobility: Traffic Signal Maintenance programme Maintenance of Traffic Signal equipment (existing; CCTV; controllers, UPS; lamps, LED signal heads; cables, signal heads; revise existing Traffic signal phasing)	2084 Traffic Signals Intersections maintained; Re-cabled 180 Intersections 1200 Traffic Signals phasing revised 50 CCTV systems installed	2117 Maintained Signalised Intersections 180 intersection re-cabled 250 Signalised intersections rephrased Maintain 50 CCTV systems	Maintain 2117 Signalised Intersections Re-cable intersections 36 Existing Signalised intersections rephrased.	*OPEX* *R 45.182 mil*
Road signage upgrade and maintenance program Upgrade Route markers, tourism signs, directional signs and regulatory/ warning signs; Installed new / additional street name signs Maintained existing street name signs Maintained Road Markings	21 059 Roads Traffic signs replaced 4 600 Street name Signs replaced 6 804 lane km Road marking paint applied	22 500 Route markers, tourism signs, directional signs and regulatory/ warning signs upgraded 5000 new / additional street name signs installed 5000 existing street name signs maintained 7500 lane km Road Markings	Upgrade 4500 Route markers, tourism signs, directional signs and regulatory/ warning signs Install 1000 new / additional street name signs installed *(DP&UM Budget)* Maintain 1000 existing street name signs Maintain 1500 lane km Road Markings	*OPEX:* *R 39.345 mil*
Additional Thermoplastic Road paint		750 Lane Km Thermo Plastic paint applied	0 lane km Thermoplastic paint applied	*OPEX:* *R 0.885 mil*
SW Master Planning programme *SWMP + Flooding;* *Infill Planning;*	SWMP completed in 4 areas ; Flood Lines completed in 4 areas;	Improved Stormwater infrastructure	Continued implementation of SW Master Planning EIA approvals	*CAPEX:* *R 3.618 mil*

Key Operation	Baseline (2006/11)	5 year target	Delivery agenda 2011/12	Estimated Budget 2011/12
Integrated Master Planning; *Environmental Compliance;* *Investigation and design of future scheme*	EIA approvals competed in 5 areas.			
Storm Water Implementation programme:- SW projects Conversion of open SW channels; Recurring SW; Critical & urgent depot SW projects; Dam refurbishment; Emergency Stormwater projects.	SW project implementation completed in 4 areas. Stormwater Channel conversions completed in 4 Areas (Orange Farm, Diepsloot, Doornkop and Alexandra) Registered dams City wide	Implemented Storm Water projects based on CIM prioritisation.	Continued implementation of Storm Water Projects (SW projects Conversion of open SW channels Recurring SW	*CAPEX ;* *R 31 mil*
Stormwater Catchment programme River erosion, gabions, river management	Storm Water audits completed City wide	Implemented Storm Catchment projects based on stormwater audits and CIM prioritisation	No implementation of SW Catchment projects	*CAPEX:* *R 0 mil*
Storm Water Maintenance programme Kerb Inlets (Ki's) cleaned	257 227 Ki's cleaned	Improved Stormwater Infrastructure and reduced road infrastructure flooding	34,000 Ki's cleaned	*OPEX:* *R 36.236 mil*
Disaster management programme	Nil	Implemented Disaster management programme	Implemented Disaster management programme (DMP) *OPEX:* *2% of annual OPEX budget ring fenced in Disaster Management Fund*	*OPEX* *R 2.00 mil*
Skills Development Training		Skills development, mentorship to develop and retain staff	Skills development, mentorship to develop and retain staff	OPEX R 3 mil

Part 5

5. Corporate Governance

5.1 Corporate Governance Statement

The shareholder has developed a Corporate Governance Protocol for all its companies to follow. The JRA Board of Directors has formally adopted and implemented the Protocol as its guiding document. Corporate Governance in the JRA is considered in the light of structures and processes for decision-making, accountability, control and behaviour at the top level of the organisation, which sets the tone of the behaviour right down to the lowest level of employees. The JRA continuously reviews its process and practices to ensure adherence to good Corporate Governance that is characterised by triple bottom-line issues (economic, environmental and social) which are underpinned by the principles of openness, integrity, sustainability and accountability.

5.2 Statement of Compliance

The Board of Directors and Executives of the JRA recognise, adhere to and are committed to the principles of openness, integrity and accountability advocated by the King II & III Codes on Corporate Governance. Through this process, shareholders and other stakeholders may derive assurance that the JRA is being ethically managed according to prudently determined risk parameters and in compliance with generally accepted corporate practices.

The Board has a charter that governs its activities. This charter incorporates provisions of the Corporate Governance protocol of the Shareholder. The JRA's practices are, in all material respects, in line with the principles set out in King II & III. Ongoing steps are, however, taken to align practices with King recommendations. The Board continually reviews progress made to ensure that the Company improves its corporate governance.

5.3 Code of Ethics

The JRA has adopted the City of Johannesburg's Ethical Standards. The company subscribes to these standards whereby all employees and management are required to embrace these standards which form the basis of ethical behaviour especially in conduct towards the communities, colleagues and other stakeholders.

The following ethical values/standards apply to all employees of the Johannesburg Roads Agency:

- to be accountable to the community that they serve and to act on behalf of the City by focussing their efforts on discovering and meeting their customers' needs;
- to be transparent and open to scrutiny in all that they do;
- to be honest and uncompromising in producing work that meets the service delivery requirements of the City;
- to be committed to the transformation of our society and workplace and to ensure equity and anti-discrimination in all that they do;
- to show concern for people, support and respect their colleagues and encourage the growth and development of everyone they work with;
- to value and secure the fair and consistent treatment of staff and customers;
- to support transparent participation promoting fair, yet efficient, decision-making while encouraging individuals to accept responsibility for their work and contribution to the City.

The JRA's Code of Ethics is based on its key values and core principles, namely excellence, commitment, sustainability, integrity and creativity. The Code requires that at all times, all Company personnel act with utmost integrity and objectivity and in compliance with the letter and spirit of both the law and Company policies. Failure of employees to act in terms of the Code results in disciplinary action being taken. The Code is regularly reviewed and updated as necessary to ensure that it reflects the highest standards. The directors believe that ethical standards are being met and fully supported by the ethics programme. The Code of Ethics for Board members is incorporated in the Board Charter.

5.4 Breach of governance procedures

During the 2010/11 period, there were no breaches of governance procedures noted. As such the Company Secretary (who monitors and records such activities) has reported that the JRA is compliant with all governance procedures.

5.5 Conflicts of Interest

In order to avoid any potential conflict of interest, Directors of the Board and officers of the Company sign a declaration of interest on an annual basis. In this declaration they are expected to disclose any interest that they, their spouses or members of their immediate family may have in the business of the Company. Beyond this annual declaration of interest, directors and officers are also expected to declare any interest they may have in the business that is to be transacted at each meeting they are attending. This is formally recorded in the minutes of the each meeting.

5.6 Governance Structure

The Board has a charter that governs its activities. The charter incorporates provisions of the Corporate Governance protocol of the Shareholder. The JRA's practices are, in all material respects, in line with the principles set out in King II & III. Ongoing steps are, however, taken to align practices with the report's recommendations. The Board continually reviews progress made to ensure that the Company improves its corporate governance.

5.6.1 Board of Directors

The Board is presided over by a non-executive Chairman. The non-executive directors have the responsibility of ensuring that the Chairman encourages proper deliberation of all matters requiring the Board's attention. The Board meets regularly and sets the strategic direction of the company and monitors overall performance.
Board Members have unlimited access to the Company Secretary, who acts as an advisor to the Board and its committees on matters such as compliance with Company rules and procedures, statutory regulations and best corporate practices.

There have been changes in the Board of Directors following the appointment of Advocate HWL Kügel and the resignation of Mr DF Crowley. The Board of Directors currently comprises of nine instead of ten Non-Executive Directors and one Executive Director, namely the Managing Director, Ms D Maseko. All Directors are appointed in accordance with the Articles of Association and Local Government: Municipal Systems Act. The Board meets at least once every quarter. Directors are appointed by the City and bring to the Board a wide range of expertise as well as significant financial, commercial and governmence knowledge. The advice and services of the Company Secretary are available to them and they are entitled to seek independent, professional advice concerning the affairs of the company at its expense.

The Directors of the Board during the period under review were as follows:

K C Shubane (Chairman)	
G D Maseko (Managing Director)	F I Matabane
L Brenner	K Mthimunye
X Hloma	M J Simelane
Adv L Kügel (new)	S M Maimane
W R Nyabeze	Adv. D J Block (resigned)
Mr. PF Crowley (resigned)	

5.6.2 Board Induction and information

During 2010/11 Board a training session was presented on “King Code III” and “The New Companies Act”. In the session, the most important aspects of both documents and how they affect Board members was discussed.

5.6.3 Board Committees

There were no changes to the composition of the Board Committees during the period under review. The following Board Committees, chaired by Non-Executive Directors, have been operational:

- Service Delivery
- Audit
- Remuneration
- Risk & Finance

The members of the respective Committees are as follows:

Service Delivery Committee

- P F Crowley (resigned)
- M J Simelane
- K C Shubane
- G D Maseko (Managing Director)
- X Hloma
- W R Nyabeze
- Adv D Block (resigned)
- Adv. L Kügel (new)

The Committee bears overall responsibility for evaluating the effectiveness of the company’s risk management function. In terms of its mandate, it reviews and assesses the integrity and the quality of risk control systems and ensures that risk policies and strategies are effectively managed.

Audit Committee
A new Independent Member has been appointed to replace Ms C Mbili who retired in March 2011.

- L Brenner (Chairman)
- K Mthimunye
- SM Maimane
- C Mbili (resigned)
- E Tait (Independent Member)
- D P van der Nest (Independent Member)
- T Molala (new)

The Committee is constituted in terms of section 166 of the MFMA and operates in accordance with a written charter approved by the Board. The role of the Committee is to assist the board by performing an objective and independent review of the functioning of the organisation’s finance and accounting control mechanisms. The committee exercises its functions through close liaison and communication with corporate management as well as with the internal and external auditors. The Committee addressed its responsibilities fully in terms of the charter during the year under review.

Remuneration Committee

- X Hloma (Chairman)
- S M Maimane
- D G Maseko (Managing Director)
- F I Matabane
- M J Simelane
- Adv D Block (resigned)
- Adv. Les Kügel (new)

The remuneration committee advises the board on remuneration policies, remuneration packages and other terms of employment for all directors and senior executives. I ts specific terms of reference also include recommendations to the board on matters relating to, *inter alia,* general staff policy remuneration, bonuses, executive remuneration, director's remuneration and fees, service contracts, share purchase and option schemes and retirement funds.

Risk and Finance Committee

- W R Nyabeze (Chairman)
- K Mthimunye
- F I Matabane
- DG Maseko (Managing Director)

The Committee bears overall responsibility for evaluating the effectiveness of the company's risk management function. In terms of its mandate, it reviews and assesses the integrity and the quality if risk control systems and ensures that risk policies and strategies are effectively managed.

The independent member Ms C. Mbili retired with effect from March 2011 and Ms T Molala was appointed as an independent member to replace her. Lastly, Adv L Kügel has been appointed and Adv Block has retired as a member of the Board

5.6.4 Board and Committee meeting attendance

Table 13 reflects the attendance of Board members at Board and Committee meetings and workshops held during the 2010/11 Financial Year.

Table 13: Attendance of Board Meetings by Non-Executive Directors and Independent Audit Committee Members

Directors' Name	Number of Meetings Held				
	Board	Service Delivery	Audit	Corporate Services/ Remuneration	Risk & Finance
K C Shubane	5	4	-	-	-
L Brenner	5	-	8	-	-
X Hloma	5	3	-	4	-
(D F Crowley)	5	4	-	-	-
W R Nyabeze	5	4	-	-	4
F I Matabane	5	-	-	4	4
K Mthimunye	3	-	7	-	2
M J Simelane	5	4	-	4	-

Directors' Name	Number of Meetings Held				
	Board	Service Delivery	Audit	Corporate Services/ Remuneration	Risk & Finance
S M Maimane	5	-	7	3	-
Adv. HWL Kügel	1	-	-	-	-
D J Block	3	2	-	2	-

Key strategic matters that were discussed and/or resolved at Board and sub-committee meetings held during the period were as follows:

- Progress on Board Strategic Risks
- JRA Business Plan for 2010/11
- Audit Committee Charter
- Annual Salary Increment for Salaried Employees
- Progress Report on the Vulindlela II
- Compliance with King III
- Utilisation of the CoJ Fraud Hotline
- Contract Awarded for CAPEX projects 2010/2011
- Unfunded Liabilities: Section 197 Employees
- Progress made with KPI's
- AGSA Matters
- Financial Statements
- Supply Chain Management Procedures
- Management of traffic intersections
- Internal Audit Reports 2010/2011

5.7 Director's and Senior Management Remuneration

Table 14 below contains a summary of Non-Executive Directors remuneration whereas Table 15 shows remuneration received by the MD and General Executive Managers (GEMs).

The tables below contain a summary of the Non-Executive Directors remunerations received during the year.

Table 14: Remunerations

Non- Executive Directors	Fees Paid
K Shubane (Chairman of the Board)	R 128,961
L Brenner (Chairman of the Audit Committee)	R 148,812
X Hloma (Chairman of Remuneration Committee)	R 106,166
W R Nyabeze (Chairman of Finance Committee)	R 102,194
F I Matabane	R 98,230
K Mthimunye	R 76,390
M J Simelane	R 72,430
S M Maimane	R 100,200
H W L Kügel	R 4,960
Adv D Block (resigned)	R 45,640
P F Crowley (resigned)	R 58,534
Total	**R 942,215**

The tables below contain a summary of the independent members remunerations received during the year

Non-Executive Directors-independent members	Fees Paid R
E Tait	R 63,490
Ms T. Molala (replaced)	R 4,960
D.P Van Der Nest	R 14,880
C.N Mbili	R 14,880
Total	**R 98,210**

The table below reflects the remuneration of the Managing Direct and the general Executive managers during the year:-

Table 15: Remuneration received by the MD and General Executive Managers (1 July 2010 to 30 June 2011)

Position	Monthly Gross Salary	Annual Gross Salary	Months Worked	Annual Bonus	Total Paid
MD Maseko D	R 109 322.45	R 1 311 869.34	12	R 0	R 1, 311, 869.34
GEM: CS Nkosi T	R 93 364.82	R 1 120377.88	12	R 0	R 1, 120,377.88
GEM: Finance Raphela A	R87 341.06	R 873 410.62	10	R 70 805.00	R 944, 215.60
GEM: BPD Makhubela T	R 74,179.86	R 1 133 331.50	12	R 88 980.23	R 1, 222 ,311.73
GEM: BID Booyens P	R 72 026.36	R 864 316.26	12	R 0	R 864 ,316.26
GEM: Bi Jimmy Oliver	(Seconded by CoJ)	R 0	0	R 0	R 0

5.8 Company Secretarial Function

After the resignation of Ms de Wet in December 2010, Mr Raven Shabe Acted as Company Secretary until the appointment of Advocate Thembi Bokako with effect from 1 June 2011.

The Company Secretary is responsible for the general administration of the Company's affairs in terms of the Companies Act and to ensure compliance with good corporate governance practices and legislation. In addition the company secretary, supported by the legal unit, advises the Board and its sub-committees on corporate governance issues and liaises with the shareholders. She is also the link between the Board and Management to ensure a good working relationship.

Some of the issues handled during the quarter under review include:

- King III – Its relevancy, application and framework when compared to King II.
- New Companies Act –New compliance requirements, obligations of management and board of directors
- Annual General Meeting – Finalisation and guidelines from the City Manager
- Governance (Board Meeting and Board Committees) – all scheduled meetings took place including board workshops, i.e. Finance & Corporate Services and Service Delivery.

Part 6

6. Sustainability Report

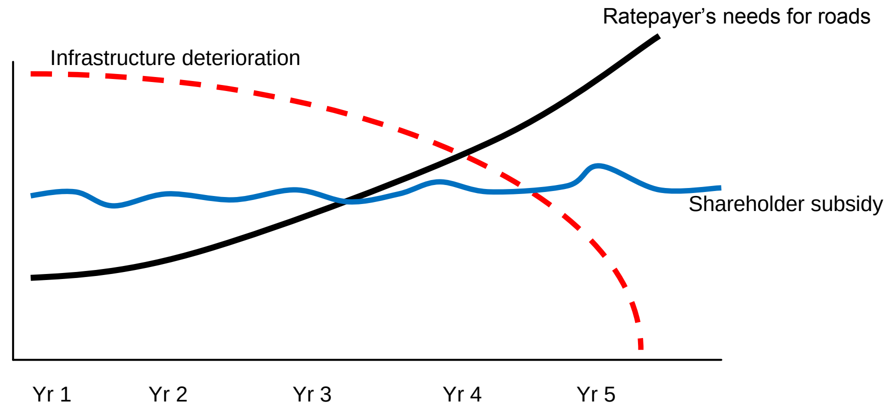
The JRA is evolving its attitude towards sustainability and recognises the importance of the direct and indirect impact that the business activities have on socio-economic, institutional and ecological areas in which it operates. The JRA's approach also entails confronting basic issues around the core values of the JRA and consistent application of the Company's core values to all its activities and decision-making.

