



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.

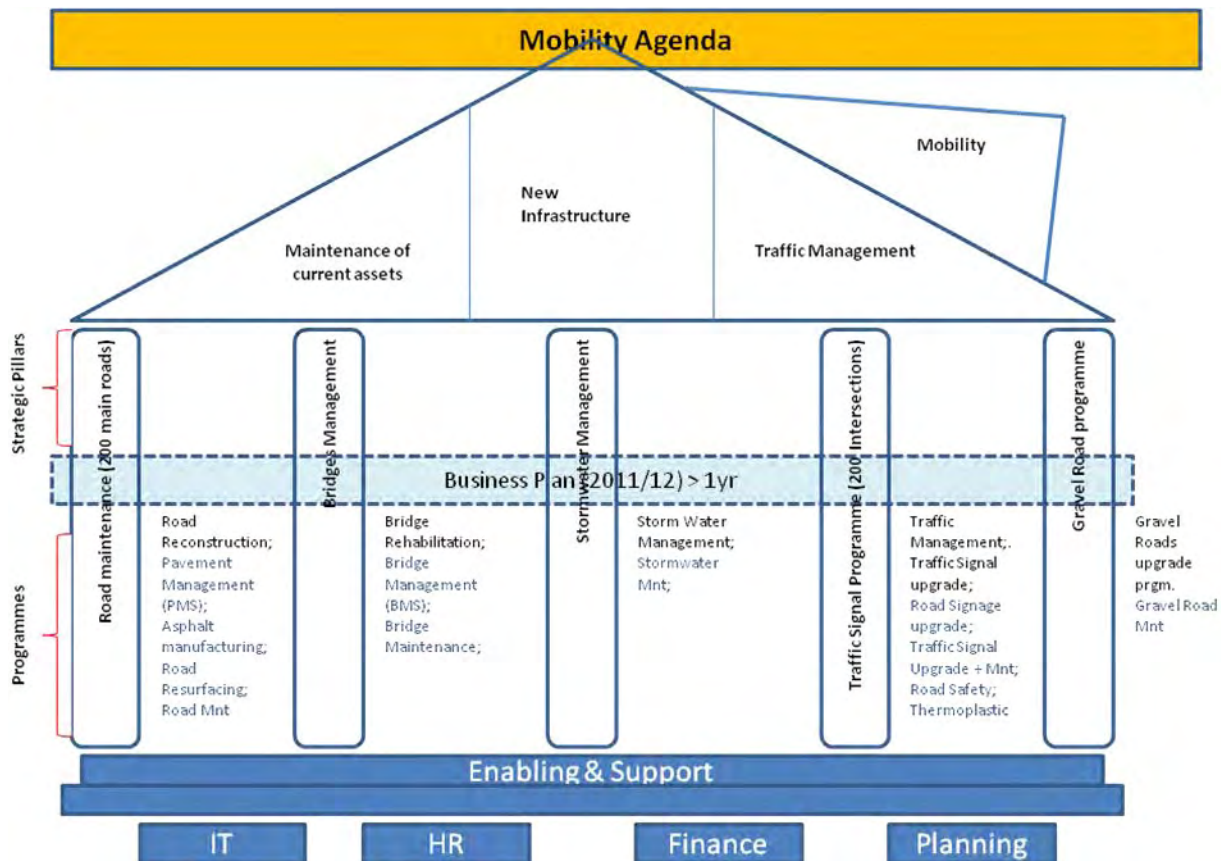
The JRA has adopted an approach designed to identify and manage value-adding activities which work towards the achievement of its strategic objectives across all business units and to eliminate silo thinking and execution. The following are the strategic objectives of the organisation:

