



JOBURG | SOWETO | ROODEPOORT

JOBURG THEATRE (SOC) LIMITED
REGISTRATION NO: 2000/013032/07

TRADING AS
JOBURG CITY THEATRES

2016/2017 annual report





BOARD OF DIRECTORS

(left to right) back row, standing:

Dr Ali Monadjem,
Mr Ishmael Mkhabela
Mr Mabutho "Kid" Sithole
Mr Zukisani Samsam
Mr Mavuso Shabalala
Mr Welcome Msomi

front row, seated:

Ms Sury Pillay
Ms Xoliswa Nduneni-Ngema *Chief Executive Officer*
Dr Mongane Wally Serote *Chairperson of the Board*
Ms Lorraine Malebo
Mr Bheki Zungu
Ms Todd Twala



Vision

To provide the integrated management of world class African theatre venues and a high quality entertaining, innovative and inclusive programme which serves the diverse communities of the City of Joburg.

Mission

- A commitment to social cohesion, diversity and inclusivity
 - A commitment to financial viability, and resilience
- A commitment to financial accountability and good governance
- A commitment to education, training and skills development for our staff, management and artists
- A commitment to provide audience development and education programmes for the benefit of our diverse communities
 - A commitment to working in partnership with others to maximise the impact of our vision

APPROVAL:

 <u>Solomon MPHAKATHI</u> Mr Solomon Mphakathi Chief Financial Officer	Signature	Date of approval: <u>07/12/2017</u>
 <u>Xoliswa Nduneni</u> Ms Xoliswa Nduneni-Ngema Chief Executive Officer/MD	Signature	Date of approval: <u>07/12/2017</u>
 <u>Nkopane MAPHIRI</u> Mr Nkopane Maphiri Chairperson of the Board	Signature	Date of approval: <u>07/12/2017</u>
 <u>Nonhlanhla SIFUMBA</u> Cllr Nonhlanhla Sifumba MMC	Signature	Date of approval: <u>08/12/2017</u>

COMPANY INFORMATION:

Registration number:	2000/013032/07
Registered Address:	163 Civic Boulevard Braamfontein 2017
Postal Address:	P O Box 31900 Braamfontein 2017
Telephone number	: (011) 877-6800
Fax number	: (011) 877-6812
Website	: www.joburgtheatreptyltd.co.za
Bankers	: Nedbank Limited
Auditors	: Auditor-General

VISION

A leading World-class African artistic platform providing sustainable, development-oriented and diverse programming.

THE MISSION OF JOBURG CITY THEATRES

We commit to:

- *Facilitate social cohesion, diversity and inclusivity;*
- *Ensure financial viability, and resilience;*
- *Demonstrate financial accountability and good governance;*
- *Support education, training and skills development for our staff, management and artists;*
- *Provide audience development, content development and education programmes for the benefit of our diverse communities;*
- *Work in partnership with others to maximise the impact of our programmes;*

So as to promote the emancipation of the African voice through theatre activity, education and entertainment.

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Abbreviations

Abbreviation/ Acronym	Explanation/ Description
AA	Affirmative Action
AFS	Annual Financial Statement
AG	Auditor General South Africa
AGM	Annual General Meeting
ARC	Audit and Risk Committee
BBBEE	Broad Based Black Economic Empowerment
BOARD	Board of Directors of Joburg City Theatres
CAPEX	Capital Expenditure
CATHSSETA	Culture Arts, Tourism, Hospitality and Sport Sector Education and Training Authority
CCMA	Commission for Conciliation, Mediation and Arbitration
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CLLR	Councillor
COJ	City of Johannesburg
DAC	Department of Arts and Culture
EAP	Employees Assistant Programme
EE	Employment Equity
EPWP	Expanded Public Works Programme
EXCO	Executive Management Committee
FY	Financial Year
GAC	Group Audit Committee
GDS	Growth and Development Strategy
GRI	Global Reporting Initiative
GRAP	Generally Recognised Accounting Practice
GRAS	Group Risk and Assurance Services
HR	Human Resources
IAC	Independent Audit Committee
ICT	Information and Communication Technology
IDP	Integrated Development Plan
IIRC	International Integrated Reporting Council
JCT	Joburg City Theatres
KING III	King Report on Corporate Governance for South Africa
KPA	Key Performance Area
KPI	Key Performance Indicator
MANCO	Management Team Committee
MFMA	Municipal Finance Management Act
MMC	Member of the Mayoral Committee
MOE	Municipal Owned Entity
MOI	Memorandum of Incorporation
MSA	Municipal Systems Act
MSCMR	Municipal Supply Chain Management Regulations
NED	Non-Executive Director
NPC	Non Profit Company
(PTY) LTD	Proprietary Limited
SCM	Supply Chain Management
SDA	Service Delivery Agreement
SMART	Specific, Measurable, Attainable, Reliable and Timely
SOC	State Owned Company
REMSEC	Remuneration, Social and Ethics Committee
SETA	Sector Education and Training Authority
SLA	Service Level Agreement
STAGES	Stages Restaurant
WSP	Workplace Skills Plan
YTD	Year to Date

ABOUT THIS REPORT

Joburg Theatre (SOC) Ltd, trading as Joburg City Theatres is pleased to present its Integrated Report for the period 1 July 2016 to 30 June 2017.

This report aligns with best practice in integrated reporting. It includes the principles of integrated reporting contained in the International Integrated Reporting Council Framework, published by the International Integrated Reporting Council (IIRC) in December 2013, and is guided by various codes and standards including the King Report on Corporate Governance for South Africa, and the accompanying Code on Corporate Governance for South Africa.

Basis of preparation and presentation

The Integrated Report reflects a holistic account of all relevant and material financial and non-financial information, to enable stakeholders to evaluate the performance and impact of Joburg City Theatres' operations when implementing its mandate. To present a complete view of our company's performance and strategy, and by considering feedback from stakeholders, considering both qualitative and quantitative matters that are material to our operations and strategic objectives, and which may influence the decisionmaking of our stakeholders with oversight provided by the Board of Directors supported by City of Johannesburg Metropolitan Municipality as the sole shareholder.

Matters important to stakeholders are determined through extensive consultation with and consideration of the concerns raised by our stakeholders, taking account of our strategic objectives, assessment of risk and the way in which our value chain operates. Material matters are those that are both of high concern to stakeholders and which could have a significant impact on our ability to create value.

Joburg City Theatres' continues to consider best reporting practice in the preparation of its Integrated Report, including the principles set out in the International Integrated Reporting Council's Framework, and the guidelines of the Global Reporting Initiative (GRI). Integrated reporting remains a cornerstone of our commitment to entrench global best practices in all operations. This report also complies with the disclosure requirements of the Generally Recognised Accounting Standards (GRAP), the King report on governance for South Africa (King III).

Summary of the organization's materiality determination process

The main areas covered in this report in terms of both current and future issues are based on what our stakeholders have said to us that they need to know, our business focus areas, priorities and the actively managed risks we face.

Our approach to determining and prioritising the report content is an ongoing process throughout the year that considers internal and external factors which have and/or could have a substantive impact on the organisation's value creation activities and interaction

The entity has applied the principle of materiality in pertinent content and disclosure. A matter is material if it is of such relevance and importance that it could substantially influence an assessment of the report and the entity's ability to create value in the short, medium and long term.

The following internal and external criteria were used to identify material issues:

Process	Internal Criteria	External Criteria
IDENTIFICATION PRIORITISATION VALIDATION	City of Johannesburg Growth and Development strategy (Joburg 2040 criteria and objectives)	Critical opportunities and challenges the Entity is geared to respond to.
	National and Provincial outcomes of Government	Changes in the socio-economic developmental agenda and priorities of National and Provincial Government
	Enterprise Risk Management Process; including key risks impacting Entity's strategic and operational objectives and the associated mitigating activities	Factors which may impact the Entity's reputation, thereby influencing its ability to promote sustainable growth
	Stakeholder expectations and feedback – from the shareholder, residents, theatre patrons, business community, Non-Governmental Organisations (NGOs), National and Provincial Government, National Arts Council, theatre practitioners, other theatres, designated targeted groups.	The provisions of various frameworks including: Municipal Finance Management Act (MFMA); Section 46(1) of the Municipal Systems Act (MSA); King Code on Corporate Governance (King III), Generally Recognised Accounting Standards (GRAP); Millennium Development Goals; BBBEE Code.
	The Entity's mission, vision and values.	
The Entity's governance framework and policy environment.		

Joburg City Theatres has a structured strategic planning process through which the key determinants of value creation are identified, prioritised and targets set against them. These key determinants are the strategic focus areas that have a material impact on value creation for each of our identified stakeholder groups. The strategic focus areas therefore form the overarching strategic framework and context for the material themes that are expanded on in the report.

Description of the reporting boundary

The integrated report covers the performance of Joburg City Theatres' for the financial year July 2016 to June 2017 in all our geographic regions (Braamfontein, Roodepoort and Soweto) in which the entity operate. The consolidated data incorporates the business units managed by Joburg Theatre SOC Ltd. There are no other entities over which the group has significant influence that it believes should be included in the report. Financial and non-financial data is aligned to the same financial reporting period allowing for comparison of performance data.

The annual financial statements are prepared in accordance with Generally Recognised Accounting Principles Standards. Any limitations will be disclosed in the relevant section.

Financial Reporting	Non-Financial Reporting
<p>This report includes reports of the independent auditors; the Audit Committee; the directors; the annual financial statements and the corporate governance reports.</p> <p>The following frameworks adopted and applied include:</p> <ul style="list-style-type: none"> The Generally Recognised Accounting Principles The King Code of Governance for South Africa (2009) The Companies Act No 71 of 2008 (Companies Act) The Municipal Finance Management Act No. 1 of 1999 	<p>The boundary of the report extends beyond financial reporting and includes non-financial performance, opportunities, risks and outcomes attributable to or associated with our key stakeholders that have a significant influence on our ability to create value.</p> <p>The report is our primary report to stakeholders and is intended to address the information requirements of long-term investors (our shareholders). It also present information relevant to other key stakeholders, including staff, clients, regulators and communities.</p>

Summary of the significant frameworks and legislation used to prepare the report

The integrated report for 1 July 2016 to 30 June 2017 is in an integrated financial, social and economic report. JCT aligns to the local and international sustainability best reporting practices including the:

- The Constitution of the Republic of South Africa (108 of 1996)
- Municipal Finance Management Act
- Generally Recognised Accounting Principles
- Section 46(1) on the Municipal Systems Act
- King III Code on Corporate Governance
- Discussion papers issued by the South African Integrated Reporting Committee and the International Integrated Reporting Council
- GRI Framework
- Millennium Development Goals
- Joburg 2040 Growth and Development Strategy
- The City of Johannesburg's Integrated Development Plan
- Municipal Finance Management Act (56 of 2003)
- Municipal Structures Act (117 of 1998)
- Municipal Systems Act (32 of 2000)
- Preferential Procurement Policy Framework Act (5 of 2000)
- Broad-Based Black Economic Empowerment Act (53 of 2003)
- Promotion of Access to Information Act (2 of 2000)
- Promotion of Administrative Justice Act (3 of 2000)
- Protected Disclosures Act (26 of 2000)
- Prevention and Combating of Corrupt Activities Act (12 of 2004)
- Companies Act (71 of 2008)
- Competition Act (89 of 1998)
- Labour Relations Act (66 of 1995)
- Basic Conditions of Employment Act (75 of 1997)
- Employment Equity Act (55 of 1998)
- Skills Development Act (97 of 1998)
- Skills Development Levy Act (9 of 1999)
- Unemployment Insurance Act (63 of 2001)
- Unemployment Insurance Contributions Act (4 of 2002)
- Occupational Health and Safety Act (85 of 1993)
- The Compensation for Occupational Injuries and Diseases Act (130 of 1993)
- National Health Act (61 of 2003)
- Income Tax Act (58 of 1962)
- Value Added Tax (89 of 1991)

The report considers economic, environmental, social and technical performance and is also available online on entity's website (<http://www.joburgtheatreptyltd.co.za>).

Codes and protocols

JCT applies the governance principles contained in King III and continues to further entrench and strengthen recommended practices in our governance structures, systems, processes and procedures. The Directors and Executives recognise and are committed to the principles of openness, integrity and accountability advocated by the King III. Through this process, stakeholders can derive assurance that the entity is being ethically managed according to prudently determined risk parameters and in compliance with generally accepted corporate practices. Monitoring the entity's compliance with King III, forms part of the mandate of the Audit and Risk Committee. The entity has complied with King III in all material respects during the year under review.

The Board of Directors has incorporated CoJ's Corporate Governance Protocol in its Board Charter, which inter alia regulates its relationship with CoJ as its sole member and parent municipality in the interest of good corporate governance and good ethics. The Protocol is premised on the principles enunciated in the King III. JCT consolidated its position in respect of adherence to the King III. The entity practices are, in most material instances, in line with the principles set out in the King III. Ongoing steps are however taken to align practices with the Report's recommendations and the Board continually reviews our progress to ensure that we continue to improve our corporate governance.

Assurance process for the integrated report

A combined framework integrates and coordinates all assurance activities, identifies all related providers, and ensures that actual assurance takes place and is reported within our governance structures. Our combined assurance model recognises three lines of defence, namely review by management, supplemented by internal and external assurance in order to optimise governance oversight, risk management and control.

The Audit and Risk Committee and the Board rely on combined assurance in forming their view of the adequacy of our risk management and internal controls. We have applied a combined assurance approach in the preparation of this report.

The entity's Integrated Report for the 2016/17 financial year was assessed and rated to ascertain whether minimum disclosure requirements were adhered to in terms of the following:

Integrated Reporting Framework	MFMA: Circular 63 Annual reporting requirements
Ethical Leadership and Corporate Citizenship	Member of the Mayoral Committee's Foreword Statement and Executive Summary Report
Boards and Directors : <ul style="list-style-type: none"> - Board Independence; - Board reporting ; - Boards performance; - Board Committees; - Director's remuneration; 	Governance <ul style="list-style-type: none"> - Governance structures; - Intergovernmental relations ; - Public Accountability Participation; - Supply Chain Management, By laws, oversight committees; - Risk management; - Anti-corruption and fraud; - Disclosure of financial interests; - Councilors and committee.
Audit Committees <ul style="list-style-type: none"> - Finance Competence; - Audit Committee performance; 	Service delivery
The Governance of Risk	Organizational Development performance
Compliance with Laws, Codes, Rules and Standards	Financial Performance
Internal Audit <ul style="list-style-type: none"> - Internal Audit Function; - Internal Controls 	Appendices; Annual Financial Statements
Governing Stakeholders Relationships	
Integrated Reporting Disclosure <ul style="list-style-type: none"> - Financial Disclosure; - Sustainability Disclosure; 	
Integrated Reporting Philosophy	

The Entity will continue to refine its approach in future annual reports to further align with international reporting standards and to promote consistency and accountability with respect to its role in creating and sustaining value for all citizens of Johannesburg.



Board responsibility and approval

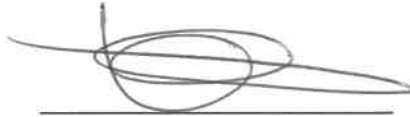
The Board, assisted by the Audit and Risk Committee and the Remuneration, Social and Ethics Committee and Artistic Committee, is ultimately responsible for the integrity and completeness of the integrated report and any supplementary information. The Board has applied its collective mind to the preparation and presentation of the integrated report and has concluded that it is presented in accordance with the International Framework. The Board approved the 2016/17 integrated report, together with the annual financial statements and supplementary information, taking into consideration the completeness of the material items it deals with and the reliability of information presented, in line with the combined assurance process followed on 28 November 2017.



Mr Nkepane Maphiri
Chairperson
Board of Directors



Ms Mpho Lecoge
Chairperson
Remuneration, Social and Ethics Committee



Mr Mpumelelo Mkhabela
Chairperson
Audit and Risk Committee

CHAPTER ONE: LEADERSHIP & CORPORATE PROFILE



Joburg City Theatres has carefully considered the principles and objectives of integrated reporting. JCT's objective is to apply best practice, in so far that it supports its interpretation of the sustainability of its strategy and operations which include giving our stakeholders a view into the workings of the organisation. It does not seek to tick all the boxes but rather provide the shareholder, stakeholders and patrons with enough relevant information to take an informed view on the quality of leadership's strategic thinking, execution of strategy and utilisation of operating platforms, financial resources and risk capacity. The approach is fundamentally designed to present substance over form.

This integrated report covers JCT's governance, financial, social responsibility, and broader economic and overall sustainability performance information for the financial period 01 July 2016 to 30 June 2017. The report provides a perspective of past and current performance, while giving sight of future prospects and strategies with a comprehensive summary that includes operations at Joburg Theatre, Roodepoort Theatre and Soweto Theatre. The report also covers

- Comparative information
- Performance information
- Sustainability report
- Operational reports

Section 1: Foreword by Member of the Mayoral Committee



I am privileged and honoured to be working with Joburg City Theatres (JCT) in providing residents with creative and cultural services with pride. The City's expectation of this entity is that it serves the diverse communities of Johannesburg, excels in the standard of edutainment presented on its stages, promotes access to the previously forgotten communities, increase the number of theatregoers, and operates with good governance and a strong ethos of accountability.

JCT is the nerve centre of the City, and much is expected of it towards the achievement of social cohesion of the different cultures that call Joburg home. Due to the centrality of the location of one of its theatres, it is also expected to play a significant role in the rejuvenation of the Inner City.

During the 2016/17 financial year JCT did not disappoint in providing a hive of activity, using different genres, from local to international drama, ballet, dance, music and poetry.

In delivering its core functions and services, JCT set its objectives to be aligned to the COJ's GDS outcomes and the City's priorities, as part of the Social and Human Development Cluster, primarily tasked to support Outcome 1, which relates to issues of social cohesion and inclusivity and improved quality of life, supported by the establishment of development-driven resilience, and particularly resonates with the work of JCT.

Four strategic objectives were developed for the period 2016/17 in order to enable JCT to effectively focus and prioritise its options in delivering on its mandate and respond to the strategic focus areas.

- A recognised centre of excellence and improved perceptions of the role and contribution of JCT;
- Increased accessibility by diverse communities, ensuring that more Joburg residents benefit from the cultural experience and opportunities for positive social contact;
- Balance the imperative for revenue generation with socio-economic development, and provide opportunities for future arts practitioners and entrepreneurs; and
- Good governance, financial sustainability and sound management.

Many of the achievements were around JCT's offering productions such as King Kong and Snow White which attracted different people to be entertained.

JCT demonstrated a progressive commitment by achieving its goals and objectives. This is explicitly evident as 92% was achieved in Key Performance Indicators and 99% on Capital Expenditure budget. For this I applaud the Management team and staff under the leadership of Ms. Xoliswa Nduneni-Ngema for another sterling performance against the Company's mandate and objectives. You are truly serving Joburg with pride.

As part of enhancing public participation during this financial year JCT implemented a customer satisfaction survey benchmark. The objectives of benchmarking were among others to determine the standards of similar organisations, and to pitch JCT's performance against them for the benefit of the residents of Joburg.

The achievements by JCT were against the backdrop of a tough economic environment facing the industry, but JCT has managed to offer more value for money with less resources – and for this I am proud of the entity.

I would also like to thank the board under the leadership of Mr. Nkopane Maphiri for its efficient and effective oversight of JCT. I look forward to the new financial year in which we can again be proud of our achievements, individually and as a team.

Cllr Nonhlanhla Sifumba
Member of the Mayoral Committee
Community Development

Section 2: Chairperson's Foreword



It gives me great pleasure to provide the foreword for the 2016/17 Integrated Report, a year that was characterised by positive results in the face of global economic uncertainty.

Let me first acknowledge my predecessor, Prof Mongane Serote, for the excellent base he set as Chairperson of the Board for four years and thank all the retired Board members for their loyal service to the company.

To the dedicated JCT family, thank you for your enormous contribution to ensuring that we keep at the cutting edge of service delivery and entertainment to the citizens of Joburg. Your innovative spirit, loyalty, flexibility, willingness and ability to adapt to changing environment is key to us delivering on our commitments to the shareholder and achieving our goals.

2016/17 financial year has been another pleasing year for JCT, with significant value created for each of the company's stakeholders.

For the **Shareholder**, JCT delivered successfully in accordance with its mandate by providing the integrated management of professional theatre venues and a high quality entertainment, innovative and inclusive programme which served the diverse communities of the City of Joburg. This was done through commissioning of quality productions aligned to the vision and mission, providing opportunities for development of talent and skills of the youth, creating partnerships with communities and continuous improvements on operational efficiency, optimization of resources and performance.

Patrons / customers are vital to our success and we are committed to continuously listen to their views and provide them with the offerings that would satisfy their needs. JCT realises the increasing importance of meaningful relationships and significant engagements as a partner in achieving our goals. Your ongoing support and love for the theatre is appreciated.

Management team and staff are key to us delivering on our intent for stakeholders and achieving our goals. In order for all employees of the organisation to work in harmony within a pleasant and protected environment, policies and procedure that provide clear guidelines on rights and obligations and manage expectations between the employer and the employees have been formulated and implemented.

Artists, Practitioners are provided with opportunities to create work, perform, increase accessibility, facilitate partnerships and co-production opportunities, incubating youth projects and addressing youth unemployment.

The board and management provided an enabling environment in support of all four strategic objectives, through the provision of effective leadership, strategic management and corporate support within JCT, in fulfilment of its mandate, vision and mission.

The reviewed the annual financial statements and is satisfied with the financial performance of the organisation. Total revenue improved by 13% year on year resulting in surplus after tax amounting to R7 million. The entity remains committed in prudent financial management reflected in its expenditure management for the year which was well within its budget.

Board and Board Sub-Committee meetings were held according to the organisational cycle and were well attended - full details are provided in the Corporate Governance chapter of this report. The critical issues that were dealt with were the formulation of organisational strategy, oversight of organisational performance and the expectations of the Shareholder, among others. Members of the Board have skills that are put to good use in providing leadership and guidance in the development of strategy. This is a clear indication that the Board is functioning at a strategic level, and in line with its mandate.

On behalf of the Board, I would like to thank the MMC of Community Development, Councillor Nonhlanhla Sifumba for her positive engagements and guidance in delivering on our Mandate.

To my colleagues, the Board, I thank you personally for your participation in Board deliberations, guidance and support this far.


Mr Nkopane Maphiri
Board Chairperson

Section 3: Chief Executive Officer's Report



Joburg City Theatres delivered very pleasing corporate performance underpinned by strong financial results during the 2016/17 financial year - we made real progress towards achieving the JCT vision while continuing to expand our range of innovative products and services. This report reviews the Joburg City Theatres' performance, assessing this against what we set out to achieve during the financial year.

As an independent municipal entity wholly owned by the City of Joburg, within the Social and Human Development Cluster and located under the Department of Community Development, JCT operates the Joburg Theatre (Braamfontein), Roodepoort Theatre and Soweto Theatre, with the aim to operate as an internationally recognised centres of excellence in the provision of professional theatre edutainment to the citizens of Johannesburg.

The company achieved 23KPIs out of 25KPIs, this constitutes 92% achievement. *2 KPIs were not measured as their implementation depended on the budget allocation as indicated in the approved 2016/17 Business Plan.* With the exclusion of the 2 KPIs, the achievement is sitting at 100%. The spend on capital expenditure is 99%. This performance resulted from commitment and hard work of management as well as staff.

The clean bill of health from the Auditor General is a key indicator of the entity's commitment to ensuring that service is managed in an effect and economically viable manner as it was achieved consecutively from 2013/14, 2014/15, 2015/16 and 2016/17 financial years and our focus in this regard is to continue to maintain a clean audit environment for the future.

For the period 2016/17 four Strategic Objectives were developed in order to enable JCT to effectively focus and prioritise its options in delivering on its mandate.

The industry remains engulfed with stiff competition while financially the consumers of our products and services remain squeezed by the lower disposable income. Inflation and the high interest rate continue to hit our consumers and ultimately impact on our revenue generation both from the buying of tickets and the attendance at our restaurants.

Despite all these aforementioned challenges Joburg City Theatres achieved good financial results. JCT achieved a total revenue for the full year is **R162.2m** compared to a target of **R166.9m**. And this performance is attributable to the interest revenue, hospitality and catering and the management fees and ticketing fees. The management fees chargeable on the activities implemented on behalf of other sister entities and departments range been 10% and 15%.

JCT remains a going concern, as there is adequate cash to fund its operations and the subsidy for the 2017/18 financial year has been received. Both Liquidity and solvency ratios have increased by 36% (from 1.22:1 last year to 1.91:1 in the current year) and 25% (from 1.70:1 last year to 2.13:1 in the current year) respectively year on year. Current assets have gone up 19% year on year while current liabilities went down by 24%. Total assets went up 13% year on year while total liabilities went down by 10%

The company has established and maintains a system of risk management in accordance with the provisions of the Municipal Finance Management Act, the King III report on Corporate Governance and Risk Management Standards as applicable.

Oversight over the governance and management of risk in Joburg City Theatres is carried out by the Audit and Risk Committee which is a sub-committee of the Board of directors. The Audit and Risk Committee meets on a quarterly basis (or as regularly as may be agreed between the Board and the Committee) and operates in accordance with approved terms of reference. The top 5 strategic risks were reviewed and monitored on a quarterly basis including the key interventions and action plans that were identified to mitigate the risks.

Joburg City Theatres was appointed by City of Johannesburg (CoJ) through the Department of Community Development as a service provider to implement Arts Alive International Festival for 2016. The Festival consisted of the following key events which included music, poetry, writing, theatre; dance:

- a) **Music and Dance:** Jazz on the Lake at Zoo Lake, Reggae Jazz Concert at Joburg Theatre, The Rock, Blues and Folk concert at Joburg, The Urban Clash Youth Concert at Soweto Theatre, The Traditional Music and Dance Festival in Soweto, The Eldos Jazz Concert, in partnership with Moshito Music Conference and Exhibition involving several music concerts and workshops, The shared History Festival at Joburg Theatre involving several different productions of Indian dance, music and theatre.
- b) **Writing, Poetry and Workshops :** The Fourth International African Women Writers Symposium at the Joburg Theatre, The Fringe in partnership with the Department of Arts and Culture (DAC)
- c) **Theatre:** This included the Schools Theatre Festival in Hillbrow , The New Circus Theatre programme La Pli I Donn (Réunion Creole for "raining sideways") at Joburg Theatre presented by the French Institute and Maritime Ode (A theatre production from Portugal presented by the Embassy of Portugal)



The Arts Alive Festival worked very well and improved in so many areas compared to the 2015 Arts Alive Festival and was received by over 24 000 citizens.

The economic situation has undoubtedly restricted spending. One of the first casualties in such situations is the "leisure rand". JCT is committed to staging productions throughout the year, and even in these stressful circumstances, have managed to do so. We have tried our utmost to manage costs and controlling expenditure without compromising the soundness of the facilities and service.

During the period under review focus was placed the mixed programming to cultivate transformation which brought new audiences and new energies with a steadily improving occupation rate of the venues. JCT staged successful drama, musicals, comedy, music concerts, opera and ballet seasons.

In the second quarter of 2016/17 JCT was proud to be the only theatres in South Africa producing three year-end musicals, two New Year's Eve concerts (Newtown & Soweto Theatre) and a Carnival.

- The in-house flagship programme was launched at the beginning of December at **Soweto Theatre**. The inaugural production to the programme was **A Tribute to The Manhattan Brothers**, directed and designed by Soweto Theatre's talented in-house creative team. The importance of choosing the particular work was mainly due to its heritage significance.
- A brand new pantomime adventure, **Robin Hood and the Babes in the Wood** was staged at The Mandela theatre from 05 November until 30 December 2016 (8 weeks).
- **Roodepoort Theatre's** in-house production was **The Big Bad Musical**, produced by first-time producers Gemma Donnelly and Charlotte Butler. It ran from December 15th to December 23rd 2016. The show aimed at family audiences.
- JCT celebrated the end of 2016 at the second end of year party; **Soweto in Colours Countdown 2017**, on Saturday 31st December at Soweto Theatre. The event featured two stages with the 15 local DJs and 5 live performing artists, spectacular fireworks display and a live countdown on JOZI FM. The Executive Mayor and MMC Sifumba made a brief stop and were greeted by over 5 000 enthusiastic audiences.
- JCT also successfully implemented the **Newtown New Year's Eve Countdown and Carnival** on 31 December 2016 as appointed by Group Communications, which saw over 30 000 audiences.

Responding to one of the CoJ's key priorities, JCT produced presented Zakes Mda's classic satire *The Mother of All Eating* across all three of its theatres. This intervention is towards educating public sector employees and citizens about corruption as the Executive Mayor declared Corruption as the CoJ's number one enemy.

JCT has responded to the positive trend which speaks to its core mandate by entering into various partnerships by staging two exciting productions: **Kakadu** a direct transfer from Lagos, Nigeria and a **Passage to Bollywood** from India. We also partnered with Ndlondlo Productions and took **Woza Albert** to the National Arts Festival (Grahamstown) and it opened to full houses. With initiative such as these, it will not be long before the industry injects well needed boost in revenue to add positively to the national fiscus.

At the 16th Annual General Meeting held on 16th March 2017 the following Board members were retired: Professor Mongane Wally Serote, Mr Ishmael Mkhabela, Mr Mavuso Shabalala, Mr Mabutho Sithole, Ms Todd Twala, Ms Lorraine Malebo, Siphosithole, Bishop Eugene Sinclair and Advocate Johnny Modipa. Let me take this opportunity on behalf of the entire company to thank all the outgoing Board members. Your dedication inspired all of us, and we wish you the best of luck in the future.

We welcome the appointed Board members: Mr Nkopane Maphiri (Chairperson), Ms Ashley Hayden, Ms Mpho Lecoge, Ms Stella Baloyi, Dr Theophilus Mukhuba, Ms Amanda Forsythe, Mr Thabo Moitsheki, Ms Makhosazana Mbatha, Mr Mpumelelo Mkhabela and Mr Junior Ramovha. We are confident that their past experience and business leadership, will definitely serve JCT and the CoJ on its strategic direction.

In conclusion, I would like to thank the JCT team for their commitment to serve toward achieving the company's mandate. On behalf of the team, I extend our gratitude to the Chairperson of the Board, Mr Nkopane Maphiri, the Board members, the Independent Audit Committee members for the strategic guidance; and the shareholder, represented by Councillor Nonhlanhla Sifumba, MMC of Community Development for her leadership role and progressive support for the arts.



Xoliswa Nduneni-Ngema
Chief Executive Officer

Section 4: Chief Financial Officer's Report



Joburg City Theatres Financial Highlights

Revenue

Joburg City Theatres performed well financially in the year 2016/2017 under difficult economic conditions. The entity continued to strive to maintain a balance between commercial imperatives and the public good mandate in terms of developing and telling African stories. This is explicitly elaborate in the diversity of programming that took place during the year under review. The industry remains engulfed with stiff competition while financially the consumers of our products and services remain squeezed by the lower disposable income. The economy in the country has seen a downgrade to non-investment grading (Junk Status) from at least two of the three major credit rating agencies. Inflation remained within the target range of 3-6 for most part of the year and the rising interest rate continues to hit our consumers and ultimately impact on our revenue generation both from the buying of tickets and the attendance at our restaurants. Despite all these aforementioned challenges JCT delivered sound financial results.

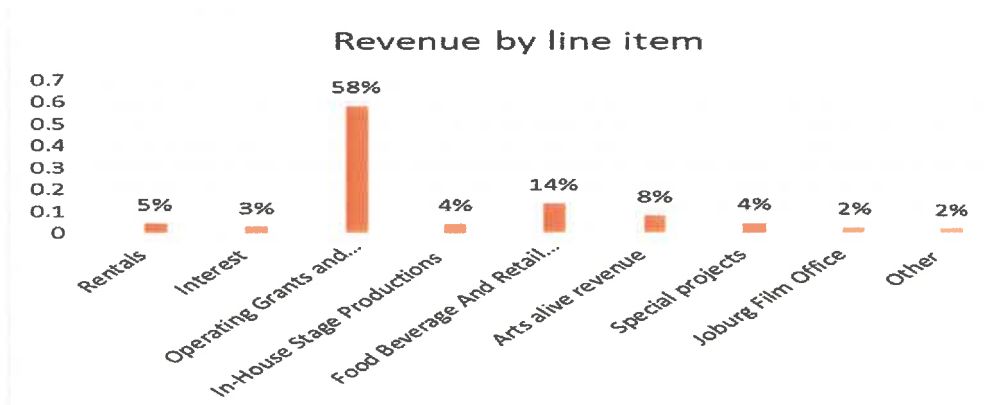
JCT increased its total revenue year on year by 13% from a total of R143.4m to R162.2m. Earned revenue from normal operations remained unchanged year on year. This strong performance particularly from hospitality and catering, interest on investment and rentals of facilities is attributable to the hard work that the team has put in throughout the year. JCT also implemented arts alive festival on behalf of Community Development Department of the City of Johannesburg. This contributed revenue to the tune of R13m. The management fees chargeable on these activities ranged between 10% and 15%. JCT is extremely excited and proud to have established a relationship with this sister department and sees value in the continuation thereof.