- **Economic -** The Rand is strong and has been a buffer against rising costs. We have also seen steady increases of crude oil resulting in increased in fuel prices, hence our increase in production costs. The JRA also uses oil-based products in resurfacing work resulting in an upward pressure on related costs. The JRA is still hopeful that the economy will stabilise after the increased level of construction pushed prices up.
- **Social -** The socio-economic outlook for area and country seems better and the job creation through EPWP and usage of local labour on capital projects may somewhat stabilise unemployment. But there is a need to create sustainable jobs. The JRA through the EPWP programme has engaged hundreds of unemployed people through training and job creation.
- **Environment -** We have a fully staffed environmental and safety unit within our Business Planning and Development. Not only is this unit responsible for environmental compliance and monitoring, they are also responsible for environmental disaster coordination and for the overall health and safety of all employees and the environment within which they operate.

The JRA's two principle drivers for achieving a sustainable business areas to ensure service delivery excellence and to instil a sense of responsibility through its operations and amongst its staff in the sphere of economic and social environmental matters. For this reason the company is focusing on areas that impact on or have a potential risk of undermining these responsibilities. These focus areas include but are not limited to:

- Environmental Management
- Developing a 'green' mindset amongst staff
- Integrating environmental compliance into performance management processes.
- Continual improvement in the company's energy management
- Use of environmentally friendly materials where possible
- Use of clean energy (Solar Powered Traffic Signals)
- Implementation of waste segregation bins in order to manage waste and limit contributions to landfill site exploitation.
- Development of creation of job opportunities through EPWP programmes.
- Where possible creating labour intensive methods in order to maximise the development of skills and job opportunities.
- Balancing BEE responsibilities with service delivery and quality of service / product.
- Challenging traditional values and methods in order to empower individuals.
- Continuous application of legislative SCM processes in order to promote BEE.
- Integrating service delivery requirements with job opportunities and instilling a sense of responsibility amongst residents (adopt a traffic signal intersection and creating community champions to monitor and protect the JRA infrastructure).
- Creating a sustainable urban drainage system in order to protect the environment from storm damage (tree holes, promotion of water storage, creation of retention ponds)

The JRA continues to face increasing budget constraints with respect to its operational activities. Whilst it recognises that there are improvements to be made in respect of internal efficiencies, capacitating of staff and management of the company, the reality is that the budget requirements to deliver a World Class African City in respect of roads and Stormwater infrastructure will continue to grow. Whilst citizens' requirements for road and Stormwater infrastructure continue to escalate, so does the cost of maintaining the current asset base of the company. Backlogs are getting disproportionate budget allocations and the infrastructure is facing a risk of collapsing in years to come. This is best depicted in the sketch below:



The JRA cannot remain stagnant in this sequence of events and likewise it cannot expect the City to continue to provide the necessary funds. The JRA is implementing a Company Sustainability strategy to leverage revenue / income from alternative sources (other than from the City or City owned companies). The JRA is planning to establish an External Services Department to manage this process. The funding requirements for the provision and maintenance of road and stormwater infrastructure are as much a responsibility of the JRA as they are of the City. Furthermore, the JRA is assessing all of its activities in order to ensure that energy is focused on delivering services in accordance with the SDA.

Inter-governmental initiatives and collaboration with other sectors

Sustainable service delivery will be enhanced through the continuation of strategic co-operative partnerships with all tiers of government and other stakeholders. The Company's efforts are not limited to the intergovernmental initiatives as detailed hereunder but include collaborations with other sectors such as universities, local and international cities, non-governmental organisations and business.

Collaboration with other stakeholders has been established for certain projects and will continue in the 2011/12 financial year. These include, amongst others:

- BRT Project – CoJ Transportation Department;
- Ward-based Safety Initiatives – CoJ Transportation Department;
- Upgrading of Gravel Roads - City's Housing Department;
- EPWP – City of Johannesburg
- Monitoring of Haulage Routes – Gautrain / Bombela Support Initiatives;
- Inner-City Regeneration Programme – CoJ Region F;
- Western Cape Province /Cape Metro (JCC)
- South African National Roads Agency Limited (SANRAL)
- SMME'S Development and Skills Development – BEE & SMME"S;
- Research and Benchmarking Exercises – Best Practices (World Class);
- Continuous Improvement – University Project (University of Johannesburg and Witwatersrand University).
- Development Bank of South Africa (DBSA) – Grant funding
- CEDA – Grant funding
- Korea Embassy (City of Seoul)

Economic

When the world economy slides into some form of recession and slows down, our trade exposure has a negative impact on the currency. The weakness of the currency should inflate our temporary inflation bulge.

The pressures on emerging markets are importantly linked to the global financial crisis and its recession aftermath. But both effects will eventually wear off, global interest rates in the meanwhile are dropping. However, we are aware that the currency pressure won't last indefinitely, even if it is an uncomfortable reality for a while. Our economy is slowing despite a weaker Rand providing some income support. The inflation trajectory is likely to keep eroding real purchasing power while the perceived risk may make consumers delay replacement purchases thus reducing expenditure.

The government may look at reducing the capital infrastructure expenditure; however this may have a negative effect on the economy. This infrastructure expenditure is important in order to improve service delivery and the economy.

The lower than expected Producer Price Index (PPI) may signal the beginning of a stabilising period for interest rates. However, due to the expected increase in the cost of electricity we may start to see interest rates increasing in the second quarter of the 2011/12 financial year. The challenge will be to produce a meaningful budget in the midst of these crises without losing impetus in terms of deliverables, or at least minimizing the cost of any adjustments.

Social

The prevailing financial and economic climate has a negative impact on people's disposable income. Since the start of the financial turmoil, financial institutions have recorded higher numbers of houses and vehicles repossessions. Even though there are some indicators that the economic crisis has 'bottomed out', there is still an underlying concern that the effect of the economic down turn will be felt well into 2012. This debated 'bottoming out' may place individuals in a complacent mindset and create expectations that cannot be realised. This will have a profound bearing on the "better life" of the people. However, with the oil price increase, the pressure has shifted to the currency. The rollout of infrastructure may give some solace to communities in the light of the current financial crisis. So it is important that government continues with the planned infrastructure upgrading. This will not only benefit communities but it will create a "push" effect in terms of economic recovery. Infrastructure is critical to economic growth and the prosperity of people.

Part 7

7. Transformation and empowering employees

7.1. Human Resource Management

To deliver its mandate, the JRA requires engineering and business skills to ensure it operates both as a business and as a construction company. The critical skills are mainly engineering skills. With the current shortage in the world of engineering skills, the JRA has not been spared the challenge. Efforts are constantly being made to attract and retain these skills despite funding constraints. The JRA is being assisted by the Development Bank of South Africa (DBSA) to make use of retired engineers as part of the Government and DBSA project of re-employing retired engineers to mentor and coach young engineers.

In terms of business skills, there is a demand in the market that exceeds the available supply, particularly for Accounting and Auditing skills. The shortage is exacerbated by the legislative imperative that companies have to empower previously disadvantaged individuals. The JRA has been running internships and learnerships in an effort to meet the skills shortage.

In ensuring that the company is able to attract and retain scarce skills, it must implement policies and practices that are attractive for young graduates. Currently, all policies are being reviewed to align to legislation and to adopt best practices from similar companies. The process of updating and aligning all the HR policies to the City's policies was finalised in 2010. The JRA policies were customised as per the REMCO resolution, and forwarded to the Board for approval.

Our Human Resources Management strategy includes the use of staff rotation and multi-skilling to promote retention, and senior managers are continuously being trained as mentors to coach newly appointed managers and to manage succession planning initiatives.

The process of reviewing the HR policies was delayed but is now on track. The new policies are being benchmarked against the City and best practice. A culture of continuous learning is reinforced in all employees through exposing managers to skills improvement programmes and through the provision of a study assistance scheme for distant academic studies. Employee recognition is done annually to encourage other employees to improve and strive for continuous improvement to the benefit of the company overall.

Table 16: Number of staff per function expressed as total positions and current vacancies

Department	Fixed Term Contract	Permanent	Total Perm & FTC	Approved Structure	Vacant
MD's Office	21	7	28	41	**13**
Corporate Services	21	48	69	88	**19**
Finance	24	61	85	90	**5**
Business Implementation	34	1097	1131	1398	**267**
Business Mobility Networks	20	242	262	267	**5**
Business Infra Dev.	19	1	20	23	**3**
Business Planning & Dev	23	5	28	45	**17**
Totals	**162**	**1461**	**1623**	**1952**	**329**

Table 17: Educational Qualifications / Skills Information

Categories	No of employees
Top Management	4
Senior Management	70
Professional and Mid Management	103
Skilled and Junior Management	369
Semi- Skilled	175
Unskilled	902
Non Permanent	50
Total	**1673**

During the period under review, 165 employees left the organisation. The profile of leavers is tabled below:

Table 18: Number of staff who left the employ of JRA 2010/11

Reason	African Male	African Female	White Male	White Female	Coloured Male	Coloured Female
Dismissal	1	1	0	0	0	0
Resignation	15	5	2	1	0	1
Contract Expired	34	21	1	0	1	0
Retirement	46	7	1	0	1	0
Deceased	24	2	1	0	0	0
Totals	**120**	**36**	**5**	**1**	**2**	**1**

7.1.2 Employment Equity

Employment Equity is regarded as a transformation agenda issue and all efforts are made to improve the statistics and programmes to address equity within the company. On the employment side, the challenge remains the inability to attract other races to the JRA team.

The TEEC team is currently preparing to conduct a Workforce and Work Environment Analysis. This analysis will assist the TEEC team to identify barriers in JRA policies, procedures and practices that hinder the achievement of employment equity and enable them to create EE Plan targets and goals. The TEEC is, however, still anticipating executive membership and contribution in meetings. The TEEC recently submitted the JRA response to the Department of Labour Director General Assessment of EE in the JRA. This was an assessment of compliance in terms of the EE Act and the EE reports submitted by the JRA in the period between 2007 and 2009.

We remain committed to working on the challenges faced by the JRA in fulfilling our commitment of 3% people with disability and 30% women in the technical section to comply with employment equity legislation. Our commitment is the employment of women and disabled persons and employment equity training to capacitate PDIs. The JRA is committed to employment of PDIs especially women with disability and to capacitate them. People with disabilities are currently at 0.4% of the staff compliment across the board. We need to increase investment in the upgrade of buildings required in order to accommodate people with disability and also to invest in the retention of the employees who have filled EE positions.

One of the statutory and legal compliance requirements according to the Employment Equity Act 55 of 1988 is that a designate employer must review its Employment Equity Plan at least every five years. The plan was submitted to DoL on 1 October 2009 and workforce movement and terminations were included in the review of the EE Plan for the next 3 years. The bulk of “terminations” were due to deaths and retirement which had to be taken into consideration. There is also new proposed demarcations per region per ward which impacted the plan. The review highlighted that there is lack of diversity in the workforce profile of the JRA.

The Employment Equity Status Quo Analysis of JRA is as follows:

Total employees	**100%**
White Male	4%
White female	2%
Total non HDI	6%
Black male	73.6%
Black female	18%
Coloured female	0.6%
Indian male	0.5%
Indian female	0.3%
Total HDI	**94%**

Status of women

The JRA has made great strides in the advancement of women into higher positions on the structure. The employment of women has been prioritised, particularly in scarce skills areas to improve our equity profile.

As part of the women development programme, JRA is placing emphasis on the training of women in technical courses to create diverse Depot Management capacity. The first programme has seen 20 women doing a Supervision of Construction Projects Learnership. The learnership is of 18 months duration and upon successful completion the women will be placed in the operations of the business.

Table 19: Workforce Profile

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	1	0	0	0	3	0	0	0	0	0	4
Senior management	31	3	0	15	15	0	0	4	2	0	70
Professionally qualified and experienced specialists and mid-management	42	2	4	23	26	1	0	3	2	0	103
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	300	6	0	16	34	4	0	9	0	0	369
Semi-skilled and discretionary decision making	84	0	1	4	67	6	0	13	0	0	175
Unskilled and defined decision making	722	4	1	5	169	0	0	1	0	0	902
TOTAL PERMANENT	1180	15	6	63	314	11	0	30	4	0	1623
Temporary employees	25	0	1	3	20	0	0	0	1	0	50
GRAND TOTAL	**1205**	**15**	**7**	**66**	**334**	**11**	**0**	**30**	**5**	**0**	**1673**

Table 20: Employee Disability by Occupational Level

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	0	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	1	0	0	0	1	0	0	0	0	0	2
Semi-skilled and discretionary decision making	4	0	0	1	0	0	0	0	0	0	5
Unskilled and defined decision making	10	0	0	0	0	0	0	0	0	0	10
TOTAL PERMANENT	15	0	0	1	1	0	0	0	0	0	17
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	**15**	**0**	**0**	**1**	**1**	**0**	**0**	**0**	**0**	**0**	**17**

7.1.3 Human Resource Development and Training

The JRA pays 1% of its salary budget over to the Receiver of Revenue towards the National Skills Development Fund as a monthly levy which, upon meeting the obligation of the Skill Development Act, the JRA is refunded a portion of its 1% contribution. The JRA has for the year 2010\11 spent ± R299 117 on payment of the skills levies. The JRA's training spend in 2010/11 was R2.9m. This represents at least 1% of payroll. The JRA was sponsored for a number training course by the Development Bank of South Africa. 25 employees went on sponsored training at an estimated cost of R100 000 for courses such as Basic Project Management, Labour Intensive Construction for EPWP and National Certificate in Municipal Governance. About three JRA employees are currently enrolled for the Advance National Certificate in Municipal Governance.

The Human Resources Development, on behalf of the JRA, interacted with the Construction Education and Training Authority (CETA) and ensured the appointment of a Skills Development Facilitator. The Work Place Skills and Implementation Report was submitted on 30 June 2011 and an approval letter was received from CETA. Furthermore, Workplace Skills Plan quarterly reports that reflect the training activities of each business unit and divisions will be consolidated and submitted to the Construction Education and Training Authority (CETA).

- The EPWP is one of several government strategies aimed at addressing unemployment. As part of the National Skills Development Programme and National Expanded Public Works Programme, the JRA is continuing to train people and communities to alleviate poverty. One hundred (100) learners completed training on June 16 Trail. About 50 graduate learners participated in the internship programme in order to acquire experience and mentorship. The programme came to an end in April 2011.

- As part of our women development project, we placed 20 women in a Learnership on Supervising Construction Projects. The programme will run until 2011. 18 out of 20 have completed their elective training on CIETS Training (Supervisory in Road Construction). They now have to do practical training internally.
- Three employees are participating in the Municipal Governance Programme (NQF 6), offered by the University Of Johannesburg. This initiative is through our partnership with LGSETA. The programme runs for the whole year.

Table 21: Human Resource Development

Strategic Skills Priority	Education and Training Priority (Training Interventions) Description	Number of	Total
Address Social Issues	Wellness / HIV ?AIDS Awareness	357	403
	Peer Educator Training	36	
	Management of HIV/AIDS in the Workplace	10	
Generic training	Potholes: Technical Guide to Causes, identification & Repair.	25	27
	Masters BEE Class	2	
Develop Information Technology Competencies	JDE Overview (General Ledger, Procurement, Payroll & Billing)	68	68
Develop Technical Skills	Learner Engineers	8	8
Personal Individual Development	ABET	48	48

Improve Efficiency	Degrees	3	3
	Diplomas	2	2
Statutory Training	Employment Equity Training	20	20
Other training opportunities created			
Youth (Skills Development Training) June 16	Various Training	100	120
Youth (Skills Development Training) Roadies	Various Training	20	
GRAND TOTAL		**699**	

7.1.4 Skills Development Initiatives

The JRA Skills Development programme requires that the company develops industry-related skills with a focus on scarce skills training. This requirement is enforced by the monitoring of the JRA WSP submitted to the Construction Education and Training Authority (CETA).

All JRA Business Units participated in the above process, whereby they established their various skills needs and recorded them in their business unit specific WSP. This is then consolidated by HRD for submission to the CETA and has to be submitted on the 30 June each year. This training should benefit all levels of employees and categories as reflected in the JRA's Workplace Skills Plan 2010/11 and 2011/12.

Business Units are required to report on a quarterly basis on all the training they have implemented during the quarter. The following data is reflected as per the CETA prescribed quarterly reports format which shows the employees' occupation, employment category and level, age group, gender, race, disability status, training implemented, service provider, accreditation status, etc. This is to ensure that the JRA accounts for the training of all employees irrespective of the level of employees.