- 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

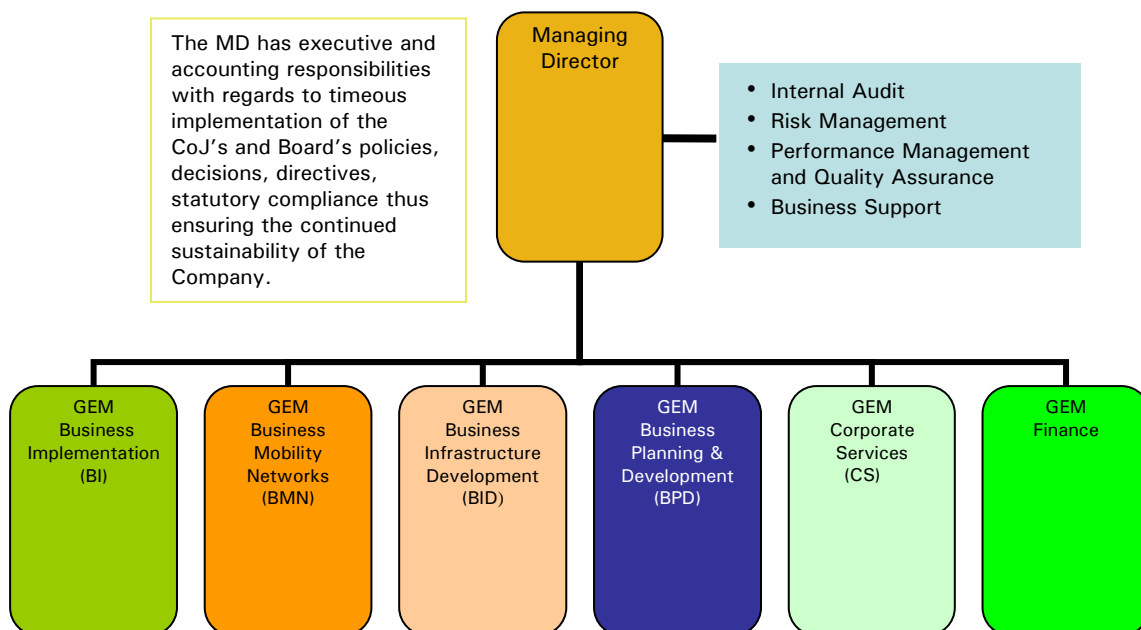
2.4 Company Structure

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:

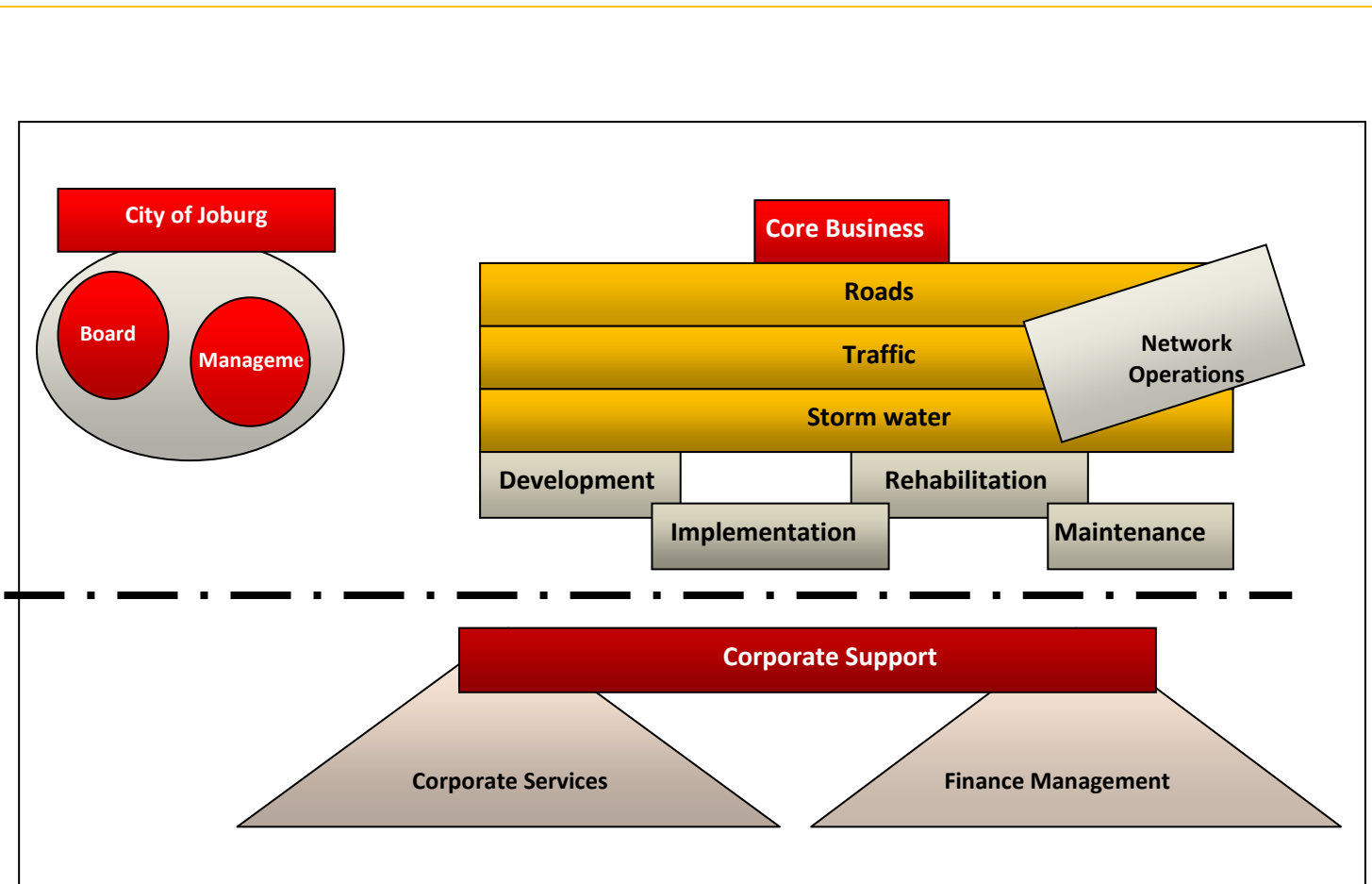
- Business Infrastructure Development (BID)
- Business Planning & Development (BPD)
- Business Mobility & Networks (BMN)
- Business Implementation (BI)
- Corporate Services (CS)
- Finance (FIN)