JCT has also seen a continuation of a relation with the National Department of Arts and Culture that sponsored the Africa day celebrations to the tune of R1m and. These associations and relationship are critical for business sustainability and also for achieving the all-important objective of transformation and content diversification.

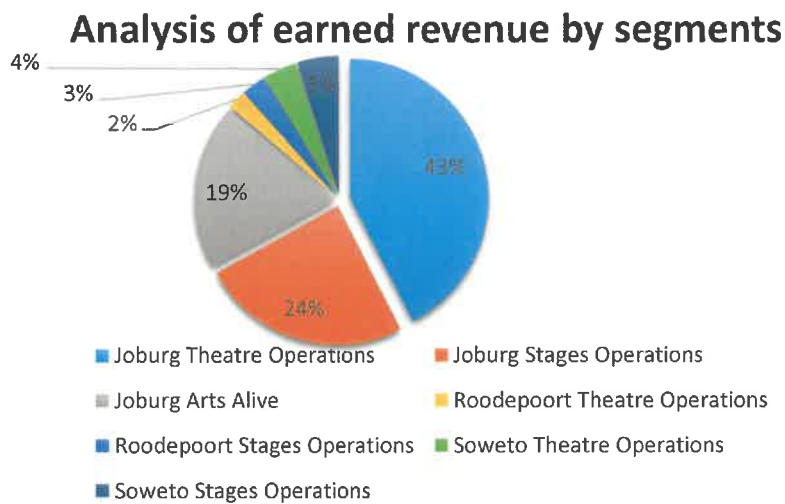
Table below is a summary of main revenue items:

Sub AccountName	Full Year Actual 2017	Full Year Budget 2017	Prior Year Actual 2016	FY actual to budget	Current to prior year actual %	Commentary
INCOME	162 216 726	166 919 000	143 383 479	-3%	13%	2017 FY performance on revenue is 3% below target due to shortfall in inhouse stage productions revenue. The pantomime did not perform well ticket sales and only one major production was staged during the year. This performance 13% better than last year. The 2017 achievement is 7% better than last year. This is due to contributions from a number of external productions that were based on 80/20 split on ticket sales and particularly rentals from Soweto and Rodepoort Theatres.
Rental Of Facilities & Equipment	7 487 882	7 000 000	6 562 628	7%	14%	Target achieved and exceeded due to better rates negotiated with the bank and increased grant subsidy year on year. Interest for the full year is 105% better than last year.
Interest Earned from External Investments	4 622 039	3 500 000	2 255 580	32%	105%	
Operating Grants and Subsidies	94 072 000	94 072 002	73 502 000	0%	28%	Grant is 28% better than previous year. The lower than target in house ticket sales could be attributed to a number of reasons. The productions could not attract as much audiences as expected. Lower disposable income on consumers due to economic climate impacted spending patterns. Music programmes that include africa month celebrations, Tartufe, Kakadu and other shows for the quarter did not do well on ticket sales.
In-House Stage Productions	6 878 741	16 500 000	10 777 717	-58%	-36%	
Sponsorship	831 018	1 689 077	1 497 368	100%	-45%	The sponsorship from Provincial Department of sports arts and culture was not continued to the current quarter for Africa Month as expected. Target achieved for the quarter due to City departments making bookings and additional sales coming from the Zoo operations. The 2017 FY performance is 25% better than the previous year.
Food Beverage And Retail /Stages	21 918 801	19 379 787	17 599 837	13%	25%	Arts Alive programme ran on behalf of Comdev a department of COJ.
Arts Alive Revenue	13 143 333	9 749 997	13 014 118	100%	1%	
Joburg Film Office	7 050 000	7 050 000	0	100%	0%	
Special Projects and Other income	3 567 567	2 314 338	16 603 383	100%	-79%	New years eve countdown activities.
Other Revenue	2 645 345	5 663 798	1 570 847	-53%	68%	Management fee charged on New years eve countdown at 10% and ticketing fees on rented productions.

The bar graph below better depicts the main revenue contributors for the full year of 2016/2017 financial year:



REVENUE ANALYSIS BY SEGMENT



Segments	2016/2017	2015/2016	% Up or Down
Joburg Theatre Operations	28,954,474.00	36,187,143.00	-20%
Joburg Stages Operations	16,677,099.00	12,923,537.20	29%
Joburg Arts Alive	13,143,333.00	13,014,118.00	1%
Roodepoort Theatre Operations	1,485,956.22	1,313,075.00	13%
Roodepoort Stages Operations	1,905,385.00	1,379,134.65	38%
Soweto Theatre Operations	2,642,162.17	1,767,306.00	50%
Soweto Stages Operations	3,336,317.00	3,297,165.07	1%
Total earned revenue	68,144,726.39	69,881,478.92	-2%

Revenue generated by JCT is mainly generated in the Johannesburg Braamfontein area with 67% of total revenue generated from this region. The biggest contributor at 43% are the theatre operations followed by hospitality and catering at 24% and at third place is Arts Alive Festival revenue. The other operations from other regions combined makeup 14% of total earned revenue. The drop in revenue in Joburg Theatre operations relates to June 16 activities that were not repeated and lower than target ticket sales for in-house productions.

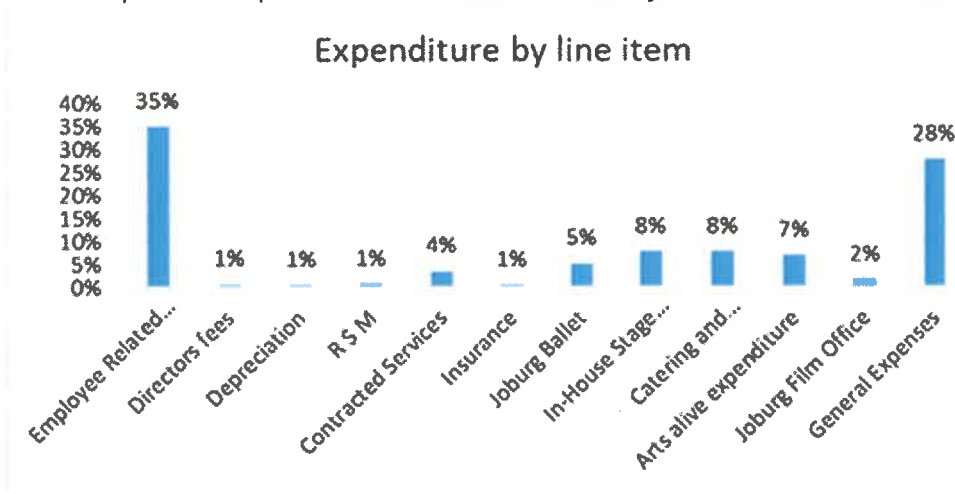
Expenditure

JCT continues to employ its utmost financial discipline when it comes to expenditure management. Total Expenditure for the full year results of 2016/2017 9% below target. There has been considerable savings on many expenditure lines except general expenditure and insurance.

The table below depicts expenditure performance against target and the prior year:

Sub AccountName	Full Year Actual 2017	Full Year Budget 2017	Prior Year Actual 2016	YTD actual to budget	Current to prior year actual %	Commentary
Expenditure	152 473 446	166 919 003	142 988 324	-9%	7%	There is a saving of 9% for the year against plan. However the expenditure is 5% higher than last years expenditure.
Employee Related Costs	53 606 143	52 980 000	43 624 005.61	1%	23%	The 2017 FY employee related costs are 1% higher than target .This is for 2 reasons which are adjustment of A and B salaries for parity as per shareholder with no additional budget and change in accounting policy for provisions accounting for the full estimate. However this line is 23% above last year due to implementation of pensions for the full year.
Directors and Committee Members	1 233 745	1 500 000	811 833.66	-18%	52%	New Board Member - Induction Meetings
Depreciation & Asset Imparment	1 118 509	1 778 000	1 344 855.41	-37%	-17%	Reduction in asset base is the reason for the savings on depreciation.
Repairs and Maintenance	1 438 640	2 500 000	1 188 652.91	-42%	21%	Repairs and maintainance for the 2017 FY reflect a saving of 15%. However this 21% higher than the previous year performance.
Contracted Services	5 502 471	5 331 000	5 534 330.58	3%	-1%	The 2017 FY performance shows a 3% overspending on contracted services due to new contracts for security and cleaning after the old contracts expired. The spending on conctracted services is 1% lower than the previous year.
Insurance	947 284	661 000	270 289.65	43%	250%	A buffer of R400 000 has been paid to GRAS risk services to cater for the sttlement on the case of Mancunga.
Joburg Ballet	8 000 000	8 000 000	8 000 000.00	0%	0%	
In-House Stage Productions	12 186 004	25 500 000	24 224 799.00	-52%	-50%	There has been a saving of 52% on in house stage production expenditure for the 2017 FY. The theatre had 1 big inhouse production in the current year with a number of other smaller productions hence the saving.
Catering and Hospitality	12 079 691	14 901 632	16 909 835.34	-19%	-29%	The 2017 FY for H&C reflects a saving of 19% due to better management of operating expenses and the cost of sales.
Arts Alive Expenditure	10 910 363	9 750 000	12 046 045.98	100%	-9%	
Joburg Film Office	2 686 458	9 804 386		100%	0%	
Special Projects and Other Expenditure	149 959	135 015	4 085 284.34	100%	-96%	
General Expenses	42 614 179	34 077 971	24 948 391.81	25%	71%	There has been an overspending of 25% against budget. However the overspending is 71% against prior year experience.
TRADING SURPLUS /(SHORTFALL)	9 743 280	-3	395 155	340674238%	1213%	

The bar graph below depicts the expenditure contribution for the full year of 2016/2017 financial year:



The entity will continue to forge a good relationship between revenue generation and expenditure patterns by employing prudent financial discipline on expenditure management.

Trading Surplus/Deficit

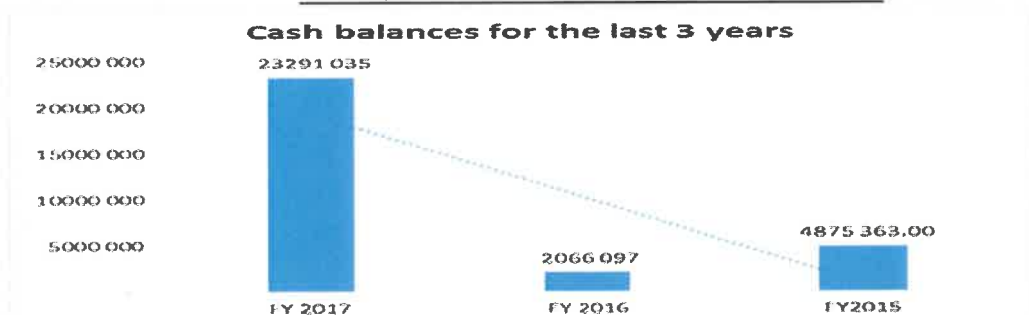
JCT recorded a trading surplus of R9 743 280 for the year surplus contribution against a targeted surplus of R0m. The trading surplus is 1213% better than the previous year same period. generated.

Over the last three years the surplus has increased from R395 155 to R9 743 280 in the current year.

Statement of Financial Position Full Year 2016/2017

The entity will have enough cash to fund and the subsidy for the 2017/18 financial year has been received. Both Liquidity and solvency ratios have increased by 36% (from 1.22:1 last year to 1.91:1 in the current year) and 25% (from 1.70:1 last year to 2.13:1 in the current year) respectively year on year. Current assets have gone up 19% year on year while current liabilities went down by 24%. Total assets went up 13% year on year while total liabilities went down by 10%.

	FY 2017	FY 2016	FY 2015	Movement
Assets				
Current assts	29,362,415	24,771,108	20,065,810	↑
Non current assets	12,915,618	12,591,082	13,532,648	↑
Total assets	42,278,033	37,362,190	33,598,458	↑
Liabilities				
Current Liabilities	15,399,376	20,226,815	15,658,230	↓
Non current Liabilities	4,421,340	1,693,222	2,089,271	↑
Total Liabilities	19,820,716	21,920,037	17,747,501	↓
Net Assets	22,457,317	15,442,153	15,850,957	↑
Net Assets				
Share capital	10	10	10	↔
Investment	1,784,049	1,784,049	1,784,049	↔
Accumulated Surplus	20,673,258	13,658,094	14,066,898	↑
Total Net Assets	22,457,317	15,442,153	15,850,957	↑



Cash flow results for the year 2016/2017 Financial Year

	FY 2017	FY 2016	FY 2015
Cash flows from operating activities	22 968 405.00	1 882 363.00	474 734.00
Net cash flows from investing activities	- 1 588 971.00	- 417 886.00	- 81 433.00
Cash flows from financing activities	- 154 497.00	- 509 017.00	- 488 769.00
Cash and cash equivalents at the end of the year	23 291 035.00	2 066 097.00	4 875 363.00

Capital Projects Spend

Capex expenditure budget for 2016/17 is R 6,183,000. JCT spent R 6,149,337.81 as at 30 June 2017 which is 99.46%. It must also be noted that JCT accelerated 20% of the next financial year budget in the current year in line Section 31 of MFMA Act no. 56 of 2003.

JOBURG CITY THEATRE'S 2016/17 CAPEX			
PROJECT	EXPENDITURE (VAT EXCL)	BUDGET AFTER ADJUSTMENT	AVAILABLE BALANCES
JOBURG THEATRE			
BUILDING RENOVATIONS	2 264 467.22	2 278 261.50	13 794.28
UPGRADE OF STAGE MACHINERY	697 570.41	700 000.00	2 429.59
UPGRADING OF TECHNICAL EQUIPMENT	748 765.85	750 000.00	1 234.15
INFORMATION TECHNOLOGY	146 331.80	150 000.00	3 668.20
TOTAL - JOBURG THEATRE	3 857 135.28	3 878 261.50	21 126.22
ROODEPOORT THEATRE			
BUILDING RENOVATIONS	299 884.19	300 000.00	115.81
UPGRADING OF TECHNICAL EQUIPMENT	715 070.26	720 000.00	4 929.74
TOTAL - ROODEPOORT	1 014 954.45	1 020 000.00	5 045.55
SOWETO THEATRE			
BUILDING RENOVATIONS	792 123.95	797 000.00	4 876.05
UPGRADING OF TECHNICAL EQUIPMENT	397 425.63	400 000.00	2 574.37
TOTAL- SOWETO	1 189 549.58	1 197 000.00	7 450.42
HOSPITALITY AND CATERING DEPARTMENT			
BUILDING RENOVATIONS	87 738.50	87 738.50	-
TOTAL HOSPITALITY AND CATERING	87 738.50	87 738.50	-
TOTAL CAPEX JCT 2016/17	6 149 377.81	6 183 000.00	33 622.19
	99%		

Audit Opinion trends-Last 5 years					
	2017	2016	2015	2014	2013
Type of audit opinion	Clean audit	Clean audit	Clean audit	Clean audit	Unqualified

In conclusion

I wish to express sincere gratitude to the MMC, Councillor N. Sifumba for a political direction and support, the Board of Directors and its subcommittees for oversight and strategic direction, the Executive Committee led by the Chief Executive Officer Ms Xoliswa Nduneni-Ngema and all members of staff at JCT for their sterling contribution to the success of the organisation throughout the year.


Solomon Mphakathi
 Chief Financial Officer
 Joburg Theatre (SOC) Ltd

Section 5: Corporate Profile / Overview of the entity

Introduction

The Mandate, Vision and Mission of JCT as presented in this report is aligned to the approved Business Plan for 2016/17. However, JCT acknowledges that the City of Joburg made pronouncements outlining the new strategic Vision and Mission which are incorporated in the Business Plan for 2017/18 financial year.

Corporate Profile / Overview of the entity

Joburg Theatre (SOC) Ltd, trading as Joburg City Theatres, is an independent municipal entity wholly owned by the City of Johannesburg ("COJ") and operates the Joburg Theatre (Braamfontein), Roodepoort Theatre and Soweto Theatre, with the aim to operate as an internationally recognised centre of excellence in the provision of world class theatre entertainment to the citizens of Johannesburg, and focussed on the delivery of the following key products and services:

- The management and promotion of high quality performing arts and entertainment facilities and their supportive hospitality infrastructure and services - to enable Joburg residents to access and benefit from quality arts and culture facilities and experiences;
- The hosting and showcasing of revenue-generating local and international productions that have a positive impact on the financial sustainability of Joburg City Theatres, whilst also exposing Joburger's to globally recognised world class entertainment;
- The hosting of quality performing arts and entertainment productions that are attractive to both traditional and regular theatre goers but also to new and diverse audiences;
- The promotion and development of local content and local markets through programmes that advance social cohesion and support the transformation of society;
- The in-house and/or co-production and staging of arts and entertainment productions in collaboration with local arts practitioners, entrepreneurs and enterprises;
- The acceleration of youth development through programmes that stimulate an interest in the arts as a viable career path and provide opportunities for future arts practitioners and entrepreneurs;
- To conceptualise, create, produce, market and disseminate content both through own facilities and by taking shows to communities;
- To generate revenue over and above the subsidy received from the city through the effective delivery of the above services.

Joburg Theatre was corporatised by the CoJ in July 2000 as The Johannesburg Civic Theatre (Pty) Ltd, from the then Johannesburg Civic Theatre Association, a Section 21 Company; and was re-branded in 2009 as Joburg Theatre.

Roodepoort City Theatre NPC t/a Joburg Promusica was founded in 1980 to operate as a 328 seater auditorium and an 80 seater box theatre. The name of the theatre was later changed to the Promusica Theatre. In 2012, Promusica was tasked with the launch of the new Soweto Theatre in Jabulani, Soweto.

Soweto Theatre is the cultural heartbeat of Jabulani Soweto; it is more than a theatre – is a multipurpose performing arts centre, used for theatre productions, music productions, dance productions and choir singing. It will also host festivals, conferences, meetings and community gatherings. Dedicated to the arts, it is here that the community is able to find expression.

In 2011 the CoJ embarked on a high level Institutional Review in order to enhance efficiencies, cost effectiveness and sustainable service delivery.

the CoJ resolved that Joburg Theatre (SOC) Ltd and Roodepoort City Theatre NPC t/a Joburg Promusica be integrated into a single theatre management company; and further institutionalise the operation of the newly established Soweto Theatre under the same structure. The integrated theatre management company – now called **Joburg City Theatres** – is mandated to render the functions and services that, until 31 December 2012, were rendered by the three theatres. The effective date for the integration was 1 January 2013.

The Joburg Theatre Board of directors is mandated to deal with all matters relating to the Roodepoort City Theatre (NPC) (Registration number: 1981/005017/08) in terms of the transfer agreement signed on 27 November 2013. The City of Johannesburg resolved that the company name be changed from Joburg Theatre (SOC) Ltd to Joburg City Theatres (SOC) Ltd.

The Board provides strategic direction, leadership and oversight so as to enhance shareholder value and ensure Joburg City Theatres' long-term sustainability, development and growth. In fulfilling its responsibilities, the Board is supported by the Chief Executive Officer and the executive team, in implementing the approved Strategic Plan and policies.

The entity derives its mandate from the Service Delivery Agreement with the City of Johannesburg. From this mandate the priority goals are guided by the City's Integrated Development Plan, City's priorities and the Growth and Development Strategy 2040 outcomes.

In line with good corporate governance practices and the legislative requirements of the MFMA; the Board of Joburg City Theatres are required to develop a corporate strategic plan for the organisation, which will cover a five-year period. Once this plan is developed, focus must then shift to the development of an aligned business plan for the organisation; which will reflect the operational level targets and responsibilities for the achievement of rolling annual milestones in the strategic plan.

In this light and to meet its legislated obligation, in 2015, Joburg City Theatres embarked on its corporate planning process, a process which was necessarily iterative in nature and focussed on critically examining the goals, objectives and performance metrics, to ensure that they are specific, measurable, achievable, realistic and time bound – in accordance with "SMART" principles. Focus was placed on the consistency, integrity and accuracy of data provided by Joburg City Theatres operating divisions through the process.

The entity has annual turnover of approximately R166 million and a staff complement of 145 permanent / fixed term employees and 160 temporary employees.

Section 6: Strategic Objectives

JCT forms part of the CoJ's Human and Social Development Cluster, integrating the work of the city departments and entities that take the strategic and practical lead on the CoJ's constitutional mandate to promote the social development and upliftment of its residents. Though the cluster contributes to all four strategic outcomes as set out by the 2040 GDS, it is primarily organised around **outcome 1: improved quality of life and development driven resilience for all**.

JCT's contribution in the cluster is **"targeting deprived spaces and communities through Arts and Culture Programming"**.

The legislated five-year IDP process assists in translating the Growth and Development Strategy's - Joburg 2040 - long-term impacts and outcomes into measureable and achievable targets. In the CoJ's case, these are framed within the context of the Mayoral Flagship Programmes, located within five-year IDPs that contain cluster-specific priorities and plans.

The company's strategic objectives include:

- A recognised centre of excellence and improved perceptions of the role and contribution of JCT;
- Increased accessibility by diverse communities, ensuring that more Joburg residents benefit from the cultural experience and opportunities for positive social contact;
- Balance the imperative for revenue generation with socio-economic development, and provide opportunities for future arts practitioners and entrepreneurs;
- Good governance, financial sustainability and sound management.

The 2016/17 performance information of Joburg City Theatres flows from a direct line-of-sight to the above strategic objectives and result areas / IDP Programmes.

The outputs by JCT through the arts programming included:

- Increased Accessibility - exploring the increased funding opportunities from other spheres of government and the public sector in order to make theatregoing practical for disadvantaged communities
- Youth development and partnerships - Developing future audience, practitioners and entrepreneurial skills.
- Increased literacy, skills and lifelong learning amongst all citizens.
- Increased earned revenue
- Maximise accessibility and usage of theatre facilities by the City of Johannesburg citizens.

Outputs, linked to the PIPs, SDBIP, IDP and GDS:

- Increase self generated revenue - a city at work building the economy.
- Expenditure management - cost containment – a city at work building the economy.
- Promotion and % procurement spend on SMME's - a city at work building the economy.
- Increase literacy, skills and lifelong learning amongst Joburg citizens - a city at work building better communities.
- Youth development - develop future audiences, practitioners and entrepreneurial skills - a city at work building better communities.
- Maximise accessibility and usage of the theatre facilities by Johannesburg citizens - a city at work building better communities.
- Increase accessibility - explore the increased funding opportunities from other spheres of government and the private sector in order to make theatregoing practical for disadvantaged communities - a city at work building better communities.

Outcomes

- Commissioning of quality productions aligned to the vision and mission of JCT.
- Increased numbers of learners attending theatres annually developing new audiences for the future.
- Empowered learners and teachers.
- Improved perception of the role of JCT in Youth development.
- Engagement with communities bringing new audiences into contact with JCT venues.
- Structured opportunities for in-depth development of the talents and skills of young people opening up future opportunities for future employment.
- Foundation laid through pilots for three year relationships and co-productions, widening the participation of local producing partners engaged with JCT.
- Improved operational efficiency, optimization of resources and performance
- Increased positive social contact and accessibility of theatre through management of the three theatres
- Increased SMME support through procurement
- Support and optimize opportunities to promote creative industry
- Increased number of emerging young producers and artists

JCT contributes directly and indirectly to the CoJ's achievement of its objectives and priorities, by making available the theatres' facilities and resources throughout the year for departments and entities to explain and promote such priorities. The achievements captured in this report are aligned to the strategic priorities of the City of Johannesburg which drives the strategic direction of the company ensuring that these priorities are implemented in the form of measurable targets and deliverables.

Joburg City Theatres upheld its **vision** statement: "***A leading World-class African artistic platform providing sustainable, development-oriented and diverse programming.***"

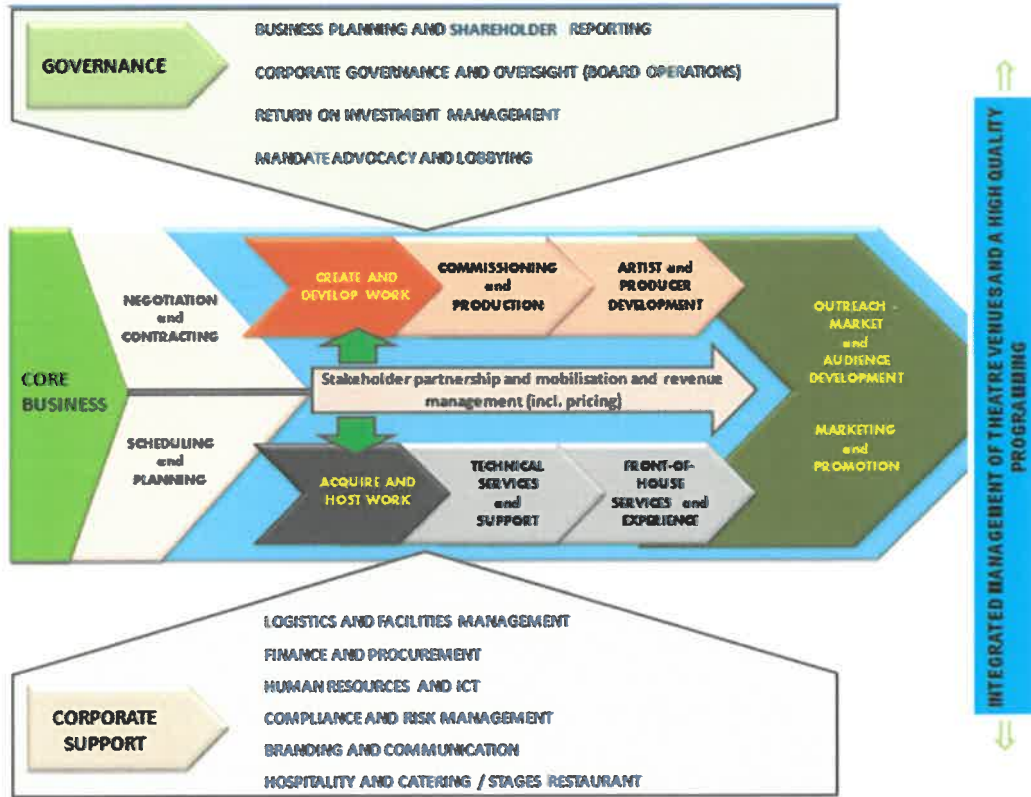
The Board and Management remain committed to achieving strong financial and operational results, ensuring good corporate governance and transparent compliance to legislation while delivering on the **mission** of the company:

We commit to:

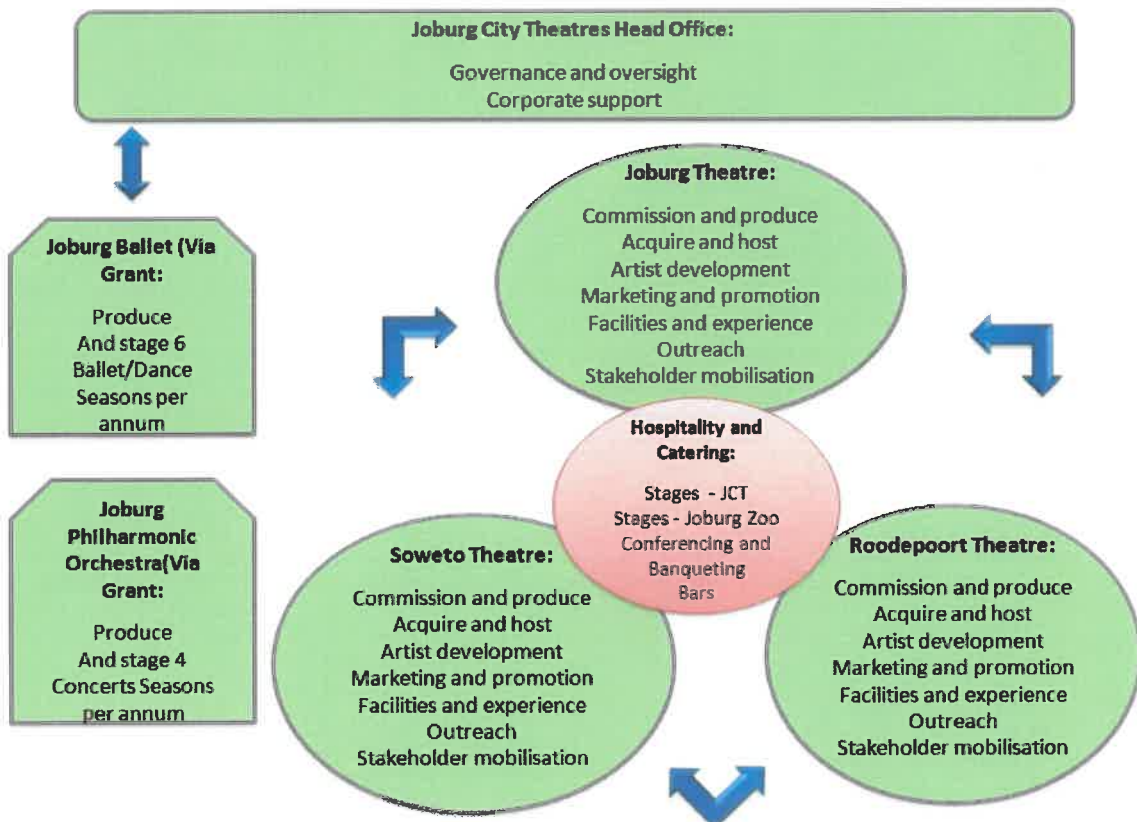
- *Facilitate social cohesion, diversity and inclusivity;*
- *Ensure financial viability, and resilience;*
- *Demonstrate financial accountability and good governance;*
- *Support education, training and skills development for our staff, management and artists;*
- *Provide audience development, content development and education programmes for the benefit of our diverse communities;*
- *Work in partnership with others to maximise the impact of our programmes;*

So as to promote the emancipation of the African voice through theatre activity, education and entertainment.

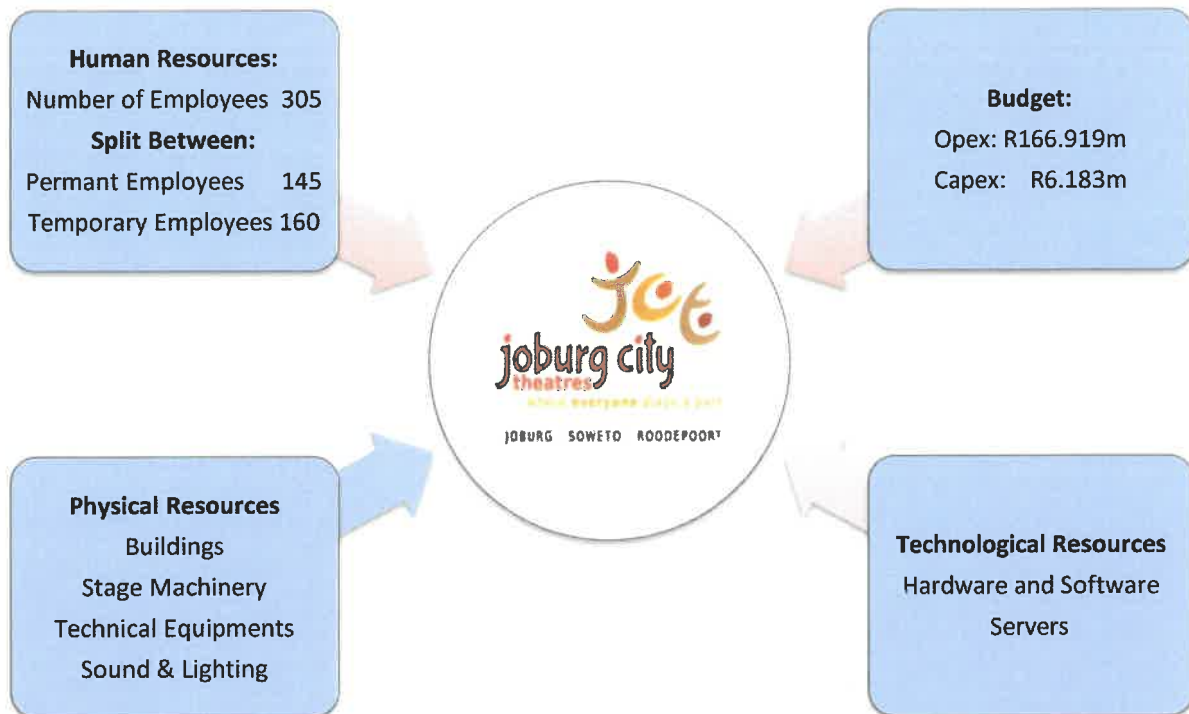
Value Creation Process



As noted in these two diagrams JCT's value creation is entrenched in the CORE BUSINESS section (the spine) in order to achieve its short, medium and long term objectives. The support structures being GOVERNANCE and CORPORATE SUPPORT are the main drivers of the value creation within the company to assist in aligning all resources towards the achievement of current and future goals.