The JRA strives to utilise only accredited training service providers in order to ensure high quality of training that yields appropriate competencies and credits that are portable. The credits acquired through accredited training culminate into nationally recognised qualifications thus improving the qualification levels of employees.

EPWP training is provided to members of communities to gain business and technical skills. These trained contractors can then be appointed to work on JRA Capital Projects. Unemployed youth are given opportunities to undergo an internship programme to acquire work experience.

During the 2010/11 financial years, the JRA spent R2.9m on training. The total salary spend was R299m which, as a percentage of payroll, equals 1% which is an achievement of target. The economic recession in 2010/11 and the number of sponsored training received by the JRA, had a positive impact on the aimed target of 1% of payroll.

7.1.5 Targeted Training and Development Programmes

Induction Programme

Eighty one (81) employees underwent the Induction Programme in 2010/11. Staff Induction activities are aimed at providing new employees with the information they need as well as getting them up to speed on how the JRA works. The Induction Programme is important in that it helps new employees to become productive as quickly as possible. No cost was incurred in the running of this programme as it was conducted by internal staff members.

Performance Management Training

The HR/HRD, in support of the JRA's Performance Management System (PMS), has trained line managers on the recently approved policy. This was in order for them to be able to manage performance of their employees. A total of 215 Managers from different business units were trained. There was no cost implication for this training because it was conducted internally by the Operations Manager: Business Performance, during managers meetings.

Mentorship Programme

The JRA has a challenging mandate to recruit a high number of interns and learners every financial year. It is imperative that these learners are provided with the best experiential training possible. The Coaching and Mentorship programme provides line managers with the skills to mentor, coach and counsel these learners on the job. During the 2010/11 financial year, 30 line managers were trained on Mentorship and Coaching.

Secretarial Development

The Secretarial function is increasingly being entrusted with the responsibilities previously carried by Managers. The secretarial development process aims at equipping secretaries with skills to provide effective support to Senior Managers in all functions within the JRA. The JRA trained 35 secretaries during the 2010/11 financial year.

7.1.6 Developmental interventions implemented by the JRA during period 2010/11.

Management and Leadership Development Programme

The most essential element of success in the JRA is competent and confident leadership. The leadership and management development programme is being created in partnership with one of the higher learning institutes in SA to provide an avenue for the JRA's managers and leaders to improve essential leadership skills during all stages of their career. During the 2010/11 financial year, 25 employees were registered for Practical Project Management with UNISA. The graduation for this programme was held in April 2011.

Bursary Scheme

The JRA has started to recruit potential bursars annually at the beginning of the financial year. Studies begin mid-year. In the last financial year we had only one Bursar who in his second/third year did not perform well. The JRA withdrew the sponsorship as a result of his poor performance and budgetary constraints.

Internships Programme

The JRA's Internships Programme has been marketed to business units. The programme is conducted on a yearly basis. Students desiring to do an internship submit their CVs describing their area of learning and expertise and the Organisational Capacitation unit matches these CVs to relevant workplace upon opportunities. These openings are identified at the request of particular business units. In the financial year 2010/11, the JRA accommodated 50 interns. The cost incurred for hosting these internships amounted to R1 600 000 which is allocated to all business units that host internship candidates.

Learnership Programme

The JRA invited Learnership in the following fields:

- Road Construction
- Pothole patching

- Kerb laying and
- Safety Management

The regulations for Learnerships require 70% of training to take place in the workplace and 30% in the classroom. 1000 learners have been recruited for the abovementioned fields. Both these learnerships will begin in August 2011. Applications for the Environment learnership and Local Economic Development have been submitted to the Local Government Seta and feedback is awaited.

Leadership Programme

The leadership and management development strategy is in the process of being developed taking into consideration the JRA Business and the results of the leadership and management Competency profiling of the JRA. The process involved the profiling of managers to check their skills levels and competency as compared to the newly developed competency profiles for the JRA's Leadership and Management levels. A gap analysis will be performed based on what skills are available compared to what skills are required in the JRA. A report containing the skills gap and development requirements will be published and serve as a guide for what development interventions should be implemented.

The JRA will partner with one of the higher learning institutes in SA to ensure proper Leadership and Management skills are obtained.

Table 22: Training Interventions for 2010/11 Financial Year

TRAINING INTERVENTION	STATUS	REMARKS
20 Women in Construction	18 out of 20 have completed their elective training on CIETS Training (Supervisory in Road Construction). They still have to do internal practical training.	HRD to consult with Capital Development to request placement of these women into mentorship under JRA Project Engineers
First Aid /Fire Fighting	110 First Aiders and 90 fire-fighter were trained	Crystal link conducted the training
King Code III Report on Governance	All JRA top management, Auditors & MD Office staff attended Directors Development course conducted by Institute of Directors SA	This was a King III Report on Governance and New Companies Act ((IODSA))
End User NQF Level 3 for Disabilities	16 Learnerships with disabilities were taken into JRA employment and trained on End-user Computer training as part of JRA Employment Equity process	They were all placed in different JRA Business Units to gain working experience. Only six are left in the programme which ends at the end of June 2011
ABET	100 learners were assessed and placed in Classes for ABET level 1-4	Only 48 learners managed to sit for their exams in June2011. Still awaiting results
Internship	There was an intake of 50 Interns between May 2010	Their contracts expired 30 April 2011
Train the Trainer	10 project managers	
Computer Training for JRA Staff	All depot admin staff and our learners with disabilities	Due to lack of computer training know JRA took efforts to expose most of Depot Admin staff to computers
WSP Workplace Skills Plan	Consultant was approached to assist in compilation of the WSP	2 HRD Officers were involved in the development of the WSP
Wellness Programme/Road Show	Road show and wellness programmes	This was conducted by Wellness Section
Training for Engineers (SARF)	25 Engineers went for SARF training	These are the Engineers from Development Control
Roadies Training (Spectrium)	Customer Care Batho-Pele principles	This was part of the one year

TRAINING INTERVENTION	STATUS	REMARKS
		programme for Roadies
Disaster Management for Managers (Spectrium)	30 Managers were trained by Spectrium on Disaster Management	There was no objective of taking Managers for this training
MD Offices	Sizwe and Raven	Trained by Public Eye
Artisans Training	3 employees enrolled for Artisan training only one employee continued	This is a Service Seta funded programme
Troxler Training for Asphalt	Seven Employees from Lab and Asphalt were given training on how to operate the asphalt machinery	This was capacitation process
Recognition for Prior Learning (RPL) & Learnership	50 people were assessed for 2011/12 financial year through Ceta Award programme	The programme will begin to run properly after July 2011. TOVANI was part of the application to CETA to conduct Assessments
ABET for 2011/12	Through the Ceta Awards 100 learners have been assessed for new Abet classes	The programme will begin to run properly after July 2011. TOVANI was part of the application to CETA to conduct Assessments
Subsidized Education	16 JRA Employees registered with different academic institutions	All registered SubEd employees are required to submit their academic results once they have written their exams. This process needs proper management
Potholes: Technical guide to causes, identification and repair	All JRA Depot Managers and GEM's	This workshop was conducted by SARF
Masters BEE Class	Two staff members from SCM attended the course	This course was conducted by Transverse

7.1.7 Employee Wellness

The JRA, in partnership with the City's Health Department, continues to create awareness and to educate employees about HIV/AIDS through condom distribution, posters and visits as this condition affects us, our families and the community at large. Counselling and support is continuously offered to employees and their families. Thirty six peer educators attended training, 20 managers received training on the management of HIV/AIDS in the workplace and 6 employees volunteered to be trained on HIV/AIDS. Training took place in April 2011.

The majority of our workforce is ageing and some are ill due to old age. Due to continuous absenteeism and physical inability due to chronic illnesses, the Wellness unit is involved in a retirement campaign for those employees who will be 55 years and older to advise them on the benefits of taking early retirement. A workshop for those employees who will be retiring between March 2011 and February 2012 was conducted in April where a motivational speaker, financial advisors and pension fund representatives were invited to address the retirees.

7.2 Employee Benefits and Medical Aid

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

7.2.1 Pension Fund Benefits

The JRA provides pension benefits to its employees through membership of the following accredited funds:

- eJoburg Retirement Fund;
- Municipal Employees Pension Fund;
- Municipal Gratuity Fund;

- Joint Municipal Employees Pension Fund;
- Soweto Pension Fund;
- City of Johannesburg Pension Fund.

The number and name of pension and medical aid funds including an assessment of future risks or liabilities is reflected below:

Table 23: **Pension and Medical Aid Funds**

Pension Funds	
Name of Fund	**Number of Employees**
E-Joburg Retirement Fund	796
Sandton Provident Fund	1
Municipal Employees Gratuity Fund	205
National Fund for Municipal workers	2
Meshawu National Local Authorities Retirement Fund	15
City of Johannesburg Pension Fund	429
Soweto City Council Pension Fund	75
Joint Municipal Pension Fund	0

Medical Aid	
Name of Medical Aid	**Number of Employees**
Bonitas Medical Aid	206
Samwumed Medical Aid	142
Hosmed Medical Aid	54
LA Health Medical Aid	67
Key Health	73

Other Benefits

There are other benefits which the company provides to its employees. These are:

Cell phone allowances (paid based on the functions performed). Range is from R440 to R805. Team leaders qualify for an amount of R183.00.

- Loco allowance (paid based on the function). This is for employees who use their cars for company purposes. The value ranges from R2000.00 to R15 000.00 and forms part of the remuneration packages.
- Medical Aid. For package staff. This forms part of their package.
- Medical Aid. – For Salaried staff. The company contributes 60% towards this benefit.
- Housing Allowance. Salaried staff qualifies for this benefit providing that the bond is registered in their name. The value is R648.57.

Bonus Payment and Performance Management:

- 13^{th} Cheque. This is paid to salaried employees in November of each year.
- Performance bonus. This is paid to package staff based on their performances.
- Additional Performance. This is paid to employees if and when they perform additional duties over and above their normal duties.

Part 8

8. Business Performance and Enterprise Risk Management

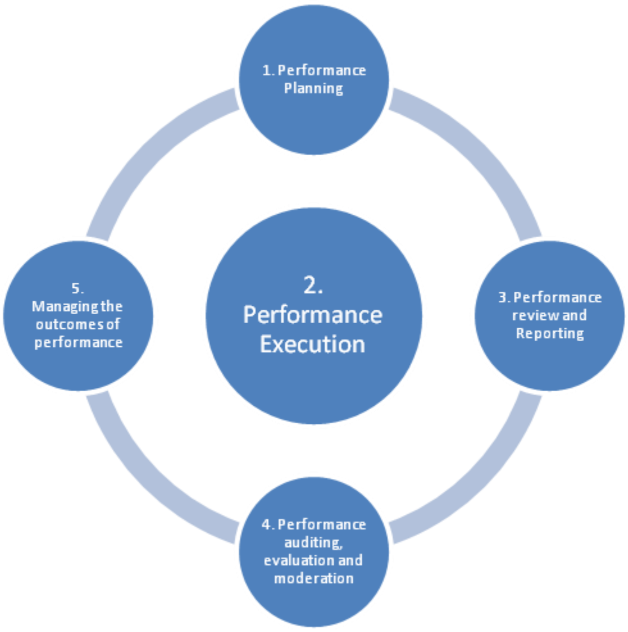
8.1. Performance Management

The JRA subscribes to the principles of high performance. It has accordingly incorporated a performance management system that rewards good performance while implementing poor performance management processes for below average performers. All supervisory and management levels (levels 1-5) in the company are placed on individual performance management. Performance for the remaining levels is managed collectively as a team.

Performance management and quality assurance were the main focus for the year under review although numerous initiatives were undertaken. The following are aimed at improvement:

- **Appointment of support team from CoJ:** A Performance management champion has been identified and engaged to support the reorganisation of the whole performance process including alignment with the CoJ's performance management system.
- **Implementation of the pilot PMS framework:** The CoJ has initiated a pilot study in which the Transportation Sector was identified as the "subject" with JRA as the one of the Municipal Owned Entities (MOE) within the cluster. The aim is the alignment and synchronisation of CoJ strategic goals with JRA's performance objectives.
- **Development and alignment of the MD's scorecard to CoJ's objectives:** The scorecard for the MD is aligned to the company scorecard including both strategic and operational objectives to ensure overall organisational success.
- **Development of scorecard for GEM's:** Alignment of all scorecards ensures that organisational goals are carried through from senior management to supervisor level and ultimately to workers on the shop floor.

The Performance Management System (PMS) policy is guided by a performance management cycle. These are used as guidelines for both organisational and individual performance levels. The process consists of 5 components, namely:



- **Performance Planning:** This is about jointly identifying institutional (group/sector/department/municipal entity) as well as individual performance expectations and gaining employees' commitment to achieving these expectations.

- **Performance Execution (Including Monitoring and Coaching):** This happens throughout the performance management cycle. This is about jointly and individually implementing the performance plans (scorecards) that have been agreed to during the performance planning phase. Performance monitoring and coaching is aimed at documenting progress against planned performance and it allows for continuous tracking of performance and performance improvement through feedback as well as reinforcement of key results and development of competencies where applicable.

- **Performance Reviews and Reporting:** Performance reviews take place at formal sessions at periodic intervals during the performance cycle. These are aimed at assessing the level of performance against scorecards and submission of reports in this regard.

- **Performance Auditing, Evaluation and Moderation:** This phase involves the auditing of the performance management system and outcomes of citywide and sector performance. Accordingly, individual performance is evaluated and recommendations moderated.

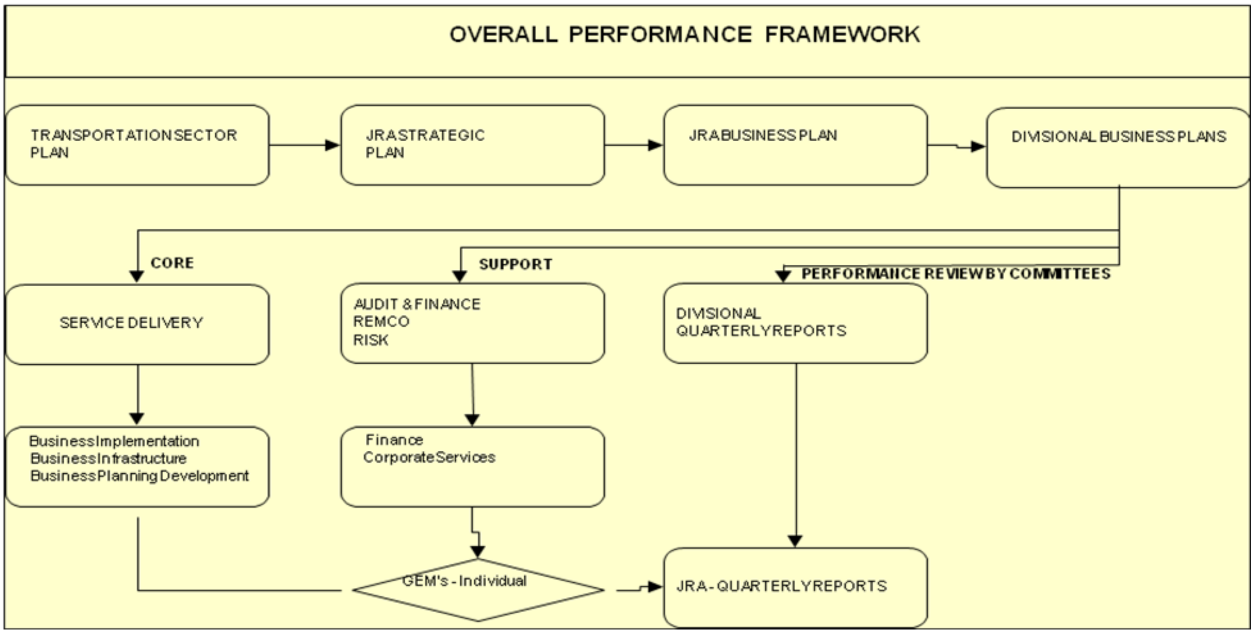
- **Managing the Outcomes of the Performance Management Process:** This phase involves the awarding of performance rewards in line with the reward framework for the City as well as the management of unsatisfactory or poor performance in line with legislative requirements and good practice.

The PMS framework is aimed at achieving the following:

- Ensuring a results focus that permeates strategies, processes, organisational culture, and decisions.
- Ensuring that information, measures, goals, priorities, and activities are relevant.
- Information collected should be easy to access, use, and understand.
- Goals, programs, activities, and resources should be aligned around priorities and desired results.
- Decisions and processes should be driven by timely, meaningful, and accurate data.
- Performance practices should be sustainable over time, and agnostic of political leaders.
- The performance management framework should transform the organisation, its management, and its policy and decision-making processes from a focus on process and inputs to a focus on organisation-wide results.