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.



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.

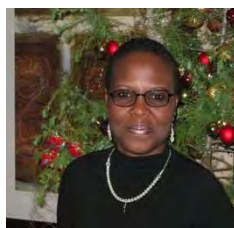
Khehla Shubane

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 Juris, 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 Mthimunya (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:

<p>Ms Thulisiwe Nkosi 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.</p>	<p>Advocate Thulani Makhubela 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</p>
<p>Ms Audrey Raphela GEM: Finance ❖ Qualifications: CA(SA); B. Com; B.Compt (Hons) ; CTA ❖ Skills: Financial Management; Internal Auditing</p>	<p>Mr James Frederick Oliver (Jimmy) 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</p>
<p>Mr Peet Booyens GEM: Business Mobility Network (BMN) ❖ Qualifications: B.Sc (Civil); Master's Degree (Business Leadership) ❖ Skills: Local Government Civil Engineering; Transportation and Traffic Engineering</p>	<p>Mr Yashvant Mistry GEM: Business Infrastructure Development (BID) ❖ Qualifications: B.Sc (Civil) ❖ Skills: Local Government Civil Engineering; Transportation and Traffic Engineering</p>

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 Siphon 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 R'm
	Budget R'm	Actual 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	Adjusted Budget	ACTUAL	VARIANCE
	R'm	R'm	R'm	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 finally 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:-

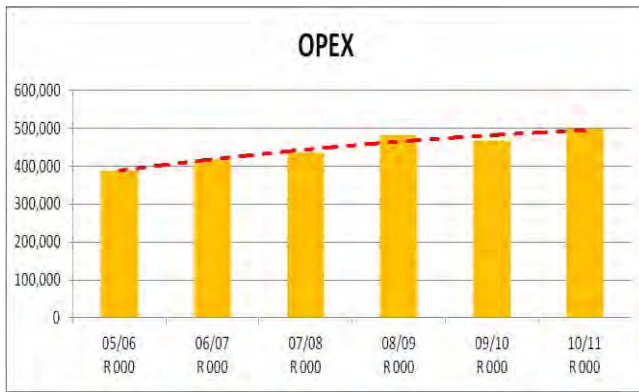
OPEX		
Subsidy	Revenue	Total
R429,693m	R69,467m	R499,160m