Resource Allocation



The board and EXCO craft, approve and monitor the implementation of the strategy and business plan; set objectives, review key risks, evaluate performance (targets and outcomes of planned interventions) on a quarterly basis through the quarterly reports (short term), annually through the annual report (medium term) and against the five year IDP linked to the term of office through the term of office report.

Company Secretary's Certification

In terms of Section 88 92) (e) of the Companies Act. 71 of 2008 as amended), I certify that, to the best of my knowledge and belief, the company has lodged and/ or filed, for the financial year ended 30 June 2017, all such returns and notices as required and that all such returns and notices are true, correct and up to date.

Statement of Responsibility

The directors are responsible for the preparation, integrity and fair presentation of the annual financial statements of the Entity. The annual financial statements presented in Volume II were prepared in accordance with the statements of Generally Recognised Accounting Practice (GRAP) and include amounts based on judgement and estimates made by the management.

The directors are responsible for the preparation of the other information in the annual report and are responsible for both its accuracy and its consistency with the annual financial statements. The going concern basis has been adopted in preparing the financial statements. The directors believe that the entity will continue operating as a going concern in the foreseeable future based on the forecast and available cash resources. The appropriateness of the going concern assumption is further confirmed in the Directors report of the annual financial statements.

The Auditor-General, who was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the Board of Directors and committees of the Board, has audited the annual financial statements. The directors believe that all representations made to the Auditor-General during their audit are valid and appropriate. The Auditor-General's report is presented on page 108. The annual financial statements were approved by the Board of Directors on the 28th November 2017 and signed on its behalf by Mr Nkopane Maphiri.

CHAPTER TWO: GOVERNANCE



KEY ACHIEVEMENTS

- Stable and strengthened Board leadership
- Active Fraud Prevention Initiatives
- ICT Governance
- Effective Risk Measures
- Enhanced Compliance Oversight
- Financial Sustainability
- Good Corporate Governance
- Policies and Procedures
- Ethical Leadership
- Compliance with laws, rules, codes and standards

Section 1: Composition, Key Activities & Remuneration of Board of Directors

The entity has a unitary board, which consist of executives and non-executives directors. The Board is chaired by a non-executive director, Mr Nkopane Maphiri. The board meets regularly, at least quarterly and retain full control over the company. The Board remains accountable to the City of Johannesburg Metropolitan Municipality, the sole member and its stakeholders, the citizens of Johannesburg. A Service Delivery Agreement concluded in accordance with the provisions of the MSA governs the entity' relationship with the City of Johannesburg. The Board provides Monthly, Quarterly, Bi-Annually and Annual Reports on its performance and service delivery to the parent municipality as prescribed in the SDA, the MFMA and the MSA.

Non-executive Directors contribute an independent view to matters under consideration and add to the depth of experience of the Board. The roles of Chairperson and the Chief Executive Officer are separate, with responsibilities divided between them. The Chairperson has no executive functions. Board members have unlimited access to the Company Secretary, who acts as an advisor to the Board and its committees on matters including compliance with Company Rules and Procedures, statutory regulations and best corporate practices.

The Board or any of its members may, in appropriate circumstances and at the expense of the company, obtain the advice of independent professionals. An annual director and peer review is undertaken, as well as a Board evaluation.

The term of office of the non-executive directors is subject to review at the Annual General Meeting. A performance evaluation of the Board is conducted at the end of the financial year. Any shortcomings are addressed and areas of strength consolidated. The performance of board committees are evaluated against the terms of reference.

Board of Directors



NKOPANE MAPHIRI
Board Chairperson



XOLISWA NDUNENI-NGEMA
Chief Executive Officer



SOLOMON MPHAKATHI
Chief Financial Officer



STELLA BALOYI
Non-Executive Director



AMANDA FORSYTHE
Non-Executive Director



MPUMELELO MKHABELA
Non-Executive Director



MAKHOSAZANA MBATHA
Non-Executive Director



THABO MOITSHEKI
Non-Executive Director



JUNIOR RAMOVHA
Non-Executive Director



MPHO LECOQE
Non-Executive Director



THEOPHILUS MUKHUBA
Non-Executive Director



ASHLEY HAYDEN
Non-Executive Director

BOARD OF DIRECTORS' PROFILES

MR NKOPANE MAPHIRI (CHAIRPERSON)

Mr Maphiri is a media and communications professional with over 23 years of experience in public and private enterprises.

Amongst other activities, he has served as a Ministerial Committee advisor on the broadcasting policy, which led to the Broadcasting Act of 1999, and as a board member of the *Association Mondiale Des Radiodiffuseurs Communautaires* (AMARC), an international non-governmental organization contributing to the development of community and participatory radio. He has also served as the Chief of Operations of the Media Development and Diversity Agency (MDDA), a statutory development agency for promoting and ensuring media development and diversity.

MS XOLISWA NDUNENI-NGEMA (CHIEF EXECUTIVE OFFICER)

Xoliswa Nduneni-Ngema has an extensive track record in the arts, having been in the industry for more than twenty years serving in various portfolios and positions within the public and private sector. She was the former CEO of the South African State Theatre in Pretoria and former Project Manager of the Newtown Cultural Precinct.

In Newtown, Xoliswa left a trademark of festivals and concerts that were the first for the City of Johannesburg. She was previously CEO of Bassline Music Centre and Director and Producer for Sibojama Theatre, a company established by Hugh Masekela and James Ngcobo. Xoliswa also served as Council Member of Windybrow Theatre, a Board Member of Emthonjeni Arts Residency and Dance Umbrella and a Director of the Joburg Fashion District.

MR SOLOMON MPHAKATHI (CHIEF FINANCIAL OFFICER)

Solomon Mphakathi is a qualified chartered accountant with more than 10 years' experience in the finance and auditing field was born in the then Transkei in the district of Engcobo in 1979. He graduated his Bcom (Acc) degree from the University of Fort Hare. He then went to further his studies in commerce with the University of Port Elizabeth where he graduated with a certificate in financial accounting. In 2004 he completed his Bcom (Acc) Hons with the University of Kwazulu Natal. He trained for the CA qualification in the Office of the Auditor General where he amassed a lot public sector experience.

On completion of his training he then joined Engen Petroleum Limited in Cape Town in their internal audit division. A year later he joined one the then biggest internal audit departments at Eskom where he held a position of a Senior Audit Advisor. He then joined Transnet Engineering as Corporate Governance Manager responsible for continuous internal controls improvement and monitoring, investigations and maintenance of good corporate governance practices. At a later stage he promoted to a position of Senior Finance Manager responsible for the whole financial management and financial discipline of one the biggest businesses in Transnet Engineering.

MS STELLA BALOYI

Stella is an entrepreneur and has twenty (20) years' experience in the Travel Industry as well as in the consulting, marketing and sales industry within the corporate travel sector.

She holds a diploma in tourism and is a member of Association of Southern African Travel Agents (ASATA), Southern African Association for the Conference Industry (SAACI) and South African Travel Centre (SATC).

Stella is the co-founder of Nineteen76, a 100% female black owned travel agency with its offices in Pretoria and Polokwane.

MS AMANDA FORSYTHE

Amanda is an interpreter and translator having studied philosophy and French at the University of Joburg. She also completed the Cambridge Interpreters Course in advanced training by chief interpreters of major international organisations.

Her professional background runs from being an in-house interpreter and translator at the French Embassy, being a commercial attaché at the French Trade Commission, being a former Councillor of ward 87 in the City of Joburg as well as a lecturer in French translation at the University of Joburg. Amanda's private sector clients includes Johnson & Johnson, Lafarge, Denel Dynamics and Eversheds.

MR MPUMELELO MKHABELA

Mpumelelo Mkhabela is a media production professional who was once, as part of his career, a South African National Editors' Forum (SANEF) Chairman and an editor for the Sowetan.

Mkhabela has been a journalist since 1999. He started his career as a junior reporter at City Press. In 2001 he was appointed parliamentary correspondent, a position he held until 2007 when he joined the Sunday Times as senior political writer and later parliamentary bureau chief.

In 2010 he was appointed deputy editor of The Sunday Independent. In 2011 he was appointed editor of the Daily Dispatch before he was transferred to Sowetan as editor. He holds a BA (Hons) in English and Political Science from the University of Limpopo, Bachelor of Journalism (Hons) from Stellenbosch University, a certificate in finance for non-financial managers and an MA in International Politics (Cum Laude) from UNISA.

MS MAKHOSAZANA MBATHA

Makhosazana holds a BA: Communication from the University of Joburg and certificates in Copywriting AAA and in social media and digital copywriting AAA.

Her background includes building and executing social media strategy, creating content for various clients on social media platforms like Twitter and Facebook as well as managing community engagement.

MR THABO MOITSHEKI

Thabo comes from an education profession background and is qualified with a diploma in Arts Education. He has experience in performance management, event planning, employment equity and diversity management as well as policy development and management.

Change and Strategic management are also some of the competencies Thabo possesses. He is also the founder member of Kagiso Life Line Centre (Centre for Trauma and stress).

During the 90s stretching into the 20s, Thabo was an advisory member of the Vaal Community Radio and also a regional chairperson of NASDEV (a body for student development practitioners in Institutions of Higher Learning).

MR JUNIOR RAMOVHA

Junior comes from a public administration background having worked in the public service spectrum and having been primarily responsible for implementing community development projects.

His skills and competencies are project management, change management and governance. His involvement in community activities, particularly, sports and recreation has enhanced his strategic networking and planning with various organisations and stakeholders.

During his tenure in the City of Joburg, he developed a strategy to create awareness of the City's sports and recreation programmes to heighten the use of sports and recreation facilities.

MS MPHOLECOGE

Mpho Lecoge is qualified with a diploma in training and development as well as a diploma in secondary education. Her professional experience spans across human resources development and management, organisational design and development, performance management systems design, implementation and monitoring, compensation and rewards management, coaching and mentoring, project management as well as education management.

She has experience in general management, education and human resources development and management acquired from various private and public sector companies such as Nando's Southern Africa, National Health Laboratory Services, Air Traffic Navigation Service, Debswana Diamond Company Botswana and Barloworld Equipment, Botswana. She matured in her career up to Executive Management level and sound consulting capacity in various companies.

At present, Mpho is the Managing Director of Umthunzi Holdings cc, a female owned company which specialises in project management as well as people development and management.

DR THEOPHILUS MUKHUBA

Dr Mukhuba is qualified with a Bachelor of Arts degree, university education diploma and a Bachelor of Arts (Honours) majoring in poetry, poetics, drama, fiction a research essay from the Rand Afrikaans University (now the University of Joburg).

He also holds a Masters of Education in Educational Linguistics and certificate courses in project management and financial management for non-financial managers.

Dr Mukhuba is a member of the South African Council of Educators. He also is a writer and publishes articles online and in journals.

MS ASHLEY HAYDEN

Ashley is a freelance television director and radio presenter who holds a BA (Hons) from Rhodes University.

She has extensive experience in directing television crews, coaching executives and staff of various organisations on media liaison as well as communication strategies.

Ashley also fund raises for different charitable organisations such as the Homestead Organisation for Street Children, Greyhound Rescue and Kitty and Puppy Haven.

Attendance at meetings held during the year was as follows:

JOBURG THEATRE: NON-EXECUTIVE DIRECTORS (NED) AND INDEPENDENT AUDIT COMMITTEE MEMBERS (IAC)														
NAME	BOARD MEETING	CHAIRPERSON'S QUARTELY	GROUP AUDIT COMMITTEE	GROUP RISK GOVERNANCE COMMITTEE	GROUP PERFORMANCE AUDIT COMMITTEE	AUDIT & RISK COMMITTEE	REMUNERATION, SOCIAL & ETHICS COMMITTEE	ANNUAL GENERAL MEETING	ARTISTIC COMMITTEE	STRATEGIC PLANNING SESSION	RISK ASSESSMENT WORKSHOP	SHAREHOLDER COMPACT & NED/IAC INDUCTION	ATTENDANCE FOR RETAINER FEES 2014/15	TOTAL
<i>Number of Meetings</i>	5	2	7	4	5	5	2	1	1	1				33
Mongane Setete (Board Chairperson) *	4	2												6
Mavuso Shabalala (NED) [ARC Chairperson] *	3		7	3	5	4		1		1				24
Ishmael Mkhabela (NED) [RemSEC Chair] *	4						2			1				7
Mabutho Sithole (NED) [AC Chair] *	4							1	1	1				7
Todd Twala (NED) *	4							1	1	1				7
Lorraine Malebo (NED) *	3						1							4
Sipho Sithole (NED) *	2						2	1	1	1				7
Jonny Modipa (NED) *	4						1			1				6
Eugene Sindair (NED) *	4						2	1		1				8
Tshidi Molala (IAC)						4		1						5
Chrystel Cape (IAC)						4				1	1			6
Manana Moroka (IAC)						5		1			1			7
Nkopane Maphiri (Board Chairperson) #	1													1
Ashley Hayden (NED) #	1							1					2	4
Mpho Lecoge (NED) [RemSEC Chair] #	1							1					2	4
Stella Baloyi (NED) #	1							1					2	4
Theophilus Mukhuba (NED) [AC Chair] #	1							1					1	2
Amanda Forsythe (NED) #	1							1					2	4
Thabo Moitsheki (NED) #													2	2
Makhosazana Mbatha (NED) #	1							1	1		1		2	5
Mpumetelo Mkhabela (NED) [ARC Chairperson] #	1							1					2	4
Junior Ramovha (NED) #	1							1					2	4

Retired on 16 March 2017 *

Appointed on 16 March 2017 #

The Board of Directors has adopted the Board Charter which encapsulates the City of Johannesburg Governance Protocol and includes matters of ethics, procedure and the conduct of committee members. Registers are kept and updated on the disclosure and declaration of interests of directors and senior management. The Board and Senior Management ensure that there is full material compliance to all relevant legislation.

The board plays a pivotal role in strategy planning and establishes clear benchmarks to measure the entity's strategic objectives. It ensures that a sound structure and governance framework that will enhance good corporate governance, improve internal controls and company performance is in place. In carrying out company priorities the board ensures the existence of the necessary committee structures, including the executive management committee, with clear terms of reference that assist it in discharging its responsibilities.

Board Committees

The board committees assist the Board in the discharge of its duties and responsibilities. Each board committee has formal written terms of reference that are reviewed annually and effectively delegated in respect of certain of the board's responsibilities. The board monitors these responsibilities to ensure effective coverage of, and control over, the operations of Joburg Theatre. The following committees have been formed, each of which is chaired by a non-executive director:

- Audit and Risk Committee
- Remuneration, Social and Ethics Committee
- Artistic Committee

Audit and Risk Committee

The Audit and Risk committee consist of three independent audit committee members and two non-executive directors:

- Mr Mavuso Shabalala* (Non-Executive Director - Chairperson)
- Ms Tshidi Molala (Independent Audit Committee Member)
- Ms Chrystal Cape (Independent Audit Committee Member)
- Mr Mpumelelo Mkhabela# (Non-Executive Director – Chairperson)
- Ms Amanda Forsythe# (Non-Executive Director)
- Ms Margaret Moroka@ (Independent Audit Committee Member)

* Retired 16 March 2017

Appointed 16 March 2017

@Resigned 04 July 2017

The role of the audit and risk 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 audit and risk committee exercises its functions through close liaison and communication with corporate management and the internal and external auditors. The committee met five times during the year under review.

The audit and risk committee operates in accordance with a written charter authorised by the board, and provides assistance to the board with regard to:

- Ensuring compliance with applicable legislation and the requirements of regulatory authorities;
- Matters relating to financial accounting, accounting policies, reporting and disclosures;
- Internal and external audit policy;
- Activities, scope, adequacy and effectiveness of the internal audit function and audit plans;
- Review/ approval of external audit plans, findings, problems, reports and fees;
- Compliance with the Code of Corporate Practices and Conduct; and
- Compliance with code of ethics.

The audit and risk committee has been delegated the task of overseeing the quality, integrity and reliability 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 audit and risk committee addressed its responsibilities properly in terms of the charter during the year under review. No changes to the charter were adopted during the year under review.

Management has timeously provided quality quarterly reports and annual financial statements reviewed by the audit and risk committee and recommended for Board approval.

The audit and risk committee considers the annual financial statements of the entity to be a fair presentation of its financial position s at June 30th 2017 and of the results of its operations, changes in equity and cash flow for the period ended then in accordance with standards of GRAP, the Companies Act and MFMA disclosure requirements.

As recommended in King III, an Audit and Risk Committee assessment was conducted, the results of which confirmed that the Committee had discharged its mandate in full. The Board confirms that the Committee discharged its mandate during the period under review.

The audit and risk committee is pleased to note that all components of the integrated report are included as is required in terms of section 121(3) of the MFMA as follows :

- The annual financial statements of the municipality
- The Auditor General report
- Report of the Audit and Risk Committee
- The annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal System Act;
- The Auditor General's audit report in terms of section 45 (b) of the Municipal Systems Act.
- An assessment by the municipality 's accounting officer of any arrears on municipal taxes and service charges;
- Particulars of any corrective action taken or to be taken in response to the issues raised in the audit reports
- Any explanation that maybe necessary to clarify issues that are in connection with the annual financial statements.

Going-concern principle

The audit and risk committee assists the board in assessing the going-concern principle and therefore the committee investigates the going-concern principle when preparing the annual financial statements and advises the board in this regard. These investigations take into account the annual financial statements under review, the financial position, results and ratios of the company, its financial budgets, capital needs, financial assets and commitments, loan agreements, available facilities and cash-generating assets, as well as the general economic and agricultural conditions, prevailing and expected market conditions, the political climate and other significant sustainability matters. The committee is of the opinion that the company is a going concern and consequently recommended to the board that the separate and the consolidated annual financial statements be prepared in accordance with the going-concern principle.

Evaluation Of Chief Financial Officer and Finance Function

The committee is satisfied that the expertise and experience of the chief financial officer is appropriate to meet the responsibilities of the position. This is based on the qualifications, levels of experience, continuing professional education and the board's assessment of the financial knowledge of the Chief Financial Officer. The committee is also satisfied as to the appropriateness, expertise and adequacy of resources of the finance function and the experience of senior members of management responsible for the finance function.

Having considered, analysed, reviewed and debated information provided by management, Internal Audit and External Audit, the committee confirmed that:

- The internal controls of JCT were effective in all material aspects throughout the year under review
- These controls ensured that the JCT's assets had been safeguarded
- Proper accounting records had been maintained
- Resources had been utilised efficiently
- The skills, independence, audit plan, reporting and overall performance of the external auditors were acceptable

Following our review of the annual financial statements for the year ended 30 June 2017, we are of the opinion that they comply with the relevant provisions of the MFMA, as amended, and standards of GRAP, and that they fairly present the results of the operations, cash flow and financial position of Joburg City Theatres.

The Audit and Risk Committee has complied with all the King III principles, with the inclusion of integrated reporting, evidenced by the JCT's Integrated Report 2016/17. The committee is satisfied that it has complied in all material respects, with its legal, regulatory and other responsibilities.



Mr Mpumelelo Mkhabela
Chairperson
Audit and Risk Committee

Remuneration, Social and Ethics Committee

The Remuneration, Social and Ethics committee consists of the following non-executive directors:

- Mr Ishmael Mkhabela* (Chairperson)
- Ms Lorraine Malebo*
- Bishop Eugene Sinclair*
- Mr Siphso Sithole*
- Advocate Johnny Modipa*
- Ms Mpho Lecoge# (Chairperson)
- Ms Stella Baloyi#
- Mr Junior Ramovha#

* Retired 16 March 2017

Appointed 16 March 2017

The committee met twice during the year under review.

Section 43 (5) of the Companies Regulations, 2011 states that the Social and Ethics Committee has the following functions:

- (a) To monitor the company's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, with regard to matters relating to:
 - (i) Social and economic development, including the company's standing in terms of the goals and purposes of:
 - (aa) the 10 principles set out in the United Nations Global Compact Principles; and
 - (bb) the Organisation for Economic Co-operation and Development (OECD) recommendations regarding corruption;
 - (cc) the Employment Equity Act; and
 - (dd) the Broad-Based Black Economic Empowerment Act;
 - (ii) Good corporate citizenship, including the company's:
 - (aa) promotion of equality, prevention of unfair discrimination, and reduction of corruption;
 - (bb) contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed; and
 - (cc) record of sponsorship, donations and charitable giving;
 - (iii) the environment, health and public safety, including the impact of the company's activities and of its products or services;

The social and ethics committee advises the board on remuneration policies, remuneration packages and other terms of employment for all directors and senior executives. Its terms of reference also include recommendations to the board on matters relating *inter alia*, to general staff policy remuneration, bonuses, executive remuneration, director's remuneration and fees, service contracts, and retirement funds. The independent professional advisors advise the committee when necessary.

Artistic Committee

The Artistic committee consists of the following non-executive directors:

- Mr Mabutho 'Kid' Sithole* (Chairperson)
- Ms Todd Twala*
- Mr Siphso Sithole*
- Dr Theophilus Mukhuba#
- Ms Ashley Hayden#
- Ms Makhosazana Mbatha#

* Retired 16 March 2017

Appointed 16 March 2017

The committee met once during the year under review.

The Artistic Committee's role and responsibility is to advise the Board in relation to Arts Programming matters of Joburg City Theatres.

During the year under review, the company did not conduct any public meetings.

Director's Remuneration

Entity's remuneration policy

Non-executive directors are appointed in accordance with the Governance Framework of the City of Johannesburg. The Directors' Remuneration Policy is determined by the City of Johannesburg, as the sole Shareholder, and is approved at the Annual General Meeting. The directors' fee is determined in accordance with the Remuneration Policy of the City of Johannesburg. The City of Johannesburg, as Shareholder, has confirmed that non-board members (Independent Audit Committee Members) who serve on Committees will be remunerated as full Committee members. JCT's committee members are not receiving any benefits nor incentives to encourage retention.

JCT aims to provide a level of remuneration which attracts, retains and motivates staff and executives of the highest calibre. JCT's overall remuneration philosophy is to ensure that all staff, senior managers and executives are fairly rewarded for their contributions to the company's corporate objectives and strategy. Based on this philosophy, the entity is committed to providing remuneration that is competitive in relation to the market benchmarks. To this extent there were no salaries of executives that were above the median and no ex-gratia payments were made.

In line with good corporate governance practices and the legislative requirements of the MFMA; the Board and management develop a corporate strategic plan for the organisation, which is aligned to the shareholder's five-year strategy (the Integrated Development Plan). Once this plan is developed, focus then shifts to the development of an aligned business plan for the organisation; which reflects the operational level targets and responsibilities for the achievement of rolling annual milestones in the strategic plan.

The strategy concentrates on four strategic focus areas, which are supported by key performance indicators. The reward of senior managers and executives aligns with the entity's success in achieving our strategic objectives.

During the 2016/17 financial year a policy on Succession Planning and Retention was drafted and presented to the REMSEC for review. The implementation of this policy will assist to motivate and retain high potential employees, give them more challenging assignments at relatively frequent intervals, with a mandate of reporting to EXCO on conclusion of such projects and to provide extra treatment in their remuneration and rewards.

Fees paid to non-executive directors (including committee members) for the 2016/17 period, is listed below:

JULY 2016 - JUNE 2017

NAME	JOBURG THEATRE: NON-EXECUTIVE DIRECTORS (NED) AND INDEPENDENT AUDIT COMMITTEE MEMBERS (IAC)													TOTAL
	BOARD MEETING	CHAIRPERSON'S QUARTELY	GROUP AUDIT COMMITTEE	GROUP RISK GOVERNANCE COMMITTEE	GROUP PERFORMANCE AUDIT COMMITTEE	AUDIT & RISK COMMITTEE	REMUNERATIONS, SOCIAL & ETHICS COMMITTEE	ANNUAL GENERAL MEETING	ARTISTIC COMMITTEE	STRATEGIC PLANNING SESSION	RISK ASSESSMENT WORKSHOP	SHAREHOLDER COMPACT & NED/IAC INDUCTION	RETAINER FEES 2016/17	
Dates of Meetings														
Mongane Serote (Board Chairperson) *	45 632.00	11 408.00											30 417.33	87 457.33
Mavuso Shabalala (NED) [ARC Chairperson] *	17 112.00		39 928.00	17 112.00	28 520.00	34 224.00			7 737.60	5 704.00			15 210.67	165 548.27
Ishmael Mkhabela (NED) [RemSEC: Chair] *	22 816.00						15 475.20			5 704.00			15 210.67	59 205.87
Mabutho Sithole (NED) [AC: Chair] *	22 816.00								4 565.50	5 704.00			15 210.67	43 730.67
Todd Twala (NED) *	22 816.00						4 565.50			5 704.00			15 210.67	48 296.17
Lorraine Malebo (NED) *	17 112.00												15 210.67	36 888.17
Siphiso Sithole (NED) *	17 112.00						9 131.00		4 565.50	5 704.00			10 140.44	46 652.94
Jonny Modipa (NED) *	22 816.00						4 565.50			5 704.00			15 210.67	48 296.17
Eugene Sindair (NED) *	22 816.00						9 131.00			5 704.00			15 210.67	52 861.67
Tshidi Molala (IAC)						30 421.00		5 704.00						36 125.00
Chrystal Cape (IAC)						24 717.00				5 704.00				36 026.00
Manana Moroka (IAC)						30 421.00		5 704.00						48 434.00
Nkopane Maphiri (Board Chairperson) *	16 000.00										28 000.00			44 000.00
Ashely Hayden (NED) *	12 000.00							12 000.00	6 084.00					54 084.00
Mpho Letoge (NED) [RemSEC: Chair] *	12 000.00							12 000.00						48 000.00
Stella Baloyi (NED) *	12 000.00							12 000.00						48 000.00
Theophilus Mukhuba (NED) [AC: Chair] *								12 000.00	9 125.00					35 125.00
Amanda Forsythe (NED) *	12 000.00							12 000.00						48 000.00
Thabo Moitsheki (NED) *														24 000.00
Makhosazana Mbatha (NED) *	12 000.00							12 000.00	6 084.00					66 084.00
Mpumetlelo Mkhabela (NED) [ARC Chairperson] *	12 000.00		12 000.00					12 000.00						72 000.00
Junior Ramotha (NED) *	12 000.00							12 000.00						48 000.00
Sub-Totals:	311 048.00	11 408.00	51 928.00	29 112.00	28 520.00	119 783.00	42 868.20	107 408.00	38 161.60	51 356.00	27 210.00	232 000.00	1 47 032.44	1 197 815.24

Retired on 16 March 2017 *

Appointed on 16 March 2017 *

Executive Management

Composition

The Chief Executive Officer has been tasked with appointing members of the Executive Management Committee (EXCO), with agreement from the Board's Remuneration, Social and Ethics Committee. All members of the EXCO are suitably skilled and experienced for their respective areas of responsibility. The EXCO comprises of the following members:

- Chief Executive Officer
- Chief Financial Officer
- Chief Operations Officer
- Company Secretary
- Executive Producer

Responsibilities

The EXCO is accountable to the Board through the Chief Executive Officer, and collectively responsible for managing the business of Joburg City Theatres within the confines of delegated levels of authority. Furthermore, the committee acts as a medium of communication and coordination between the various business units and the Board.



MS XOLISWA NDUNENI-NGEMA
CHIEF EXECUTIVE OFFICER

Age: 55
Qualifications:
B Soc Sc; Diploma in Marketing Management; Diploma in Public Relations
Municipal Financial Management



MR SOLOMON MPHAKATHI
CHIEF FINANCIAL OFFICER

Age: 38
Qualifications:
CA(SA)
+10 years' experience in the finance and auditing field
Municipal Financial Management



MS BRIDGET MASHIKA
CHIEF OPERATIONS OFFICER

Age: 43
Qualifications:
BCompt Degree
+10 years finance and governance experience
Municipal Financial Management



MS PHILIPA MADUKA
COMPANY SECRETARY

Age: 36
Qualifications:
LLB
10 years legal and company secretarial experience
governance experience
Municipal Financial Management



MS CLAIRE PACARIZ
EXECUTIVE PRODUCER

Age: 40
Qualifications:
National Diploma in Public Relations Management
Marketing, Associate Producer and Strategic Relations Management experience,
Municipal Financial Management

The table below discloses the 2016/17 remuneration of executive management :

SENIOR MANAGEMENT REMUNERATION: (JULY 2016 TO JUNE 2017)

No.	Name	Details				Total
		Basic Salary	Allowances & Contributions	Other	Bonus / Fees	
1	X. Nduneni-Ngema Chief Executive Officer)	1 558 224,00	470 063,00	64 925,00	211 977,00	2 305 189,00
2	B. Mashika (Chief Operations Officer)	1 088 832,00	330 232,00	45 368,00	148 122,00	1 612 554,00
3	S. Mphakhathi (Chief Financial Officer)	1 335 705,00	347 031,00	55 764,00	182 067,00	1 920 567,00
4	P. Maduka (Company Secretary)	935 000,00	21 961,00	38 958,00	-	995 919,00
5	C. Pacariz (Executive Producer)	954 000,00	267 487,00	-	77 250,00	1 298 737,00
	TOTAL	5 871 761,00	1 436 774,00	205 015,00	619 416,00	8 132 966,00

Company Secretarial Function

The Company Secretary is an independent, competent, qualified and experienced individual who has proven competencies and experience in the relevant laws. The Company Secretary's performance is assessed by the Board as part of its annual performance assessment process.

Primary function of the company secretary is to act as the link between the board and management and to facilitate good relationships with the shareholders. The company secretary is responsible for the general administration, more specifically to ensure compliance to good corporate governance practices and to provide guidance to the directors on corporate governance principles and applicable legislation.