Performance reviews

Although monthly performance reports are part of the review process, monitoring and coaching are routine. The Performance Management System (PMS) requires that all employees undergo two appraisals session per year, every six months and twelve months. In addition, individual performance review findings are linked to individual development plans and supported by skills development initiatives. The individual performance reports form the basis of quarterly reports submitted to the Shareholder-CoJ. The diagram below illustrates the current framework in terms of performance management:



Incentives and Motivation

The company has introduced a number of incentives to improve productivity and the management of overall performance, this includes:

- Performance based remuneration policy with high performers rewarded more.
- High Performance Recognition Awards for Employees
- Quality and Performance Awards for Contractors

Poor Performance Management

In terms of poor performance, the policy has guidelines on how to deal with non-performance. In addition, the company has established a performance management panel to deal with all issues that may affect individual and team performances. The establishment of a performance and quality assurance tribunal is aimed at overseeing both internal and external performance and can recommend penalties or sanctions to the Managing Director. These are all aimed at improving company performance and, in turn, service delivery.

8.2 Enterprise Risk Management

Risk Management Policy

The JRA risk framework and management policy has been aligned to the COJ framework and other best practices methodologies.

Strategy and process

Risk Services embarked on a mid-term strategic risk review wherein identified risks were assessed and evaluated so as to update the risk register. This ensures that the risk register remains relevant to the current business environment. The review focused on evaluating the already identified risks, revising the ratings of the risks and their current controls. This process will ensure that risks identified are monitored continuously through the year, not only at year end. Having completed the organisation-wide risk assessment (a key step in the overall risk management process), management now needs to focus on ensuring it understands the risk universe within which it operates. It is imperative to note that risks that are not properly managed have the potential to deter the department from achieving its objectives and may result in the City of Johannesburg failing in achieving the broader objectives highlighted in the Integrated Development Plan. Management is therefore expected to monitor and review the risk continuously and report to Risk Services on a quarterly basis.

Monitoring and Reporting

The quarterly reporting of risks indicates the movement of residual risks and the implementation of the action plans as well as timelines. The report seeks to advise management on the outcome of the strategic risk review and to highlight the critical risks facing the Johannesburg Roads Agency.

8.3. Risks Surrounding the Organisation

Strategic Risk Profile

The sixteen (16) strategic risks contained in the company's risk profile recorded some movement of residual risks as a result of interventions implemented. However, the company has noted with concern the possible negative impact from the following critical risks:

1. Stormwater Management and Flooding

Incidents of flooding have been regularly reported since 2008 in Orange Farm, Meadowlands, Braam Fischerville, Orlando West, Ivory Park, etc. There has recently been a slight increase in budget allocation for stormwater upgrades but this is inadequate to address the challenges and backlogs. Approximately R30 million over the past 3 years has been spent on repairs of damages resulting from flooding. This spend is unfunded, hence the establishment of a disaster fund.

Mitigation: The JRA formally communicated the impact of the flooding on the operational activities of the JRA to the City. The report also informed the City what action plans the JRA had put in place to address flooding. This included a synopsis of all flooding experienced since December 2010, the remedial measures taken as well as the long term solutions. The report further requested additional funding (R43.32 million) from the CoJ to address the flooding, over and above current budget provisions to address same through the Storm Water Management programme. The final budget allocation for the 2010/11 did not make adequate provision for the company to make any significant inroads in addressing stormwater issues and flooding. The risk therefore is only somewhat mitigated through the Storm Water Management programme.

Strategic Approach: Planning and funding are the key drivers to mitigate against disasters related to stormwater damage. An effective and well engineered infrastructure would be better placed to address short term flooding should such infrastructure be designed and constructed to address the ever increasing storm water demand caused by the rapidly developing commercial and residential property developments. Planning is being addressed by key intervention programmes but funding to support and sustain storm water management programmes remains a challenge.

The JRA's 2011/12 Business Plan submitted for approval includes a plan to address six focus areas, one of which is storm water management and flooding. The six focus areas are:

- Road Rehabilitation programme
- Storm Water programme
- Traffic Signal programme
- Footways and kerbs programme
- Gravel Road stabilization programme
- Communication programme.

Although not specifically addressing stormwater challenges, the programme does focus on getting the basics right and using winter periods to clear blocked storm water drains. Further Storm Water Master planning is required and budget has been allocated in the 2011/12 Business Plan for this purpose.

The JRA is being proactive in addressing budget shortfalls by increasing the focus on funding from external sources which include, inter alia, revenue/income derived from:

- Revenue: Outdoor advertising
- Income: Gautrans Traffic Management, Project management fees, rental
- Grants: Gauteng Provincial Government, EPWP projects, National Treasury, KFC, ESKOM

Further to income derived from the above, the JRA proposes utilising the use of Bulk Services Contributions (Developers Contributions) on projects where there is a causal link to the area. The Bulk Services Contributions is indicated as being R1,982,472.00 which is funded from Bulk Services Contributions (as a direct causal link) to the areas as indicated. These are:

Area	Required	Available (Bulk Services Contributions)	Shortfall
Fontainebleau: Gertrude Street	R2,500,000.00	R 64,000.00	R 2,436,000.00
Chartwell: Seven Oaks Street	R1,200,000.00	R7, 472.00	R1,192,528.00
Farmall: First Road	R1,200,000.00	R 132 ,000.00	R 1,068,000.00
Fourways: Granite Street	R 900,000.00	R2, 730,438.00	Costs covered entirely from
Kliptown Low Level Bridge	R 20,000,000.00	R879, 000.00	R 19,121,000.00

Further initiatives include

- informing stakeholders of the CoJ of the status of the action plans put in place to address flooding and the resultant damages following the December 2010 and January 2011 floods;
- Request additional funding as a result of this national disaster.
- Funding from DBSA as part of the JRA's Job Fund Applications submitted for funding (Storm Water Management programme) – R 100 million over 3 years

Risk progress: The mitigating actions and plans do not address this risk totally and therefore the risk remains as a residual Risk to the JRA

2. Insufficient funding for the JRA by CoJ

The increase in the reported number of potholes somewhat highlights the insufficient funding for maintenance. The level of funding required to sustain the good condition of our roads is significantly more than budget. In terms of the VCI report commissioned, the JRA requires in excess of R281m per year for maintenance of roads. This amount is increasing exponentially due rapid road deterioration.

Mitigation: The JRA formally communicated the budget deficit to the CoJ. In order for the JRA to affect efficient service delivery in terms of the SDA to the Budget Office, the proposed budget needs to be made available. This communiqué indicated the shortfall in the budget requirements as follows*:*

Summary of Budget Requirements:

The pressure is threefold. Firstly, the growing backlogs of infrastructure requirements; secondly, the demand for and growth of new infrastructure; and thirdly, maintenance of the existing infrastructure.

The CAPEX requirements of the JRA are as follows:

• Road Reconstruction:	R104 million per year (5 years)
• Road Construction and upgrades (Roads Hierarchy) :	R174 million
• Upgrade of Storm water networks and Storm water	R900 million
• Storm Water Improvement projects based on Level 3,4,5	R154 million
• Gravel Road Surfacing (prioritized areas):-	R1.536 million
• Gravel Road Surfacing (other areas):-	R1.032 million
• Construct pedestrian bridges (12 of):-	R84 million
• Rehabilitation of Bridges	R70 million
• Installation of traffic Signals at warranted intersections:-	R150 million
• Geometric Upgrades / intersection improvements:-	R20 million
• Upgrade major arterials with thermoplastic road marking	R23 million

The 2011/12 Business Plan indicates clearly the JRA's inability to delivery on its service delivery mandate due to inadequate funding. The budget required for operational activities and to address the growing back logs is addressed in the Business Plan. The strategy of the JRA is clearly defined in the 6 focus areas for 2011/12.

Special emphasis was placed on **Road Reconstruction** (R104 Million per year). The roads infrastructure is deteriorating as a result of insufficient preventative interventions over the past few years. A large number of roads have reached a stage of deterioration where they can no longer be maintained by maintenance activity and are now required to be reconstructed. These interventions are required in order to improve the Visual Condition Index (VCI) to 72%.

The implementation of **Storm Water improvements** (outcomes of Storm Water Master Planning) was also emphasised. The budget allocation is inadequate to address the ever increasing stormwater challenges. A total budget provision of R1.054 billion is required in order to implement stormwater projects to alleviate flooding in priority areas. Whilst Storm Water Master Planning continues across the City, the ongoing planning will continue to place strain on the budget to address storm water deficiencies in other Wards.

The report also indicated the shortfall to address the surfacing of gravel roads. A total of approximately 633km of gravel roads remain unsurfaced across the City. Collectively, the budget requirement to address this backlog (both in priority and other areas) is R 2.568 Billion.

The JRA requested the City to increase the OPEX budget as follows:

The OPEX requirements of the JRA are as follows:-

- Road Maintenance R149 million per year
- Road resurfacing R196 million per year
- Storm water maintenance activities R900 million
- Upgrade road markings R80 million
- Installation of Road Traffic Signs to meet SARTSM R25 million
- Traffic Signal upgrade to SARTSM R24 million
- Installation of LED Traffic Signal Heads R30 million
- Gravel Road maintenance and stabilisation R500 million
- Geometric Upgrades / intersection improvements R20 million

The JRA requires R149 million per year to address the degeneration of the roads infrastructure. Preventative interventions (fog spray, crack seal, patching, slurry seal and resurfacing) are required during the lifecycle of the road surface in order to ensure it remains effective for its design life. These preventative activities, together with the road reconstruction activities, are required in order to improve the current VCI of the road infrastructure. Current budget provisions are insufficient to hold over the roads which are deteriorating due to lack of maintenance.

- In order to augment current budget allocations (2011/12), the JRA has applied to the DBSA Jobs Fund programme for additional funding for existing programmes. The applications logged fell into 2 categories of the Jobs Fund as summarised below in accordance with the application criteria:

DBSA Category	Programme	Period	Additional Funding requested
Work Seekers	Graduate Engineers Development Programme (GEDP)	3 years	R 650 000 pa (R2.520 million over 3 years)
	Registration of Engineers: Individual Development Programme	3 years	R 800 000 pa (R2 400 000 for 3 year period)
Infrastructure	Accelerated Service Delivery Infrastructure Development programme	3 year	R70 million pa (R210 million over 3 years)
	Stormwater Management programme	3 years	R34 000000 pa (R100 000 000 over 3 year period)
	Bridges Upgrading program	3 years	R24 000000 pa (R72 000 000 over 3 year period)
	Upgrading of Road Markings and Road Traffic Signs including Street Names		R40 000 000 pa (R120 000 000 over 3 year period)
Total			**R 169.450 million per annum**

- Over and above the request for additional funding, the JRA is placing monitoring performance of staff and contractors to ensure that allocated budget is spent wisely and prudently. Quality Assurance assessments have been carried out on various projects in order to assess the quality of work delivered by contractors. The emphasis on performance and quality will be increased with the appointment of additional external capacity.

Risk progress: The mitigating actions and plans do not address this risk and therefore the risk remains as a residual Risk to the JRA

3. Inability to meet service delivery agreement with CoJ from non-operational service level agreements with other MOE's

The unenforceable service level agreements with other MOE's such as Johannesburg City Parks (Grass Cutting), JPC (Outdoor Advertising) and departments (Housing) are impacting negatively on JRA service delivery which may result in failure to deliver on company objectives.

Mitigation: The CoJ is currently in the process of reviewing the SDA with the City. The main agreement is in final draft form 'services' component is currently under review. Grey (or disputed areas) are due to be work-shopped internally before engaging with the City or other MOE's in this regard. A resource has been assigned to ensure that all outstanding SLA's are addressed and finalised. A status report will be tabled during the next quarter noting progress made on each SLA.

Risk progress: The mitigating actions and plans do not address this risk and therefore the risk remains outstanding and unresolved. Taken in context, this risk should not be a residual risk as it is in management's control to mitigate the risk.

4. Inadequate compliance with legislations, policies and relevant regulations governing the company

Total compliance with laws governing the company has been highlighted as a challenge. Much needs to be done on Employment Equity and some sections of the MFMA (reported by the Compliance Manager).

Mitigation: The following is to be implemented:

- A schedule of all the regulations that JRA needs to comply with is to be compiled.
- Compliance with these regulations is to be monitored by the Compliance unit.
- Compliance reports to be included in future risk reports.
- All policies and procedures are to be reviewed and updated in order to ensure that they comply with relevant regulations and legislation (where applicable). This process is an integral part of the Process Reengineering project

5. Skills not efficiently deployed to carry out JRA's objectives

The loss of critical staff at depot level due natural attrition requires an aggressive intervention to stop the erosion of skills. Some re-skilling initiatives have been implemented at depot level and a retention strategy has been implemented which focuses on senior level and capacity building of critical skills to ensure continuity and sustainability.

Mitigation: The JRA has put the following plans in place to address the skills gap and to reduce the risk of further staff attrition:

- Continued use of retired Engineers through SAICE
- Appointment of specialist Engineering skills through the provision of short term contracts
- Implementation of the skills retention strategy including accelerating the Registration of Engineers programme
- Application from DBSA Jobs Fund for the development of 7 x Engineers (refer item 2 above)
- Improved working environment
- Staff training on JDE Contract Management has been implemented.

Part 9

9. Financial Statements

The 2010/11 Audited Financial Statements are enclosed hereto.

a world class African city

Johannesburg Roads Agency SOC Limited
(Registration number 2000/028993/07)
Annual Financial Statements
for the year ended June 30, 2011

Index

The reports and statements set out below comprise the annual financial statements presented to the shareholder:

Directors' responsibilities and approval

The members are required by the Municipal Finance Management Act, Act 56 of 2003 and Companies Act 71 of 2008 of South Africa, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the members to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The members acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the members set standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The members are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The entity is wholly dependent on the City of Johannesburg Metropolitan Municipality for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and the City of Johannesburg Metropolitan Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

Although the members are primarily responsible for the financial affairs of the entity, they are supported by the entity's external auditors.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on page 8.

The annual financial statements set out on pages 9 to 51, which have been prepared on the going concern basis, were approved by the board of directors on 29 November 2011 and were signed on its behalf by:

GD Maseko (Managing Director)

KC Shubane (Chairperson)

Johannesburg

Audit Committee Report

The Audit Committee is an independent statutory committee appointed by the shareholder of the Company. Duties are delegated to the Audit Committee by the Board of Directors. The report of the Audit Committee is presented as per the requirement of the King III Report on Corporate Governance, section 94(7)(f) the Companies Act, 2008 and the Municipal Finance Management Act, 2003.

1. AUDIT COMMITTEE TERMS OF REFERENCE

The Committee has adopted Terms of Reference which have been approved by the Board of Directors. The Committee has conducted its affairs in compliance with its Terms of Reference and has discharged its responsibilities contained therein

2. AUDIT COMMITTEE MEMBERS, MEETING ATTENDANCE AND ASSESSMENT

The Audit Committee consists of 3 non-executive directors and 3 independent members, listed in the schedule below.

The following meetings were held during the year under review:

Name of Member	Date of appointment / retirement	DATES OF MEETINGS HELD							
		3 Aug 2010	19 Aug 2010	1 Sep 2010	2 Nov 2010	25 Nov 2010	8 Feb 2011	8 Apr 2011	14 June 2011
Mr L Brenner **Chairman**	27 March 2009	Present	Present	Present	Present	Present	Present	Present	Present
Ms K Mthimunye **Director**	27 March 2009	Present	Present	Present	Present	Absent	Present	Present	Absent
Mr M Maimane **Director**	27 March 2009	Present	Present	Present	Present	Absent	Present	Present	Present
Mr E Tait **Independent Member**	27 March 2009	Present	Present	Present	Present	Present	Present	Present	Present
Mr D P v d Nest **Independent Member**	27 March 2009	Present	Absent	Absent	Present	Absent	Present	Absent	Absent
Ms C Mbili **Independent Member**	17 March 2011 – retired	Present	Present	Absent	Absent	Absent	Present	Retired	Retired
Ms T Molala **Independent Member**	17 March 2011 – appointed	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Present

3. ROLES AND RESPONSIBILITIES

The Audit Committee executed its duties and responsibilities in terms of the requirements of King III, section 270(A) the Companies Act, 2008 and the Municipal Finance Management Act, 2003.

3.1 External Auditor Appointment and Independence

The Audit Committee has satisfied itself that the external auditor was independent of the company, as set out in section 94(8) of the Companies Act, 2008. The Committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and budgeted audit fees for the year under review.

