

CITY OF JOBURG PROPERTY COMPANY SOC LTD

BUSINESS PLAN 2012/2013

Business Plan - 2012/2013



City of Joburg Property Company (SOC) LTD
"JPC"

CITY OF JOBURG PROPERTY COMPANY SOC LTD

BUSINESS PLAN 2012/2013

Sign Off:

Managing Director Name:

Signature of MD:.....

Signature of ED:

Signature of MMC:

Date:

Receipt & Review:

Signature of Finance Officer:

Signature of CSU Representative:



a world class African city

CITY OF JOBURG PROPERTY COMPANY SOC LTD

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1. INTRODUCTION

Joburg Property Company is the Municipal Entity created to *develop and manage Council-owned properties for the purpose of maximising both social and commercial opportunities for the Council in the short and longer term.* The overall nature of business is the Management of the CoJ property portfolio. JPC therefore has a dual mandate to generate significant financial returns for the City by maximising the economic potential of the property portfolio, as well as contributing towards the City's social upliftment goals.

The current Service Delivery Agreement requires JPC to provide, amongst others, the following services:

- Property strategic planning and property advice
- Financial, accounting and secretarial services for the property portfolio – JPC currently provides financial and accounting services and only part of secretarial services
- Property register maintenance
- Council property portfolio information
- Property maintenance –currently at a small scale
- Letting (including outdoor advertising)
- Servitudes, encroachments and access rights
- Disposal and acquisition of properties
- Development of properties
- Ad hoc property management services and/or development services and/or other services

JPC has positioned itself as the managing agent of the property assets of the Council, responsible for maximising the social, economic and financial value of the CoJ's total property portfolio and enhancing the efficiency of its use as "The People's Property Company".

1.1. VISION AND MISSION

1.1.1. Vision

To provide property management, property development, property asset management services, land strategy, acquisition and stewardship in order to maximise the social, economic and financial benefit to the CoJ and support the CoJ's delivery objectives on a cost competitive basis.

1.1.2. Mission

JPC is the manager of the property assets of the City of Johannesburg, responsible for maximising the social, economic and financial value of the CoJ's total property Portfolio and enhancing the efficiency of its use. JPC will provide asset management, property management, property development services and land strategy, acquisition and stewardship to the CoJ, as well as interact with the general public in respect of this Portfolio. JPC will support the achievement of the CoJ's strategic priorities, including economic and social development and the service delivery objectives of the CoJ.

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1.1.3 Core values

Values have become an ethical foundation for all organizations and are therefore fundamental to the JPC's success. Such values are not just important but crucial to the overall ascendancy of JPC. The following values were identified and adopted by JPC:

- Professionalism,
- Accountability,
- Responsibility,
- Customer Service and
- Trust

1.2. MANAGEMENT AND ORGANISATIONAL STRUCTURE

The current approved organisational structure is divided into the following three (3) core business units and six (6) main support units with 154 positions (both filled and vacant posts). It should however be noted that the current approved structure does not cater for the Facilities Management function that will be incorporated into JPC following the Institutional review:

Current Core Business units

- Property Asset Management - This entails the strategic management of the City's property portfolio which includes fixed asset register management, physical verification of city fixed assets, property sector and economic research, strategic plan and property advise, compilation of asset management plans, portfolio sector and economic returns and council property information. The main goal is to ensure maximisation of portfolio returns in line with JPC's social and economic mandate and to unlock potential economic and social base of developed and underdeveloped areas of the City whilst increasing sustainable revenue streams and asset value of CoJ's property.
- Property management -This function involves obtaining and maintaining value from the property portfolio by effectively administering & leasing, acquiring and selling and lastly ensuring maintenance of the property and management of servitudes and encroachments and facilities management.
- Property Development -Property development aims to **increase value** of the COJ's land portfolio and generate long term **recurring income** for COJ, by **facilitating development** of Council owned land by third party private sector developers. Development facilitation includes project packaging, project preparation, development contracting & actual development facilitation in line with the City's Growth and Development Strategy.