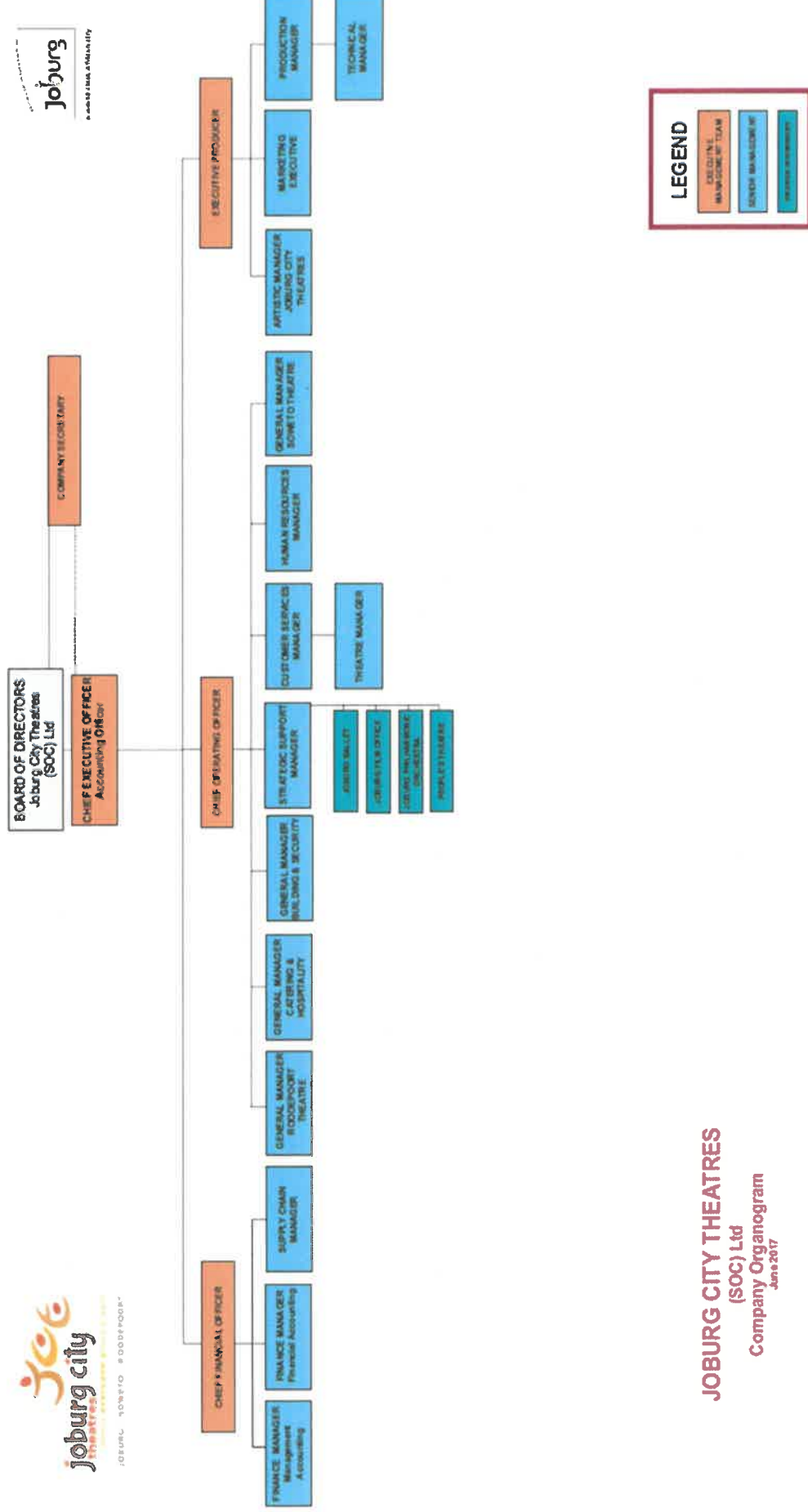
During the year under review, the role of the Company Secretary was combined with the legal and compliance functions of JCT.

Some of the key responsibilities included:

- Ensuring the Board is kept abreast of all laws, regulations and corporate governance developments relevant to the Company and ensuring that statutory deadlines are complied with;
- Preparing and/or reviewing anti fraud and corruption policy and the fraud prevention plan; the delegations of authority; terms of reference of the Board and Board committees; work plan and schedules as well as the agenda for Board and committee meetings in conjunction with the chairperson; and
- Maintaining statutory records, registers, minute books and related documents.

Section 2: High-level organisational structure

The business model and structuring of the JCT sees the company managed by Executive Management led by the Chief Executive Officer, who is also the Accounting Officer.



Section 3: Governance of Stakeholder Relationships

JCT is committed to the principles and practice of fairness, openness, integrity and accountability in all dealing with its stakeholders. The Board conducts all its affairs according to ethical values and with a recognised governance framework.

Joburg Theatres complies with the requirements for good corporate governance stipulated in the Group Governance Framework and subscribes to a governance system whereby in particular ethics and integrity set the standards for compliance. It adapts its structures and processes to facilitate effective leadership, sustainability and corporate citizenship to reflect national and international corporate governance standards, developments and best practice.

With regard to the year under review, the Board believes that most of the King III principles are already entrenched in the company's internal controls, policies and procedures governing corporate conduct. All reasonable efforts have been carried out to the extent that King III has largely been implemented since the beginning of the financial year and the Board is committed in continuing to carrying out the full implementation of King IV.

The Board is committed to the highest standards of business integrity, ethical values and governance. It recognises the responsibility of Joburg Theatre to conduct its affairs with prudence, transparency, accountability, fairness and social responsibility, thereby ensuring its sustainability and safeguarding the interests of all its stakeholders. The Board also acknowledges the relationship between good governance and risk management practices, equity performance and corporate profitability.

Sound governance principles remain one of the top priorities for the Board and executive management to ensure accountability and governance arrangements are in place, Section 121(2) (c) of the MFMA supports the requirements of Section 18(1) (d) of the MSA: information on matters of governance should be communicated to communities. The purpose of this annual report is to promote accountability to communities for decisions taken by the Board and matters relating to administrative structures, throughout the financial year.

The Board recognises it is the custodian of corporate governance and always strives to ensure that the entity aligns with local and international codes of good corporate governance, seeks to apply best practice and follows relevant trends in good corporate governance.

Application of King III

The entity applies the governance principles contained in King III and continues to further entrench and strengthen recommended practices in our governance structures, systems, processes and procedures. The Board of Directors and Executives recognise and are committed to the principles of openness, integrity and accountability advocated by the King III Code on Corporate Governance. Through this process, shareholders and other stakeholders may derive assurance that the entity is being ethically managed according to prudently determined risk parameters in compliance with generally accepted corporate practices. Monitoring the entity's compliance with King III Code on Corporate Governance forms part of the Shareholder mandate of the audit committee. The entity has complied with the Code in all respect during the year under review.

The Board of Directors has incorporated the City of Johannesburg's Corporate Governance Protocol in its Board Charter, which *inter alia* regulates its relationship with the City of Johannesburg as its sole member and parent municipality in the interest of good corporate governance and good ethics.

The Protocol is premised on the principles enunciated in the King Report for Corporate Governance for South Africa 2009 (King III). The Company steadfastly consolidated its position in respect of adherence to the King III report on Corporate Governance. The entity practices are, in most material instances, in line with the principles set out in King III. Ongoing steps are however taken to align practices with the Report's recommendations and the Board continually reviews our progress to ensure that we improve our Corporate Governance.

During the year under review the Company entrenched its risk management reviews and reporting and compliance assessments were conducted in terms of the Companies Act, the Municipal Systems Act and the Municipal Finance Management Act. The annual Board assessments and evaluations were conducted and an annual report for the previous year was effectively completed in accordance with the terms of section 121 of the MFMA.

The board regularly reviews the extent to which JCT applies the principles and recommended practices in King III. This process identifies the governance principles already being applied and those which the entity needs to address or further entrench. This process also identifies areas of improvement or ways in which our governance practices can be enhanced. The board confirms that the company applies the governance principles contained in King III and continues to further entrench and strengthen recommended practices in our governance structures, systems, processes and procedures.

The table below summarises the results of the board review regarding the extent to which the company applies King III.

✓ Applied	#	Partially applied	No	Principle	Applied	How principle is applied or other relevant explanation
1.1	The board should provide effective leadership based on an ethical foundation.		✓		JCT subscribes to high ethical standards, and responsible leadership, characterised by the values of responsibility, accountability, fairness and transparency.	
1.2	The board should ensure that the company is and is seen to be a responsible corporate citizen.	✓			The board is responsible for ensuring that JCT protects, enhances and invests in the well-being of the economy and society, and is involved in a number of community development projects.	
1.3	The board should ensure that the company's ethics are managed effectively.	✓			The business of JCT is governed by the Code of Conduct and a Code of Ethics, both approved by the board.	
2.1	The board should act as the focal point for and custodian of corporate governance.	✓			The board ensures that JCT applies the governance principles contained in King III and continues to further entrench and strengthen recommended practices, the governance structures, systems, processes and procedures.	
2.2	The board should appreciate that strategy, risk, performance and sustainability are inseparable.	✓			The board approves and monitors the implementation of the strategy and business plan, sets objectives, reviews key risks, evaluates performance against the background of economic, environmental and social issues relevant to the company and international political and economic conditions.	
2.3	The board should provide effective leadership based on an ethical foundation.	✓			Responsible leadership characterised by the values of responsibility, accountability, fairness and transparency is a defining characteristic of the JCT. The board provides strategic direction, leadership and oversight so as to enhance shareholder value and ensure JCT' long-term sustainability, development and growth.	
2.4	The board should ensure that the company is and is seen to be a responsible corporate citizen.	✓			The board and management recognise that JCT is a corporate citizen and, as such, has a social and moral standing in society with all the attendant responsibilities. Under the auspices of the board, JCT is involved in a number of community and youth development projects.	

No	Principle	Applied	How principle is applied or other relevant explanation
2.5	The board should ensure that the company's ethics are managed effectively.	✓	In April 2016 the board reviewed and approved Code of Conduct and Code of Ethics. An ethics and compliance programme will be presented to the board in July 2016. This will ensure that mechanisms are in place to verify observance of code and make it known within JCT. The Remuneration, Social and Ethics committee and management will perform assessments of ethical risks and opportunities and integrate these into the risk management process and, thereafter, continually monitor, report and disclose the entity's ethics performance.
2.6	The board should ensure that the company has an effective and independent audit committee.	✓	Pursuant to section 166(5) of the Local Government: Municipal Finance Management Act, 2003, the independent members of an audit committee are appointed by the shareholder at the annual general meeting.
2.7	The board should be responsible for the governance of risk.	✓	The board is responsible for the governance of risk and ensures that the company has an effective risk management system. JCT has established and maintains a system of risk management in accordance with the provision of the Municipal Finance Management Act, King III and Risk Management Standards as applicable. Oversight over the governance and management of risk in the entity is carried out by the audit and risk committee.
2.8	The board should be responsible to information technology (IT) governance.	✓	The board bears ultimate responsibility for information technology (IT) governance and has approved the IT governance framework which defines the structures, processes and responsibilities for IT governance during 2016/17 financial year. The responsibility for monitoring compliance and implementation of the IT governance framework has been delegated to the audit and risk committee.
2.9	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	✓	The board is responsible for ensuring that JCT complies with applicable laws and considers adhering to non-binding rules, codes and standards. The company is wholly owned by the City of Johannesburg and is thus subject to a wide range of legislation applicable to government entities. As such compliance remains a core focus to ensure that we are able to monitor our compliance in a holistic manner.
2.10	The board should ensure that there is an effective risk-based internal audit.	✓	The board has established a risk-based internal audit function whose purpose, authority and responsibilities of the internal audit function are consistent with the requirements of the Institute of Internal Auditors and the principles of King III. The internal audit coverage plan takes into consideration areas that are perceived to be of high risk as per the risk registers for the three theatres and areas identified by management.

No	Principle	Applied	How principle is applied or other relevant explanation
2.11	The board should appreciate that stakeholders' perceptions affect the company's reputation.	✓	The board appreciates the importance of stakeholders and performs stakeholder analysis annually. The board ensures that the group operates on the basis of transparency, best practice disclosure, consistent communication and equal and timely dissemination of information to all stakeholders.
2.12	The board should ensure the integrity of the company's integrated report.	✓	On the recommendation of the audit and risk committee, the board considers and approves the company's integrated report.
2.13	The board should report on the effectiveness of the company's system of internal controls.	✓	Based on the report of the audit and risk committee and the written assessment of the internal auditors, the board reports on the effectiveness of the company's system of internal controls.
2.14	The board and its directors should act in the best interests of the company.	✓	In its deliberations, decisions and actions, the board is sensitive to the legitimate interests and expectations of the company's stakeholders. The board as a whole acts as a steward of the company and each director acts with intellectual honesty and independence of mind in the best interests of the company and its stakeholders.
2.15	The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act.	✓	The board is aware of the requirements of the Companies Act regarding business rescue. The board has established a risk management process that helps to continuously evaluate both internal and external risks, threats and opportunities to ensure that the company is operating optimally and is not in distress.
2.16	The board should elect a chairman of the board who is an independent non-executive director. The CEO of the company should also not fulfil the role of chairman of the board.	✓	Mr Nkopane Maphiri, an independent non-executive director, is chairman of the board and Ms Xoliswa Ndumeni-Ngema, an executive director, is chief executive officer. The roles of the chairman and chief executive are thus separate and clearly defined.
2.17	The board should appoint the chief executive officer and establish a framework for the delegation of authority.	✓	While retaining overall accountability and subject to matters reserved to itself, the board has delegated to the chief executive and other executive directors and managers authority to run the day-to-day affairs of the company subject to an approval framework established by the board.
2.18	The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent.	✓	Considerable thought is given to board balance and composition. The board has eleven directors, comprising nine non-executive directors, and 2 executive directors. All eleven non-executive directors are independent.

No	Principle	Applied	How principle is applied or other relevant explanation
2.19	Directors should be appointed through a formal process.	✓	To ensure a rigorous and transparent procedure, any new appointment of a director is considered by the shareholder. The selection process involves considering the existing balance of skills and experience, and a continual process of assessing the needs of the company.
2.20	The induction of and ongoing training and development of directors should be conducted through formal processes.	#	The company secretary is responsible for the induction of new directors in accordance with an established programme and based on the needs of each new director. A policy on the continuing professional development of directors will be developed in the new financial year.
2.21	The board should be assisted by a competent, suitably qualified and experienced company secretary.	✓	Mrs Philipa Maduka was appointed on 1 July 2016. The board is satisfied that the company secretary is properly qualified and experienced to competently carry out the duties and responsibilities of a company secretary.
2.22	The evaluation of the board, its committees and the individual directors should be performed every year.	✓	The performance of the board as a whole and the board committees individually is evaluated annually and independently evaluated by an external service provider from time to time.
2.23	The board should delegate certain functions to well-structured committees without abdicating its own responsibilities.	✓	The board has three committees that assist it in discharging its duties and responsibilities. These committees operate in accordance with written terms of reference approved by the board and reviewed when required.
2.24	A governance framework should be agreed between the group and its subsidiary boards.	✓	The Governance Framework sets out the corporate governance principles that should be applied by City of Johannesburg (COJ), all COJ Municipal Entities (MEs) and the COJ departments. It outlines specific responsibilities assigned to the Executive, Legislature, MEs' Board of Directors and COJ officials and details the manner in which the COJ Group operates.
2.25	Companies should remunerate directors and executives fairly and responsibly.	✓	The shareholder determines the remuneration of directors and the board determines the remuneration of executives, based on recommendations made by the remuneration committee, taking into account market conditions, expert advice from remuneration specialists and in accordance with upper limits set by the shareholder.
2.26	Companies should disclose the remuneration of each individual director and certain senior executives.	✓	The board approves the remuneration report prepared by management. The report discloses the remuneration of each individual director and prescribed officers in line with the Companies Act.

No	Principle	Applied	How principle is applied or other relevant explanation
2.27	Shareholders should approve the company's remuneration policy.	✓	Pursuant to the group governance framework the COJ must develop a policy framework that will apply across the group relating to remuneration. The shareholder approves remuneration of the directors of the company and the independent audit committee members in accordance with the relevant policy of the City of Johannesburg Metropolitan Municipality dealing with the remuneration of directors at each annual general meeting of shareholders.
3.1	The board should ensure that the company has an effective and independent audit committee.	✓	All members of the audit committee are regarded as independent directors. The audit committee is appointed by the shareholders at the AGM.
3.2	Audit committee members should be suitably skilled and experienced independent non-executive directors.	✓	The entity's audit committee is made up of individuals with strong financial management skills. There are four (4) members sitting on the committee: 1 being a non-executive director and the other three (3) independent members who do not sit on the board and are also not employees of the entity.
3.3	The audit committee should be chaired by an independent non-executive director.	✓	Mr Mpumelele Mkhabela the chairman of the audit and risk committee is an independent non-executive director.
3.4	The audit committee should oversee integrated reporting.	✓	The audit committee considers the integrated report, the annual financial statements and recommends the approval of the integrated report to the board.
3.5	The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities.	✓	The combined assurance report, framework and policy was approved by the audit and risk committee and board in April 2016. A combined assurance report will tabled quarterly to the audit and risk committee.
3.6	The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function.	✓	Annually, the audit committee evaluates the expertise and experience of the chief financial officer as well as the level of financial experience and qualifications of all the financial staff members in the company. The remuneration, social and ethics committee also discusses the succession plan for senior financial resources.
3.7	The audit committee should be responsible for overseeing internal audit.	✓	The internal audit function is outsourced to the City of Johannesburg's Group Risk and Assurance Services (GRAS). The Internal Audit Executive reports to the chief financial officer on a functional basis and has direct access to the chairman of the audit and risk committee. The audit and risk committee approves the annual internal audit work plan and monitors the performance of internal audit.
3.8	The audit committee should be an integral component of the risk management process.	✓	The audit and risk committee annually reviews the effectiveness of the risk management process in the company.

No	Principle	Applied	How principle is applied or other relevant explanation
3.9	The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process.	✓	The Auditor-General is appointed as external auditor annually by the shareholder at the annual general meeting.
3.10	The audit committee should report to the board and shareholders on how it has discharged its duties.	✓	The audit and risk committee chairman reports back to the board subsequent to each committee meeting. At the annual general meetings such reports are in writing. Annually the chairman prepares an audit and risk committee report to shareholders.
4.1	The board should be responsible for the governance of risk.	✓	Formal processes are in place reflecting the board's leadership with regard to the governance of risk.
4.2	The board should determine the levels of risk tolerance.	✓	Specific limits are regularly at the audit and risk committee meeting and approved by the board. These limits take account of both external and internal risk factors.
4.3	The risk committee or audit committee should assist the board in carrying out its risk responsibilities.	✓	The board committees review all aspects of the risk function for which the board is responsible.
4.4	The board should delegate to management the responsibility to design, implement and monitor the risk management plan.	✓	Management is accountable to the board, through the board committees, for embedding the risk management process in the business. Day-to-day responsibility for the management of the plan rests with the risk champion.
4.5	The board should ensure that risk assessments are performed on a continual basis.	✓	The risk assessment process identifies risks and opportunities and the process is formalised and regular.
4.6	The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks.	✓	The workshop methodology, which constitutes the basis upon which the risk assessments are conducted, ensures that unpredictable risks are considered.
4.7	The board should ensure that management considers and implements appropriate risk responses	✓	The implementation of controls, existing and new, is monitored on an ongoing basis.
4.8	The board should ensure continual risk monitoring by management.	✓	Continual risk monitoring is required and the process is monitored by management.

No	Principle	Applied	How principle is applied or other relevant explanation
4.9	The board should receive assurance regarding the effectiveness of the risk management process.	✓	Group risk services provides assurance to the board in respect of JCT's risk management processes.
4.10	The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders.	✓	The board discloses the top risks facing JCT and confirms its satisfaction with the executive management of the risk management processes.
5.1	The board should be responsible for information technology (IT) governance.	✓	The ICT steering committee is empowered by the audit and risk committee to guide IT governance.
5.2	IT should be aligned with the performance and sustainability objectives of the company.	✓	ICT is fully integrated into the strategic planning process ensuring strategic, tactical and operational alignment in the achievement of business objectives.
5.3	The board should delegate to management the responsibility for the implementation of an IT governance framework.	✓	The ICT steering committee is empowered by the audit and risk committee to guide ICT governance in the group.
5.4	The board should monitor and evaluate significant IT investments and expenditure	✓	The ICT steering committee monitors the performance of all major IT projects.
5.5	IT should form an integral part of the company's risk management.	✓	IT risk management is integrated into the enterprise risk management framework. The audit and risk committee monitors disaster recovery and other IT practices.
5.6	The board should ensure that information assets are managed effectively.	✓	The company has approved a revised IT policy to deal with effective management of information assets. Implementation of this policy and user awareness is underway.
5.7	A risk committee and audit committee should assist the board in carrying out its IT responsibilities.	✓	IT is represented at the audit and risk committee and the committee review key elements of IT practice including IT internal controls and risk management.
6.1	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	✓	The board is responsible for ensuring that the entity complies with applicable laws and considers adhering to non-binding rules, codes and standards.
6.2	The board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business.	✓	Developments in laws, rules, codes and standards which affect the entity are discussed at board meeting.

No	Principle	Applied	How principle is applied or other relevant explanation
6.3	Compliance risk should form an integral part of the company's risk management process.	✓	The COJ's risk management process encompasses all classes of risk, including compliance.
6.4	The board should delegate to management the implementation of an effective compliance framework and processes.	✓	JCT has developed an ethics and compliance implementation plan which will be approved by the board in July 2016. The Code of Conduct articulates JCT's commitment to doing business the right way, according to best practices, guided by the values of integrity, excellence, teamwork, commitment and sustainability. Legal compliance is ensured through specific interventions.
7.1	The board should ensure that there is an effective risk-based internal audit.	✓	An effective risk-based internal audit function has been established. The purpose, authority and responsibilities of the internal audit function are defined in the internal audit charter that is consistent with the Institute of Internal Auditors' definition of internal auditing, and the principles of King III.
7.2	Internal audit should follow a risk-based approach to its plan.	✓	A risk-based approach to internal audit planning is adopted in assessing the company's control environment. This approach is informed by the strategy of the company and aligned to the risk assessment process.
7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of internal control and risk management.	✓	A written assessment regarding the effectiveness of the system of internal controls and risk management is tabled to the board annually, covering not only financial matters but also operational and compliance issues.
7.4	The audit committee should be responsible for overseeing internal audit.	✓	Group Risk and Assurance Services interacts with the Chief Financial Officer and reports to the audit and risk committee on a functional basis and has direct access to the Chairperson of the Board, and is present at all meetings. The audit and risk committee approves the annual internal audit work plan and monitors the performance of internal audit.
7.5	Internal audit should be strategically positioned to achieve its objectives.	#	The head of internal audit has unrestricted access to members of the audit and risk committee and executives of the company and attends the audit and risk committee meetings. The function is adequately skilled and resourced. A rigorous quality assurance and improvement programme is in place to ensure this, and keeps pace with the volume of risk assurance needs.
8.1	The board should appreciate that stakeholders' perceptions affect a company's reputation.	✓	Engagements with stakeholders are aimed at establishing open, interactive and mutually beneficial relationships. During this financial year the first customer satisfaction survey was drafted and finalised. Baseline results were established and going forward annual customer satisfaction surveys will be conducted based on the baseline.

No	Principle	Applied	How principle is applied or other relevant explanation
8.2	The board should delegate to management to proactively deal with stakeholder relationships.	✓	The annual general meeting is attended by relevant stakeholders. The board and management remain firm in our commitment to sound stakeholder relationships and are committed to managing both short-term and long-term plans to standards that will ultimately benefit our communities.
8.3	The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company.	✓	Stakeholders are identified through a wide range of channels. Where concerns are legitimate, the company addresses these, listens to suggestions and engages honestly.
8.4	Companies should ensure the equitable treatment of shareholders.	✓	The company is a strong proponent of transparency; best practice disclosure; consistent communication; and equal and timely dissemination of information to the shareholder, the City of Johannesburg.
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence.	✓	Stakeholders are communicated with regularly, in a balanced manner through a range of channels. The Global Reporting Initiative G3 guidelines are recommended by King III as providing a comprehensive reporting framework that represents international best practice.
8.6	The board should ensure disputes are resolved as effectively, efficiently and expeditiously as possible.	✓	JCT ensures that alternative dispute resolution provisions are incorporated in agreements. Each dispute is handled in accordance with the provisions of the governing agreement, the primary objective being to ensure that disputes are resolved as effectively, efficiently and expeditiously as possible.
9.1	The board should ensure the integrity of the company's integrated report.	✓	The board reviews the integrated report and related complementary reports. Structured authorisation and review processes are in place which include board committees, and external and internal assurance reviews.
9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting.	✓	An integrated report is produced which, together with complementary reports, addresses the sustainability of the company, including financial and non-financial aspects such as strategy, risk, environmental, social and governance issues. Reporting is prepared in line with recognised guidelines that include International Financial Reporting Standards (IFRS), Generally Revised Accounting Practices, King III, Global Reporting Initiative Sustainability Reporting Guidelines (GRI G3.1) and international best practice.
9.3	Sustainability reporting and disclosure should be independently assured.	✓	The board, its audit and risk committee and COJ's Group Governance unit review the integrated report and complementary reports.

For JCT good governance means the competent management of the City of Johannesburg's resources under our control in a manner that is open, transparent, accountable, equitable and responsive to needs of the people. Through the approved Business Plan, performance measurements and systems, as well as the commitment to the Company approved values we subscribe to the value based principles of responsibility, accountability, fairness, transparency and ethical leadership. The company strives to fully entrench these principles in our day-to-day operations.

Group's Governance Framework

The COJ resolved to develop the Governance Framework in compliance with the principles of good corporate governance to ensure that the provision of municipal services to the residents of COJ is done in an efficient and sustainable manner.

The Governance Framework is intended to assist JCT, its officials and all stakeholders to better understand the governance structure and principles required to ensure effectiveness and accountability.

It aims to ensure that there are proper governance structures that enable effective communication between COJ and its entities without encroaching on one another's legislative powers and duties. It contains the guidelines that enable effective communication between COJ and local community to ensure effective service delivery. JCT as defined in the Municipal Systems Act as: a company under the ownership and control of a municipality; having assigned financial and operational authority to carry on a business activity; and providing goods or services in accordance with ordinary business principles.

The Municipal Entities (MEs) were established as autonomous companies in terms of the Companies Act. Overall responsibility is vested in a board of directors, including executive and non-executive directors. The Chief Executive Officer is charged with day-to-day operational responsibility. The board and Chief Executive Officer are responsible for developing a business plan that specify services, revenue, efficiency and customer care improvement, safety standards, environmental protection, social and economic development and new income ideas.

The status quo remains and through the Governance Framework the City of Johannesburg endeavours to enhance and clarify the roles and responsibilities of different stakeholders and enhances oversight, monitoring and evaluation within the Group functions.

The framework sets out corporate governance principles and processes that must be put in place so as to achieve greater value by the CoJ and the Municipal Entities. It aims to provide consistency between CoJ departments and Municipal Entities to ensure an effective service delivery.

The main objective of the Governance Framework is not to change the current organizational structure, but to ensure that the City realize its long term vision, namely, Growth and Development Strategy 2040 ("COJ 2040 Strategy").

Ethical Leadership

The Board has adopted a Code of Ethics which is continuously reviewed and updated as required and provides effective leadership based on a principled foundation and the entity subscribes to high ethical standards. Responsible leadership, characterised by the values of responsibility, accountability, fairness and transparency, has been a defining characteristic of the entity since the company's establishment in 2000.

The fundamental objective has always been to do business ethically while building a sustainable company that recognises the short- and long-term impact of its activities on the economy, society and the environment. In its deliberations, decisions and actions, the board is sensitive to the legitimate interests and expectations of the company's stakeholders.

The business of JCT is governed by a Code of Conduct and a Code of Ethics, both approved by the board. The Code of Conduct articulates JCT's commitment to doing business the right way, according to best practices, guided by the values of integrity, excellence, teamwork and commitment. The Code of Ethics enjoins JCT directors, management and employees to obey the law, respect others, to be fair, honest and to protect the environment.

During the reporting period, no material ethical leadership or corporate citizenship deficiencies were noted. The Board is responsible for JCT's compliance with the Code of Ethics. It has delegated the responsibility of oversight and monitoring to the Audit and Risk Committee as well as the Social and Ethics Committee, which are both sub-committees of the Board.

Corporate Citizenship

The board and management recognise that the entity is formed under a political structure. As such, it has a social and moral standing in society with all the attendant responsibilities. The board is therefore responsible for ensuring that the entity protects, enhances and invests in the well-being of the economy, society and natural environment, and pursues its activities within the limits of social, political and environmental responsibilities outlined in international conventions on human rights.

JCT is committed to bringing relief into the current landscape of corporate support for the arts - one which focuses strategically on issues that align with its business interests and have a positive social impact on employees, their patrons, and the communities in which they do business.

Compliance with laws, rules, codes and standards

The board is responsible for ensuring that the entity complies with applicable laws and considers adhering to non-binding rules, codes and standards.

The entity is a wholly owned company of the City of Johannesburg and is thus subject to a wide range of legislation applicable to government entities. As such compliance remains a core focus for the company to ensure that we are able to monitor our compliance in a holistic manner. The Memorandum of Incorporation has been considered and approved by our Board of Directors and signed by Shareholder.

The company has approved the Code of Conduct in line with the municipal Systems Act No 32 of 2000 for management of ethics and declarations of interests for purposes of transparency and compliance with King III.

There are no reported non-compliance with with laws, rules, codes and standards by the company and its directors.

Accountability

The Board is responsible for the preparation and presentation of the information contained in the annual financial statements in accordance with applicable laws and regulations. The Board is satisfied that the statements give a true and accurate view of the results and state of affairs of the company. An independent examination of the annual financial statements has been carried out by the external auditors in accordance with International Auditing Standards and as far as the Board is aware no relevant audit information which may have had a bearing on the outcome of these statements was withheld from the auditors.

The annual financial statements were prepared in accordance with the statements of GRAP. The Board has considered the correctness of the information contained in the integrated report and is satisfied that this provides a true and correct reflection of the business and activities of the JCT. The annual financial statements included in this integrated report have been prepared on the 'going concern' basis and the directors believe that the company has adequate resources to continue to operate for the foreseeable future. The Board has responsibility for the system of internal control which enables it, together with the combined assurances provided by management, Group Risk and Assurance Services and Sub-Committees, to provide a reasonable assurance against material misstatement and loss and of the maintenance of proper accounting records and reliable financial information. The Board is also responsible for ensuring the adequate prevention and detection of fraud and irregularities and the safeguarding of the company assets. The company has an independent whistle blowing facility hotline which provides all stakeholders with a mechanism for the reporting of irregularities. The internal control system is evaluated by the Audit and Risk Committee and GRAS in accordance with the annually approved audit coverage plan.

Section 4: Risk Management and internal controls

Effective risk management is integral to the company's objective of consistently adding value to the business. Management is continuously developing and enhancing its risk and control procedures to improve the mechanisms for identifying and monitoring risks. Identifying risks and opportunities through a robust and systematic process is central to JCT's strategic planning process. A comprehensive risk management policy is in effect throughout the group.

Operating risk is the potential for loss to occur through a breakdown in control information, business processes and compliance systems. Key policies and procedures are in place to manage operating risk involve segregation of duties, transaction authorisation, supervision, monitoring and financial and managerial reporting. Financial risk management is dealt with in the annual financial statements.

In order to meet its responsibility with respect to providing reliable financial information, the entity maintains financial and operational systems of internal controls. These controls are designed to provide reasonable assurance that transactions are concluded in accordance with management authority, that the assets are adequately protected against material loss or unauthorised acquisition, use or disposal and that transactions are properly authorised and recorded. The system includes a documented organisation structure and visions of responsibility, established policies and procedures, including a Code of Ethics to foster a strong ethical climate, which are communicated to the parent municipality. The entity also includes the careful selection, training and development of people.

JCT ensures that a sound structure and governance framework that will enhance good corporate governance, improve internal controls and company performance is in place. Internal auditors monitor the operation of the internal control systems and report findings and recommendations to management and the board of directors. Corrective actions are taken to address control deficiencies and other opportunities for improving the system as they are defined. The board, operating through its audit committee, provides supervisions of the financial reporting process and internal control systems. There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls.

Accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statement preparation and the safeguarding of assets. Furthermore, the effectiveness of internal control systems can change with circumstances. A document and tested business continuity plan exist to ensure the continuity of business-critical activities. The entity assessed its internal control systems quarterly in relation to the criteria for effective internal control over financial reporting. The internal control process has been in place up to the date of approval of the annual report and financial statements.

Based on the assessment done by internal auditors, the Audit and Risk Committee believed that, as at 30 June 2017, its system of internal control over financial reporting and over safeguarding of assets against unauthorised acquisitions, use or disposition, is reasonably adequate and effective.

At the beginning of the financial year 2016-17 the Board conducted a strategic risk assessment which focussed on identifying the critical risks that affect the company at a strategic level together with mitigating controls. During the same period EXCO and MANCO also conducted the operational risks assessments focussing on risks that impact operational level in each of the departments of the entity. Both strategic and operational risks and related controls were reviewed and monitored on a monthly basis at EXCO and MANCO forums. On a quarterly basis the results of these assessments were reviewed by the ARC and the Board.