3.2 Summary of the main activities undertaken by the Audit Committee during the year

a) External audit
- Received and reviewed reports from external auditors concerning the effectiveness of the company's internal control environment, systems and processes and
- Made appropriate recommendations to the Board regarding the corrective actions to be taken as a consequence of the audit findings.

b) Internal audit
- Considered the effectiveness of the Internal Audit, which included approving the one-year operational internal audit plans and monitored Internal Audit's adherence to its annual programme and the and approved the Internal Audit Charter;
- The Head: Internal Auditor reports findings of the internal audit work to the Committee on a quarterly basis and has direct access to the Audit Committee.
- The Audit Committee is also responsible for the assessment of the performance of the Head: Internal Audit and the internal audit function and have met with the Head: Internal Audit during the year without management being present.
- Received and reviewed reports from the internal auditors concerning the effectiveness of the Company's internal control environment, systems and processes;
- Reviewed the adequacy and appropriateness of management's corrective action plan as a consequence of audit findings;
- Considered all material forensic reports and established where appropriate corrective action was taken by management and;
- Made appropriate recommendations to the Board regarding the corrective actions to be taken as a consequence of the audit findings
-

c) General
- Reviewed the accounting practices adopted by the Company;
- Reviewed the accounting policies adopted by the Company and all proposed changes in accounting policies and practices and recommended any changes considered appropriate in terms of GRAP to the Board for approval;
- Reviewed and recommended disclosed financial information for adoption by the Board
- Considered the programmes introduced to improve the overall ethics of the Company and reviewed reports from management and the internal auditors relating to material issues;
- Monitored ethical conduct by the Company, its Executives and senior management;
- Monitored the Company's compliance with all applicable legislation and regulations, including without limitation, the Companies Act, the MFMA, and Treasury Regulations and
- Reported on items of unauthorised and fruitless and wasteful and irregular expenditure in terms of the MFMA as envisaged in section 102 of the Municipal Finance Management Act, 2003.

3.3 Internal Financial Controls

The Audit Committee has overseen a process by which Internal Audit performed a written assessment of the effectiveness of the company's system of internal control and risk management, including internal financial controls.

3.4 Whistle Blowing

The Audit Committee receives and deals with any concern or complaints, whether from within or outside the company, relating to the accounting practices and internal audit of the company, the content or auditing of the company's financial statements, the internal financial controls of the company and related matters. A fraud hotline has been established and is being used.

3.5 Risk Governance

The Board has assigned oversight of the company's risk management function to the Risk Committee. The Audit Committee fulfils an oversight role regarding financial reporting risks, internal financial controls and fraud risk and information technology risks and performance implementation as it relates to financial reporting.

The Committee considered and approved the Audit Plan for the year under review.

3.6 Evaluation of the Expertise and Experience of the GEM: Finance and Finance Function

The financial director resigned in the course of the financial year. A new GEM Finance has been appointed and will be commencing his duties soon.
The Committee has identified shortcomings and resolved that capacitation and restructuring of the finance function should be embarked upon and completed as a matter of urgency.

The Committee also considered the Annual Report for the year under review and recommended approval thereof to the Board of Directors.
The Audit Committee is satisfied that it complied with its legal, statutory and delegated responsibilities.

pp (Mpho Maimane)

L Brenner
Chairman of the Audit Committee
Johannesburg Roads Agency SOC Limited

Date:- 06-12-2011

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE AND COUNCIL OF THE CITY OF JOHANNESBURG METROPOLITAN MUNICIPALITY ON JOHANNESBURG ROADS AGENCY SOC LIMITED

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Johannesburg Roads Agency SOC Limited, which comprise the statement of financial position as at 30 June 2011, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory information, and the accounting officer's report, as set out on pages ... to ....

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act, 2003 (Act No.56 of 2003) (MFMA), the Companies Act of South Africa, 2008 (Act No. 71 of 2008 effective on 1 May 2011)(Companies Act) and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), section 126(3) of the MFMA my responsibility is to express an opinion on these financial statements based on my audit.

4. I conducted my audit in accordance with International Standards on Auditing and *General Notice 1111 of 2010* issued in *Government Gazette 33872 of 15 December 2010*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal

Auditor's report

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE AND COUNCIL OF THE CITY OF JOHANNESBURG METROPOLITAN MUNICIPALITY ON JOHANNESBURG ROADS AGENCY SOC LIMITED

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control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Opinion

6. In my opinion the financial statements present fairly, in all material respects, the financial position of the Johannesburg Roads Agency SOC Ltd as at 30 June 2011 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and Companies Act.

Emphasis of matter

7. I draw attention to the matters below. My opinion is not modified in respect of these matters:

Restatement of corresponding figures

8. As disclosed in note 29 to the financial statements, the corresponding figures for 30 June 2010 have been restated as a result of an error discovered by management during 2010-11 financial year in the financial statements of the Johannesburg Roads Agency SOC Ltd at, and for the year ended 30 June 2010.

Unauthorised expenditure

9. The municipal entity incurred unauthorised expenditure of R31 893 609 as a result of exceeding the total amount of the adjustment budget as disclosed in note 32.

Irregular expenditure

10. As disclosed in note 34 to the financial statements, irregular expenditure to the amount of R23 317 186 was incurred as a result of non-compliance with the MFMA and supply chain management (SCM) regulations.

Additional matter

11. I draw attention to the matter below. My opinion is not modified in respect of this matter:

Unaudited supplementary schedules

12. The supplementary information set out on pages XX to XX does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

13. In accordance with the PAA and in terms of *General Notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010,* I include below my findings on the annual performance report as set out on pages ... to ... and material non-compliance with laws and regulations applicable to the Johannesburg Roads Agency (SOC) Ltd.

Predetermined objectives

14. There were no material findings on the annual performance report

Compliance with laws and regulations

Expenditure management

15. In certain instances, the accounting officer did not take effective and appropriate steps to prevent irregular, fruitless and wasteful and unauthorised expenditure, as required by section 95(d) of the MFMA.

Procurement and contract management

16. Goods and services with a transaction value of between R10 000 and R200 000 were procured without obtaining written price quotations from at least three different prospective providers, as per the requirement of SCM regulations 17(a) and (c)

17. Awards were made to suppliers whoe did not submit a declaration on their employment by the state or their relationship to a person employed by the state as per the requirements of Municipal SCM regulation 13(c)

18. Prospective suppliers were not invited to apply for evaluation and listing at least once a year, through local representative newspapers or by any other appropriate means as required by SCM regulation 14(1)(a)(ii).

Annual financial statements

19. 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 capital assets and disclosure items identified by the auditors were subsequently corrected resulting in the financial statements receiving an unqualified audit opinion.

INTERNAL CONTROL

20. In accordance with the PAA and in terms of *General Notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010,* I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the basis for qualified opinion, the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

21. The accounting officer did not exercise oversight responsibility regarding financial reporting and compliance with applicable laws and regulations.

Financial and performance management

23. Management did not monitor compliance with applicable laws and regulations such as MFMA and SCM regulations

OTHER REPORTS

Investigations

24. Investigations are in progress regarding the alleged breach of supply chain management processes.

Johannesburg

30 November 2011

Directors' report

The members submit their report for the year ended June 30, 2011.

1. INCORPORATION

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

2. REVIEW OF ACTIVITIES

Main business and operations

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

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

Net deficit of the entity was R 36,231,268 (2010: deficit R 96,972,382), the entity relies on the City of Johannesburg Metropolitan Municipality for funding for its continued existence.

3. GOING CONCERN

We draw attention to the fact that at June 30, 2011, the entity had accumulated defict of R (45,185,625) however the entity's total assets exceed its liabilities by R 7,043,481.

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

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

4. SUBSEQUENT EVENTS

The members are not aware of any matter or circumstance arising since the end of the financial year.

5. MEMBERS' INTEREST IN CONTRACTS

The directors do not have any interests in the contracts of the entity.

6. ACCOUNTING POLICIES

The annual financial statements prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (GAAP), including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

7. SHARE CAPITAL

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

8. MEMBERS

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

Name
KC Shubane (Chairperson)
F Crowley (resigned May 2011)
GD Maseko (Managing Director)

L Brenner
X Hloma
SM Maimane
FI Matabane
K Mthimunye
WRR Nyabeze
MJ Simelane
L Kugel (appointed 22 March 2011)
D Block (retired 22 March 2011)

9. SECRETARY

Ilze-Marie de Wet resigned as secretary of the entity on Tuesday, November 30, 2010.

Raven

Shabe acted as secretay as from 01 December 2010 to 12 June 2011.

The secretary of the entity is Thembi Precious Bokako (appointed 13 June 2011) of:

Business address	66 Sauer Street Johannesburg 2001
Postal address	Private Bag X70 Johannesburg 2017

10. CONTROLLING ENTITY

The entity's controlling entity is the City of Johannesburg Metropolitan Municipality incorporated in South Africa.

11. SPECIAL RESOLUTIONS

There were no special resolutions during the year.

12. BANKERS

The bankers are ABSA Bank Limited.

13. AUDITORS

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

14. MEETINGS

Eight (8) board meetings and seven (8) audit committee meetings were held throughout the period 1 July 2010 to 30 June 2011.

Company secretary's certification

Declaration by the company secretary in respect of Section 88(2)(e) of the Companies Act

In terms of section 268G(d) of the Companies Act, Act 61 of 1973 (as amended), section 88(2)(e) of the Companies Act 71 of 2008 and the Municipal Finance Management Act, Act 56 of 2003, I certify that, to the best of my knowledge and belief, the company has lodged for the year ended 30 June 2011, with the Commissioner all such returns as are required and that all such returns are true, correct and up to date.

TPBN

Thembi Precious Bokako
Company Secretary

Johannesburg
Wednesday, August 31, 2011

Statement of financial position

Figures in Rand	Note(s)	2011	2010
ASSETS			
Current Assets			
Inventories	3	17,896,299	25,017,167
Trade and other receivables from exchange transactions	5	404,474,291	336,929,861
Cash and cash equivalents	7	10,000	2,674
		422,380,590	**361,949,702**
Non-Current Assets			
Property, plant and equipment	8	90,518,434	98,674,838
Intangible assets	9	5,589,893	7,204,483
Retirement benefit asset	6	77,462,727	74,406,736
		173,571,054	**180,286,057**
Total Assets		**595,951,644**	**542,235,759**
LIABILITIES			
Current Liabilities			
Loans from shareholder	4	132,172,579	35,425,224
Finance lease obligation	11	184,732	981,099
Trade and other payables from exchange transactions	12	397,802,104	399,904,611
Provisions	13	842,748	842,748
		531,002,163	**437,153,682**
Non-Current Liabilities			
Finance lease obligation	11	-	355,819
Retirement benefit obligation	6	57,906,000	64,622,000
		57,906,000	**64,977,819**
Total Liabilities		**588,908,163**	**502,131,501**
Net Assets		**7,043,481**	**40,104,258**
NET ASSETS			
Share capital	14	1,000	1,000
Reserves			
Contribution from owner		52,228,106	49,057,615
Accumulated deficit		(45,185,625)	(8,954,357)
Total Net Assets		**7,043,481**	**40,104,258**

Statement of financial performance

Figures in Rand	Note(s)	2011	2010
Revenue	15	516,479,404	474,847,042
Cost of road maintenance	16	(385,627,102)	(389,674,564)
Gross surplus		**130,852,302**	**85,172,478**
Other income	17	16,984,516	9,092,614
Operating expenses		(179,833,313)	(190,321,103)
Operating deficit	18	**(31,996,495)**	**(96,056,011)**
Investment income	20	4,630,478	4,844,716
Finance costs	21	(8,865,251)	(5,761,087)
Deficit for the year		**(36,231,268)**	**(96,972,382)**

Statement of changes in net assets

Figures in Rand	Note(s)	Share Capital	Share premium	Accumulated deficit	Net assets
Opening balance as previously reported		1,000	39,064,180	87,891,886	126,957,066
Adjustments					
Prior year adjustments	28	-	-	126,139	126,139
Balance at July 01, 2009 as restated		**1,000**	**39,064,180**	**88,018,025**	**127,083,205**
Changes in net assets					
Deficit for the year		-	-	(96,972,382)	(96,972,382)
Assets financed through COJ		-	9,993,435	-	9,993,435
Total changes		-	9,993,435	(96,972,382)	(86,978,947)
Opening balance as previously reported		1,000	49,057,615	(10,535,082)	38,523,533
Adjustments					
Prior year adjustments	28	-	-	1,580,725	1,580,725
Balance at July 01, 2010 as restated		**1,000**	**49,057,615**	**(8,954,357)**	**40,104,258**
Changes in net assets					
Deficit for the year		-	-	(36,231,268)	(36,231,268)
Assets financed through COJ		-	3,170,491	-	3,170,491
Total changes		-	3,170,491	(36,231,268)	(33,060,777)
Balance at June 30, 2011		**1,000**	**52,228,106**	**(45,185,625)**	**7,043,481**

Cash flow statement

Figures in Rand	Note(s)	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Subsidies		469,964,291	602,842,395
Interest income		4,630,478	4,844,716
Decrease in loan to shareholder (with regard to retirement funding)		-	456,999
		474,594,769	608,144,110
Payments			
Suppliers and employees		(560,929,276)	(623,847,637)
Finance costs		(6,360,868)	(4,537,316)
		(567,290,144)	(628,384,953)
Net cash outflows from operating activities	23	**(92,695,375)**	**(20,240,843)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	8	(2,789,191)	(10,910,386)
Proceeds from sale of property, plant and equipment	8	-	2,147,523
Net cash outflows from investing activities		**(2,789,191)**	**(8,762,863)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from shareholder loan		96,747,355	30,373,272
Finance lease payments		(1,255,463)	(1,374,068)
Net cash inflows from financing activities		**95,491,892**	**28,999,204**
Net (decrease)/increase in cash and cash equivalents		**7,326**	**(4,502)**
Cash and cash equivalents at the beginning of the year		2,674	7,176
Cash and cash equivalents at the end of the year	7	**10,000**	**2,674**

Accounting policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board, the Local Government Municipal Act, Act 56 of 2003, and the Companies Act, Act 71 of 2008, and in accordance with the directives issued by National Treasury.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Loans and receivables

The entity assesses its loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The provision for impairment is measured as the difference between the assets's carrying amount and the present valuof estimated future cash flow discounted at the effective interest rate computed at initial recognition.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Allowance for slow moving, damaged and obsolete inventory

The allowance for inventory is to write inventory down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operating surplus note.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the entity is the current bid price.

Techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

Impairment testing

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each assets.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The entity recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

1.1 Significant judgements and sources of estimation uncertainty (continued)

The entity recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the entity to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the entity to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The entity determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the entity considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 6.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 13 - Provisions.

Effective interest rate

The entity used the City of Johannesburg Metropolitan Municipality borrowing ratee as a point of departure and basis for discounting financial instruments.

Useful lives of property, plant and equipment

The entity's management determines the estimated useful lives and related depreciation charges for property, plant and equipment. This estimate is based on the pattern in which an asset's future economic benefits or service potential are expected to be consumed by the entity.

1.2 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value.

1.2 Property, plant and equipment (continued)

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Subsequent to initial recognition, property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

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

Item	Average useful life
Buildings	50 years
Plant and machinery	5 years
Furniture and fixtures	6 years
Office equipment	5 years
IT equipment	3 years
Tools and loose gear	5 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.3 Intangible assets

An asset is identified as an intangible asset when it:
- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the entity or from other rights and obligations.

An intangible asset is recognised when:
- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost and comprise of software.

An intangible asset acquired at no or nominal cost, the cost shall be its fair value as at the date of acquisition.

1.3 Intangible assets (continued)

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation commences when the asset is ready for its intended use. Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	**Useful life**
Computer software	3 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.4 Financial instruments

Classification

The entity classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis.

Initial recognition and measurement

Financial instruments are recognised initially when the entity becomes a party to the contractual provisions of the instruments.

The entity classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are initially measured at fair value plus any transaction costs.

Subsequent measurement

1.4 Financial instruments (continued)

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Impairment of financial assets

At each end of the reporting period the entity assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the entity, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in surplus or deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Fair value determination

Fair value information for trade and other receivables is determined as the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Loans to (from) economic entities

These include loans to and from the controlling municipality and are recognised initially at fair value plus direct transaction costs.

Loans to economic entities are classified as loans and receivables.

Loans from economic entities are classified as financial liabilities measured at amortised cost.

Loan to shareholder

These financial assets are classified as loans and receivables.

1.4 Financial instruments (continued)

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (each debtor is evaluated separately on the basis of its circumstances) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Derecognition

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the entity retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the entity has transferred its rights to receive cash flows from the asset and either
- has transferred substantially all the risks and rewards of the asset, or
- has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the entity has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the entity's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the entity could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

1.5 Tax

Current tax assets and liabilities

1.5 Tax (continued)

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable surplus will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in surplus or deficit for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to net assets; or
- a business combination.

Current tax and deferred taxes are charged or credited to net assets if the tax relates to items that are credited or charged, in the same or a different period, to net assets.