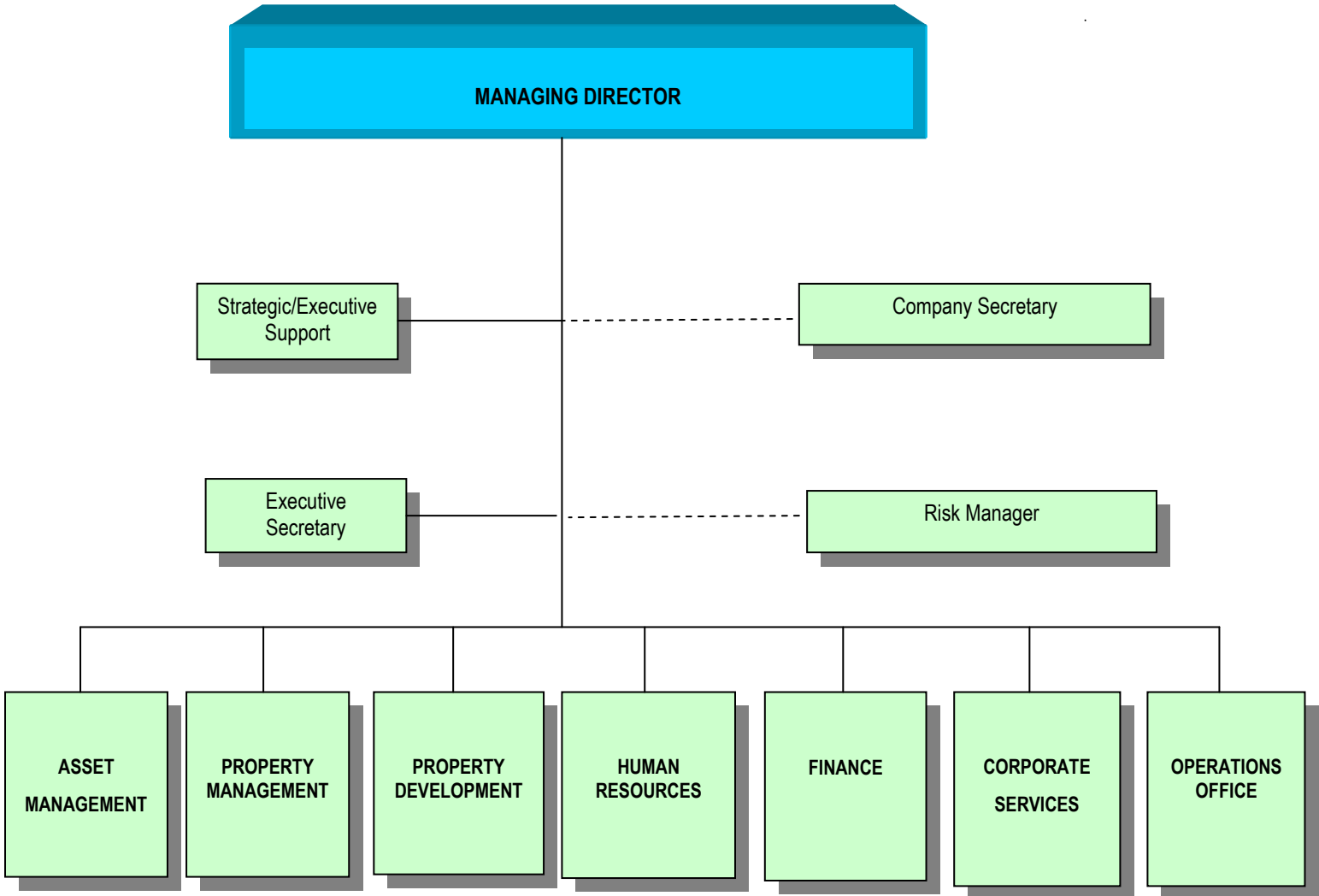
Support Units

- Human Resources
- Corporate Services (previously Stakeholder Management)
- Finance
- Office of the COO – this is a new unit headed by a Chief Operations Officer consisting of Project Management Office, Transformation, Legal Services and Land Regularisation)
- Risk Management
- Company Secretariat

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The following is the current approved high level organisational structure of JPC:



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2. EXECUTIVE SUMMARY

To fulfil its mandate JPC sees as a core part of its business to support and encourage investment and growth, but also to address socio-economic disparities and legacies of discrimination and inequality.

Financial and Budgetary Environment

The proposed and allocated budget for 2012/13 is as follows:

	REQUESTED		ALLOCATED	
	CAPEX '000	OPEX '000	CAPEX '000	OPEX '000
JPC	R2,350	R74,610	NIL	R74,610
CoJ Portfolio	R84,650	R49,100	R18,000	R44,175

Impact of under allocation

The impact of under allocation results in the following:

- Facilities management will not be effectively implemented resulting in dilapidated Council-owned property;
- Progress in Site development and site preparation will decline resulting in lack of realisation of the value of land;
- Job creation will be negatively impacted and
- Negative impact on infrastructure development and thus reducing the value of the City's rate base.