The Audit and Risk Committee confirms that the Committee has reviewed the Strategic risk profile of the JCT, ensuring that these are aligned to the City-wide top strategic risks as applicable. The entity still faces significant risks both the strategic risk register and the emerging risks identified. Further actions to mitigate these risks have been put in place and are implemented and monitored continuously.

During the period under review, JCT noted the following significant highlights from a risk management perspective:

- i) **Obsolete and/or outdated stage machinery and equipment:**
The residual risk rating remains high due to inadequate capex budget. Old stage machinery becomes no longer usable. Stage machinery has reached its end of life and needs urgent replacement.

Progress on implementation per action plan - The business case in respect of the ageing and upgrade of infrastructure was presented to the budget steering committee in December 2016 and January 2017 and R50m was allocated to Joburg City Theatres to address this risk. The implementation date of the upgrade of stage equipment is 2018/19 and 2019/20 financial years.

- ii) **Inadequate funding to produce in-house productions:**
In-house productions require a lot of capital funding in order to keep ticket prices reasonable and attract a diverse audience. The theatre needs to increase in-house productions in order to promote JCT as a flagship social asset.

Progress on implementation per action plan - The entity successfully negotiated with CoJ Departments and Entities, provincial and national government to support specific shows and programmes. Africa Day programmes were supported by Department of Sport, Arts, Culture and Recreation and Department of Arts and Culture. The Arts Alive Festival was supported by City of Johannesburg Metro (Community Development). During the year under review no sponsorship was received for in-house stage productions.

iii) Poor attendance at theatre shows:

High cost of productions and the need to recover costs. The ticket prices tend to be high due to the ratio of subsidy to total revenue. Effect of the country's downgraded economic status.

Progress on implementation per action plan - The Marketing plans per each show is developed and executed to ensure that the company received more ticket sales. Strategic marketing efforts on various media are carried out. Different pricing structures based on product and venue. Offering a limited number of discounted and/or free tickets to the youth and senior citizens communities. Mobile theatre truck used to access targeted communities.

iv) Scarcity of skilled theatre practitioners

Local competition for scarce skills (directors, executive producers, script writers) due to shortage of trained theatre practitioners in the country.

Progress on implementation per action plan - The succession and retention policy and plan for the key roles in the organisation and creative skills transfer policy has been drafted and approved. The company is currently in the implementation stage of the policy.

v) Outdated private automatic branch exchange (PABX) system

The available PABX system cannot keep up with the current technology and workforce.

Progress on implementation per action plan - The tender to upgrade the PABX systems at JCT sites has finally been awarded to ECN Panasonic. The switchboards at Roodepoort and Soweto Theatre are have been replaced in entirety. The switchboard at Joburg Theatre has also been replaced, with the exception of users' handsets which are compatible with the new system. All telephone calls were rerouted through the ECN Network for cost saving purposes.





ECN Panasonic is a company that provides a low cost, high quality Panasonic voice telephone system that enables the company to make and receive calls to and from customers and other branches. They offer a hybrid PABX solution that caters for digital, analogue and internet protocol (IP) technology, with room to expand as the company grows.

The installation and implementation was completed in the fourth quarter of 2016/2017.

vi) Fresh water shortage in the building

Water tanks available are too small to store water for the whole building and resulting to insufficient water reserves. The consequence of the risk is Health hazard.

Progress on implementation per action plan - Water tanks has been identified as one of the priority projects for 2017/18 financial year.

Risk name	Causes/background to the risk	Residual rating				Within risk tolerance	Status of implementation of treatment plan
		Q1	Q2	Q3	Q4		
Aged, obsolete and outdated stage machinery and equipment, resulting in cancelled productions/inability to attract new productions	Old stage machinery becomes no longer useable. Insufficient financing to upgrade machinery and equipment. Inability to attract state of the art shows.	High	High	High	High	No	
Inadequate funding to produce in-house productions	In-house productions require a lot of capital funding in order to keep ticket prices reasonable and attract a diverse audience The theatre needs to increase in-house productions in order to promote JCT as a flagship social asset	Moderate	Moderate	Moderate	Moderate	Yes	
Poor attendance at theatre shows	Some shows are attended very poorly thereby impacting negatively on planned revenue generation; some of the reasons might be: 1. High cost of productions and the need to recover costs. 2. The ticket prices tend to be high due to the ratio of subsidy to total revenue. 3. Effect of the country's downgraded economic status. 4) less appealing content to some audiences 5) inadequate marketing 6) limited disposable income 7) external environment (eg safety & security, transport, etc)	Moderate	Moderate	Moderate	Moderate	Yes	
Noise bleed through to the next venue	Soweto Theatre cannot have shows running concurrently because there is no enough sound proof in the theatres.	Moderate	Moderate	Moderate	Moderate	Yes	

Internal Audit Function

The internal audit function is outsourced to the City of Johannesburg's Group Risk and Assurance Services (GRAS). The internal audit department at GRAS has a staff complement of senior qualified persons. It has a specific mandate from the audit committee and independently appraises the adequacy and effectiveness of the company's systems, financial internal controls and accounting records, reporting its findings to local and divisional management and the auditor-general as well as the audit committee. The Internal Audit Executive reports to the executive director: finance on a functional basis and has direct access to the chairman of the board.

The internal audit coverage plan is based on risk assessment performed at each operating unit. The coverage plan is updated annually, based on the risk assessment and results of the audit work performed. This ensures that the audit coverage is focused on and identifies areas of high risk.

The board is responsible for, among other things, the governance of risk and information technology, and has ensured that the company has an effective, independent audit committee and an effective risk-based internal audit function.

Internal Audit carried out its activities as per the approved coverage plan of JCT. The nature of the audits included Leave Management, Supply Chain Management, Performance Information, Information Technology, Payroll Management, Maintenance, Safety and Security, Compliance to Legislation, Financial Reporting and Revenue Management.

In accordance with legislated requirements internal audit assists management in maintaining efficient and effective controls by evaluating those controls to determine the effectiveness and efficiency and by developing recommendations for enhancement or improvement. The controls subject to evaluation encompass:

- Information System Environment
- The reliability and integrity of financial and performance information
- The effectiveness of operations
- The safeguarding of assets
- Compliance with laws, regulations and controls

Internal audit provided assurance on the high risks identified during risk assessments by prioritising these areas during annual planning. Some of the medium and low risk areas were also audited where possible. ***The system of internal controls was reasonably adequate and effective for the 2016-17 financial year.***

The results of the reviews and audits conducted throughout the financial year 2015/16 were communicated to management and management has committed to addressing the issues raised. The mitigating control actions implemented by management will be followed up by the Group Internal Audit Services.

Corporate Ethics and Organisational Integrity

The company has developed a Code of Conduct ("the Code") which has been fully endorsed by the Board and applies to all directors and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism.

In summary 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 by employees to act in terms of the Code results in disciplinary action. The Code is discussed with each new employee as part of his or her induction training and all employees are asked to sign an annual declaration confirming their compliance with the Code. A copy of the Code is available to interested parties upon request.

A toll-free anonymous telephone facility exists for reporting of non-adherence to the Code or ethic related matters. Furthermore, any breach of the Code is considered a serious offence and is dealt with accordingly; as a result, this acts as a deterrent. The directors believe that ethical standards are being met and fully supported by the ethics programme.

Sustainability Report

The theatre scene in South Africa is vibrant, with many active spaces across the country offering everything from indigenous drama, music, dance, cabaret and satire, to West End and Broadway hits, classical music, opera and ballet.

South Africa's arts and culture are as varied as one might expect from such a diverse nation. The blend of local cultures and diverse influences make for a melting pot of creativity that never disappoints.

When most of us think about sustainability, issues of environmental impact are probably the first thing to spring to mind. But although 'eco' may be synonymous with 'sustainable' in much mainstream debate, achieving sustainability in the theatre industry is about more than simply greening our spaces and practices.

If our theatres are going to continue to meet the needs of artists and audiences today and in the future, all three pillars of sustainable development – environmental, social and economic – must be on the agenda, informing decision and policy making at every level. As the recession continues to bite and cuts to public spending begin to take effect, the industry's discussion around sustainability must become wider ranging than ever before.

When it comes to the wider relationship between theatres and sustainable development, there are many questions still to be answered. A positive development has been that in recent years our political leaders have become more willing to acknowledge culture's role in economic development and social wellbeing. If we are to achieve sustainable development, the planning system needs to perform a social role, reflecting a community's needs and supporting its cultural wellbeing.

" Our carbon emissions may be small compared to the enormous carbon emissions of the society that we live in, but theatre can play a totally disproportionate role in terms of its ability to communicate with audiences." Nigel Hinds (Delivering sustainable theatres conference 2012)

We need to begin to appreciate the importance of the social dimension of the triple bottom line. Not only does engagement with local communities bring direct benefits to the sustainability of theatres, it could also lead to theatres having a role in strengthening and sustaining those communities. Theatres needed to develop ways of demonstrating how they delivered on well-being – why the facilities and activities they provided benefited people's health, made people feel connected and human, provided fulfilment and enabled them to participate in civic life.

There is also a need to be better at connecting the benefits of adopting a triple bottom line approach so that theatres could determine and make the case for environmental refurbishments to create better spaces to deliver social and cultural experiences, aiding increased income generation and at the same time achieving relative reductions in operating costs.

a) Environmental Management

JCT will continue to plan for the implications of climate change - what are the foreseeable risks in the local areas and how will we mitigate against them? Are we ready to adopt innovative design approaches to achieve future sustainability. There is a need to employ creative who are passionate about sustainability and willing to go the extra mile on projects. Increase energy efficiency through awareness-raising and behavioural change, energy-efficient equipment and smarter building controls. Small measures can yield considerable savings (financial and in energy terms).

We must be practical about working with what you have and don't be disheartened by the limitations of our particular circumstances. Not all buildings will be suitable for all technologies but that doesn't mean that other creative solutions can't be found to further our aims.

JCT strives to have zero impact on the environment throughout its operations and in compliance with National Environmental Management: Waste Act of 2008 and Environmental Conservation Act of 1989 that set out the conditions which we must comply with in order to ensure that the environment is protected against any degradation or pollution.

b) Economic

Johannesburg is very successful in its positioning as the cultural centre of Africa, and has an ever increasing number of theatres and live entertainment products available to its residents and visitors. The presents major opportunities in the creation of artistic products, but also puts pressure on JCT in various respects:

- Impact of an increasing number of productions dependent on private sector funding (sponsorship opportunities, and
- Impact on ticket sales of a wide variety of theatre options available for a relatively limited theatre audience (audience development has only in recent years gathered momentum in Johannesburg).

The economic downturn and consequent recession has also put a significant pressure on disposable income and in order to curb the "credit crunch, traditional theatre-going households are now faced with cutting expenses on irregular items – in particular the "leisure rand". Furthermore, the recession has also affected the private sector and companies are very selective in spending the "CSI Rand".

Despite continued efforts to raise external sponsorship / funding, the ability to continue operations as a going concern is still dependent upon continued funding from the City of Johannesburg as sole shareholder. It is anticipated that the integration of the three city theatres will have a positive impact on sustainability.

JCT continues to explore partnerships with education providers, local authorities, other arts organisations and local businesses to diversify income streams and be more financially sustainable. Consideration of what facilities our venues could provide or develop to support these partnerships is key.

Development of buildings' 'additional offer' – ie catering, crafts fair, free wifi, etc –bring in additional income and audiences. The people making use of these facilities are also potential audience members so investment in this area has benefits in terms of cultural sustainability too. Creating revenue streams around our local environment by responding pragmatically to the needs of the locality will assist in gaining both income, the trust and support of the community.

c) Corporate Social Responsibility Report

The Company's Corporate Social Investment Philosophy and function have, over the years been broadly underpinned by the concept of sustainable development. The strategy of the entity is to act as a facilitator rather than as sole sponsor of social investment projects. In this way, the long-term sustainability of projects is encouraged, additional donors attracted and formerly disadvantaged communities are empowered. During the year under review, the entity contributed a total amount of R2,7m towards Corporate and Social Initiatives.

JCT strives to be socially aware: to encourage inclusivity; to be a responsible corporate citizen; and to constantly move towards transformation. The Board of Directors approved a discretionary annual Social Awareness Programmes budget for the company's Chief Executive Officer to disburse in support of causes and institutions in need and aligned with the company's arts, culture, entertainment and community support policies. Community and Youth Development initiatives includes making the theatre available at no rental to South African producers. JCT was also proud to be able to act as host venue for many worthwhile and City of Joburg-based initiatives at no cost.

The objectives of the Community and Youth Development programmes is based on The City of Johannesburg various developmental programmes to build an inclusive economy. Initiatives include job creation opportunities and youth skills development programmes. JCT's education, training and community programmes are pilot programme that are ongoing

JCT developed a programme title "Applied Performing Arts and Arts Management and has partnered with University of the Witwatersrand through its Department of Drama for Life in the Wits School of Arts to customise, deliver, manage and administer a short course programme to participants identified from community theatre groups identified by JCT.

In addition JCT partnered with Duma Ndlovu Academy on a bridging course between those who graduate from institutions higher education with the industry. Duma Ndlovu having been in this industry for more than 35 years has garnered enough information and knowledge to be able to equip those who are coming into the industry and prepare them for their individual journey(s). The workshops to grow and blossom self-confident thespians who have skills. The workshops are also meant to instill a hunger for knowledge and education in young enthusiastic learners who have chosen acting as a career path. The overall number of youths trained in drama for the year is 200.

The Music Tutorial Program at Roodepoort and Soweto Theatres has been in existence since 1994, when it had 13 learners until 2013 where the number grew to 325. The programme's form was reviewed and resumed in February 2015, with the focus around re-strategising and finding a self-sustainable model for the programme. Some of the strategies that have been put into action include; a schools outreach campaign, building relations with other music initiatives and schools as well as possible stakeholders such as music venues and established musicians as well as creating a permanent stage for the programme at the theatre through live music shows.

The programme continued with the outreach campaign in schools. The purpose of the campaign is to link/expose more learners to the programme by providing workshops followed by live music performances at the schools. The overall number of learners that have been reached for the year is 250. Moving forward, it has been identified that what is far more important for young people is to be enrolled in a program with a tangible outcome, such as a completion certificate or a qualification.

d) Health and safety

Occupational Health and Safety in the workplace is regulated by the Occupational Health and Safety Act, (85 of 1993).

Section (16)1 places the responsibility and liability on the Chief Executive Officer to ensure that the duties imposed on the employer are properly discharged. The implication hereof is that the CEO has to ensure that an occupational health and safety management system is implemented which will give effect to the provisions of this Act.

Section 5: Anticorruption and Fraud

The company has put into place an Anti-Fraud and Anti-Corruption Policy. This policy is intended to set down the stance of the company to fraud and corruption, as well as to reinforce existing systems, policies, procedures, rules and regulations of the company aimed at deterring, preventing, detecting, reacting to, and reducing the impact of fraud and corruption, where such dishonest activities subsist. The policy is a confirmation of the company's role in supporting and fostering a culture of zero tolerance to fraud and corruption in all its activities.

There were no corruption and fraud cases reported during the period under review.

Section 6: ICT Governance

In line with King III guidelines, technology governance forms an important part of Joburg City Theatre's (JCT) governance structures, policies and procedures. It is crucial that the current and future use of ICT is carefully directed and controlled in order for ICT to be aligned to the business goals of the entity.

For the effective implementation of ICT governance, and in order to improve the value of governance and sustainability, JCT aligns the framework and policy in the following objectives:

The strategic objectives of JCT's ICT Governance are:

- To use ICT to improve productivity;
- To improve efficiencies through deployment of appropriate ICT systems and solutions;
- To ensure implementation of an ICT Governance Framework and supporting structures;

- To adopt ICT and to enhance both service delivery and operational efficiencies through use of mobile platforms including effective use of social media to enhance communication and access to JCT's information and services.

The Audit and Risk Committee assists the Board in carrying out its ICT governance responsibilities. The ARC ensures that ICT risks are adequately addressed, obtain assurance that controls are in place and effective and consider ICT as it relates to financial reporting and the going concern of the company.

Management is responsible for the implementation of the structures, processes and mechanisms for the ICT governance framework.

ICT governance is a strategic support function of JCT and located under the office of the Chief Operating Officer.

The implementation and operation of ICT governance is the responsibility of the Information Technology Manager who reports to the Customer Services Manager and Chief Operating Officer about the effective and efficient management of ICT resources to facilitate the achievement of corporate objectives.

OPERATING SYSTEMS IN PLACE IN THE BUSINESS

- 4.1 Sage Pastel Payroll (started effective 01 March 2015 Version 2017 Update 1)
- 4.2 Sage Pastel ERP (Started 2 February 2015 Version 7.00.207)
- 4.3 Webtickets Ticketing system
- 4.4 Pilot (Point of Sale) system - Hospitality and Catering system
- 4.5 Microsoft exchange server 2013 (still current)
- 4.6 Microsoft Server 2012 (still current)
- 4.7 VMware ESXi 5.5 (still current)
- 4.8 Veeam Backup and replication V9.5
- 4.9 Attix 5 Pro (Server edition) Offsite backups for servers. (still current)

READINESS FOR COMPLIANCE LEGISLATION

The King Committee published the King IV Report on Corporate Governance for South Africa 2016 (King IV) on 1 November 2016. King IV is effective in respect of financial years commencing on or after 1 April 2017.

King IV recognises that information and technology overlap but are also distinct sources of value creation, each of which has its own risks and opportunities. To reinforce this distinction, this section in the King IV Code now refers to information and technology instead of information technology.

Among the biggest stipulations of King IV is that the board should be responsible for ICT governance and IT should be aligned with the performance and sustainability objectives of the company. It also notes that the board should delegate to management the responsibility for the implementation of an ICT governance framework, and should monitor and evaluate significant ICT investments and expenditure. ICT governance should form an integral part of the company's risk management. The Board should ensure that information assets are managed effectively, and the ARC should assist the Board in carrying out its ICT governance responsibilities.

In line with King III guidelines, and the recently released King IV, ICT governance forms an important part of Joburg City Theatre's (JCT) governance structures, policies and procedures. It is crucial that the current and future use of ICT is carefully directed and controlled in order for ICT governance to be aligned to the business goals of the entity.

ICT governance is not just an IT problem; it is at its broadest sense part of the overall governance of an entity with specific focus on improving the management and control of ICT for the benefit of stakeholders. ICT governance spans the culture, organisation, policy and practises that provide for the management of ICT and the control thereof. Creating an environment where ICT governance is an integral part of corporate governance is critical in ensuring alignment with business objectives, value delivery, accountability, risk management and overall performance management.

Section 7: Compliance with Laws and Regulations

To ensure accountability and governance arrangements are in place, Section 121(2) (c) of the MFMA supports the requirements of Section 18(1) (d) of the MSA: information on matters of governance should be communicated to communities. This should, according to Sections 65(1) (a) of the MFMA and 46 of the MSA be undertaken through the compilation and publication of the Annual Report. The purpose of such an annual report is to promote accountability to communities for decisions taken by the Council and matters relating to administrative structures, throughout a financial year.

The board of directors embraces the principles of corporate governance and considers these as the underlying philosophy in creating organisation excellence at all levels within JCT. The board of directors and the Executives recognise and are committed to the principles of openness, integrity and accountability advocated by the Code of Corporate Practices and Conduct in the King Report. The board remains steadfast in maintaining high standards of corporate governance and implementing corporate governance principles, policies and practices.

Through this process, the City of Johannesburg Metropolitan Municipality as a sole shareholder and other stakeholders may derive assurance that the entity is being ethically managed according to prudently determined risk parameters in compliance with generally accepted corporate practices. Monitoring the entity's compliance with King Code on Corporate Governance forms part of the mandate of the COJ group audit committee. The board is satisfied that the company has complied with all legislation relevant to or affecting the company, as well as all regulations and codes of practice.

Compliance reporting is assessed on a monthly and quarterly basis by the City's Group Risk and Assurance Services' compliance division.

On a quarterly basis, the entity reports to the ARC, Board and the City (through GRAS) on compliance with the priority regulatory register, which is a tool identifying the MFMA, the Companies Act and the Occupational Health and Safety Act and Regulations (85 of 1993) and (181 of 1993) as the primary compliance pieces of legislation for purposes of reporting.

In addition, a corporate governance checklist in terms of King III and compliance against the checklist was for the first time developed and reported on in the entity's draft annual report.

Statement of Compliance

The board is responsible for ensuring that the entity complies with applicable laws and adheres to binding rules, codes and standards.

The board is committed to good corporate governance, which promotes the interests of all JCT stakeholders, upholds the principles of accountability, effectiveness, transparency, efficiency and public confidence in the entity's operations.

Accordingly, the board has established corporate governance instruments which provide a framework for the effective governance of the company and which comply with the laws and regulations applicable to JCT.

JCT strives for the highest standards of corporate governance as adopted in King III Report. The Board of directors has incorporated the City of Johannesburg's Corporate Governance Protocol (the Protocol) in its Board Charter, which *inter alia* regulates its relationship with the City of Johannesburg as its sole shareholder and parent municipality in the interest of good corporate governance and good ethics.

The Protocol is premised on the principles enunciated in the King Report for Corporate Governance for South Africa. The Company steadfastly consolidated its position in respect of adherence to the King III report on Corporate Governance. JCT's practices are, in most material instances, in line with the principles set out in the King III Report. Ongoing steps are however taken to align practices with the Report's recommendations and the Board continually reviews progress to ensure that the company improves its Corporate Governance.

Compliance is an integral part of good governance, providing assurance on the effectiveness of the control environment through the Audit and Risk Committee.

Subsidiaries or associations with other companies including trusts

There are no subsidiaries or trusts in which Joburg City Theatres is a participant.

Timeous notification with respect to resolutions to its members

Minutes of the meetings of the Board of directors and its subcommittees - including resolutions - are to be circulated to members of the Board within 21 days following a meeting.

Financial Irregularities

No financial irregularities were reported in the period under review.

Report on Resolutions passed with the Registrar of Companies beyond expected time frame

There have been no resolutions passed with the Registrar of Companies beyond the expected time frame in the quarter under review.

Report of the documentation procedures and processes

Minutes and appropriate minute books are kept for all meetings of the Board of directors and subcommittees.

CHAPTER THREE: SERVICE DELIVERY PERFORMANCE



KEY ACHIEVEMENTS

During the period under review, Joburg City Theatres was able to maintain:

- The company achieved 92% on the Key Performance Indicators.
- Youth and community development programme
- Contribution to the city's expanded public works programme;
- Contribution towards building the arts, with focus on social cohesion, job creation and inclusion of previously disadvantaged groups
- Delivery according to mandate – create a better life for residents of Johannesburg; Value for money; and Quality productions and service delivery

Core Business

Joburg City Theatres operates Joburg Theatre (Braamfontein), Roodepoort Theatre and Soweto Theatre in order to provide the integrated management of world class African theatre venues and a high quality entertaining, innovative and inclusive programme which serves the diverse communities of the City of Joburg.

- 1.1. The City of Johannesburg established a performance management system in line with the priorities, objectives, indicators and targets contained in its IDP.
- 1.2. The Board shall on a quarterly basis submits progress report and/or any other reports required by the City with sufficient information to enable the CoJ to assess its performance towards attaining the set service delivery objectives.
- 1.3. The Board is ultimately responsible for the performance management of the Company and all employees of the Company and shall develop and implement such internal performance management tools and protocols as are deemed to be in the best interests of the Company.

The performance objectives and targets and service standards that must be met by the Board and time frame within these must be met.

Section 1: Highlights and Achievements

Although still strained, the global economy has been recovering over the past few years. The economic growth outlook in South Africa however remains flat, with rising inflation and lower disposal income impacting on audience numbers. The JCT however is challenged to be creative and innovative in seeing off competition and improving revenue whilst creating opportunities for job creation and the development of local arts practitioners and enterprises.

The following highlights and achievements are notable:

- From the 25 targets set for the 2016-17 financial year, 92% was achieved.
- Hosting of quality performing arts and entertainment productions that are attractive to both traditional and regular theatre goers but also to new and diverse audiences.
- Promotion and development of local content and local markets through programmes that advance social cohesion and support the transformation of society.
- In-house and/or co-production and staging of arts and entertainment productions in collaboration with local arts practitioners, entrepreneurs and enterprises
- Accelerated youth development through programmes that stimulate an interest in the arts as a viable career path and provide opportunities for future arts practitioners and entrepreneurs.
- Generation of revenue over and above the subsidy received from the city through the effective delivery of the above services.
- Exceeding the procurement spend on SMMEs quarterly against total procurement expenditure by over 50%.
- During the second quarter of 2016/2017 financial year JCT was awarded a tender for operations of Hospitality and Catering at the Zoo for Johannesburg City Parks and Zoo.
- The overall capital expenditure for JCT is 99%.
- The entity maintained an unqualified audit opinion with no findings for four years since 2013/14 financial year..
- **Financial**
 - ✓ 13% total revenue growth year on year.
 - ✓ Earned revenue remained unchanged year on year.
 - ✓ Liquidity ratio 2017 **2.31:1** (2016 **1.27:1**)
 - ✓ Solvency ratio 2017 **2.86:1** (2016 **1.72:1**)
 - ✓ 45% Increase in total net assets from R15 442 153 to R22 457 317.
 - ✓ 99.5% spending on the adjusted capital expenditure budget of R6 183 000. The capex is mainly spent on Buildings and renovations, Stage equipment upgrades and Information Technology.

The table below reflects summary results of the entity over a five year period:

ECONOMIC	UNIT	2017	2016	2015	2014	2013
Total Assets	R	43 592 269	37 362 190	33 598 458	30 616 035	34 862 136
Total Equity	R	22 457 317	15 442 153	13 931 402	13 877 231	10 766 333
Non-Current Assets	R	12 915 618	12 591 082	13 532 648	14 797 806	6 125 079
Bank Balance	R	23 283 903	2 066 098	4 875 363	5 920 299	15 697 613
Capital Expenditure	R	6 149 000	5 450 000	8 381 433	14 696 880	4 800 000
Earned Revenue	R	68 144 726	69 955 510	38 926 687	33 953 154	27 730 778
Subsidies	R	94 072 000	73 502 000	68 823 000	56 504 000	36 790 998
Surplus After Tax	R	7 015 162	295 332	54 726	2 571 511	1 498 790

• **Non-Financial:**

- JCT managed to achieve its objectives in a volatile economic climate, both locally and globally with budgets tightened all around and the City's focus on delivering basic services especially in deprived communities.
- 92% achievement on service delivery performance. 2 KPIs were not measured as their implementation depended on the budget allocation as indicated in the approved 2016/17 Business Plan. With the exclusion of the 2 KPIs, the achievement is sitting at 100% and 99% on capital expenditure budget.
- Youth Development programmes have increased in quality and impact. The training programmes provide enabling tools and opportunities for community theatre groups and individual artists to be practicing practitioners in the performing arts sector.
- The Soweto Theatre Music Tuition Programme focused around re-strategising and finding a self-sustainable model for the programme. Some of the strategies that have been put into action include; a schools outreach campaign, building relations with other music initiatives and schools
- Procurement spend on SMMEs against total procurement expenditure was 66%, well above the target of 30%.

ENVIRONMENTAL AND SOCIAL					
	Unit	2017	2016	2015	2014
Employees		145	131	146	125
Employment equity	%	89	86	87	86
Gender equity	%	33	29	31	29
Training cost	R	596,921.80	344 889	190,794.79	61,787
Broad-Based Black Economic Empowerment	%	96	107	93	90
Corporate social investment	R	2,768,539.21	2,460,064	1,464,190	1,493,633
Electricity, gas and water consumption	R	10,231,298.40	7,223,313	8,135,159	6,925,608

Section 2: Service Delivery Challenges

Although still strained, the global economy has been recovering over the past few years. The economic growth outlook in South Africa however remains flat, with rising inflation and lower disposal income impacting on audience numbers. The JCT however is challenged to be creative and innovative in seeing off competition and improving revenue whilst creating opportunities for job creation and the development of local arts practitioners and enterprises.

Sectoral challenges in developing collaboration with others as a result of the competitive nature of the industry. Maintain and develop relationships with local producers such as Market Theatre and State Theatre and nationally such as Artscape and Durban Playhouse.

Millions of migrants from neighbouring countries and provinces settle in Gauteng in pursuit of economic and employment opportunities, which ultimately impacts negatively on infrastructure and service delivery and challenges government to cater for the needs of a more diverse citizenry.

While the entrepreneurial spirit of migrants is an asset to the city, diversity also presents challenges. Growing the city is, beyond the bricks and mortar, also about building a shared sense of belonging. The success of Johannesburg will be directly related to the extent to which all believe they belong – with the promotion of an environment where everyone holds an equal opportunity to contribute, critical for long term sustainability. With excessive socio-economic challenges in the 189 informal settlements in Johannesburg and an annual crime rate of 200/100 000 citizens, this issue of building a world class and highly cohesive community is a significant challenge

Section 3: Response to Strategic Direction

City of Johannesburg Growth and Development Strategy 2040

In alignment with the national and Gauteng policy frameworks and strategic intent, the long term strategic plan of the City of Joburg - the GDS 2040 strategy - focuses on **resilience, sustainability and liveability** as ultimate objectives for Johannesburg to 2040. These terms are further discussed as follows:

1) **Resilience:** is the capacity of social, ecological, economic and cultural systems to withstand perturbations and then to rebuild and renew themselves afterwards.

2) **Sustainability:** is an ideal end state where human and economic development does not destroy the natural ecological carrying capacity of cities. As Johannesburg seeks to ensure prolonged sustainable development, unexpected shocks must not deter or derail the city from moving along this pathway. A further consideration is that projects and interventions are planned and implemented in a sustainable manner.

3) **Liveability:** cities in the global south are undergoing unique urbanisation, and while both resilience & sustainability are concerned with broad macro- city wide outcomes, liveability refocuses our understanding that urban development should always be about people and the complex political, social, cultural & institutional interactions that underpin urban growth & development.

In delivering its core functions and services, Joburg City Theatres is aligned to, and supports the vision of the City of Johannesburg as articulated in the GDS:

A world Class African City of the future. A vibrant, equitable African city, strengthened through its diversity; a city that provides real quality of life; a city that provides sustainability for all its citizens; a resilient and adaptive society

The GDS then presents four systemic outcomes that serve to guide and orientate all planning in the City and shape the priorities of the City to 2040; namely:

1) **Outcome 1:** Improved Quality of Life and development driven resilience for all.

2) **Outcome 2:** Provide a resilient, liveable, sustainable urban environment – underpinned by infrastructure supportive of a low-carbon economy.

3) **Outcome 3:** An inclusive, job-intensive, resilient and competitive economy.

4) **Outcome 4:** A leading metropolitan government that proactively contributes to and builds a sustainable, socially inclusive, locally integrated and globally competitive Global City Region.

Joburg City Theatres is primarily tasked to support **Outcome 1**, as part of the Social and Human Development Cluster aimed at a future that presents significantly improved human and social development realities. It relates to issues of social cohesion and inclusivity and improved quality of life, supported by the establishment of development-driven resilience, and particularly resonates with the work of Joburg City Theatres.

Aligned then to the GDS, the 2015–2018 IDP carries forward the GDS 2040 Roadmap and Spatial Model. It reflects amendments which align fully with the GDS and specifically adopts a priority based approach, focused on the “9+1” Priorities defined by the City for the first decade of the GDS to 2021.