1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Assets held under finance leasese are depreciated over the term of the lease.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.7 Inventories

Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are their fair value as at the date of acquisition. Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for:
- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Inventories acquired are not held for trading, and consists of consumables in stock. Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.8 Share capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as part of net assets.

1.9 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

1.9 Employee benefits (continued)

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected unit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to the end of the reporting period where the interim valuation is performed at an earlier date.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

Acturial Gains or losses are recognised in full in the period in which they arise as income or expenditure.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

1.10 Contingencies

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 25.

1.11 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion that costs incurred to date bear to the total estimated costs of the transaction.

1.12 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.13 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.14 Unauthorised expenditure

Unauthorised expenditure means:
- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.15 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.16 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -
(a) this Act; or
(b) the Municipal Systems Act; or
(c) the Public Office-Bearers Act 1988 (Act 20 0f 1998); or
(d) the supply chain management policy.

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.17 Offsetting

Assets, Liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.18 Related parties

The entity operates in an economic sector currently dominated by entities directly or indirectly owned or controlled by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the local sphere of government are considered to be related parties.

Related party disclosures for transactions between government entities that took place on terms and conditions that are considered in arms length and in the ordinary course of business are not disclosed in accordance with IPSAS 20 Related Party Disclosure.

Key management is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of the entity. We regard all individuals from the level of Managing Director and Senior Managers as key management per the definition of the financial reporting standard.

Close family members of key management personnel are considered to be those family members who may be expected to influence, or to be influenced by key management individuals, in their dealings with the entity.

1.19 Budget information

A reconciliation between the approved budget surplus/deficit and statement of financial performance surplus/deficit is included as a note to the financial statements.

Figures in Rand	2011	2010

2. Standards and interpretations not yet effective

At the date of authorisation of these Annual Financial Statements, the following Standards and Interpretations were in issue butnot yet effective:

- GRAP 21 - Impairment of non-Cash-Generating Assets
- GRAP 24 - Presentation of Budget Information in Financial Statements
- GRAP 25 - Employee benefits
- GRAP 26 - Impairment of Cash-Generating Assets
- GRAP 104 - Financial Instruments

3. Inventories

	2011	2010
Inventories	16,480,798	24,318,338
Consumable stores	1,427,915	993,262
	17,908,713	25,311,600
Provision for slow-moving and obsolete inventory	(12,414)	(294,433)
	17,896,299	**25,017,167**

Inventories	2011	2010
Traffic signal equipment (cables, controllers,Leds.)	9,998,162	16,014,447
Asphalt plant material (sand and stone)	4,138,786	860,761
Road maintenance (curbs, concrete products, polymer concrete.)	1,925,396	6,431,113
Other	418,454	1,012,017
	16,480,798	**24,318,338**

4. Loans from shareholder

	2011	2010
City of Johannesburg Metropolitan Municipality - Conduit Mirror Loan	-	(330,651)
The loan is unsecured, bears interest a fixed rate of 15% per annum repayable over 6 years commencing 31 August 2005. This loan relates to the purchase of the Johannesburg Roads Agency (Pty) Ltd head office building situated at 66 Sauer Street, Newtown, Johannesburg.		
City of Johannesburg Metropolitan Municipality - Sweeping Account	(132,172,579)	(35,094,573)
The loan represents a treasury loan account. The loan is unsecured and interest is accrued monthly. This account is swept on a daily basis. The interest rate varies on a daily basis based on a call rate quoted by the bank.		
	(132,172,579)	**(35,425,224)**

The terms and conditions of the loans remained the same during the year. The entity did not default on any of the interest or capital repayments.

Fair value of loans from shareholder

	2011	2010
Loans from shareholder	(132,729,765)	(35,425,224)

The fair value of the loans to and from shareholders approximates to the carrying amounts because the loans are measured at amortised cost using the effective interest rate method.

Conduit mirror loan

	2011	2010
Loan at beginning of the year	(330,651)	(4,050,221)
Repayments	330,651	3,719,570
	-	**(330,651)**

Notes to the annual financial statements

Figures in Rand		2011	2010

5. Trade and other receivables from exchange transactions

Trade receivables	5.1	27,049,046	21,222,994
Eskom deposit		150,000	150,000
Prepayments		1,576,269	3,650,304
City of Johannesburg Metropolitan Municipality Claims	5.2	93,360,758	154,646,723
Allowance for bad debts		(2,602,078)	(1,735,812)
Sundry debtors		150,000	-
Related party receivables		287,554,418	161,049,506
Fair value adjustment to receivables		(2,764,122)	(2,053,854)
		404,474,291	**336,929,861**

5.1 Trade receivables

Gross trade receivables	27,049,046	21,222,994
Discounting of receivables as a result of carrying trade and other receivables at amortised cost	(2,764,122)	(2,053,854)
Allowance for bad debts	(2,602,078)	(1,735,811)
	21,682,846	**17,433,329**

5.2 Outstanding City of Johannesburg Metropolitan Municipality Claims

Capital expenditure (refer to 5.3)	272,368,493	258,561,658
Municipal infrastructure grant	(55,516,825)	(38,711,241)
City of Johannesburg	(123,490,910)	(65,203,694)
	93,360,758	**154,646,723**

5.3 Capital expenditure

Investigation and design of future projects	304,410	-
Bridges	862,880	-
Capital expense for Johanesburg Roads Agency financed by the City of Johannesburg Metropolitan Municipality	3,501,992	10,997,417
Disaster fund	517,886	-
Footways	21,215,816	4,702,892
Bus Rapid Transit	40,787,506	103,422,557
Major roads	75,415,175	85,167,107
Storm water	62,141,816	27,965,996
Traffic signals	38,496,191	2,033,719
2010 Projects	-	7,753,622
Vasco Da Gama	-	2,352,252
Key Revitalisation Project	-	260,384
Manhole Covers in Alex	-	469,329
Ward Based Safety	13,213,289	8,852,095
Jukskei River Bank	3,842,136	4,584,288
Soweto Empowerment Zone	388,651	-
Intersection improvement	11,680,745	-
	272,368,493	**258,561,658**

No trade and other receivables were pledged as security at 30 June 2011.

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At June 30, 2011, R 81,154,110 (2010: R 25,750,955) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

Figures in Rand	2011	2010

5. Trade and other receivables from exchange transactions (continued)

1 month past due	46,404	12,831,615
Over 2 months past due	2,459,799	12,919,340

Trade and other receivables impaired

As of June 30, 2011, trade and other receivables of R 2,602,078 (2010: R 1,735,811) were impaired and provided for.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The entity does not hold any collateral as security.

Reconciliation of allowance for bad debts

Opening balance	(1,735,811)	(1,735,811)
Provision for impairment	(866,267)	-
	(2,602,078)	**(1,735,811)**

6. Employee benefit obligations

6.1Defined benefit plan

Post-retirement liability		
Post-retirement medical aid plan (6.1.1)	21,005,000	25,829,000
Post-retirement housing subsidy plan (6.1.2)	649,000	784,000
Post-retirement gratuity plan (6.1.3)	36,252,000	38,009,000
	57,906,000	**64,622,000**

Loan to shareholder		
Post-retirement medical aid plan (6.1.1)	20,941,000	19,832,000
Post-retirement gratuity plan (6.1.3)	56,521,736	54,574,736
	77,462,736	**74,406,736**

6.1.1Post retirement medical aid plan

Post-retirement liability account

Opening balance	25,829,000	23,647,000
(Net expense)/ surplus recognised in the statement of financial performance	(4,824,000)	2,182,000
	21,005,000	**25,829,000**

(Net expense) / surplus recognised in the statement of financial performance

Current service cost	141,000	340,000
Interest cost	2,335,000	1,986,000
Actuarial (gains) losses	(6,435,000)	779,000
Contributions / benefits paid	(865,000)	(923,000)
	(4,824,000)	**2,182,000**

Notional loan account

Opening balance	19,832,000	18,579,000
Interest received	1,109,000	1,253,000
Balance at end of year	**20,941,000**	**19,832,000**

Figures in Rand	2011	2010

6. Employee benefit obligations (continued)

Key assumptions used

Discount rates used	8.60 %	9.00 %
Expected rate of return on assets	5.60 %	5.40 %
Rate of increase in employer post-retirement medical contribution subsidy payments	7.10 %	7.40 %

6.1.2Post retirement housing subsidy plan

Post-retirement liability account

Opening balance	784,000	838,000
Net expense recognised in the statement of financial performance	(135,000)	(54,000)
	649,000	**784,000**

Net expense recognised in the statement of financial performance

Current service cost	28,000	23,000
Interest cost	71,000	70,000
Actuarial (gains) losses	(234,000)	(147,000)
	(135,000)	**(54,000)**

Notional loan account

Opening balance	-	457,000
Amount paid to entity	-	(457,000)
Balance at end of year	**-**	**-**

The City paid the full notional account balance for the Housing Subsidy benefit as at 30 June 2009 during the previous financial period, with no interest.

Key assumptions used

Discount rates used	8.60 %	9.00 %
Expected rate of return on assets	5.60 %	5.40 %
Expected increase in salaries	5.60 %	5.90 %

6.1.3Post retirement gratuity plan

Post-retirement liability account

Opening balance	38,009,000	58,439,000
Net expense recognised in the statement of financial performance	(1,757,000)	(20,430,000)
	36,252,000	**38,009,000**

Figures in Rand	2011	2010

6. Employee benefit obligations (continued)

Net expense recognised in the statement of financial performance

	2011	2010
Interest cost	3,436,000	4,909,000
Actuarial (gains) / losses	(5,193,000)	(19,790,000)
Benefits paid	-	(5,549,000)
	(1,757,000)	**(20,430,000)**

Notional loan account

	2011	2010
Opening balance	54,574,736	51,126,736
Interest received	3,052,000	3,448,000
Payments against account	(1,105,000)	-
Balance at end of year	**56,521,736**	**54,574,736**

Key assumptions used

	2011	2010
Discount rates used	8.60 %	9.00 %
Expected rate of return on assets	5.60 %	5.40 %
Expected increase in salaries	5.60 %	5.90 %

7. Cash and cash equivalents

Cash and cash equivalents consist of:

	2011	2010
Cash on hand	10,000	2,674

No cash and cash equivalents were pledged as security at 30 June 2011.

Bank Accounts of JRA:
a) ABSA Bank Salaries Account - Balance 30 June 2011 R - (2010: R -)
b) ABSA Bank Operating Account - Balance 30 June 2011 R - (2010: R -)
c) ABSA Bank Trust Account - Balance 30 June 2011 R - (2010: R -)
d) ABSA Bank Developer's Contribution Account - Balance 30 June 2011 R - (2010: R -)

8. Property, plant and equipment

	2011			2010		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	17,293,715	-	17,293,715	17,293,715	-	17,293,715
Buildings	52,480,064	(7,214,470)	45,265,594	50,343,598	(6,205,845)	44,137,753
Plant and machinery	51,311,520	(32,866,714)	18,444,806	51,571,732	(27,621,104)	23,950,628
Furniture and fixtures	8,601,638	(5,907,903)	2,693,735	8,596,838	(3,922,412)	4,674,426
Office equipment	4,689,494	(3,163,129)	1,526,365	5,735,491	(3,377,454)	2,358,037
IT equipment	22,395,966	(17,203,253)	5,192,713	22,368,942	(16,292,950)	6,075,992
Tools and loose gear	450,401	(348,895)	101,506	402,526	(218,239)	184,287
Total	**157,222,798**	**(66,704,364)**	**90,518,434**	**156,312,842**	**(57,638,004)**	**98,674,838**

8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2011

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	17,293,715	-	-	-	-	17,293,715
Buildings	44,137,753	2,136,466	-	-	(1,008,625)	45,265,594
Plant and machinery	23,950,628	17,609	(64,755)	-	(5,458,676)	18,444,806
Furniture and fixtures	4,674,426	4,800	-	-	(1,985,491)	2,693,735
Office equipment	2,358,037	555,419	-	(1,179)	(1,385,912)	1,526,365
IT equipment	6,075,992	27,023	-	1,179	(911,481)	5,192,713
Tools and loose gear	184,287	47,874	-	-	(130,655)	101,506
	98,674,838	**2,789,191**	**(64,755)**	**-**	**(10,880,840)**	**90,518,434**

Reconciliation of property, plant and equipment - 2010

	Opening balance	Additions	Disposals	Depreciation	Total
Land	17,293,715	-	-	-	17,293,715
Buildings	38,839,109	6,189,559	-	(890,915)	44,137,753
Plant and machinery	23,535,284	4,369,561	(2,237)	(3,951,980)	23,950,628
Furniture and fixtures	5,498,561	76,932	(39,911)	(861,156)	4,674,426
Office equipment	4,442,257	197,280	(718,693)	(1,562,807)	2,358,037
IT equipment	9,293,087	77,054	(166,275)	(3,127,874)	6,075,992
Tools and loose gear	223,863	-	-	(39,576)	184,287
	99,125,876	**10,910,386**	**(927,116)**	**(10,434,308)**	**98,674,838**

Additions to buildings comprise capitalised improvements to existing buildings.

Pledged as security

None of the entity's assets are pledged as security except for finance leased assets.

Assets subject to finance lease (Net carrying amount)

	2011	2010
Office equipment	316,470	1,011,576

Details of properties

Freehold land and buildings to the value of R45.29m were purchased from the City of Johannesburg Metropolitan Municipality in terms of the sale of business agreement dated 15 November 2001. The City is in the process of finalising negotiations with the SARS for the transfer of these assets without any tax implications. It is expected that these assets will be transferred into the name of Johannesburg Roads Agency (Pty) Ltd in the short to medium term.

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

Figures in Rand	2011	2010

9. Intangible assets

	2011			2010		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	12,389,135	(6,799,242)	5,589,893	12,389,135	(5,184,652)	7,204,483

Reconciliation of intangible assets - 2011

	Opening balance	Amortisation	Total
Computer software	7,204,483	(1,614,590)	5,589,893

Reconciliation of intangible assets - 2010

	Opening balance	Amortisation	Total
Computer software	8,768,809	(1,564,326)	7,204,483

10. Deferred tax

Deffered tax asset / (liability)

Deferred tax is made up of the following temporary differences:

	2011	2010
Property, plant and equipment - owned and leased	5,600,542	7,383,195
Fair value adjustment - investments	86,871	-
Finance lease liability	(51,725)	(374,337)
Provision for impairment of debtors	(546,436)	(364,520)
Payments received in advance	(77,101)	-
Provision for leave pay	(5,608,621)	(4,820,524)
Retention Creditors	(6,785,208)	-
Provision for bonuses	(965,196)	(1,574,588)
Retirement benefit liability	(16,213,680)	(18,094,160)
Retirement benefit assets	21,689,564	20,833,886
Discounted debtors	(773,954)	-
Discounted creditors	245,685	14,345
Prepayments	441,355	1,038,307
Calculated loss	(35,785,263)	(31,970,622)
Deferred tax asset not recognised	38,743,167	27,929,018
	-	-

Recognition of deferred tax asset

No deferred tax asset was provided for due to the improbability of future taxable profits to offset these amount. The deferred tax asset had it been raised would have been R38 743 167 .

Figures in Rand	2011	2010

11. Finance lease obligation

Minimum lease payments due		
- within one year	190,743	1,255,464
- in second to fifth year inclusive	-	193,354
	190,743	1,448,818
less: future finance charges	(6,011)	(111,900)
Present value of minimum lease payments	**184,732**	**1,336,918**

Present value of minimum lease payments due		
- within one year	184,732	981,099
- in second to fifth year inclusive	-	355,819
	184,732	**1,336,918**

Non-current liabilities	-	355,819
Current liabilities	184,732	981,099
	184,732	**1,336,918**

It is entity policy to lease certain office equipment under finance leases.

The average lease term is 3 years and the average effective borrowing rate is 16% (2010: 13%).

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

12. Trade and other payables from exchange transactions

Trade payables	163,203,570	150,187,891
Accrued leave pay	20,030,790	17,216,156
Accrued bonus	2,604,381	4,780,778
Accrued staff 13th cheques	6,438,230	5,888,602
Retentions	27,551,981	39,876,018
Payroll accruals	4,504,760	5,017,789
Capital expenditure accruals	28,858,308	32,939,899
Payments made in advance	275,360	340,058
Developers contribution	104,068,222	113,793,543
Value Added Tax (VAT)	8,969,142	4,573,742
Related party payables	32,174,805	25,857,329
Fair value adjustments to payables	(877,445)	(567,194)
	397,802,104	**399,904,611**

Developers contribution:
When existing erven in the Greater Johannesburg municipal area are granted new rights, either to establish new townships, for rezonings, removal of title deed restrictions or as subdivisions, in terms of the various Town Planning and Townships Ordinances the owner is obliged to pay to the COJ a contribution where external roads and storm water drainage services need to be upgraded.