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:

OPEX

	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
<i>Grant + Subsidy</i>	326,686	353,299	371,316	408,603	403,210	429,693
<i>Revenue / income</i>	61,945	64,144	65,723	73,488	62,176	69,467
Growth			4.69%	10.31%	-3.47%	7.26%
<i>Inflation (6% pa)</i>	<i>R388,631</i>	<i>R411,949</i>	<i>R436,666</i>	<i>R462,866</i>	<i>R490,638</i>	<i>R520,076</i>

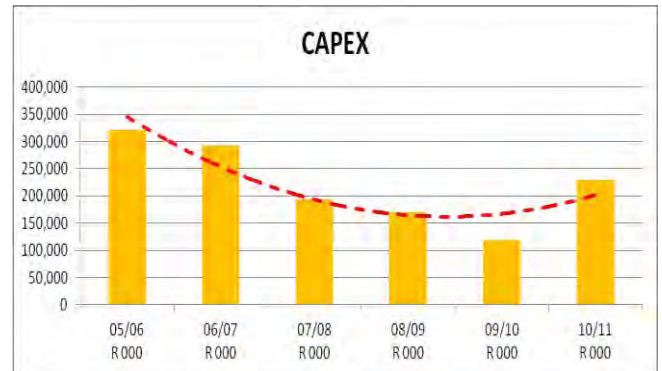


Over the past 6 years there has been a decline in real terms of the budgetary allocation which assumed an average CPIX of 6% per annum. Had the projected budget followed the CPIX curve, the allocated budget would be R520million by 2010/11. This is having a negative impact on the JRA operations.

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	170,100	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



Andre Geen

(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 Kl'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 2010/2011 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 following areas:

- 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 Georgia	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 timely 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	<ul style="list-style-type: none"> • Transit infrastructure development • Transit infrastructure maintenance
To ensure a sound traffic regulatory system	<ul style="list-style-type: none"> • Traffic regulatory infrastructure • Regulatory operating system
To ensure a sound stormwater management system	<ul style="list-style-type: none"> • Storm water infrastructure development • Storm water infrastructure maintenance
To ensure sound social contract management (awareness, education, training, promotion, marketing communication)	<ul style="list-style-type: none"> • Community involvement • Community capacity development/awareness creation
To ensure sound business excellence	<ul style="list-style-type: none"> • Business management/leadership: <ul style="list-style-type: none"> - Strategic positioning (strategic & operational planning, structuring/influencing) - Organisation culture development - Business performance management - Stakeholder relations management/ communication - Corporate governance - Service delivery • Internal Risk Management: <ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> • 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 2010/11 Targets	Achievements
250 kilometres of gravel roads surfaced	Gravel Roads surfaced	250 km	<p>City-wide gravel roads surfacing program</p> <ul style="list-style-type: none"> - Orange Farm 2.2 km - Ivory Park 3.3km - Diepsloot 2.2km <p>Doomkop 2.0km</p> <p>-</p>	<p>City-wide gravel roads surfacing program</p> <p><u>Orange Farm :-</u> 4.7km of road complete with kerbing, channelling and stormwater.</p> <p><u>Ivory Park:-</u> 3.1km of road complete with kerbing, channelling and stormwater</p> <p><u>Diepsloot :-</u> 2.5km of road complete with kerbing, channelling and stormwater</p> <p><u>Doomkop :-</u> 2.9km of road complete with kerbing, channelling and stormwater.</p>
Improved Stormwater infrastructure and management system across Johannesburg	Improved Stormwater infrastructure	Improved Stormwater infrastructure	<p>Stormwater development and management program</p> <p>Stormwater Masterplanning & Implementation in marginalized areas as per 2008 Wards Report (28 Wards)</p> <p>Environmental compliance and structural upgrades</p> <p>Upgrading of Stormwater in Protea Glen Ext 1-4 (Phase 1-5) – CBP</p> <p>Klein Jukskei Catchment: Stormwater Control (CBP): Willows Development – Windsor</p> <p>Conversion of open Stormwater drains to underground / covered drains</p>	<p>Stormwater development and management program</p> <p><u>Stormwater Master Planning</u></p> <p>Stormwater Master Planning was completed in Bram Fischer Ville, Diepsloot, Protea Glen, Orange Farm</p> <p><u>Protea Glen Ext 1-4:</u></p> <p>100% of storm water improvements in Protea Glen Ext 1-4 was completed</p> <p><u>Klein Jukskei Catchment:</u></p> <p>100% of Stormwater Control was completed in the Klein Jukskei Catchment (Willows Development-Windsor)</p> <p>Conversion of open stormwater drains:</p> <p>100% of stormwater conversions was completed in Ivory Park and Diepsloot</p>
100% of all major intersections provided with adequate road signs	Road signage upgrade program	Improved Traffic management infrastructure	<p>Road signage upgrade program</p> <p>5000 road traffic signs upgraded to ensure legal compliance</p> <p>1500 lane km road markings upgraded along class 5 and 4 roads</p> <p>Upgrade 250 lane km with thermoplastic road marking paint</p>	<p>Road signage upgrade program</p> <p>5093 route markers, tourism signs, directional signs and regulatory signs (replaced to ensure legal compliance with SARTSM) across 109 wards</p> <p>1801 lane km of standard road marking was painted across 109 Wards.</p> <p>198 lane km road markings upgraded with thermoplastic road marking paint .</p>