For the period 2016/17 and beyond, four (4) Strategic Objectives have been developed in order to enable Joburg City Theatres to effectively focus and prioritise its options in delivering on its mandate and respond to the above strategic focus areas. The Strategic Objectives are framed as statements that describe the outcome expected as a result of Joburg City Theatres intervention, and are elaborated upon in the table below:

JCT Strategic Objective (Towards achieving the mandate, mission and response to the Strategic Focus Areas)	Objective Description	Link to the GDS and COJ Priority Areas
<p>1. A recognised centre of excellence and improved perceptions of the role and contribution of JCT.</p>	<p>To build the JCT reputation and market share of JCT as a recognised world class theatre experience.</p> <p>To build JCT visibility by the development and leveraging of a unique value proposition that is recognised and appreciated in the market through enhanced marketing, communication and stakeholder management.</p> <p>The leveraging of mutually beneficial partnering agreements and joint programmes.</p> <p>To monitor and enhance customer satisfaction and the achievement of service standards.</p>	<p>GDS: Outcome 1: Improved quality of life and development-driven resilience for all.</p> <p>11 Priorities:</p> <ul style="list-style-type: none"> ▪ Social cohesion, community building and engaged citizenry. <p>IDP Priority:</p> <ul style="list-style-type: none"> ▪ Roof – Communication and development approach.
<p>2. Increased accessibility by diverse communities, ensuring that more Joburg residents benefit from the cultural experience and opportunities for positive social contact.</p>	<p>To provide opportunities for increased positive social contact and accessibility of theatre through management of the three City theatres.</p> <p>Maximise accessibility and usage of theatre facilities by the City of Johannesburg citizens</p> <p>Explore mechanisms and approaches that assist to make theatre going practical for disadvantaged communities.</p> <p>Engagement with communities and bringing new audiences into contact with JCT Venues.</p> <p>Increase the number of learners attending theatres so as to develop new audiences for the future.</p>	<p>GDS: Outcome 1: Improved quality of life and development-driven resilience for all.</p> <p>11 Priorities:</p> <ul style="list-style-type: none"> ▪ Social cohesion, community building and engaged citizenry. ▪ Transforming sustainable human settlements <p>IDP Priority: Roof – Communication and development approach</p>
<p>3. Balance the imperative for revenue generation with socio-economic development, and provide opportunities for future arts practitioners and entrepreneurs.</p>	<p>To balance the need to transform while at the same time addressing the commercial imperatives that contribute to funding the same transformation agenda.</p> <p>To support local content development and support for socio-economic development in the Arts.</p> <p>To facilitate relationships and co-productions that widen the participation of local producing partners engaged with JCT.</p> <p>To facilitate production partnerships with theatres in South Africa and the African Diaspora for the development of productions from African stories that might develop from the studio to the main stage.</p> <p>To conceptualise and implement structured opportunities for in depth development of the talents and skills of young people, and opening up opportunities for future employment in the arts.</p>	<p>GDS: Outcome 1: Improved quality of life and development-driven resilience for all.</p> <p>11 Priorities:</p> <ul style="list-style-type: none"> ▪ Social cohesion, community building and engaged citizenry. ▪ Transforming sustainable human settlements <p>IDP Priority: Roof – Communication and development approach</p>

JCT Strategic Objective (Towards achieving the mandate, mission and response to the Strategic Focus Areas)	Objective Description	Link to the GDS and COJ Priority Areas
4. Good governance, financial sustainability and sound management.	<p>To grow shareholder value by ensuring good governance, sound financial management, financial control and growth in revenue; thereby supplementing the CoJ subsidy while increasing service delivery coverage and ensuring a positive return on investment.</p> <p>A second critical component of this objective is to ensure sound and consistent supply chain management processes that support preferential procurement, green procurement and enhance the contribution of JCT to enterprise development and job creation through strategic supplier management and development.</p>	<p>GDS: Outcome 4: A high performing metropolitan government.</p> <p>11 Priorities:</p> <ul style="list-style-type: none"> ▪ Financial sustainability and resilience. ▪ Informal Economy, and SMME support ▪ Repositioning Joburg in the global arena <p>IDP Priority:</p> <ul style="list-style-type: none"> • Foundation – Good governance and sound management. • Jozi@work.

Set out below, is an analysis of the entities performance against its KPIs for the financial year 2016/17 as set out in the Business Plan.

As will be seen, significant progress against the set targets has been made. This indicates important success by the entity, and our partner organisations in improving conditions in and the economic performance of, in particular, the inner city, and the initial focus of the entity's work. The data shows that in almost all instances the entity has met or bettered its targets. This can be attributed to solid corporate governance, sound management and management systems, clearly focused objectives, and efficient and effective staff. It also demonstrates the effectiveness of the entity business model in delivering on the mandate of the CoJ to promote area-based economic development and area-based regeneration.

The report analyses the performance of the entity in terms of the SDBIP scorecard, measuring performance in terms of both the entity's impact and its financial and resource management.

Twenty five (25) targets were set for the 2016/17 financial year and 92% was achieved.

Strategic Objective	Objective Description	Achievement
1. A recognised centre of excellence and improved perceptions of the role and contribution of JCT.	To build the JCT reputation and market share of JCT as a recognised world class theatre experience.	12 media monitoring reports received. These will form a baseline for measurement
	To monitor and enhance customer satisfaction and the achievement of service standards.	90% achieved on Customer satisfaction survey approach developed.
	To build JCT visibility by the development and leveraging of a unique value proposition that is recognised and appreciated in the market through enhanced marketing, communication and stakeholder management.	21 stakeholder partnerships were created against a target of 18
	The leveraging of mutually beneficial partnering agreements and joint programmes.	8 national / special days were celebrated with targeted programming

Strategic Objective	Objective Description	Achievement
<p>2. Increased accessibility by diverse communities, ensuring that more Joburg residents benefit from the cultural experience and opportunities for positive social contact.</p>	<p>To provide opportunities for increased positive social contact and accessibility of theatre through management of the three City theatres.</p> <p>Maximise accessibility and usage of theatre facilities by the City of Johannesburg citizens</p> <p>Increase the number of learners attending theatres so as to develop new audiences for the future.</p> <p>Explore mechanisms and approaches that assist to make theatre going practical for disadvantaged communities.</p> <p>Engagement with communities and bringing new audiences into contact with JCT Venues.</p>	<p>16 arts and culture festivals/in-house productions were held</p> <hr/> <p>40 192 discounted tickets issued to school learners</p> <hr/> <p>12 242 free tickets issued to disadvantaged communities</p> <hr/> <p>7 233 discounted tickets issued to senior citizens</p> <hr/> <p>10 South African works supported</p> <hr/>
<p>3. Balance the imperative for revenue generation with socio-economic development, and provide opportunities for future arts practitioners and entrepreneurs.</p>	<p>To balance the need to transform while at the same time addressing the commercial imperatives that contribute to funding the same transformation agenda.</p> <p>To support local content development and support for socio-economic development in the Arts.</p> <p>To facilitate relationships and co-productions that widen the participation of local producing partners engaged with JCT.</p> <p>To facilitate production partnerships with theatres in South Africa and the African Diaspora for the development of productions from African stories that might develop from the studio to the main stage.</p> <p>To conceptualise and implement structured opportunities for in depth development of the talents and skills of young people, and opening up opportunities for future employment in the arts.</p>	<p>7 Ballet seasons were held</p> <hr/> <p>1 Joburg Film Festival was held</p> <hr/> <p>3 productions were developed</p> <hr/> <p>290 Youths attended music tuition programme per annum, against a target of 200</p> <hr/> <p>250 attending drama tuition programme per annum, against a target of 250</p> <hr/> <p>Clean audit report</p> <hr/> <p>99% CAPEX budget spent</p> <hr/>
<p>4. Good governance, financial sustainability and sound management.</p>	<p>To grow shareholder value by ensuring good governance, sound financial management, financial control and growth in revenue; thereby supplementing the CoJ subsidy while increasing service delivery coverage and ensuring a positive return on investment.</p> <p>A second critical component of this objective is to ensure sound and consistent supply chain management processes that support preferential procurement, green procurement and enhance the contribution of JCT to enterprise development and job creation</p>	<p>41%/59%</p> <hr/> <p>Earned Revenue - R67,789m</p> <hr/> <p>Total Revenue -R161,861m</p> <hr/> <p>68% of procurement spend on SMMEs quarterly against total procurement expenditure - target of 30%</p> <hr/> <p>97% of procurement spend on BBBEE quarterly against total procurement expenditure - target of 75%</p> <hr/>

Strategic Objective	Objective Description	Achievement
	through strategic supplier management and development.	<p>33% of procurement spend on Jozi @ Work, quarterly against total procurement expenditure – target 15%.</p> <hr/> <p>70 jobs were created.</p> <hr/> <p>47% of procurement spend on women suppliers while 12% of procurement spend on youth suppliers, quarterly against total procurement expenditure.</p> <hr/> <p>13 EPWP jobs were created.</p>

During the period under review, Joburg Film Office was piloted with the intent of supporting, guiding and transforming the City’s film sector to be more inclusive as well as to increase the number of local and international productions filmed in Johannesburg.

A Service Level agreement was signed in June between the Department of Economic Development and Joburg City Theatre (JCT) to govern the strategic relationship, deliverables and allocation of budget to fund the inception year of the Film Office.

This initiative will not continue in 2017/18 as budget was not provided.

To support and drive its core strategy, Joburg City Theatres appreciates that values identify the principles for the conduct of the institution in carrying out its mission. Joburg City Theatres’ values define a citizen-oriented approach for producing and delivering its services in line with the service delivery improvement priorities of the CoJ, as follows:

Value	What it means in practice for Joburg City Theatres
Service with Pride and Dignity	<ul style="list-style-type: none"> ▪ We will display a results orientation and a commitment to perform and deliver on the priorities of the organisation. ▪ We will place customer service excellence at the centre of everything we do. ▪ We will do so in a competent, timely, cost effective and efficient manner. ▪ We will take ownership of our work at all times and take responsibility for our actions.
UBUNTU (Care and concern for people)	<ul style="list-style-type: none"> ▪ We will do our work with care, empathy and concern for the wellbeing of vulnerable communities, customers and stakeholders. ▪ We will at all times display tolerance, respect and consideration of cultural diversity. ▪ Batho Pele Principles
Professionalism	<ul style="list-style-type: none"> ▪ We will display punctuality, reliability, dependability and a commitment to meet deadlines. ▪ We will act in a transparent manner and display ethical and consistent behaviour. ▪ We will behave with integrity in all our actions, always acting in the best interest of the citizen and organisation.
Agility	<ul style="list-style-type: none"> ▪ We will seek to be flexible, adaptable and responsive to our highly competitive environment, ▪ We will value and promote innovative ideas and solutions in order to deliver exceptional results.

Section 4: Performance against Service Standards

The company has signed the Shareholder Compact and is actively adhering to the Service Standards.

JCT SERVICE STANDARDS

CORE BUSINESS	SERVICE STANDARD	ACHIEVEMENT	PROGRESS / COMMENTS
<ul style="list-style-type: none"> Creation of theatres accessible to people living with disabilities 	<ul style="list-style-type: none"> 100% accessibility 	100%	Joburg City Theatres continues to provide access to our patrons living with disabilities. There have been morning performances where the theatre has run out of sufficient disabled parking to cope with the public demand. Joburg Theatre is gaining a reputation as a theatre destination that is welcoming to, and accommodating of, disabled patrons.
<ul style="list-style-type: none"> Customer satisfaction 	<ul style="list-style-type: none"> 90 - 100% satisfaction 	90%	A customer satisfaction survey consistently runs across all 3 websites – www.joburgtheatre.com / www.sowetothatre.com / www.roodepoorttheatre.com . Customer satisfaction remains stable. Both complaints & compliments were considerably reduced.
<ul style="list-style-type: none"> Access to information 	<ul style="list-style-type: none"> JCT app must be developed 	100%	The development of the JCT app was awarded to Aimweb. The app is currently in it's testing stage. The app will be rolled out to the public in Q1 of the new financial year.
<ul style="list-style-type: none"> Query resolution 	<ul style="list-style-type: none"> Within 24 hours of logged call 	90%	A Customer Services log book has been created in order to monitor complaints and compliments received by the theatre. 12 different areas of concern are monitored. All complaints and compliments are responded to, and issues arising addressed appropriately. Customers can expect a response within 24 hours, except over a Sunday or public holiday. Written queries are preferred following a telephone query, so that there is a written trail of progress and resolution.
<ul style="list-style-type: none"> Prompt start times 	<ul style="list-style-type: none"> Ensure shows start on time 	99.36%	The log book is updated on a regular basis, and is available for inspection from the Customer Services manager.
<ul style="list-style-type: none"> Cancellation of productions 	<ul style="list-style-type: none"> 98 -100% showing of scheduled productions 	99.04%	99.36% of service standard met 99.04% of service standard met
<ul style="list-style-type: none"> Safety of patrons 	<ul style="list-style-type: none"> 100% compliance to health and safety legislation 	100%	By patron's requests, an extra handrail was added to the P1 parking to assist elderly patrons moving up and down the ramp.

JCT STRATEGIC OBJECTIVE 4 :		2016/17 Performance Targets								
IDP Programme	Outcome	Key Performance Indicator	Key Intervention	Means of Verification	Unit Responsible for Reporting	Reporting Period	Q1 Jul - Sep 2016	Q2 Oct - Dec 2016	Q3 Jan - Mar 2017	Q4 Apr - Jun 2017
Financial Sustainability	Improved and Sound Financial Management	Number of EPWP Job opportunities created	Creation of work opportunities using the EPWP Incentive Grant	EPWP database	CFO	Quarterly	1 of EPWP Job opportunities created 13 of EPWP Job opportunities created 36% / 64% Earned revenue R15,068m Total revenue R 42,356m	1 of EPWP Job opportunities created 13 of EPWP Job opportunities created 45% / 55% Earned revenue R38,546m Total revenue R 85,657m	1 of EPWP Job opportunities created 13 of EPWP Job opportunities created 36% / 64% Earned revenue R43,546m Total revenue R 120,961m	1 of EPWP Job opportunities created 13 of EPWP Job opportunities created 36% / 65% Earned revenue R52,747m Total revenue R139,819m
		Proportion of earned income against total revenue including subsidy	Revenue Generated	Financial statements Income reports	CFO	Quarterly	Actual 49%/50% Earned revenue R21,215m Total revenue R42,733m	Actual 49%/51% Earned revenue R41,243m Total revenue R84,279m	Actual 41%/59% Earned revenue R49,508m Total revenue R72,554m	Actual 41%/59% Earned Revenue R67,789m Total revenue R161,861

GDS: Outcome 4:

A high performing metropolitan government that pro-actively contributes to and builds a sustainable, socially inclusive, locally integrated and globally competitive GCR

"9+1" Priorities:

- Financial sustainability and resilience
- SMME and entrepreneurial support (emphasis on skills for economy).
- Investment attraction, retention and expansion.

IDP 2015 Priority:

- Joz@work

JCT STRATEGIC OBJECTIVE 1:		GDS: Outcome 1: Improved quality of life and development-driven resilience for all								
A recognised centre of excellence and improved perceptions of the role and contribution of JCT.		"9+1" Priorities:								
		<ul style="list-style-type: none"> ▪ Active and engaged citizenry ▪ Investment attraction, retention and expansion. 								
		IDP 2015 Priority: Roof – Communication and development approach								
2016/17 Performance Targets										
IDP Programme	Outcome	Key Performance Indicator	Key Intervention	Means of Verification	Unit Responsible for Reporting	Reporting Period	Q1 Jul - Sep 2016	Q2 Oct - Dec 2016	Q3 Jan - Mar 2017	Q4 Apr - Jun 2017
Active and engaged citizenry	Improvement Service Standards turnaround time	% achievement Service Level Standards	Service Standards turnaround time improvement ¹	Service Level Standards Report	Customer services manager	Quarterly	90% achievement Service Level Standards 92%	90% achievement Service Level Standards 92%	90% achievement Service Level Standards 96%	90% achievement Service Level Standards 97%
	Improved perceptions of JCT	Number of monthly media monitoring reports	Monitoring perceptions and media reporting	Monthly media monitoring reports	Executive Marketing Manager	Monthly	3 media monitoring reports 3 Media reports	6 media monitoring reports 6 Media reports	9 media monitoring reports 9 Media reports	12 media monitoring reports 12 Media reports
	Improved stakeholder mobilisation	Number of strategic partnerships created	Partnerships/Collaborations productions/programmes/ events	Signed MoA / MoU / Contract	Executive Producer	Quarterly	4 strategic partnerships created 4 Strategic partnerships created	10 strategic partnerships created 11 Strategic partnerships created	13 strategic partnerships created 15 Strategic partnerships created	18 strategic partnerships created 21 Strategic partnerships created

CORE BUSINESS	SERVICE STANDARD
Creation of theatres accessible to people living with disabilities	100% Accessibility
Customer Satisfaction	90 – 100% Satisfaction
Access to Information	JCT App must be developed
Query resolution	Within 24 hours of logged call
Prompt Start times	Ensure all shows start on time
Cancellation of Production	98 – 100% showing of scheduled productions
Safety of patrons	100% compliance to health and safety legislation

JCT STRATEGIC OBJECTIVE 3:		2016/17 Performance Targets					
Balance the imperative for revenue generation with socio-economic development, and provide opportunities for future arts practitioners and entrepreneurs.		Unit Responsible for Reporting	Reporting Period	Q1 Jul - Sep 2016	Q2 Oct - Dec 2016	Q3 Jan - Mar 2017	Q4 Apr - Jun 2017
IDP Programme	Outcome	Key Performance Indicator	Key Intervention	Means of Verification			
	Promote art education	Number of Youths attending music tuition programme per annum (non-cumulative)	Youth development in the art sphere	Attendance registers Tutor reports on programme content Programme summary	150 Youths attending music tuition programme per annum 290 Youth Attended	200 Youths attending music tuition programme per annum 249 Youth Attended	200 Youths attending music tuition programme per annum 249 Youth Attended
	Promote art education	Number of Youths attending drama tuition programme per annum (non-cumulative)	Youth development in the art sphere	Attendance registers Tutor reports on programme content Programme summary	200 Youths attending drama tuition programme per annum 203 Youth Attended	250 Youths attending drama tuition programme per annum 250 Youth Attended	250 Youths attending drama tuition programme per annum 250 Youth Attended
	Promote positive social contact and awareness of National Special Days utilising platforms	Number of annual National / Special Day's celebrated with targeted programming/ productions?	8 National / Special Days celebrated annually with targeted programmes	Annual schedule Marketing Material Show reports	3 annual National / Special Day's celebrated with targeted programming/ productions 3 National days celebrated	5 annual National / Special Day's celebrated with targeted programming/ productions 5 National days celebrated	8 annual National / Special Day's celebrated with targeted programming/ productions 8 National days celebrated
	Improved Audience Development and accessibility to venues	Number of Arts and Culture festivals held/in-house productions held	To make venues more accessible	Contracts Marketing Material Show reports	9 Arts and Culture festivals held/in-house productions held 4	12 Arts and Culture festivals held/in-house productions held 12	15 Arts and Culture festivals held/in-house productions held 15
	Improved Audience Development and accessibility to venues	Number of discounted tickets issued to school learners	Affordable tickets, Public access to theatres	Ticket reports	8 500 discounted tickets issued to school learners 8 523	20 000 discounted tickets issued to school learners 23 331	30 000 discounted tickets issued to school learners 40 192

GDS: Outcome 4:
A high performing metropolitan government that pro-actively contributes to and builds a sustainable, socially inclusive, locally integrated and globally competitive GCR

"9+1" Priorities:

- Financial sustainability and resilience
- SMME and entrepreneurial support (emphasis on skills for economy).
- Investment attraction, retention and expansion.

IDP 2015 Priority:

- Joz@work

QUARTER	NATIONAL DAYS
Quarter 1	Mandela Day, Women's Day, Heritage Day
Quarter 2	New Year's Day
Quarter 3	Take a child to theatre day
Quarter 4	Freedom Day, Youth Day and Africa Day

Improved Audience Development and accessibility to venues	Number of free tickets issued to disadvantaged communities	Public access to theatres	Ticket reports	COO	Quarterly	2 000 free tickets issued to disadvantaged communities 2 002	5 500 of free tickets issued to disadvantaged communities 7 576	7 500 free tickets issued to disadvantaged communities 9 583	10 000 free tickets issued to disadvantaged communities 12 242
Improved Audience Development and accessibility to venues	Number of discounted tickets issued to senior citizens	Affordable tickets, Public access to theatres	Ticket reports	COO	Quarterly	2 000 discounted tickets issued to senior citizens 2 011	3 000 discounted tickets issued to senior citizens 3 168	3 500 discounted tickets issued to senior citizens 6 002	4 500 discounted tickets issued to senior citizens 7 233

JCT STRATEGIC OBJECTIVE 2:

Increased accessibility by diverse communities, ensuring that more Joburg residents benefit from the cultural experience and opportunities for positive social contact.

GDS: Outcome 4:

A high performing metropolitan government that pro-actively contributes to and builds a sustainable, socially inclusive, locally integrated and globally competitive GCR

"9+1" Priorities:

- Financial sustainability and resilience
- SMME and entrepreneurial support (emphasis on skills for economy).
- Smart city.
- Investment attraction, retention and expansion.

IDP 2015 Priority:

- Foundation – Good governance and sound management
- Joz@work

IDP Programme	Outcome	Key Performance Indicator	Key Intervention	Means of Verification	Unit Responsible for Reporting	2016/17 Performance Targets			
						Q1 Jul - Sep 2016	Q2 Oct - Dec 2016	Q3 Jan - Mar 2017	Q4 Apr - Jun 2017
Funding has not been allocated.	Image building of the COJ by Joburg Ballet	Number of Ballet seasons at JCT	Transformed programmes and audience	Quarterly Report Contracts and marketing material	Executive Producer	2 Ballet seasons at JCT 2 Ballet Seasons	4 Ballet seasons at JCT 5 Ballet Seasons	5 Ballet seasons at JCT 6 Ballet Seasons	6 Ballet seasons at JCT 7 Ballet Seasons
Funding has not been allocated.	Improved access to resources for aspiring young filmmakers to the tools of filmmaking	Number of Joburg Film Festivals & Film Months	Entrepreneurial development within Filmmedia sector	Quarterly Report Contracts and marketing material	Executive Producer	1 Joburg Film Festival & Film Month	1 Joburg Film Festival & Film Month	-	-
Funding has not been allocated.	Improved access to resources for aspiring young filmmakers to the tools of filmmaking	Number of Philharmonic Orchestra seasons at JCT	Transformed programmes and audience	Quarterly Report Contracts and marketing material	Executive Producer	1 Philharmonic Orchestra seasons at JCT	2 Philharmonic Orchestra seasons at JCT	3 Philharmonic Orchestra seasons at JCT	4 Philharmonic Orchestra seasons at JCT

Day to day operations

- Increase positive social contact and accessibility of theatre through management of the three City theatres.
- Support and optimize opportunities to promote creative industry
- Increase self generated revenue through programming and hospitality services.
- Commissioning quality productions aligned to the vision and mission of JCT.
- Expenditure management - cost containment.
- Youth development - develop future audiences, practitioners and entrepreneurial skills.
- Increased numbers of learners attending theatres annually developing new audiences for the future.
- Provide structured opportunities for in depth development of the talents and skills of young people opening up future opportunities for future employment.
- Maximise accessibility and usage of the theatre facilities by Johannesburg citizens.
- Increase accessibility - explore the increased funding opportunities from other spheres of government and the private sector in order to make theatregoing practical for disadvantaged communities.
- Improve operational efficiency, optimization of resources and performance.
- Increased SMME support through procurement

Section 6: Public Satisfaction on Municipal Services

Joburg City Theatres: Customer Satisfaction Survey

As of June 2016, Joburg City Theatres has its first customer satisfaction survey benchmark. The objectives of benchmarking are (1) to determine what and where improvements are called for, (2) to analyse how other organizations achieve their high performance levels, and (3) to use this information to improve performance.

The Joburg City Theatres are scoring higher than average on all positive aspects of the survey, including across the SurveyMonkey Global benchmarks (where applicable).

A customer satisfaction survey consistently runs across all 3 websites – www.joburgtheatre.com / www.sowetothatre.com / www.roodepoorttheatre.com. Customer satisfaction remains stable. Although there were several more complaints this quarter, there was a similar increase in compliments.

Joburg Theatre has also been rated quite dramatically on the travel website www.tripadvisor.com, which is a new development. Joburg Theatre has 90 reviews: 42 excellent, 40 very good, 4 average, 2 poor and 1 terrible. The venue is rated no1 for things to do in Braamfontein. TripAdvisor has awarded the theatre a Certificate of Excellence as an attraction that consistently earns great reviews from travellers.

Soweto Theatre has 2 reviews on the site, while Roodepoort Theatre has not yet been rated by any travellers.

The main objective is to heighten the customer experience of both customers and citizens of services rendered.

- Implementation of Customer Service Charter
- Query Resolution /Regionalisation
- Timeous response at Call Centre

JCT responds to Public Satisfaction on its Services and has implemented the following:

- Youth development focused and prioritised;
- Hosted, developed and staged world class productions that tells the story – and promote civic pride / social cohesion which includes community dialogues and education sessions implemented in identified high risk areas for Xenophobic attacks as well as utilisation of diverse cultural activities amongst the citizens
- Accelerated number of activities: Heritage and arts appreciation and education;
- Audience and content development;
- Continuous product enhancement and employee skilling;
- Promoted the visibility of facilities and programmes;
- Customer care improvement;
- Integrated programming across the City theatres
- Visible improvement in service delivery through: Service Delivery Standards, Compliance to Service Level Standards

Assessment of Arrears on municipal taxes and service charges

a) Assessment of Municipal Taxes and Service Charges owed to the entity

JCT does not charge Municipal Taxes and Service Charges.

Detail	0-30 days	31-60 days	61-90 days	91-180 days	181& over	Total
N/A	N/A	N/A	N/A	N/A	N/A	N/A

b) Amounts owed by entity for service charges

Name of Department	Amounts owed	Account Status	Comments
City of Johannesburg	1,171,464	The account is sitting under current on the creditors' age analysis.	The balance relates to amount owed to Group Corporate Services for OHASA & MFMA training, Group Assurance Services for internal audit services, insurance services, Group Revenue for the utilities and Jhb City Parks for rental

c) Assessment of Directors' and senior managers' municipal accounts

NED - Non-Executive Director

IAC – Independent Audit Committee member

COJ – City of Johannesburg

Name of Director/Senior Managers	Designation	Name of Municipality	Municipal Acc Number	Account Status as at 30 06 17	Comments
Mr Nkopane Maphiri	NED	COJ	-	-	Not an Account Holder
Mr Mpumelelo Mkhabela	NED	COJ	5010722567	Current	5010722567
Ms Mpho Lecoge	NED	COJ	-	-	Not an Account Holder
Dr Theophilus Mukhuba	NED	COJ			
Ms Ashley Hayden	NED	COJ	400918405	Current	
Mr Junior Ramovha	NED	COJ		Current	
Ms Makhosazana Mbatha	NED	COJ	-	-	Not an Account Holder
Ms Stella Baloyi	NED	COJ	-	-	Not an Account Holder
Ms Amanda Forsythe	IAC	COJ	207202349	Current	
Ms Tshidi Molala	IAC		Account with Sectional Title Management		
Ms Chrystal Cape	IAC		Account with Sectional Title Management		
Ms Xoliswa Nduneni	CEO	COJ	207540933	Current	
Mr Solomon Mphakathi	CFO	COJ	551983685	Current	
Ms Bridget Mashika	COO	COJ	440859900	Current	
Ms Philipa Maduka	CS		-	-	Not an Account Holder
Ms Claire Pacariz	EP		Account with Sectional Title Management		

Statement on amounts owed by Government Departments and Public Entities

Name of Department	Amounts owed	Account Status	Comments
City of Johannesburg	2,370,136	93% is sitting under 30 days on the debtors age analysis and 7% is sitting over 60 days on the debtors age analysis	100% of this balance is for COJ department and COJ entities
Department of arts and culture	100,000	This department is sitting under 30 days on debtors age analysis	This was sponsorship for the Africa Day celebration

Section 7: Recommendation and Plans for next financial year

Action
Management and promotion of high quality performing arts and entertainment facilities
Provision of supportive hospitality infrastructure and services
Enable Joburg residents to access and benefit from quality arts and culture facilities and experiences
Hosting and showcasing of revenue generating local and international productions that have a positive impact on the financial sustainability of Joburg City Theatres, whilst also exposing Joburger's to globally recognised professional entertainment
Hosting of quality performing arts and entertainment productions that are attractive to both traditional and regular theatre goers, but also to new and diverse audiences
Promotion and development of local content and local markets through programmes that advance social cohesion and support the transformation of society
In-house and/or co-production and staging of arts and entertainment productions in collaboration with local arts practitioners, entrepreneurs and enterprises
Acceleration of youth development through programmes that stimulate an interest in the arts as a viable career path and provide opportunities for future arts practitioners and entrepreneurs
Conceptualise, create, produce, market and disseminate content both through own facilities and by taking shows to communities
Generate revenue over and above the subsidy received from the city through the effective delivery of the above services

CHAPTER FOUR: HUMAN RESOURCES & ORGANISATIONAL MANAGEMENT



UNITY. RESPECT. EXCELLENCE. INTEGRITY. GROWTH

OUR VALUES

- *Integrity and Respect* – we will strive to do the right thing, every time, all the time.
- *Accountability* – empower employees by promoting personal responsibility and accountability.
- *Open and Honest Communication* – effective and clear communication is the foundation.
- *Quality Customer Service* – we are committed to provide professional and quality customer service.
- *Fairness* – we will treat people in a fair, equitable, ethical and consistent manner and make informed decisions without favouritism or prejudice.
- *Support Partnerships* – we will work collaboratively across functions to achieve our common goals.
- *Confidentiality* – we will always respect the confidentiality entrusted to us.
- *Enjoy our work* – enjoying our work allows us to be creative and strive for excellence.
- Dedicated and hard working employees; Open and honest culture; Personal development and recognition; Trust and support; and Safety and job security
-

Human Resource Management

The entity's overall objective as set out in its employment policy is to ensure that the company's employment practices and remuneration policies motivate and retain talented employees and create an attractive environment for all employees. The employment policy is periodically reviewed to ensure that it remains relevant and practical for the changing needs of current and potential employees.

Our vision is to be the employer of choice in our field. Our vision is to stay at the top end of compliance by including such requirements into our working practices.

Organisational Structure

The company organogram, points out the different levels of the reporting structure. The theatre's management team is inclusive and representative of the demographics of the country. The members of the support management team comprise of staff members from a diverse background

As at June 30th 2017, the company had a total of 145 permanent employees. Every employee of the theatre is trained to offer services to the clients, namely the entity renting a part of the complex for any relevant core or support business purpose; and the customer, i.e the patron choosing to participate in a core or support business of the theatre.

The company is divided into 7 (seven) essential departments:

- The Governance Department works with the company's Chief Executive Officer in various governance, compliance, finance roles and Youth Development to effectively operate the three theatres. The finance office manages all day-to-day, weekly, monthly and annual financial aspects of the company, including supply chain management and compliance.
- Roodepoort Theatre operates the day-to-day activities at the theatre, including the general maintenance of the stage machinery and its assets setting and maintaining world class operating standards in both customer and client services.
- Soweto Theatre operates the day-to-day activities at the theatre, including the general maintenance of the stage machinery and its assets setting and maintaining world class operating standards in both customer and client services.
- The Building & Security Department at Joburg Theatre is responsible for the ongoing maintenance, cleaning, safety and security of the over 50 year old building, operating 24 hours per day.
- The Customer Services Department services the interests and needs of the tenants utilising various areas of the theatre: medium term - such as stage tenants; and long term - such as The South African Ballet Theatre, and The Peoples Theatre Company. This Department also services the interests and needs of the patrons using the buildings, offering frontline service and ticket sales.
- The Stage Department provides the services of skilled stage, sound, lighting and wardrobe technicians to assist the clients of the theatre and to maintain strict schedules of the day-to-day usage of the many stages within the theatres.
- The Client Services Department is responsible for marketing and publicity, strategic relationships and the planning and programming at Joburg Theatre.

Succession planning within the company is continuously implemented for all senior management. Support Management receive on the job training as well as skills development training on an ongoing basis. Every effort is made to identify and target employees suitable for promotion. Regular performance appraisal and development interviews are conducted, followed by a thorough training needs analysis.