The balance of unutilised funds as at 30 June 2011 was R104 068 222 (2010: R113 793 543).

Reconciliation of developers contribution		
Opening balance	113,793,543	153,140,074
Receipts	13,398,960	19,519,777
Expenditures	(23,124,281)	(58,866,308)
	104,068,222	**113,793,543**

Figures in Rand	2011	2010

13. Provisions

Reconciliation of provisions - 2011

	Opening Balance	Total
Bonus Management - Level 1 & 2	842,748	842,748

Reconciliation of provisions - 2010

	Opening Balance	Additions	Total
Bonus - Management level 1 & 2	-	842,748	842,748

14. Share capital

	2011	2010
Authorised		
1000 Ordinary shares of R1 each	1,000	1,000
Reconciliation of number of shares issued:		
Reported as at July 01, 2010	1,000	1,000
Issued		
1000 Ordinary shares of R1 each	1,000	1,000

15. Revenue

	2011	2010
Road closures	-	246,589
Extended Public Works Program	3,019,285	-
Advertising income	31,332,684	28,400,865
Gautrans maintenance fees	3,811,000	1,413,000
Railway sidings	-	342,307
Emergency pothole grant	10,000,000	-
Asphalt sales	-	8,089,081
Jobbings	12,681,303	25,445,720
Reinstatement income	13,181,671	7,558,217
Subsidy - The City of Johannesburg Metropolitan Municipality	439,693,000	405,230,000
Management fees	7,420,012	3,335,994
Fair value adjustments	(4,659,551)	(5,214,731)
	516,479,404	**474,847,042**

The amount included in revenue arising from exchanges of services are as follows:

	2011	2010
Road closures	-	246,589
Extended Public Works Program	3,019,285	-
Advertising income	31,332,684	28,400,865
Gautrans maintenance fees	3,811,000	1,413,000
Railway sidings	-	342,307
Emergency pothole grant	10,000,000	-
Asphalt sales	-	8,089,081
Jobbings	12,681,303	25,445,720
Reinstatement income	13,181,671	7,558,217
Subsidy - The City of Johannesburg Metropolitan Municipality	439,693,000	405,230,000
Management fees	7,420,012	3,335,994
Fair value adjustments	(4,659,551)	(5,214,731)
	516,479,404	**474,847,042**

Figures in Rand	2011	2010

16. Cost of road maintenance

	2011	2010
Services rendered		
Raw materials	44,383,467	55,318,915
Direct labour costs (refer to note 19)	201,682,907	179,799,298
Direct expenses	139,560,728	154,556,351
	385,627,102	**389,674,564**

17. Other income

	2011	2010
Rental income - third party	2,881,432	3,102,270
Training income	622,689	1,040,335
Penalties and tender deposit	374,865	223,277
Insurance claims	13,105,530	4,726,732
	16,984,516	**9,092,614**

The amount included in other revenue arising from exchanges of goods or services are as follows:

	2011	2010
Rental income - third party	2,881,432	3,102,270
Training income	622,689	1,040,335
Penalties and tender deposit	374,865	-
Insurance claims	13,105,530	4,726,732
	16,984,516	**8,869,337**

18. Operating deficit

Operating deficit for the year is stated after accounting for the following:

	2011	2010
Operating lease charges		
Equipment		
• Contractual amounts	(350,645)	(526,504)
Lease rentals on operating lease - Other		
• Contractual amounts	816,599	734,069
	465,954	**207,565**

	2011	2010
Loss on sale of property, plant and equipment	(64,756)	(983,318)
Amortisation on intangible assets	1,614,589	1,564,326
Depreciation on property, plant and equipment	10,880,843	10,434,311
Employee costs	75,694,533	63,026,832
Employee costs - Direct - reclassified as cost of sales (refer to note 16)	201,682,907	179,799,298

Notes to the annual financial statements

Figures in Rand	2011	2010

19. Employee related costs

	2011	2010
Employee related costs : Salaries and wages	22,445,881	9,260,852
Housing benefits and allowances	1,626,177	1,708,080
Bonus	2,620,177	2,865,487
Travel, motor car, accommodation, subsistence and other allowances	11,280,594	11,423,861
Unemployment Insurance Fund	1,773,916	1,542,268
Compensation for Occupational Injuries and Disease	2,105,895	1,947,958
Skills Development Levies	2,166,936	1,804,945
Other payroll levies	8,994	-
Leave pay provision charge	4,868,543	8,905,698
Bargaining Council	40,705	43,179
Pension fund	26,756,715	23,524,504
	75,694,533	**63,026,832**

Reconciliation of employee costs

	2011	2010
Employee costs - Direct - reclassified as cost of sales (refer to note 16)	201,682,907	179,799,298
Employee costs - Indirect	75,694,533	63,026,832
	277,377,440	**242,826,130**

20. Investment income

	2011	2010
Interest income		
Interest income - investments	-	1,360,821
Bank	361,488	8,646
Interest income - advertising	319,706	314,372
Fair value adjustments	3,949,284	3,160,877
	4,630,478	**4,844,716**

21. Finance costs

	2011	2010
Current borrowings	9,072,225	6,042,867
Finance leases	103,277	234,183
Fair value adjustments on purchases	1,598,101	2,049,420
Fair value adjustments on payables	(1,908,352)	(2,565,383)
	8,865,251	**5,761,087**

22. Auditors' remuneration

	2011	2010
Fees	1,497,197	1,306,074

Figures in Rand	2011	2010

23. Cash used in operations

Deficit	(36,231,268)	(96,972,382)
Adjustments for:		
Depreciation and amortisation	12,495,432	11,998,637
Gain on sale of assets and liabilities	64,756	983,318
Finance costs - Finance leases	103,277	234,183
Movements in retirement benefit assets and liabilities	(9,771,991)	(22,546,000)
Movements in provisions	-	842,748
Changes in working capital:		
Inventories	7,120,868	(15,804,284)
Trade and other receivables from exchange transactions	(67,274,024)	157,055,867
Trade and other payables from exchange transactions	797,575	(56,032,930)
	(92,695,375)	**(20,240,843)**

24. Commitments

Commitments in respect of capital expenditure:

Approved but not yet contracted for		
•	234,594,889	215,024,445
Authorised and contracted for		
•	9,223,111	14,149,555
	243,818,000	**229,174,000**

The above amount reflects the capital budget for the 2011/2012 year as reflected in the approved 2010/2011 budget. The amount that is authorised and contracted for relates to the portion of the capital budget of 2011/2012 that contractors have been appointed for at the date of signature of the financial statements.

This expenditure will be financed from:		
External Loans	74,200,000	147,400,000
Municipal Infrastructure Grant	145,000,000	66,774,000
Internal Cash	9,618,000	-
Developers' Contribution	15,000,000	15,000,000
	243,818,000	**229,174,000**

Operating leases - as lessee (Fleet)

Operating leases – as lessee (Buildings)

Minimum lease payments due		
- within one year	13,567,833	21,371,502

Operating lease payments represent rentals payable by the entity according to the fleet lease agreement from the City of Johannesburg Metropolitan Municipality. The fleet lease is for 5 years and expired in January 2011. The lease was extended to December 2011. No contingent rent is payable.

Figures in Rand	2011	2010

25. Contingencies

Economic entity

Johannesburg Roads Agency (Proprietary) Limited

These are legal claims that have arisen in the normal course of business and represent the possible amounts that could be awarded should the claims succeed against the entitiy. No provision has been made as management believes the claims will not succeed. The amounts have been based on attorneys' best estimates of the possible amount payable. Refer to cases below:

- Pipe Jack v JRA (Claim for unpaid invoice) - Amount involved R 213 067
- Hetta Eiendoms Bpk v JRA (Claim for specific performance / Alleged damage to property due to construction) . Amount involved R492 473.77.
- Nortje v JRA (Labour court matter) - Amount involved R 400 000.
- Moshabane v JRA (Dispute on bill of costs) - Amount involved R148 984.50.
- Manong and Ass v JRA (Equality Court Matter) - Amount involved R 4 000 000.

Figures in Rand	2011	2010

26. Related parties

Relationships	
Members	Refer to members' report note
Ultimate controlling entity	The City of Johannesburg Metropolitan Municipality
Controlling entity	The City of Johannesburg Metropolitan Municipality
Other members of the group	City Housing Company SOC Ltd
	City of Johannesburg Property Company SOC Ltd
	City Power Johannesburg SOC Ltd
	Johannesburg City Parks NPC
	Johannesburg Development Agency SOC Ltd
	Johannesburg Metropolitan Bus Services SOC Ltd
	Johannesburg Tourism Company NPC
	Johannesburg Social Housing Company SOC Ltd
	Johannesburg Water SOC Ltd
	Metropolitan Trading Company SOC Ltd
	Pikitup Johannesburg SOC Ltd
	Roodepoort City Theatre NPC
	The Johannesburg Civic Theatre SOC Ltd
	The Johannesburg Fresh Produce Market SOC Ltd
	The Johannesburg Zoo NPC
	Greater Newtown Development Company SOC Ltd
	Constitutional Hill Development Company SOC Ltd
Members of key management	Directors' remuneration - Refer to note 28

Related party balances

	2011	2010
Amounts included in trade receivables regarding related parties		
The City of Johannesburg Metropolitan Municipality	268,619,501	148,432,764
Pikitup Johannesburg SOC Ltd	17,045	-
City Power Johannesburg SOC Ltd	2,836,411	4,117,320
City of Johannesburg Property Company SOC Ltd	10,398,524	2,432,444
Johannesburg Water SOC Ltd	4,638,891	5,419,188
Johannesburg City Parks NPC	1,044,046	647,790
	287,554,418	**161,049,506**
Amounts included in trade payables regarding related parties		
The City of Johannesburg Metropolitan Municipality	30,506,535	20,284,185
Johannesburg Social Housing Company SOC Ltd	408,153	1,396,383
Pikitup Johannesburg SOC Ltd	-	145,996
City Power Johannesburg SOC Ltd	593,516	2,419,310
Johannesburg Water SOC Ltd	18,946	3,864
The Johannesburg Civic Theatre SOC Ltd	11,160	18,453
Johannesburg City Parks NPC	636,495	1,589,138
	32,174,805	**25,857,329**
Loan accounts - Owing to related parties		
The City of Johannesburg Metropolitan Municipality	(132,172,579)	(35,425,224)

Related party transactions

	2011	2010
Income from related parties		
The City of Johannesburg Metropolitan Municipality - Subsidies	439,439,000	405,230,000
The City of Johannesburg Metropolitan Municipality - Other	308,042,663	291,775,288
Pikitup Johannesburg SOC Ltd	17,045	-
City Power Johannesburg SOC Ltd	209,771	416,047
City of Johannesburg Property Company SOC Ltd	-	28,715,237
Johannesburg Water SOC Ltd	9,638,917	5,800,723

Figures in Rand	2011	2010
26. Related parties (continued)		
Johannesburg City Parks NPC	1,044,046	568,237
	758,391,442	**732,505,532**
Purchases from related parties		
The City of Johannesburg Metropolitan Municipality	16,883,156	18,952,661
Johannesburg Social Housing Company SOC Ltd	-	1,553,158
Johannesburg Metropolitan Bus Services SOC Ltd	-	13,020
Pikitup Johannesburg SOC Ltd	-	775,856
City Power Johannesburg SOC Ltd	-	8,340,591
City of Johannesburg Property Company SOC Ltd	17,050	-
Johannesburg Water SOC Ltd	30,345	25,077
Johannesburg Civic Theatre SOC Ltd	330,483	136,537
Johannesburg City Parks NPC	1,981,727	1,799,003
	19,242,761	**31,595,903**

Figures in Rand	2011	2010

27. Members' emoluments

Executive

2011

	Emoluments	Contribution to pension fund	Total
GD Maseko (Managing Director)	1,180,997	130,872	1,311,869

2010

	Emoluments	Contribution to pension fund	Total
GD Maseko (Managing Director)	1,299,701	141,732	1,441,433

Non-executive

2011

	Members' fees	Total
SM Maimane	100,200	100,200
F Crowley (resigned May 2011)	58,534	58,534
K Mthimunye	76,390	76,390
WRR Nyabeze	106,164	106,164
KC Shubane (Chairperson)	128,961	128,961
X Hloma	110,136	110,136
MJ Simelane	72,430	72,430
L Kugel (appointed 22 March 2011)	4,960	4,960
L Brenner	148,812	148,812
FI Matabane	102,200	102,200
D Block (retired 22 March 2011)	45,640	45,640
	954,427	**954,427**

2010

	Members' fees	Total
SM Maimane	105,170	105,170
F Crowley	80,356	80,356
K Mthimunye	107,140	107,140
WRR Nyabeze	112,114	112,114
KC Shubane (Chairperson)	142,855	142,855
X Hloma	135,924	135,924
MJ Simelane	103,190	103,190
L Brenner	155,750	155,750
FI Matabane	115,100	115,100
D Block	51,600	51,600
	1,109,199	**1,109,199**

Executive Managers Salaries

See list attached for executive managers and their salaries - Annexure A

28. Prior period errors

Amounts have accumulated in the UIF control account, pension fund account and SDL account due to differences between the UIF calculated and submitted for payment for a particular period and subsequent changes made to the UIF calculation for that period. These differences in the UIF account originated in the 2007/2008 financial year. The total amount corrected is R 68 605. The differences in the pension fund and SDL relate to the 2009/2010 financial year and amount to R 1 510 and R 135 131, respectively.

Returned cheques of R 57 534 relating to periods prior to the 2009/2010 financial year and an amount of R 400 relating to the 2009/2010 period have not been cleared from the RD cheque account.

The incorrect amount was accrued to the Vodacom account in the 2009/2010 financial year. The correction amounts to R 1 443 684.

Statement of financial position		
JRA - Accumulated deficit	68,605	-
JRA - Trade payables	(1,648,930)	(68,605)
JRA - Trade receivables	(400)	(57,534)
	(1,580,725)	**(126,139)**

Statement of financial performance		
JRA - Revenue	400	57,534
JRA - Telephone and fax	1,443,684	-
JRA - Employee costs	136,641	68,605
	1,580,725	**126,139**

29. Risk management

Financial risk management

Liquidity risk

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

Interest rate risk

The entity's exposure to interest rate risk is limited, as the entity has no significant interest-bearing liabilities. The interest on the loan for the building at 66 Sauer Street is fixed at 15% throughout the term. The last interest was paid in the current financial year.

Credit risk

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

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

30. Going concern

We draw attention to the fact that at June 30, 2011, the entity had accumulated deficit of R (45 185 625) and that the entity's total assets exceeds its liabilities by R 7,043,481.

Figures in Rand	2011	2010

30. Going concern (continued)

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

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

31. Events after the reporting date

There were no events after the reporting date identified.

32. Unauthorised expenditure

Reconciliation of unauthorised expenditure	2011	2010
Unauthorised expenditure current year	36,231,268	-

This is as a result of anticipated income not being realized at year end. For further information refer note36.

33. Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure	2011	2010
Penalties due to late payment of Telkom account	-	6,848
Interest	805,576	-
	805,576	**6,848**

Interest was charged by the Auditor General on there account to the amount of R7,088, interest was charged by Telkom to the amount of R3,098 and interest was charges by South African Revenue Services on Paye As You Earn to the amount of R795,390.

Figures in Rand	2011	2010

34. Irregular expenditure

Reconciliation of irregular expenditure

	2011	2010
The Pyramid	26,627	-
Kwetsima Investments	135,000	-
Ziphizindlovu Trading Enterprise CC	417,794	-
Munaka Tecino	11,000,000	-
Shibu Construction	10,000,000	-
Doyi TC Business Enterprise	795,606	-
Aqua Transport	915,532	-
	23,290,559	**-**

2011

Required number of Quotations not obtained - The Pyramid, Kwetsima Investments.

Declaration of interest - Ziphizindlovu Trading Enterprise CC, Munaka Tecino, Shibu Construction, Doyi TC Business Enterprise and Aqua Transport. The above mentioned declarations could not be confirmed during the audit. However these have subsequently been traced and there are no interests to be declaired.

35. Deviation from supply chain management regulations

In terms of Section 36 (2) of the supply chain management regulation,

1. Emergency work in William Nicole drive, R 175 275.00
Reason
Due to the urgent nature of the work, the normal supply chain management process was not followed.

2. Repair of burst water pipe in Strijdom Park depot, R 5 700.00
Reason
Due to the urgent nature of the work, the normal supply chain management process was not followed.

3. Engaged service provider to repair parts of storage medium of server, R 8 814.75
Reason
Due to the urgent nature of the work, the normal supply chain management process was not followed.

4. Repair of Asphalt paver, R 73 945,00
Reason
Due to the urgent nature of the work, the normal supply chain management process was not followed.