Some of JPC's projects are unfunded and they are usually rolled over. The magnitude and the size of the projects means that the timeframe to completion is between 3 and 5 years before a completed development can realise a value. Over the years, JPC has attracted more than R8.5 billion worth of investments but in order to realise the economic value of these investments it is critical to proceed with and finalise them, as they impact on job creation, infrastructure development and improved rates base.

Company contribution to Master Programmes and IDP Sub-programmes

JPC forms part of the City's Economic growth cluster and the company endeavours to contribute, through its mandate, towards the economy that is inclusive, liveable and prosperous for all; linked to this outcome are the following outputs: Job intensive economic growth; Expanded and refined support to small businesses, and greater facilitation of the potential offered by entrepreneurs and the informal economy; Increased competitiveness of the local economy – enabling and attracting investment; A smart City of Johannesburg, which is able to deliver quality services to citizens in an efficient and reliable manner.

The following sub-programmes are linked to above-mentioned outputs:

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Table 1: IDP Sub-Programme and Performance Targets for 2012/13

2012/16 IDP Sub- programme	Projects	2012/13 Performance Target
<p>1. Facilitation of the creation of jobs in property portfolio projects on Council owned land – 1085 jobs to be created</p> <p>OUTCOME: Reduction in unemployment & an increase in economic growth</p>	<p>Site Preparation; Fixed Assets physical verification; Facilities Management</p>	<p>1085 jobs</p>
<p>2. Enterprise & Property skills development to emerging industries</p> <p>OUTCOME: Economy that is inclusive of all</p>	<p>Property incubator project</p>	<p>Launch the incubator programme – 5 companies incubated</p>
	<p>Property skills project</p>	<p>Launch the property skills programme</p>
<p>3. Promote Joburg as a sort after property investment destination</p> <p>OUTCOME: Growth in the economy</p>	<p>African property summit project</p>	<p>Complete the event plan (including funding, venue, service provider, etc.)</p>
<p>4. Branding strategic property projects & City's strategic land parcels</p> <p>OUTCOME: Attracting investors & thus improving on economy</p>	<p>Key strategic projects, properties & land parcels</p>	<p>Brand 15 land parcels; Brand 8 strategic buildings; Brand 2 construction sites</p>
<p>5. Council-owned property management and maintenance</p> <p>OUTCOME: Job creation & completeness of CoJ Fixed Assets</p>	<p>Asset management and maintenance</p>	<p>Complete the verification of CoJ's properties</p>
		<p>Conduct highest and best use analysis on CoJ properties</p>
<p>6. Sustainable property economy through expediting the transfer of properties</p> <p>OUTCOME: Economic growth that includes all & redressing the inequalities of the past</p>	<p>SOWETO Land regularisation project</p>	<p>Transfer 150 properties; Appoint a service provider and Commence with the audit of vacant non-residential properties</p>
<p>7. Revenue maximisation utilising City's property portfolio</p> <p>OUTCOME: Economic growth & effective service delivery (upgrading of infrastructure)</p>	<p>Land sales</p>	<p>R50 million received for land sales</p>

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8. Leveraging of private sector investment in property portfolio projects – NOTE: Leveraging is equivalent to investment attracted and this is recognised when construction starts OUTCOME: Economic growth	Third party investment	R220 million investment
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NOTE: The following deliverables, prioritised, are dependent on budget:

1. Sub-programme 5 – Physical verification of Council owned land is 100% dependent on budget – no verification will be conducted. Non-allocation of budget will result in CoJ receiving a qualified audit report due to incompleteness of fixed assets;
2. Sub-programme 8 – Potential investment through underlined projects will not materialised due to CoJ budget cuts
3. Sub-programme 3 – Positive contribution to the City of Johannesburg’s economic growth target through hosting the African property Summit;
4. Sub-programme 1 – Activities /developments that will result in the creation of jobs
5. Sub-programme 6 – Land Regularisation programme and
6. Sub-programme 2 – Transformation of the property industry through skilling of the emerging industries

Inter-governmental initiatives and collaboration with other sectors:

Collaboration with other Municipal Owned Entities (MOEs), City Departments, provincial departments, national departments and the private sector is critical to delivering quality services. JPC identifies and engages private sector partners for the implementation of capital projects, which contribute to the economic growth of the City, as per the Economic Development Sector plans. Our engagement with private sector has in the past attracted investments of more than R8, 5 billion; however the company is looking at attracting more investments in future.