Section 1: Employment Remuneration

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

	2017	2016 Restated*
17. EMPLOYEE RELATED COSTS		
Salaries and Wages	53,606,143	44,054,158
Employee costs included in other expenses	1,233,745	811,834
	54,839,888	44,865,992
Employee Costs Breakdown		
Net Salary	27,265,272	24,165,268
PAYE	8,248,490	6,829,640
SDL	425,868	368,215
UIF	465,711	419,728
Medical Aid	3,790,272	3,205,052
Pension Contribution	8,974,257	5,796,183
Third Parties	447,016	506,573
13th Cheque, Leave Accrual and Performance Bonuses	3,089,257	2,763,501
	53,606,143	44,054,158
Committee Fees Breakdown		
Net Salary	954,796	605,514
PAYE	265,835	198,385
SDL	13,114	7,935
	1,233,745	811,834
Chief Executive Officer		
Annual Remuneration	1,558,224	1,470,022
Performance Bonuses	211,977	200,624
Contributions to UIF, Medical and Pension Funds	470,063	315,875
Other	64,925	61,250
	2,305,189	2,047,771
Chief Operating Officer		
Annual Remuneration	1,088,832	1,027,200
Performance Bonuses	148,122	139,104
Contributions to UIF, Medical and Pension Funds	330,232	218,350
Other	45,368	42,800
	1,612,554	1,427,454
Chief Financial Officer		
Annual Remuneration	1,335,705	1,167,018
Performance bonus	162,067	170,982
Contributions to UIF, Medical and Pension Funds	347,031	162,479
Other	55,764	52,608
	1,920,567	1,553,087
Executive Producer - current		
Annual Remuneration	954,000	750,000
Performance Bonuses	77,250	59,317
Contributions to UIF, Medical and Pension Funds	267,487	161,987
Other	-	37,500
	1,298,737	1,008,804

* See note 35

Notes to the Financial Statements

2017
 2016
 Restated*

17. EMPLOYEE RELATED COSTS (continued)

Company Secretary

Annual Remuneration	935,000	-
Contributions to UIF, Medical and Pension Funds	21,961	-
Other	38,958	-
	995,919	-

Employee related costs for JCT 2016/2017

Employee Costs Breakdown

	2016/2017	Ratio	2015/2016	Ratio
Net Salary	27 265 272	51%	24 165 268	55%
PAYE	8 248 490	15%	6 829 640	16%
SDL	425 868	1%	368 215	1%
UIF	465 711	1%	419 726	1%
Medical Aid	3 790 272	7%	3 205 052	7%
Pension Contribution	8 974 257	17%	5 796 183	13%
Third Parties	447 016	1%	506 573	1%
13th Cheque, Leave Accrual and Performance Bonuses	3 989 257	7%	2 763 501	6%
	53 606 143		44 054 158	

Committee Fees Breakdown

Net Salary	954 796	77%	605 514	75%
PAYE	265 835	22%	198 385	24%
SDL	13 114	1%	7 935	1%
	1 233 745		811 834	

Total employee related costs

	54 839 888		44 865 992	
Total expenditure	152 473 446		143 047 326	
Total revenue	162 216 726		143 457 510	
Employee related cost ratio	36%		31%	
Employee related to revenue ratio	34%		31%	
Number of employees	305		255	
Average employee related costs per employee	179 802,91		175 945,07	2%
Average revenue per employee	531 858,12		562 578,47	-5%

Section 2: Key Vacancies

All critical vacancies are filled.

The current approved structure has **162** positions, out of which **145** have been filled and **17** positions are vacant. A detailed analysis has been provided in the table below:

Detailed analysis on occupancy and vacancy report as at 30 June 2017

Department	Approved Positions	Occupied Positions	Vacant Positions	Temporary Staff	Interns / Learners
Governance	6	6	0	0	1
Human Resources	3	3	0	0	1
Stage	28	26	2	0	1
Finance and SCM	13	13	0	0	2
Building and Security	30	30	0	0	0
Customer Services	11	11	0	28	3
Client Services (Programming)	9	7	2	0	2
Catering and Hospitality	31	19	12	97	7
Soweto Theatre	17	17	0	13	4
Roodepoort Theatre	14	13	1	11	1
Total	162	145	17	149	22
Vacancy Occupancy %		90%	10%		

JCT is operating at **90%** occupancy rate against the approved staff establishment with the remaining **10%** recorded as vacancy rate. In addition to the above staffing, **14%** of human capacity resource comprises of Interns / Learners which are placed within various departments.

As at 30 June 2017, JCT has 283 employees. The workforce profile is presented as follows: 145 of staff are permanent employees and 138 are temporary fixed term employees. Temporary employees are divided into ushers and Hospitality and Catering employees. As of 30 June 2017, the total number of ushers across the three theatres was 52 as reflected in the above table. Ushers are ad hocs who are not full time employees. They are contracted and required to work and/or called per show. They are paid an hourly rate.

The second largest group of temporary employees are found in the Hospitality and Catering department. The total number stands at 87 as of 30th June. This group of employees consist of waitress, scullers, bartenders, Commie Chefs, kitchen staff, banqueting staff and general assistants, etc. The Department currently utilises Fixed Term Contract due to the business requirements for the following reasons –

- There is no fixed patron capacity in the theatre bars as the business in this area is determined by the shows that are on the stage at any given time, hence this area is treated as seasonal work based on the seasonal run of any given show.
- The restaurant business is managed on a day to day basis based as per point 1, as well as the daily take up of the restaurant by the surrounding businesses.
- Unfortunately, the department often experiences an extreme fluctuations of business volumes that occur over a period of any one year due to the area of the hospitality it works in, namely, the theatre.
- There are very few foreign nationals in the workforce but for the employees. Their fixed term contracts are based on their current valid work permits.

Section 3: Employment Equity

The implementation of JCT's employment equity plan is on track. The company is committed to the principles of equity, anti-discrimination and diversity as enshrined in the Constitution and the Employment Equity Act. In this context, JCT seeks to create an institution that reflects the diversity of South African society, and which contributes to maximising the human resource potential of its entire people.

The Company has employment policies that it believes are appropriate to the business and the market in which it trades. Equal employment opportunities are offered to all employees. The company encourages promotion within the core employment base, with particular attention given to the opportunities of promoting those staff members from historically disadvantaged communities.

The entity's employment equity programme was extremely progressive and we exceeded the targets set. Our conviction to ensure material participation of previously disadvantaged companies and individuals is demonstrated by the degree of procurement spent on the designated companies and individuals. The Chief Executive Officer, together with the Chief Operating Officer, is responsible for the monitoring of the implementation of the employment equity plan.

The theatre's management team is inclusive and representative of the demographics of the country. The members of the support management team comprise of staff members from a diverse background. During the year under review, historically disadvantaged individuals accounted 86% of the permanent staff compliment, 29% youth and 29% female.

JCT's Employment Equity is profiled according to gender, disability, race, and by occupational levels. The employment equity targets are aligned to the country's Economically Active Population percentage distribution within the Gauteng region. The EAP includes people from **15 to 64 years of age** who are *either employed or unemployed* and *seeking employment* and is used to assist employers in the analysis of their workforce to determine the degree of under-representation of the designated groups. JCT is required to use the EAP as a guide (City's 50/50 gender), to determine the resource allocation and subsequent interventions that are needed to achieve an equitable and representative workforce. It is important to note that the analysis of the section of this report focuses on the EAP as depicted in the tables below.

Employment Equity Profile

Occupational Level	Male					Female					Grand Total
	A	C	I	W	Total	A	C	I	W	Total	
Top Management	1	-	-	-	1	3	-	-	1	4	5
Senior Management	7	1	2	2	12	2	-	-	1	3	15
Professionally Qualified / Middle Management	36	3	1	11	51	15	2	-	-	17	68
Skilled Technically and Academically Qualified	33	-	-	-	33	20	-	-	-	20	53
Semi-Skilled	-	-	-	-	-	4	-	-	-	4	4
Unskilled	-	-	-	-	-	-	-	-	-	-	-
Total	77	4	3	13	97	44	2	-	2	48	145
% of Gender Representation	53%	3%	2%	9%	67%	30%	1.4%	0%	1.4%	33%	

Employment Equity and Economically Active Population (EAP) Targets

Description	Total number of employees	Gauteng EAP EE Target %	JCT EE Actual %	Variance
Africans	121	78%	83%	+5%
Coloureds	6	3%	4%	+1%
Indians	3	3%	2%	-1%
Whites	15	16%	10%	-6%
Persons with disability	4	2%	3%	+1%
Male	97	50%	67%	+17%
Female	48	50%	33%	-17%

People with Disabilities - Despite all the efforts to increase the employment of people with disabilities, the company does not receive responses from people living with disabilities when advertising vacant positions. The company has adapted to the primary needs of the disabled persons by ensuring that disabled theatre patrons have a smooth access to the theatre.

JCT has exceeded the Disability Target of 2% which should be achieved against the institution's entire staff compliment. The employment of the persons with disabilities is currently at 3%. The target was exceeded as a result of the recent campaign initiated from the HR office whereby employees issued Declaration forms to complete and voluntarily declare their disability status. Employees who declare their disabilities are advised to submit letters from the registered medical practitioner as proof. The campaign will be finalised by end July 2017.

As we look to 2017-18 and beyond, the company's success will depend on the quality of the strategic objectives set. These decisions will need to be made in an organisational culture which is fully representative of our society in terms of race, gender, disability and other forms of diversity. Hence we promote ongoing transformation at all levels of the company in line with our objectives for employment equity.

Towards achieving this goal, we will continue to implement various policies and practices throughout JCT. These include:

- Identifying and eliminating employment barriers
- Eliminating unfair discrimination on the grounds of race, religion, sexual preference, gender or any other basis
- Complying with regulations and legislation, including empowerment and transformation, within operational environments
- Subscribing to a Code of Ethics that will guide and promote sound governance and equal opportunity within our organisation

Disability Profile

Occupational levels	Males				Female				Total PWDs
	A	C	I	W	A	C	I	W	
Top Management	-	-	-	-	-	-	-	1	1
Senior Management	-	-	-	-	-	-	-	-	-
Professionally Qualified / Middle Management	-	1	-	1	-	1	-	-	3
Skilled Technically and Academically Qualified	-	-	-	-	-	-	-	-	-
Semi-Skilled	-	-	-	-	-	-	-	-	-
Unskilled	-	-	-	-	-	-	-	-	-
Total	-	1	-	1	-	1	-	1	4

Gender Equity - With the recent integration of the three theatres, it was noticed that the Gender Equity was not balanced. The company plans to promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination; and implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups, to ensure their equitable representation in all occupational categories and levels in the workforce. To balance the Employment Equity within the company will give preference to females on middle, senior and executive management when opportunities arise.

Gender representation

Gender	African		Coloured		Indian		White		TOTAL	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
Male	39%	53%	1.5%	3%	1.5%	2%	8%	9%	50%	67%
Female	39%	30%	1.5%	1.4%	1.5%	0%	8%	1.4%	50%	33%
TOTAL	78%	83%	3%	4.4%	3%	2%	16%	10.4%	100%	100%

Target Achieved
Requires Improvement

Workforce Movement-Recruitment - JCT has started filling some of the critical positions which include the Company Secretary who will be assisting in effective and efficient functioning of the Board and its Committees, ensuring a smooth interface between the entity's deliverables and JCT Board's mandate and also eases the executive's work load by providing legal advice where needed. The vacant position for Marketing Coordinator has been filled. The General Manager, Marketing Executive and Artistic Manager positions are being finalised. The recruitment will be finalised in the next two months.

Section 4: Skills Development and Training

The entity is committed to the maintenance of standards by supporting and training staff through its world-class skills development programme. This programme aims to develop both technical and people skills required for the company to conduct its business on an effective basis. Our skills development programmes are in line with the requirements of the Skills Development Act and our workplace plan (WSP) is aligned to our business plan and focus is placed on occupational specific programmes, management development and legally required training.

JCT is committed to sustaining a continuous programme of training and development for its management and staff to improve either job performance and/or competitiveness for promotion. The company has a policy in respect of paid assistance for skills development courses, which help in enhancing the skills of previously disadvantaged individuals. The policy also includes access to training by members of designated groups, structured training and development programmes. Company retention strategies include the promotion of diverse organisational cultures, interactive communication and feedback and ongoing labour turnover analysis.

The company's skills development programmes are in line with the requirements of the Skills Development Act and its workplace plan (WSP) is aligned to the business plan and focus is placed on occupational specific programmes, management development and legally required training. The implementation of the Workplace Skills Plan is on track. All grants due to JCT are claimed and received annually from CATHSETA.

Compliance to the Skills Development Act is an on-going. The implementation of the Workplace Skills Plan is on track. All grants due to JCT are claimed and received annually from CATHSETA. JCT's tax compliance is on track with the e-filing done twice per annum as required. All tax directives for lump sum are implemented as they are received.

JCT has signed a Memorandum of Understanding with Ekurhuleni West College to host 17 students. The students are doing three year vocational program in Hospitality and they are required to do a short term practical training. The students are placed in Stages Restaurants.

JCT is also committee skill development of young performing artists into entrepreneurial minds. The Youth Development programme is aimed at incubating artists, imbibing a theatre-going culture in our young audience while developing and unleashing excellent productions that form a base from which our young artists can grow.

In partnership with Drama for Life, JCT launched a strategic intervention programme called Introduction to APPLIED PERFORMING ARTS AND ARTS MANAGEMNT (APAAM). APAAM is an intense outcome-based training programme that encompasses business, technical and artistic skills. This programme is aimed at empowering the youth artistically, develop their business skills and ensure that they create employment within their own communities. Four (4) theatre organisations from different regions in the City of Johannesburg have been selected through a process of auditions to participate in this three year programme. The programme is accredited by Wits University.

Theatre and television Producer Duma Ndlovu continues to facilitate acting workshops are held every Thursday throughout the year,. This is a training programme for acting graduates from various institutions around the world. This is a candid class about the industry, talent, you education, work ethic, professional behaviour, audition preparations and how to carry oneself once cast.

Joburg City Theatres is committed to sustaining a continuous programme of training and development for its management and staff to improve either job performance and/or competitiveness for promotion by implementing Work Skills Plan. The company has a policy in respect of paid assistance for skills development courses, which help in enhancing the skills of previously disadvantaged individuals. The policy also includes access to training by members of designated groups, structured training and development programmes. Company retention strategies include the promotion of diverse organisational cultures, interactive communication and feedback and ongoing labour turnover analysis.

The company is committed to sustaining a continuous programme of training and development for its management and staff to improve either job performance and/or competitiveness for promotion. The Company has a policy in respect of paid assistance for skills development courses. The policy also intends to include access to training by members of designated groups, structured training and development programmes.

The education assistance scheme ensures that employees are able to improve their educational qualifications with the assistance of the funding from the company. Most of the assistance is provided over two to three years, which is mostly the duration of academic programs. Three employees who have registered B Com Accounting degree with University of South Africa (UNISA) received the company's study financial assistance this period.

Section 5: Performance Management

The performance management policy and procedure aims to achieve a shared understanding of the company's direction; performance management processes which focus on the achievement of individual and departmental goals, which are established and maintained in all departments; improved service delivery; recognition of employee contributions; improved employee wellbeing; a culture of continuous improvement and feedback evident in all departments; security of tenure, and possibilities of promotion. Poor work performance will be dealt with in terms of the incapacity procedure outlined in the company's Human Resources Policies and Procedures manual.

Performance Management was implemented for all management levels on the organisational structure. The balanced scorecard is the tool being used for measurement. The performance indicators are linked to the Company objectives and the IDP scorecard. Additional objectives are included to reinforce the culture of governance and risk management among managers.

The Company started the rollout process to ensure that all employees in supervisory positions are included in the performance management strategy. Training of underperforming officials is being introduced as part of our coaching and mentorship process to improve the performance levels. Performance Management is being adopted as a positive management strategy rather than a punitive process, and in this way employees feel comfortable to be part of the process.

Succession planning within the company has been implemented for all senior management. The succession and retention policy will be presented to RemSEC and Board for approval in July 2016.

Joburg Theatre strives to pay salaries that are not disparate with the standard and has in place strategies and practices to deal with remuneration management and salary parity resolution. Retentions strategies aimed at discouraging the employees from leaving the company will be developed and discussed. Employees are consulted when developing the draft policies to get their input. This ensures that the proposed strategies are accepted by staff and it is envisaged that they will be effective in discouraging the employees from leaving the company.

The entity will continue to set new standards of service delivery and our customer relationship programme will serve as a pillar for our on-going success. We remain firm in our commitment to sound stakeholder relationships and are committed to managing both short-term and long-term plans to standards that will ultimately benefit our communities. The challenges that we face are the increasing portfolio and a budget that is not scientifically proportionate to it. We will, however, continue to strive for operational effectiveness and, with our customers and stakeholders, we will collectively focus on improving the environmental well-being of our society.

Section 6: Disciplinary Matters and Outcomes

JCT is not a unionised environment. Employees are not affiliated to any Union. The entity does not have recognition agreement with trade unions (SAMWU and IMATU). JCT's Human Resources Manager's office deals with employee / employer related issues and thereby maintaining direct lines of communication with employees. All entity's labour disputes are referred to CCMA for conciliation and/or arbitration.

Following the recent demarcation settlement agreement and the SALGA's variation of scope, all municipal entities will soon become members of the South African Local Bargaining Council (SALGBC). The variation of scope means that all entity's disputes will now be referred to the Council. No dismissal of employee was recorded in this quarter.

Labour Relations matters

JCT staff uphold the policies, procedures and values of the organisation. This conclusion is drawn from the minimal number of misconduct cases that were conducted within the year which resulted in written warnings. All matters were handled in line with the approved disciplinary code policy of the organisation.

Section 7: Leave and productivity Management

In line with the approved Leave policy, JCT employees are entitled to 21/24 days leave for 2016/2017 financial year to be taken at a time convenient to JCT and agreed upon by line management. The section below provides a detailed overall leave management and analysis.

Overall Company Leave Analysis as at 30 June 2017

Occupational Levels	Leave Accrued	Leave Taken	Balance of Leave
Senior management (Levels 1-3)	224.75	88	156.75
Other Employees Levels 4 and below	2 906	927.25	1 978.75
GRAND TOTAL	3 150.75	1 015.25	2 134.75

Section 8: Employee Wellness

Corporate Wellness provides tools and research to help make employees healthier and in this way, help reduce costs related to healthcare, productivity and absenteeism. The workplace environment provides the ideal opportunity to influence health behaviour. In providing a targeted wellness programme the theatre invests in the health and well being of its employees in order to:

- Improve the health and wellbeing of employees
- Improve quality of life,
- Reduce the use of healthcare,
- Control disability, and
- Enhance productivity.

JCT in partnership with Discovery Health conducts or holds Wellness Day annually. However as part of the organizations strategy for employee wellness and internal communications:

- Employees are continuously participating in the internal gym.
- The company hosts aerobics sessions three times a week for an hour.
- These classes are good for exercising and promoting staff engagement
- The aerobics class also partake in the external walks/runs and wellness activities.

8.1 Employee satisfaction

Succession planning within the company has been implemented for all senior management. The succession and retention policy will be reviewed going forward, depending on funding being available.

Joburg Theatre strives to pay salaries that are not disparate with the standard and has in place strategies and practices to deal with remuneration management and salary parity resolution. Retentions strategies aimed at discouraging the employees from leaving the company will be developed and discussed. Employees will be consulted when developing the draft policies to get their input. This will ensure that the proposed strategies are accepted by staff and it is envisaged that they will be effective in discouraging the employees from leaving the company.

8.2 Employee retention

Succession planning within the company has been implemented for all senior management. The succession and retention policy will be reviewed going forward, depending on funding being available.

Joburg Theatre strives to pay salaries that are not disparate with the standard and has in place strategies and practices to deal with remuneration management and salary parity resolution. Retentions strategies aimed at discouraging the employees from leaving the company will be developed and discussed. Employees will be consulted when developing the draft policies to get their input. This will ensure that the proposed strategies are accepted by staff and it is envisaged that they will be effective in discouraging the employees from leaving the company.

8.3 HIV/AIDS on the Workplace

The management of HIV/Aids is an important challenge facing every organisation in our country. The entity has determined that HIV/Aids will have an impact on the following risk areas: operations, target market risk, supplier risk, legal risk and health risk. Whilst all these risk are under further investigation, and has adopted the following core principles as a basis for its HIV/ Aids policy:

- Continuously assess the risks posed by HIV/Aids on the business;
- Limit the number of new infections among employees;
- Ensure employees living with HIV/ Aids are aware of their rights and that their rights are respected and protected;
- Provide care and support to employees living with HIV/Aids.

HIV/Aids Structures

In order to achieve the policy objectives, entity has forms part of the COJ HIV/Aids committee which consists of three experienced independent medical practitioners, four union representatives and five members of senior management. The company has trained five peer educators, who are fulltime employees, who have shown passion and willingness to assist their fellow HIV positive colleagues to ensure that HIV positive employees receive care and support in their work environment.

Prevalence rate

To identify the current prevalence rate, the committee with the co-operation and support of the union conducted two studies: an actuarial study of the company's risk profile and a survey to measure the employee's knowledge, attitudes, practices and beliefs (KAPB) about HIV/Aids.

Actuarial impact analysis

The company employed the services of an actuary to assess the current and future expected cost to the organisation, resulting directly and indirectly from HIV/Aids. The company recognises the cost involved to both the company and the community of not taking progressive steps in combating the disease has therefore allocated an additional [R 5 million] worth of resources from its annual budget to fighting the disease. The HIV/Aids committee has approved the budget.

Awareness of the disease

The committee has focussed its attention on identifying and measuring the extent of the risk of HIV/Aids to the organisation. In order to identify employees' level of awareness, the committee used the help of three psychologist and qualified counsellor to anonymously survey all staff numbers through the KAPB survey.

Education

To build on the awareness programme, an ongoing education programme has been instituted. The first place of this programme was to train peer educators who will then provide HIV/Aids education to all staff on an ongoing basis. Peer educators received training on lay counselling, grief management, company benefits, first aid and treatment of workplace injuries.

Section 9: Employee Benefits

The Company is a participating employer in the various retirement benefit schemes through which the City of Johannesburg Metropolitan Municipality and its associated Municipal Entities (MEs) provide post-employment benefits to their permanent employees (a contractual policy that ceased for any new employees from July 2000). The Board has approved for all permanent and fixed term employees to join e-Joburg pension fund.

9.1 Defined Benefit Funds

Joburg City Theatres currently operates three funds and has the following number of employees on each fund:

- Johannesburg Municipal Pension Fund (NMG) has 16 employees.

- E-Joburg Pension Fund has 109 employees.
- Mutual Gratuity Pension Fund (MGF) has 8 employees.

9.2 Medical Aid Funds

The company also administers three accredited medical aid schemes and pays a minimum of 50% and 60% monthly premium contribution on behalf of its members. Currently 49 employees are members of the schemes as follows:

- Discovery has 57 employees who receive 50% company contributions.
- LA Health has 1 employee who receive 60% company contributions
- Key Health has 1 employee who receive 60% company contributions

9.3 Company Allowances

Five (5) employees still receive monthly housing allowances with their salaries (a contractual policy that ceased for any new employees from July 2000), and 35 employees receive allowances towards the use for business purposes of their personal cell phones.

Section 10: Occupational Health & Safety Programmes

The Occupational Health and Safety Manager is a member of the COJ's workplace wellness coordinators forum which deals amongst others with the HIV Counselling and Training outreach campaign to assist employees in screening and the COJ Group SHE Steering committee which ensures the company's compliance to the Occupational Health and Safety Act, (85 of 1993).

Occupational Health and Safety in the workplace is regulated by the Occupational Health and Safety Act, (85 of 1993).

Section (16)1 places the responsibility and liability on the Chief Executive Officer (CEO) to ensure that the duties imposed on the employer are properly discharged. The implication hereof is that the CEO has to ensure that an occupational health and safety management system is implemented which will give effect to the provisions of this Act.

The City Manager is the section 16(1) responsible person for the COJ and the MD's/CEO's are the section 16(1) responsible persons for the Municipal Entities. The Act makes provision for the CEO's / MD's to appoint person's under their control to assist them in the duties in relation to the provisions of the Act. Joburg City Theatres has appointed Lieb Venter as the Liaison with the COJ Group SHE Directorate as the company's current Occupational Health and Safety Manager. The General Managers of both Soweto Theatre and Roodepoort Theatre were also appointed as the Health and Safety Coordinators at their respective theatres. The Health and Safety committee is functional and meetings are convened regularly as required. Inspections are undertaken and all Health and Safety equipment is up-to-date.

Permanent and part-time staff members are continuously trained in the areas of First Aid, Safety, Fire, and evacuation. A safety committee is being established and will have regular monthly and quarterly meetings.

CHAPTER FIVE: FINANCIAL PERFORMANCE



KEY ACHIEVEMENTS

- ✓ 13% total revenue growth year on year.
- ✓ Earned revenue remained unchanged year on year.
- ✓ Liquidity ratio 2017 **2.31:1** (2016 **1.27:1**)
- ✓ Solvency ratio 2017 **2.86:1** (2016 **1.72:1**)
- ✓ 45% Increase in total net assets from R15 442 153 to R22 457 317.
- ✓ 99.5% spending on the adjusted capital expenditure budget of R6 183 000. The capex is mainly spent on Buildings and renovations, Stage equipment upgrades and Information Technology.

Section 1: Statement of Financial Position and Highlevel Notes

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2017

Statement of Financial Position as at 30 June 2017

Figures in Rand	Note(s)	2017	2016 Restated*
ASSETS			
Current Assets			
Inventories	2	1,427,696	1,215,012
Receivables from exchange transactions	3	3,055,799	21,489,998
VAT receivable	4	1,595,017	-
Cash and cash equivalents	5	23,283,903	2,066,098
		29,362,415	24,771,108
Non-Current Assets			
Property, plant and equipment	6	11,218,409	10,885,191
Intangible assets	7	104,509	113,191
Heritage assets	8	1,592,700	1,592,700
		12,915,618	12,591,082
Total Assets		42,278,033	37,362,190
LIABILITIES			
Current Liabilities			
Finance lease obligation	9	-	175,304
Payables from exchange transactions	10	13,180,261	15,261,017
VAT payable	37	-	2,691,431
Provisions	11	2,219,115	2,099,063
		15,399,376	20,226,815
Non-Current Liabilities			
Deferred tax	12	4,421,340	1,693,222
Total Liabilities		19,820,716	21,920,037
NET ASSETS		22,457,317	15,442,153
NET ASSETS			
Share capital	33	10	10
Investment from Shareholder		1,784,049	1,784,049
Accumulated surplus		20,673,258	13,658,094
TOTAL NET ASSETS		22,457,317	15,442,153

High level Notes

The entity will have enough cash to fund and the subsidy for the 2017/18 financial year has been received. Both Liquidity and solvency ratios have increased by 36% (from 1.22:1 last year to 1.91:1 in the current year) and 25% (from 1.70:1 last year to 2.13:1 in the current year) respectively year on year. Current assets have gone up 19% year on year while current liabilities went down by 24%. Total assets went up 13% year on year while total liabilities went down by 10%.

	FY 2017	FY 2016	FY 2015	Movement
Assets				
Current assts	29,362,415	24,771,108	20,065,810	
Non current assets	12,915,618	12,591,082	13,532,648	
Total assets	42,278,033	37,362,190	33,598,458	
Liabilities				
Current Liabilities	15,399,376	20,226,815	15,658,230	
Non current Liabilities	4,421,340	1,693,222	2,089,271	
Total Liabilities	19,820,716	21,920,037	17,747,501	
Net Assets	22,457,317	15,442,153	15,850,957	
Net Assets				
Share capital	10	10	10	
Investment	1,784,049	1,784,049	1,784,049	
Accumulated Surplus	20,673,258	13,658,094	14,066,898	
Total Net Assets	22,457,317	15,442,153	15,850,957	

Section 2: Statement of Financial Performance and Highlevel Notes

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2017

Statement of Financial Performance

Figures in Rand	Note(s)	2017	2016 Restated*
Revenue			
Ticketing Services	13	1,138,001	1,153,071
Catering Services	13	21,918,801	17,651,190
Rental facilities and equipment	13	7,487,882	6,573,899
Arts Alive Festival	13	13,143,333	13,014,118
Sponsorship	13	831,018	1,508,768
In-house Ticket Sales	13	6,878,741	10,777,717
Other income	14	12,124,911	17,021,159
Interest received - investment	15	4,622,039	2,255,588
Subsidy	16	94,072,000	73,502,000
Total revenue		162,216,726	143,457,510
Expenditure			
Salaries and Wages	17	(54,839,888)	(44,865,992)
Depreciation and amortisation	18	(1,118,509)	(1,132,368)
Finance costs	19	(832)	(51,588)
Debt Impairment		(8,937)	-
Transfers and Subsidies	20	(8,000,000)	(8,000,000)
General Expenses	21	(88,505,280)	(88,997,378)
Total expenditure		(152,473,446)	(143,047,326)
Operating surplus		9,743,280	410,184
Surplus before taxation		9,743,280	410,184
Less Taxation	22	2,728,118	114,852
Surplus		7,015,162	295,332

High level Notes

The company posted a surplus of R7million (after taxation) for the year under review, inclusive of COJ subsidy. Earned Income consists of:

- Ticket sales from in-house productions R6.9million;
- Theatre rentals R7.5million,
- Sponsorship of R0.8million from Department of Arts and Culture
- Ticketing services of R1.1million,
- Retail income from hospitality, bars, restaurant, refreshments, merchandise R21.9m,
- Interest earned R4.6m and Other income of R12.1million
- Earned income calculation excludes the City of Joburg subsidy of R94.1million.

During the year under review earned income decreased by 3% to (R68.1million), as compared to the prior year (R69.9million). This performance is attributable to the interest revenue, hospitality and catering and the management fees and ticketing fees. Sponsorship was secured by management for Africa Month celebrations from the Department of Arts and Culture. A relation that has existed for the last 3 years.

Expenditure totalled R152.4million, an increase of 7% as compared to the prior year (R143.0million) Several line items on the expenditure recorded savings with the exception of utilities, hospitality and catering and contracted services and all efforts are taken to reduce the of overspending on these line items.

Section 3: Cashflow Statement and Highlevel Notes

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

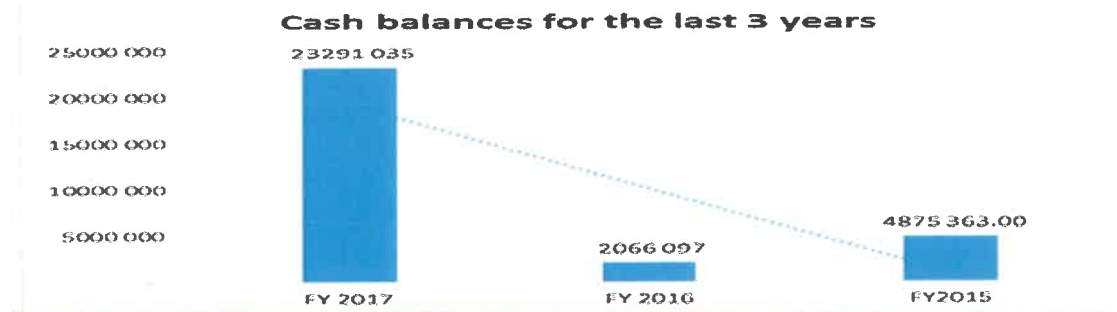
Financial Statements for the year ended 30 June 2017

Cash Flow Statement

Figures in Rand	Note(s)	2017	2016 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		72,042,760	64,015,941
Grants		94,072,000	73,502,000
Interest income		4,622,039	2,244,583
		<u>170,736,799</u>	<u>139,762,524</u>
Payments			
Employee costs		(53,440,910)	(44,531,993)
Suppliers		(94,313,809)	(97,112,893)
		<u>(147,754,719)</u>	<u>(141,644,886)</u>
Net cash flows from operating activities	23	22,982,080	(1,882,362)
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(1,588,971)	(321,993)
Purchase of other intangible assets	7	-	(95,893)
Net cash flows from investing activities		(1,588,971)	(417,886)
Cash flows from financing activities			
Finance lease payments		(175,304)	(509,017)
Net increase/(decrease) in cash and cash equivalents		21,217,805	(2,809,265)
Cash and cash equivalents at the beginning of the year		2,066,098	4,875,363
Cash and cash equivalents at the end of the year	5	23,283,903	2,066,098

High level Notes

Cash and cash equivalents up by 1127% year on year.