36. **Statement of comparative and actual information**

2011

	Original budget	Ajusted Budget	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Financial Performance							
Investment revenue	-	-	-	4,630,478	(4,630,478)	DIV/0 %	DIV/0 %
Revenue	499,160,000	493,434,000	493,434,000	533,463,920	(40,029,920)	108 %	107 %
Total revenue (excluding capital transfers and contributions)	**499,160,000**	**493,434,000**	**493,434,000**	**538,094,398**	**(44,660,398)**	**109 %**	**108 %**
Employee costs	(77,413,093)	(74,987,093)	(74,987,093)	(75,694,533)	707,440	101 %	98 %
Depreciation and asset impairment (1)	(5,080,000)	(5,080,000)	(5,080,000)	(12,495,432)	7,415,432	246 %	246 %
Finance charges	(532,000)	(9,601,000)	(9,601,000)	(8,865,251)	(735,749)	92 %	1,666 %
Other expenditure (2)	(416,134,907)	(385,586,907)	(385,586,907)	(477,270,450)	91,683,543	124 %	115 %
Total expenditure	**(499,160,000)**	**(475,255,000)**	**(475,255,000)**	**(574,325,666)**	**99,070,666**	**121 %**	**115 %**
Surplus/(Deficit) for the year	**-**	**18,179,000**	**18,179,000**	**(36,231,268)**	**54,410,268**	**(199)%**	**DIV/0 %**

Figures in Rand

36. Statement of comparative and actual information (continued)

	Original budget	Budget adjustments	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget

Detailed income statement

Figures in Rand	Note(s)	2011	2010
Revenue			
Advertising income		31,332,684	28,400,865
Asphalt sales		-	8,089,081
Gautrans maintenance fees		3,811,000	1,413,000
Jobbings		12,681,303	25,445,720
Management fees		7,420,012	3,335,994
Railway sidings		-	342,307
Reinstatements income		13,181,671	7,558,217
Road closures		-	246,589
Extended public works program		3,019,285	-
Emergency pothole grant		10,000,000	-
Subsidy - COJ		439,693,000	405,230,000
Miscellaneous other revenue		(4,659,551)	(5,214,731)
	15	**516,479,404**	**474,847,042**
Cost of road maintenance			
Opening stock		(24,318,338)	(8,391,977)
Purchases		(176,106,655)	(225,801,627)
Closing stock		16,480,798	24,318,338
Labour costs		(201,682,907)	(179,799,298)
	16	**(385,627,102)**	**(389,674,564)**
Gross surplus		**130,852,302**	**85,172,478**
Other income			
Insurance claims		13,105,530	4,726,732
Interest received	20	4,630,478	4,844,716
Penalties and tender deposit		374,865	223,277
Rental income		2,881,432	3,102,270
Training income		622,689	1,040,335
		21,614,994	**13,937,330**
Expenses (Refer to page 49)		**(179,833,313)**	**(190,321,103)**
Operating deficit	18	**(27,366,017)**	**(91,211,295)**
Finance costs	21	(8,865,251)	(5,761,087)
Deficit for the year		**(36,231,268)**	**(96,972,382)**

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

Detailed income statement

Figures in Rand	Note(s)	2011	2010
Operating expenses			
Advertising		(1,018,232)	(1,080,214)
Auditors remuneration	22	(1,497,197)	(1,306,074)
Provision for doubtful debts		(866,266)	-
Bank charges		(299,842)	(81,145)
Commission paid		(3,299,070)	(3,993,728)
Conferences and seminars		(1,321,299)	(1,008,126)
Consulting and professional fees		(24,377,570)	(37,704,011)
Consumables		(932,753)	(2,407,119)
Depreciation, amortisation and impairments		(12,495,432)	(11,998,637)
Directors and committee members' fees		(1,141,835)	(1,207,409)
Employee costs		(75,694,533)	(63,026,832)
Entertainment		(288,980)	(338,260)
Hostel charges		(1,638,936)	(1,828,202)
Insurance		(4,254,136)	(12,527,159)
Interest and penalties		(795,995)	(6,848)
Lease rentals on operating lease		(465,954)	(207,565)
Legal expenses		(1,167,213)	(4,023,451)
Loss on disposal of assets		(64,756)	(983,318)
Magazines, books and periodicals		(32,002)	(158,257)
Printing and stationery		(1,677,883)	(1,936,319)
Promotions		(111,185)	(392,622)
Protective clothing		(36,184)	(865,369)
Repairs and maintenance		(4,362,863)	(6,644,460)
Safety		(71,381)	(68,840)
Security		(8,384,723)	(5,592,022)
Software expenses		(5,288,408)	(2,954,304)
Subscriptions		(82,456)	(54,494)
Telephone and fax		(13,073,530)	(11,292,555)
Training		(2,307,673)	(2,961,417)
Travel - local		(8)	(1,231)
Travel - overseas		(124,032)	(66,569)
Utilities		(12,660,580)	(13,594,156)
Workshop charges		(406)	(10,390)
		(179,833,313)	**(190,321,103)**

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

Tax Computation

	R
Net loss per income statement	(36,231,268)
Assessed loss for 2011 - carried forward	**(36,231,268)**
Assessed loss brought forward	(3,938,504)
Tax loss carried forward	**(40,169,772)**
Tax thereon @ 28%	-
Tax liability	

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

Supplementary Information

1. **ANNEXURE A**

Executive Managers Salaries - 2011	Gross Salary	Social Contributions	Bonuses	Contribution to pension fund	Total
a) Booyens Petrus Jacobus - GEM Business Mobility	595,347	140,125	-	-	735,472
b) Makhubela Thulani Sydney - GEM Business Planning and Development	717,509	246,060	68,027	-	1,031,596
c) Nkosi Dumisile Thulisiwe - GEM Corporate Services	911,000	134,752	79,135	-	1,124,887
d) Raphela Maleshane Audrey - GEM Finance	601,414	190,411	-	58,865	850,690
	2,825,270	**711,348**	**147,162**	**58,865**	**3,742,645**

2.

Executive Managers Salaries - 2010	Gross Salary	Social Contributions	Bonuses	Contribution to pension fund	Total
a) Booyens Petrus Jacobus - GEM Business Mobility	630,000	159,346	-	-	789,346
b) Makhubela Thulani Sydney - GEM Business Planning and Development	780,581	263,770	-	-	1,044,351
c) Nkosi Dumisile Thulisiwe - GEM Corporate Services	986,615	133,763	-	-	1,120,378
d) Raphela Maleshane Audrey - GEM Finance	567,743	202,860	-	32,002	802,605
	2,964,939	**759,739**	**-**	**32,002**	**3,756,680**

LIST OF FIGURES

Figure 1:

LIST OF ACRONYMS AND ABBREVIATIONS

AGM	:	Annual General Meeting
AR	:	Audit & Risk
BEE	:	Black Economic Empowerment
BI	:	Business Implementation
BID	:	Business Infrastructure Development
BMN	:	Business Mobility & Networks
BPD	:	Business Planning & Development
CD	:	Capital Development
CETA	:	Construction, Education and Training Authority
CMT	:	Corporate Management Team
CS	:	Corporate Services
CSR	:	Corporate Social Responsibility
EFF	:	External Financing Fund
EMS	:	Environmental Management System
EPWP	:	Expanded Public Works Programme
GAAP	:	Generally Acceptable Accounting Practices
GEM	:	General Executive Manager
IDP	:	Integrated Development Plan
ISMP	:	Integrated Storm-water Management Plan
ITS	:	Intelligent Transport Systems
JDA	:	Johannesburg Development Agency
JMPD	:	Johannesburg Metro Police Department
JRA	:	Johannesburg Roads Agency (Pty) Ltd
KPA	:	Key Performance Area
KIs	:	Kerb Inlets
KPI	:	Key Performance Indicator
MD	:	Managing Director
MEC	:	Member of the Mayoral Committee
MFMA	:	Municipal Finance Management Act 56 of 2003
MIG	:	Municipal Infrastructure Grant
MOE	:	Municipal Owned Entity
NGOs	:	Non-governmental Organisations
OHS	:	Occupational Health and Safety
RUBI	:	Risk Universe Business Intelligence
SCM	:	Supply Chain Management
SDA	:	Service Delivery Agreement
SLA	:	Service Level Agreement

COMPANY INFORMATION:

Registration number:	2000/028993/07
Registered address:	66 Sauer Street Johannesburg
2000	
Postal address: Private Bag X70	JRA Braamfontein 2017
Telephone number:	(011) 298-5000
Fax number:	(011) 298-5178
Website:	www.jra.org.za
Bankers:	ABSA Bank of SA Limited
Auditors:	Auditor-General

Vision:

"The vehicle that makes the City work"

Mission:

"To provide a sound transit infrastructure management system in support of enhanced mobility"

Siyaphumelela!!!

ANNEXURE A

2010-11 SCORESHEET

The JRA company score sheet indicates the Annual performance of the JRA for the 2010-11 term. Performance is expressed as a % of the achievements set against the respective targets

KPI No	Programme Description (IDP)	Key Performance Indicator		Unit of Measurement	Target	Achieved	Annual Performance
1	Road infrastructure maintenance and upgrading programme	% Implementation of roads infrastructure maintenance and upgrade plan	Resurfacing and Pothole maintenance The improvement of Visual Road Condition Index (VCI) through implementation of the rehabilitation/resurfacing programme. % of identified / reported potholes completed within 3 day	Lane km	**115**	146.23 lane km resurfaced	**100%**
2			Gravel Roads maintenance: - % completion of [1]programmed gravel roads re-gravelled, bladed, ripped and shaped	%	**100%**	1952 km gravel roads maintained	**98%**
3		% Implementation of Stormwater Maintenance	No of Kerb Inlets (Ki's) cleaned and unblocked	No	**49 000**	52,084 Ki's cleaned / unblocked	**100%**
4		% Implementation of roads infrastructure reconstruction plan	Road Reconstruction:- The improvement of Visual Road Condition Index (VCI) through implementation of the road reconstruction programme	Lane km	**3.2**	14.04 km roads reconstructed	**100%**

[1] All gravel roads in informal settlements maintained (2000km);

KPI No	Programme Description (IDP)	Key Performance Indicator		Unit of Measurement	Target	Achieved	Annual Performance
5	Traffic signal upgrade and maintenance programme	Implementation of Road Mobility maintenance Plan (Traffic Signal upgrade and R&M)	Reduction of the number of reported malfunctioning [2]traffic signals to less than 1% (i.e. 20 of) on any given day. excl. power outages)	No per day	<20	12 malfunctioning traffic signals on any given day	100%
6	Road signage upgrade programme	Number of roads signs upgraded and maintained	No of road traffic sign upgrades to ensure legal compliance erected;	No	5,000	5093 Road traffic Signs upgraded and maintained	100%
7			Upgrading and maintenance of road markings	Lane km	1,500	1801 lane Km road marking upgraded and maintained	100%
8			Application of thermoplastic road marking paint along main routes	Lane km	250	198 Lane km of thermoplastic road marking paint applied	79.2%
9	Road infrastructure maintenance and upgrading programme	% Implementation of Way leave management and enforcement	% of Reinstatement of [3]reported road excavations / trenches completed by stakeholders & reinstated within [4]3 days	%	95.0%	90.66% of reported road excavations / trenches reinstated within 3 days	95.43%
10		% Implementation of Developers Contribution (Bulk Services Contribution) programme	% of Development Related projects identified, approved and construction implemented	%	100%	R 9.8 million completed (target of R 12.5 million)	78.4%

[2] Maintain 2084 traffic signal intersections
[3] Wayleave applications
[4] Following acceptance of compaction tests

KPI No	Programme Description (IDP)	Key Performance Indicator		Unit of Measurement	Target	Achieved	Annual Performance
11	Stormwater development and management programme	% Implementation of Stormwater Development and Management programme	**% Implementation of:- Stormwater Masterplanning in marginalized areas as per 2008 Ward Report 28 Wards (R 3m); Stormwater upgrades Protea (R5m); Klein Jukskei Catchment Willows (R3m);**	%	**100%**	100% of Stormwater Masterplanning; Stormwater upgrades Protea; Klein Jukskei Catchment Willows completed	**100%**
12			**% Implementation of :- Stormwater channel conversions (R5m) ; Identified emergency and critical storm water improvement programmes (R3m)**	%	**100%**	100% of :-Stormwater channel conversions; Identified emergency and critical storm water improvement programmes completed	**100%**
13	Stormwater development and management programme	% Implementation of Community Based Projects (CBP) programme – Stormwater improvements[5]	**% Implementation of:- Emergency Stormwater Repairs - Re-occurring (R 16m); Conversion of open storm water channels (R 20 m); Stormwater improvements Protea Ext 1 to 4 (R 10m)[6]; Emergency Stormwater (R 4.09m)**	%	**100%**	91.96 % of:- Emergency Stormwater Repairs ; Re-occurring SW; Conversion of open storm water channels ; Stormwater improvements Protea Ext 1 to 4 completed	**91.96%**
14	Traffic signal upgrade and maintenance programme	% Implementation of Community Based Projects (CBP) programme – Traffic Mobility[7]	**% Implementation of:- New Traffic Signals at warranted intersection (R3m); Improved congestion management (Remote Monitoring; Adaptive Control, UPS devices; Geometric Improvements; Upgrading Controllers**	No	**100%**	100 % of:- New Traffic Signals at warranted intersection; Improved congestion management (Remote Monitoring; Adaptive Control, UPS devices; Geometric Improvements; Upgrading Controllers completed	**100%**

[5] As per City approved CBP programme (Stormwater improvements)
[6] Total Budget allocation Protea Ext 1 to 4 is R 15m (R 5m JRA programmes + R 10m CBP programme)
[7] As per City approved CBP programme – Traffic Mobility

KPI No	Programme Description (IDP)	Key Performance Indicator		Unit of Measurement	Target	Achieved	Annual Performance
15	City-wide gravel roads surfacing programme	**Number of equivalent kilometres of gravel roads surfaced and storm water infrastructure constructed.**	• Orange Farm	Km	**2.2**[8]	4.7 km gravel roads surfaced and storm water infrastructure constructed.	**100%**
16	City-wide gravel roads surfacing programme	Number of equivalent kilometres of gravel roads surfaced and storm water infrastructure constructed.	• Ivory Park	Km	**3.3**	3.08 km gravel roads surfaced and storm water infrastructure constructed	**93%**
17	City-wide gravel roads surfacing programme	Number of equivalent kilometres of gravel roads surfaced and storm water infrastructure constructed.	• Diepsloot	Km	**2.2**	2.53 km gravel roads surfaced and storm water infrastructure constructed	**100%**
18	City-wide gravel roads surfacing programme	Number of equivalent kilometres of gravel roads surfaced and storm water infrastructure constructed.	• Doornkop	Km	**2.0**	2.53 km gravel roads surfaced and storm water infrastructure constructed	**100%**
19	OHASA Programme	Number of man days lost due to disabling injuries		No	**0**	148 man days lost due to disabling injuries	**0%**
20	OHASA Programme	Number of job related fatalities		No	**0**	1 Job related fatality	**0%**
21	EPWP Programme	No. of jobs created and people trained through the implementation of Capital EPWP Projects	No of jobs created and people trained- Gravel Roads upgrade; Stormwater capital related projects	No	**250**	1919 jobs created	**100%**

[8] Including installation of main storm water (R7m)

KPI No	Programme Description (IDP)	Key Performance Indicator		Unit of Measurement	Target	Achieved	Annual Performance
22	Finance Reporting	% Variance against JRA's operating budget	Actual expenditure as [9]% of budgeted expenditure	%	**100%**	Operating Budget overspent by 8%	**92%**
23	Finance Reporting	% of capital budget spent against approved budget	Actual expenditure as % of budgeted expenditure	%	**100%**	94% of CAPEX allocation spent	**94%**
24	Finance Reporting	Reconciliation of Inter Company Balances with other MOE's	Number of Inter Company Balances reconciled as % of total number of Inter Company Balances	%	**100%**	100% of Inter Company Balances reconciled (MOE's)	**100%**
25	Finance Reporting	Reconciliation of Inter Company Balances with the City of Johannesburg	Number of Inter Company Balances reconciled as % of total number of Inter Company Balances	%	**100%**	92% of Inter Company Balances reconciled (CoJ)	**92%**
26	Finance Reporting	Procurement spent on BEE as a % of total procurement (i.e. new contracts).	Expenditure Level On BEE companies	%	**70%**	82.06% of procurement spend on BEE	**100%**
27	Finance Reporting	**Number of issues to resolve to ensure a clean audit report attained by JRA**	Number of issues raised by the AG resolved as % of total number of issues raised by the AG in the Management Letter	%	**100%**	To be reported following conclusion of AG management letter	**n/a**
28	Finance Reporting	Maximising existing revenue sources (e.g. jobbings, asphalt sales, outdoor advertising and reinstatements)		R	**R60mil**	R 87.8 million revenue raised	**100%**

[9] Within 5% variance as per National Treasury Regulations