5 Year Strategic Objective (as per the IDP)	5 Year Indicator	5 Year Target	IDP Programme and Key 2010/11 Targets	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 <i>The maximum number of signalised intersections out on any given day throughout the year was 12 intersections (excluding power outages).</i> <i>The average number of signalised intersections out on any given day was 10.</i>
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. 33,758m ³ 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 Siphon 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
Siphon 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 MIG	67,354,193	-
Johannesburg Water (Pty) Ltd	55,516,825	-
Johannesburg City Parks	4,638,890	5,419,188
	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 <i>New Access Roads</i> <i>Road widening</i> <i>Road extensions</i> <i>Duelling of carriageways</i> <i>Road link</i> <i>Road upgrade</i> <i>M'way improvements</i>	N/a	Upgraded and enhanced Road Infrastructure	Implementation of road infrastructure and upgrades:- <i>New Access Roads</i> <i>Road widening;</i> <i>Road extensions;</i> <i>Duelling of carriageways;</i> <i>Road link;</i> <i>Road upgrade;</i>	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 <i>(based on average R 2 mil / km)</i>	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: <i>(included in prgm Q)</i>
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	Estimated Budget
			2011/12	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:- <i>Remote Monitoring</i> <i>Adaptive Control</i> <i>Upgrading Controllers</i>	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 <i>(DP&UM Budget)</i> 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 <i>SWMP + Flooding;</i> <i>Infill Planning;</i>	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	Estimated Budget
			2011/12	2011/12
<i>Integrated Master Planning; Environmental Compliance; Investigation and design of future scheme</i>	EIA approvals completed 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 governance 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)

L Brenner

X Hloma

Adv L Kügel (new)

W R Nyabeze

Mr. PF Crowley (resigned)

F I Matabane

K Mthimunye

M J Simelane

S M Maimane

Adv. D J Block (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 Kūgel (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. Its 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 of 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 Kugel	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 Kugel	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 Director 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

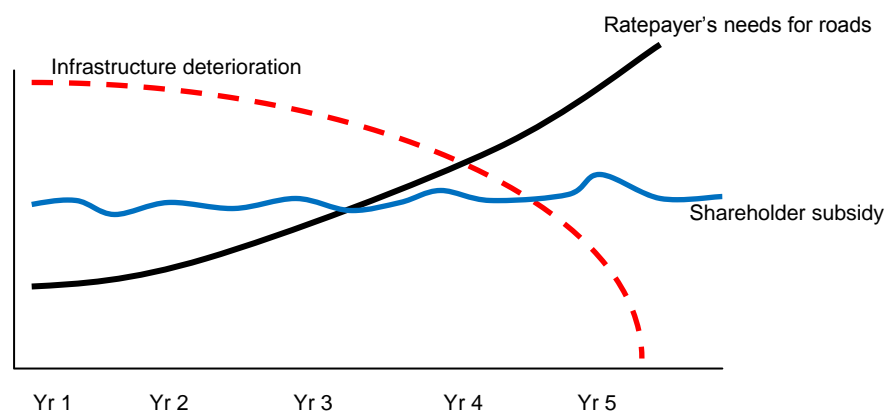
The JRA is evolving its attitude towards sustainability and recognises the importance of the direct and indirect impact that the business activities have on socio-economic, institutional and ecological areas in which it operates. The JRA's approach also entails confronting basic issues around the core 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 (Spectrum)	Customer Care Batho-Pele principles	This was part of the one year