	FY 2017	FY 2016	FY 2015
Cash flows from operating activities	22 968 405.00	1 882 363.00	474 734.00
Net cash flows from investing activities	- 1 588 971.00	417 886.00	81 433.00
Cash flows from financing activities	- 154 497.00	509 017.00	488 769.00
Cash and cash equivalents at the end of the year	23 291 035.00	2 066 097.00	4 875 363.00

Section 4: Capital Projects and Expenditure

Capex expenditure budget for 2016/17 is R 6,183,000. JCT spent R 6,149,337.81 which equates to 99.46% as at 30 June 2017. It must also be noted that JCT accelerated 20% of the next financial year budget in the current year in line Section 31 of MFMA Act no. 56 of 2003.

JOBURG CITY THEATRE'S 2016/17 CAPEX			
PROJECT	EXPENDITURE (VAT EXCL)	BUDGET AFTER ADJUSTMENT	AVAILABLE BALANCES
JOBURG THEATRE			
BUILDING RENOVATIONS	2 264 467.22	2 278 261.50	13 794.28
UPGRADE OF STAGE MACHINERY	697 570.41	700 000.00	2 429.59
UPGRADING OF TECHNICAL EQUIPMENT	748 765.85	750 000.00	1 234.15
INFORMATION TECHNOLOGY	146 331.80	150 000.00	3 668.20
TOTAL - JOBURG THEATRE	3 857 135.28	3 878 261.50	21 126.22
ROODEPOORT THEATRE			
BUILDING RENOVATIONS	299 884.19	300 000.00	115.81
UPGRADING OF TECHNICAL EQUIPMENT	715 070.26	720 000.00	4 929.74
TOTAL - ROODEPOORT	1 014 954.45	1 020 000.00	5 045.55
SOWETO THEATRE			
BUILDING RENOVATIONS	792 123.95	797 000.00	4 876.05
UPGRADING OF TECHNICAL EQUIPMENT	397 425.63	400 000.00	2 574.37
TOTAL- SOWETO	1 189 549.58	1 197 000.00	7 450.42
HOSPITALITY AND CATERING DEPARTMENT			
BUILDING RENOVATIONS	87 738.50	87 738.50	-
TOTAL HOSPITALITY AND CATERING	87 738.50	87 738.50	-
TOTAL CAPEX JCT 2016/17	6 149 337.81	6 183 000.00	33 622.19
	99%		

Section 5: Ratio Analysis

Financial Ratios	30-Jun-17	30-Jun-16	Target	Norm	Interpretation
Current Ratio	2.31	1.29	> 1.00	1.5 to 2.1	The current ratio is below the norm of between 1.5 to 2.1, however this does not pose any challenge as 85% of the payables do not require any cash outflow, it is simply an accounting treatment for deferred revenue.
Solvency Ratio	2.14	1.23	> 2.00	02:01	Solvency Ratio is also below the norm of 2:1 and again this is not a challenge for the entity because of the same reason of the accounting treatment for deferred revenue.
Debt: Revenue	9%	15%	< 45%	45%	The ratio is on target and does not pose any challenge. The entity needs to maintain the ratio going forward.
Remuneration	37%	35%	At least 30%	25% - 40%	The ratio is on target and JCT should continue to monitor this ratio and put measures in place to ensure it does not go outside the norm.
Repairs & Maintenance	1%	1%	8%	8%	The ratio is way below the norm of 8%, however this is not a cause for concern as our asset base is low and therefore the level of repairs and maintenance are low as well.
Interest: Expenditure	0%	0%	< 7%	<7%	The entity is really not financed by interest bearing borrowings hence a lower ratio on interest and this is not a reason for concern at all.
Net Operating Margin Ratio	0%	0%	At least 15%	= or > 0%	The entity is sitting at a position of 0% which is on par with the norm.
Cost Coverage Ratio	2 Months	0 Months	> 45 Days	1 – 3 Months	The entity is within the norm of 1 - 3 months, and even will improve in the next quarter.

Section 6: Supply Chain Management and Black Economic Empowerment

The entity has adopted Supply Chain Management systems in compliance with the provisions of the MFMA and the National Treasury: Municipal Supply Chain Management Regulations, 2005. An SCM unit was established in September 2005 and which monitors the implementation of the entity's SCM policies in line with the regulations which seeks to modernises financial governance and improve accountability and transparency in the entity's processes. The entity's SCM policies provide for the exclusion of awards persons in the service of the state subject to the exemptions and regulations issued by National Treasury from time to time.

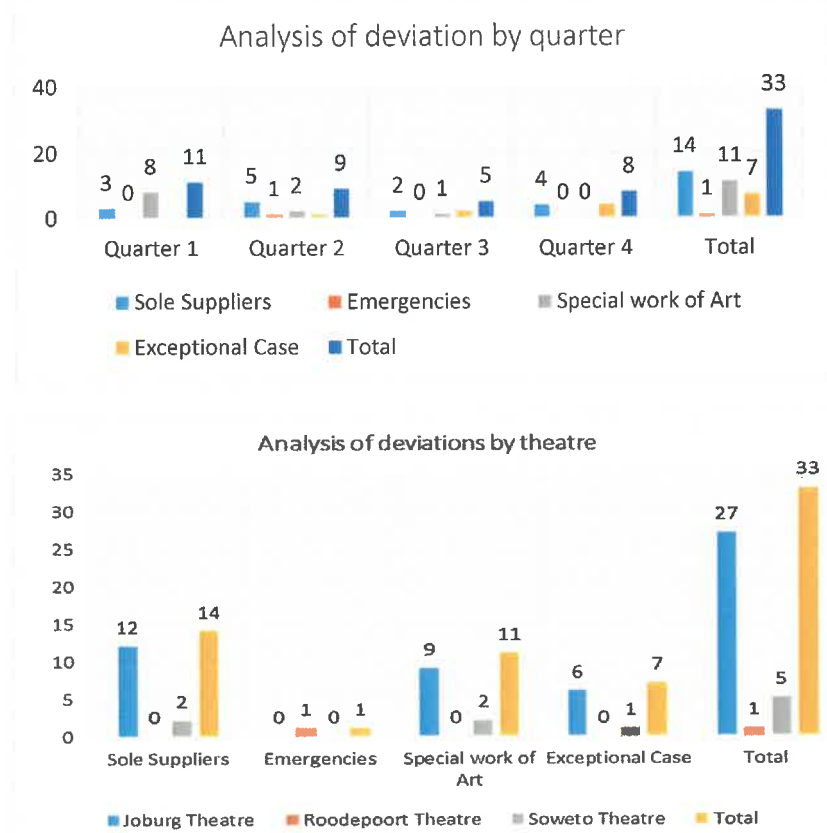
The entity has implemented the three-stage bidding processes with separate Bid specification, Bid evaluation and Bid Adjudication committees having been created.

The company SCM policy contains the following fundamental aspects:

- Adherence to the constitutional expectations regarding the procurement system
- Adherence to the Preferential Procurement Policy Framework Act
- Adherence to the Municipal Finance Management Act
- Adherence to delegation of powers as per requirements of the law
- A bid Adjudication committee was incepted in the last quarter of 2005
- All bid committees were subsequently aligned in 2006, namely Bid Specification, Bid

The Board has ensured that the procurement policy embraced the objectives of broad-based Black Economic Empowerment and the Managing Director, as the Accounting Officer of the Company, was tasked as the custodian for effective implementation. The Capital projects implemented during this period served as valuable foundations for ensuring community participation in our BEE programmes. This pace will be enhanced and the Company will continue to be sensitive to the financial constraints facing emerging black businesses.

Deviations report



Category	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Sole Suppliers	3	5	2	4	14
Emergencies	0	1	0	0	1
Special work of Art	8	2	1	0	11
Exceptional Case	0	1	2	4	7
Total	11	9	5	8	33

Category	Joburg Theatre	Roodepoort Theatre	Soweto Theatre	Total
Sole Suppliers	12	0	2	14
Emergencies	0	1	0	1
Special work of Art	9	0	2	11
Exceptional Case	6	0	1	7
Total	27	1	5	33

Joburg City Theatres had a total of 33 deviations for the 2016/2017 financial year. Special works of arts which relates to professional and artistic fees on productions accounted for 11 deviations which is about 33%. The company adhered to payments withing 30 days.

Irregular Expenditure

During the financial year under review, there was no irregular expenditure that was incurred.

Fruitless and wasteful expenditure

During the financial year under review, there was no fruitless and wasteful expenditure that was incurred.

Section 7: Pending Litigations and Possible Liabilities

During the financial year under review, JCT has received a letter of demand from one law firm, Brugmans Incorporated acting on behalf of Bosch family, the family whose child fell into the pit following a ballet show (Cinderella). They have sent this notice to the City, JCT, JPC and Joburg Ballet.

JCT has engaged Group Legal on the matter since the Group also administers our insurance policy.

Section 8: Insurance Claims against/to MOE/Department

During the financial year under review, there were no insurance claims against/to MOE/Department.

Section 9: Statement on Amounts Owed By and To Government Departments and Public Entities

The table below depicts Amounts Owed by Government Departments and Public Entities

Name of Department	Amounts owed	Account Status	Comments
City of Johannesburg	R2 779 679.71	Based on the debtors age analysis, 88% is sitting under current; 6% is sitting under 30 days and 6% is sitting over 60 days.	100% of this balance is coming from the COJ departments and COJ entities. Management does not expect write off from these departments and therefore no provision for doubtful debts has been processed on the financial statements.
Department of arts and culture	R100,000	The invoice amount was R1m and to date the department of Arts and Culture has paid R900 000. The outstanding balance of R100 000 is payable on receipt of a close out report on the event. Therefore the amount is still current.	This was sponsorship for the Africa Day celebration.
City of Johannesburg	R2 779 679.71	Based on the debtors age analysis, 88% is sitting under current; 6% is sitting under 30 days and 6% is sitting over 60 days.	100% of this balance is coming from the COJ departments and COJ entities. Management does not expect write off from these departments and therefore no provision for doubtful debts has been processed on the financial statements.

The table below depicts Amounts Owed by Joburg City Theatres to Government Departments and Public Entities

Name of Department	Amounts owed	Account Status	Comments
City of Johannesburg	R170,172	The account is sitting under current on the creditors age analysis.	The balance relates to the utilities i.e. (water/sewer and waste removal) and payable in the following month (July 2017)

CHAPTER SIX: *INTERNAL & EXTERNAL AUDIT FINDINGS*



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

KEY ACHIEVEMENTS

- Clean audit opinion
- Annual financial statements submitted were free from material misstatements.
- 100% resolution of 2015/16 external audit findings
- No repeat findings
- Stable internal control environment

Section 1: Progress on Internal Audit Plan

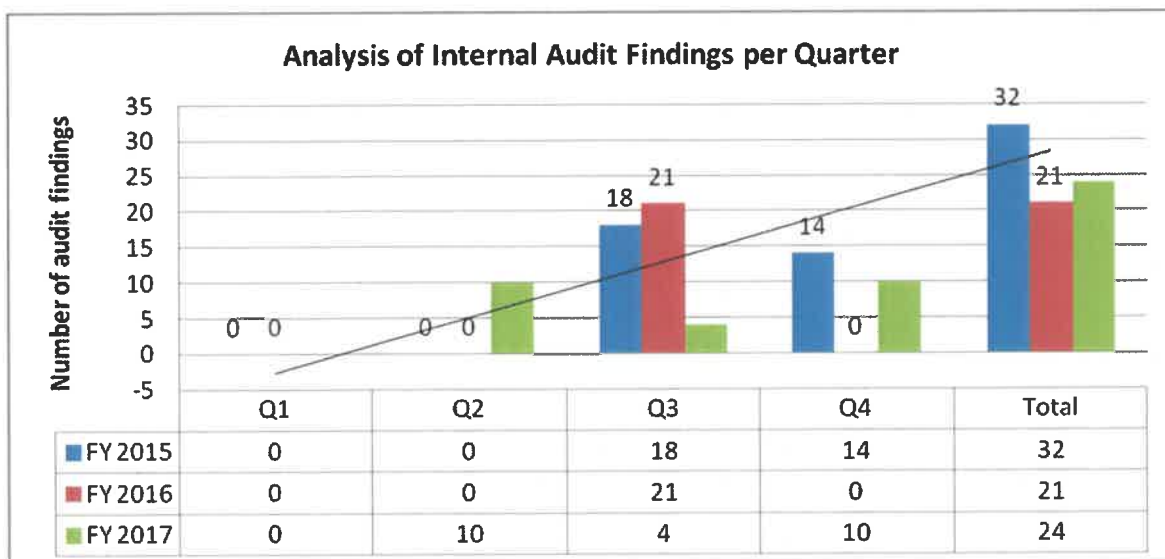
The focus areas have been discussed with management and the following audits have been performed and completed:

No.	AUDIT AREA	STATUS	# audit findings	Resolved	Outstanding	Status
1	Marketing	Finalised	1	1	0	●
2	Youth Development	Finalised	2	2	0	●
3	Health and Safety	Finalised	5	4	1	●
4	Maintenance & Security	Finalised	2	2	0	●
5	Leave Management	Finalised	3	3	0	●
6	Payroll Management	Finalised	0	0	0	●
7	Human Capital	Finalised	1	1	0	●
8	IT Application Controls	Finalised	3	3	0	●
9	Performance information	Finalised	2	2	0	●
10	Supply chain management	Finalised	2	2	0	●
11	Accounts payable	Finalised	0	0	0	●
12	Petty cash	Finalised	0	0	0	●
13	Revenue management	Finalised	0	0	0	●
14	Asset management	Finalised	5	5	0	●
15	Code of Conduct	Finalised	0	0	0	●
Total			26	25	1	

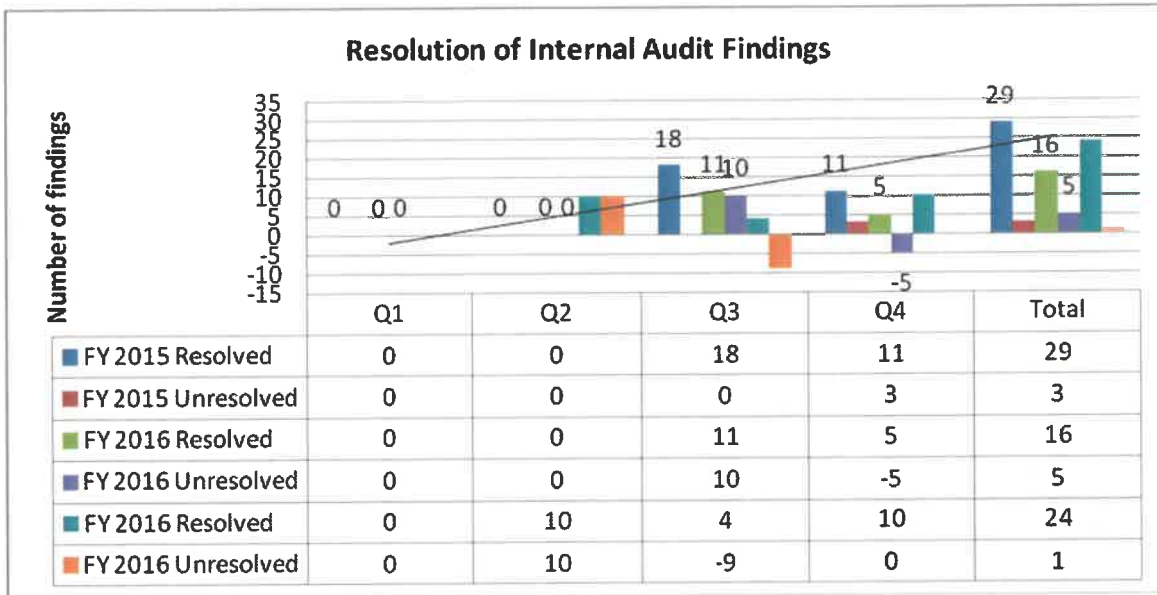
All the above audit findings were raised for the first time in this current financial year. Therefore there were no repeat audit findings.

Section 2: Progress on Resolution of Internal Audit Findings

The purpose of this report is to provide status on the internal and external audit findings raised by Group Risk Assurance Services (Internal Auditors) and Auditor General (External Auditors) and progress status of the current financial year (2016/17) coverage plan.



The remaining unresolved internal audit findings for 2014/15 and 2015/16 were resolved and verified by the auditors. There is only 1 of the 24 internal audit findings that has not been resolved in the current year (2016/17). It will be resolved in July 2017.



Progress on resolution of internal audit findings for 2015/16 financial year.

Internal audit findings relating to last financial year were resolved by management and closed by the internal auditors after they have verified that all recommendations were adequately carried out by management.

Section 3: Progress on Resolution of External Audit Findings

History of Auditor-General Findings

The Constitution S188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA section 45 states that the results of performance measurement must be audited annually by the Auditor-General.

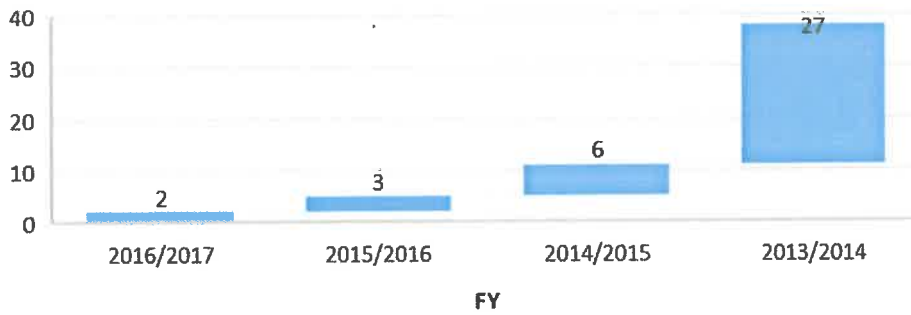
	2013/14	2014/15	2015/16	2016/17
Financial Audit Opinion	Clean	Clean	Clean	Clean
Performance Audit Opinion	Clean	Clean	Clean	Clean

As an independent appraisal function, our primary objective is to review, appraise and report on the adequacy and effectiveness of the system of internal controls regarding risk management and governance processes.

The following table shows audit findings raised by Auditor General

Auditor General of SA raised 2 audit findings and they were all resolved and evidence was provided and verified by the auditors.

NUMBER OF AUDIT FINDINGS



Find #	Heading	Description	Action Required	By Whom	When	Status
B.1	Internal control deficiency over SCM minutes and declarations Audit finding	During the audit inspection of competitive bidding and contracts processes it was noted that officials from the user department did not form part of the bid evaluation committee resulting in non-compliance with the regulations and policy.	all relevant documentation and minutes relating to procurement processes is reviewed by the SCM manager and filed appropriately.	SCM Manager	Immediately	Done
A1 A0 P0	Internal control deficiency over the accuracy of the reported performance results.	Management did not implement a proper system of reviewing the accuracy of the reported performance results. Complete, relevant and accurate information does not support the performance results reported.	Annual performance report and the adjustments should be provided to the auditors for inspection.	Strategic Support Mnager	Immediately	Done

Historical Audit Findings and Remedial Action

Auditor General of SA raised 3 audit findings in 2015/16 and they were all resolved

Findings #	Heading	Description	Action Required	By Whom	When	Status																																																				
B 1	Non-compliance with SCM Regulation 2	<p>During the audit of quotations and contracts auditors identified that the bid results are not published on the municipal entity's website. The following Bids Serves as an example:</p> <table border="1"> <thead> <tr> <th>Bid No</th> <th>Supplier</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>00054/15</td> <td>IMPERIAL GROUP (Pty) Ltd</td> <td>4 869 507.72</td> </tr> <tr> <td>00057/15</td> <td>WEBTICKETS</td> <td>1 153 000.00</td> </tr> <tr> <td>00061/15</td> <td>GEARHOUSE SA (PTY) LTD</td> <td>340 005.00</td> </tr> <tr> <td>00063/15</td> <td>KAPOK LIVE EVENT-</td> <td>512 574.16</td> </tr> <tr> <td>00068/15</td> <td>BALTIMORE AIRCOIL COMPANY</td> <td>432 446.68</td> </tr> </tbody> </table>	Bid No	Supplier	Value	00054/15	IMPERIAL GROUP (Pty) Ltd	4 869 507.72	00057/15	WEBTICKETS	1 153 000.00	00061/15	GEARHOUSE SA (PTY) LTD	340 005.00	00063/15	KAPOK LIVE EVENT-	512 574.16	00068/15	BALTIMORE AIRCOIL COMPANY	432 446.68	All the reports on award of tenders and RFQs for 2015/2016 and the first quarter of 2016/2017 financial year have been placed on the website. This will be the practice going forward to ensure full compliance with	Supply Chain Manager	Immediately	Implemented																																		
Bid No	Supplier	Value																																																								
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C 1	late payments: Fruitless and Wasteful	<p>During an inspection of the supporting documents relating to expenditure items it was noted that interest was charged on overdue accounts of Eskom's electricity bill for the Soweto Theatre.</p> <p>Interest was charged on the following invoices:</p> <table border="1"> <thead> <tr> <th>Invoice date</th> <th>Description</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>27-Nov-15</td> <td>November 2015 electricity bill</td> <td>R 128,53</td> </tr> <tr> <td>01-Mar-16</td> <td>February 2016 electricity bill</td> <td>R 683,94</td> </tr> <tr> <td>28-Aug-15</td> <td>August 2015 electricity bill</td> <td>R 1 512,24</td> </tr> <tr> <td colspan="2">Total amount</td> <td>R 2 324,71</td> </tr> </tbody> </table>	Invoice date	Description	Amount	27-Nov-15	November 2015 electricity bill	R 128,53	01-Mar-16	February 2016 electricity bill	R 683,94	28-Aug-15	August 2015 electricity bill	R 1 512,24	Total amount		R 2 324,71	Management comment on internal control deficiencies Sufficient internal controls are in place to prevent the recurrence of this audit finding. Monitoring tools are in place to ensure that all invoices are paid on time.	Finance Manager	Immediately	Implemented																																					
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27-Nov-15	November 2015 electricity bill	R 128,53																																																								
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C 1	repencies noted during Fixed Asset Ver	<p>1. Incorrect location The fixed asset register contained the following incorrect location for the following assets:</p> <table border="1"> <thead> <tr> <th>Asset code</th> <th>Description</th> <th>Location on asset register</th> <th>Location where verified</th> <th>Purchase price</th> </tr> </thead> <tbody> <tr> <td>R 391,739</td> <td>Underbar s/s fridge</td> <td>Joburg theatre</td> <td>Roodepoort theatre</td> <td>R 15 223,50</td> </tr> <tr> <td>R 391,739</td> <td>Underbar s/s fridge</td> <td>Joburg theatre</td> <td>Roodepoort theatre</td> <td>R 15 223,50</td> </tr> <tr> <td>R 391,750</td> <td>Staple Jigsaw</td> <td>Joburg theatre</td> <td>Soweto theatre</td> <td>R 17 928,72</td> </tr> <tr> <td>R 391,833</td> <td>Bar Counter</td> <td>Joburg theatre</td> <td>Roodepoort theatre</td> <td>R 146 842,15</td> </tr> <tr> <td>R 391,422</td> <td>Apple Mac 27inch</td> <td>Joburg theatre</td> <td>Soweto theatre</td> <td>R 22 815,96</td> </tr> <tr> <td>R 391,419</td> <td>Undercounter Bar Fridge</td> <td>Joburg theatre</td> <td>Roodepoort theatre</td> <td>R 1 750,00</td> </tr> <tr> <td colspan="4">Total</td> <td>R 219 783,83</td> </tr> </tbody> </table> <p>2. Asset without asset code</p> <table border="1"> <thead> <tr> <th>Asset Code</th> <th>Asset Description</th> <th>Purchase Date</th> <th>Purchase Price</th> </tr> </thead> <tbody> <tr> <td>R 162,707</td> <td>GEORGE BERNARD SHAW</td> <td>2002/07/01</td> <td>R 12 800,00</td> </tr> <tr> <td colspan="3">Total</td> <td>R 12 800,00</td> </tr> </tbody> </table>	Asset code	Description	Location on asset register	Location where verified	Purchase price	R 391,739	Underbar s/s fridge	Joburg theatre	Roodepoort theatre	R 15 223,50	R 391,739	Underbar s/s fridge	Joburg theatre	Roodepoort theatre	R 15 223,50	R 391,750	Staple Jigsaw	Joburg theatre	Soweto theatre	R 17 928,72	R 391,833	Bar Counter	Joburg theatre	Roodepoort theatre	R 146 842,15	R 391,422	Apple Mac 27inch	Joburg theatre	Soweto theatre	R 22 815,96	R 391,419	Undercounter Bar Fridge	Joburg theatre	Roodepoort theatre	R 1 750,00	Total				R 219 783,83	Asset Code	Asset Description	Purchase Date	Purchase Price	R 162,707	GEORGE BERNARD SHAW	2002/07/01	R 12 800,00	Total			R 12 800,00	Management will continue to conduct physical verification and updating the Fixed Assets Register accordingly	Finance Manager	Immediately	Implemented
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Total			R 12 800,00																																																							

Section 4: Overall State of Internal Controls

The internal Audit of Joburg City Theatres provides the Audit and Risk Committee and management with assurance that the internal controls are adequate and effective; in line with section 165 of the MFMA, the Institute of Internal Auditors (IIA) Standards and the requirements of King III report on Corporate Governance. This is achieved by means of regular risk based audit assignments, as well as the identification of corrective actions and suggested enhancements to the controls and processes in respect of key risk areas identified.

In line with best practice and Municipal Management Finance Act (MFMA) requirements, Group Risk and Assurance Services (GRAS) compiled a risk-based audit coverage plan for the Joburg City Theatres which was approved by the Audit and Risk Committee on July 13th 2016. This audit coverage plan has taken into consideration areas that are perceived to be of high risk as per the risk registers for the three theatres and areas identified by management. The timelines indicated on the plan were discussed and agreed with management.

As at 31 March 2017 Internal Audit provided assurance on high risks identified during risk assessments by prioritising these areas during annual planning. Some of the medium and low risk areas were also audited where possible. The system of internal control was reasonably adequate and effective, for the quarter under review.

Commitment by the Board of Directors

The Board that has satisfied itself that the remedial actions taken on matters raised by the Auditor-General are adequate.

Chairperson

As submitted to the Auditor-General on 28 November 2017.

Mitigation strategies on the assessment of the Integrated Reporting and MFMA Circular 63

The Entity will continue to refine its approach in future annual reports to further align with international reporting standards and to promote consistency and accountability with respect to its role in creating and sustaining value for all citizens of Johannesburg.

7.2.5. Content Elements

- i. IIRC Integrated Reporting Framework**
- ii. Circular 63, MSA AND MFMA**
- iii. King III**

APPENDICES AND ANNEXURES

Section 1: Report of the Auditor-General

Report of the auditor-general to Gauteng Provincial Legislature and the council of the City of Johannesburg Metropolitan Municipality on Joburg Theatre (SOC) Ltd

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Joburg Theatre (SOC) Ltd set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2017, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Joburg Theatre (SOC) Ltd as at 30 June 2017, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Companies Act of South Africa, 2008 (Act No. 71 of 2008) (Companies Act).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.

Emphasis of matter

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

Restatement of corresponding figures

5. As disclosed in note 36 to the financial statements, the corresponding figures for 30 June 2016 have been restated as a result of a change in accounting policy in the financial statements of the municipal entity at, and for the year ended, 30 June 2017.

Other matter

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

Unaudited disclosure notes

7. In terms of section 125(2)(e) of the MFMA, the municipal entity is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

Responsibilities of the accounting officer

8. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, the accounting officer is responsible for assessing the Joburg Theatre (SOC) Ltd's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting officer either intends to liquidate the municipal entity or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

Report on the audit of the annual performance report

Introduction and scope

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected strategic objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
13. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipal entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future

periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected strategic objectives presented in the annual performance report of the municipal entity for the year ended 30 June 2017:

Strategic objectives	Pages in the annual performance report
Strategic objective 3: Balance the imperative for revenue generation with socio-economic development, and provide opportunities for future arts practitioners and entrepreneurs.	92-93
Strategic objective 2: Increased accessibility by diverse communities, ensuring that more Joburg residents benefit from the cultural experience and opportunities for positive social contact.	95

15. I performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

16. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following strategic objectives:

- Strategic objective 3: Balance the imperative for revenue generation with socio-economic development, and provide opportunities for future arts practitioners and entrepreneurs.
- Strategic objective 2: Increased accessibility by diverse communities, ensuring that more Joburg residents benefit from the cultural experience and opportunities for positive social contact.

Other matters

17. I draw attention to the matters below.

Achievement of planned targets

18. Refer to the annual performance report on page(s) 89 -95 for information on the achievement of planned targets for the year.

Adjustment of material misstatements

19. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of strategic objective 3: Balance the imperative for revenue generation with socio-economic

development and provide opportunities for future arts practitioners and entrepreneurs. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

20. In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of the municipal entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
21. I did not identify material findings on compliance with the specific matters in key legislation as set out in the general notice issued in terms of the PAA.

Other information

22. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the director's report, the audit committee's report and the company secretary's certificate as required by the Companies Act. The other information does not include the financial statements, the auditor's report thereon and those selected strategic objectives presented in the annual performance report that have been specifically reported on in the auditor's report.
23. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
24. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected strategic objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
25. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

26. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matter reported below is limited to the findings on the annual performance report.

Performance management

27. Management did not prepare, accurate and complete performance reports that are supported and evidenced by reliable information.

Auditor - General

Johannesburg

30 November 2017



AUDITOR - GENERAL
SOUTH AFRICA

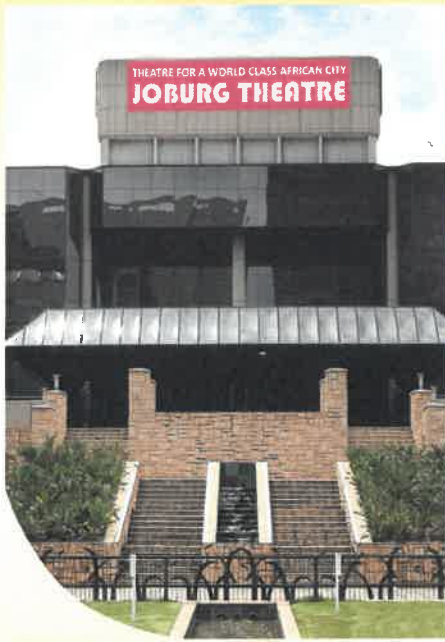
Auditing to build public confidence



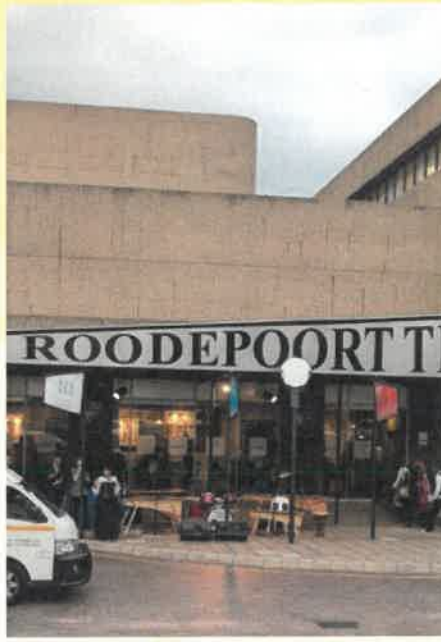
AUDITOR - GENERAL
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Auditing to build public confidence





joburg theatre



roodepoort theatre



soweto theatre

theatre for a world class african city
JOBURG THEATRE
complex

ROODEPOORT THEATRE
developing youth in theatre

SOWETO
theatre

physical address
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braamfontein
johannesburg

postal address
po box 31900
braamfontein
2017

switchboard
011 877 6800

fax
011 877 6812

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info@joburgtheatre.com

website
www.joburgtheatre.com

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0861 670 670

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florida park
roodepoort

postal address
po box 1531
florida
1710

switchboard
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tickets
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0861 670 670

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jabulani
soweto

postal address
po box 624
Kwa Xuma
1868

switchboard
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fax
086 599 7768

email
information@sowetotheatre.com

website
www.sowetotheatre.com

tickets
www.sowetotheatre.com
0861 670 670



corporate website
www.joburgtheatreptyltd.co.za

JOBURG THEATRE (SOC) LTD TRADES AS JOBURG CITY THEATRES
AND OPERATES AS A MUNICIPAL ENTITY OF THE CITY OF JOBURG



JOBURG | SOWETO | ROODEPOORT