TRAINING INTERVENTION	STATUS	REMARKS
		programme for Roadies
Disaster Management for Managers (Spectrum)	30 Managers were trained by Spectrum 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:

- 13th 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.

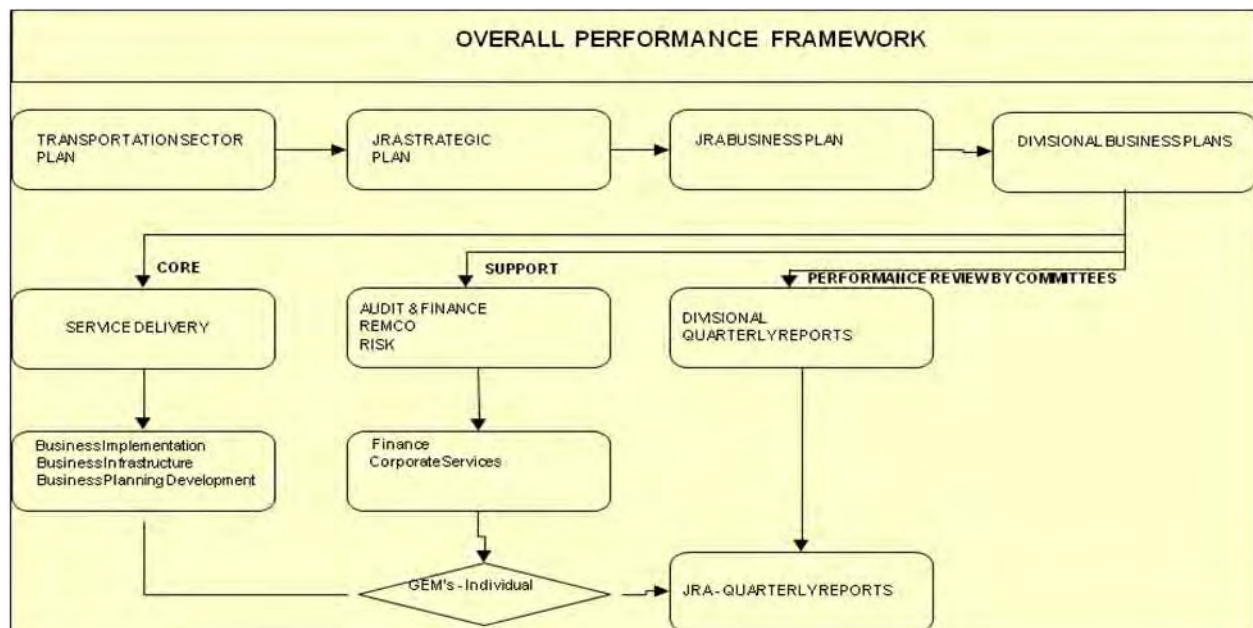
- **Performance Execution (Including Monitoring and Coaching):** This happens throughout the performance management cycle. This is about jointly and individually implementing the performance plans (scorecards) that have been agreed to during the performance planning phase. Performance monitoring and 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

Johannesburg Roads Agency SOC Limited

(Registration number 2000/028993/07)

Annual Financial Statements for the year ended June 30, 2011

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

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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.

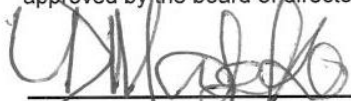
The members are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial 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.

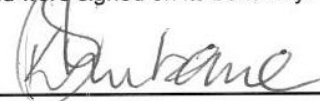
Although the members are primarily responsible for the financial affairs of the entity, they are supported by the entity's external auditors.

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