Regulatory issues:

The JPC is governed primarily by the Municipal Systems Act (as amended) and Municipal Finance Management Act No 56 of 2003 (MFMA) and its various regulations. The JPC has further adopted the Supply Chain Management Policy for Land (SCMPL) in compliance with Section 111 of the MFMA which provides a framework for the alienation and granting of rights to use, control or manage of municipal capital assets. The JPC was bound by the Companies Act, 1973. This Act has been replaced by the new Companies Act 2008, which came into operation in 2011 and the company shall ensure compliance thereto.

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Dependency Matrix:

To deliver its mandate, JPC works hand in hand with the following Departments/MOEs:

Department/MOE	Dependency - assisting JPC in the managing and developing of Council-owned properties by
<p><i>Property Development and value creation</i></p> <ol style="list-style-type: none"> 1. department of Planning and Urban Management 2. Transportation Department / Johannesburg Roads Agency (JRA)/ City Power/Joburg Water 3. Environment Department 	<p>Rezoning and subdivision of property; Timeous approval of building plans; Timeous approval of outdoor advertising in terms of by laws; Timeous establishment of townships; Implementation of the Land Strategy and Completion of Geographical Information System (GIS) and Land Information System (LIS)</p> <p>Avail bulk services; Timeous connection of bulk infrastructure to property developments</p> <p>Timeous assessments of environmental management plans and impact assessments</p>
<p><i>Land Requirements</i></p> <ol style="list-style-type: none"> 1. All CoJ departments and MOEs 	<p>Ensuring compliance of Sec 14(2) of the MFMA by obtaining comments from departments and MOEs prior to leasing or alienating properties; Support land and property requirements from departments and MOEs to ensure successful completion of asset management plans; Ensuring that strategic land parcels are alienated or leased in line with the Supply Chain Management policy for land and acquisition is done in terms of the Land Strategy and Spatial Development Frameworks; Ensuring specialised asset, like parks, will be ring fenced for MOEs to perform facilities management;</p> <p>To ensure JPC is provided with all land requirements to enable the ring fencing of land parcels intended for service del, social purposed, service del purposes, environmental needs</p>
<p><i>Management of the property portfolio and revenue generation</i></p> <ol style="list-style-type: none"> 1. Revenue Department 2. Group Finance Department 	<ul style="list-style-type: none"> ○ Issuing timeously release of clearance certificates for properties which have been alienated. ○ Ensure availability of funds for the maintenance of the asset register in line with good governance

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3. STRATEGIC ANALYSIS

PEST analysis

The property environment, within which JPC operates, is affected by the macro-environment factors, such as political (and legal) forces, economic forces, socio-cultural forces and technological forces, as follows:

Political (incl Legal) factors	Economic factors
<p><u>Regulations</u></p> <ul style="list-style-type: none"> • Introduction of the Municipal Asset Transfer Regulations, 2008 which regulates the transfer and permanent disposal of non-exempted capital assets by municipalities and municipal entities in order to facilitate the enforcement and administration of section 14 (2) of the Municipal Finance Management Act 56 of 2003, which is to attain a council resolution before the alienation of any council owned properties. These regulations hinder the process of the City in the alienation of land because of time delays caused by compliance • Environmental regulations and protection - National Environmental Management Act, 1998 • The introduction of the National Credit Act and the global economic meltdown significantly impacting on the growth and demand for residential, commercial and industrial properties • Formalities in respect of Leases Act, 1969 	<ul style="list-style-type: none"> • The property portfolio is adversely affected by downturns in the global market • Fluctuating interest rates also have an impact on the property market • Economic growth and investor confidence affects the property market
Socio-cultural factors	Technological factors
<p>The skewed disposal income in different regions will adversely impact the property transactions in areas where the levels are low.</p>	<p>Innovative construction methods should be investigated to ensure cost reduction</p>

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SWOT analysis

The company is currently in the process of implementing the turnaround strategy which will improve operational efficiencies and revenue streams. Highlighted below are the SWOT elements that would have an impact on the effective implementation of the turnaround strategy.

Internal	Strengths	Weakness
	<ul style="list-style-type: none"> • Good and reliable top management; • Extensive Experience in property management, development, asset management and facilities; • Solid understanding of legislation and ability/commitment to work within in; • Ability to use the strength of property to leverage investment; • Island of excellent in property management; • JPC is the sole agent of the CoJ with a mandate to manage Council owned properties on behalf of the City in terms of the 25 year SDA with the City. 	<ul style="list-style-type: none"> • Missing skills (middle management and lower levels) within the organisation; • Inadequate funding to deliver on mandate; • Cumbersome internal land transfer processes; • Inability to maintain the property portfolio due to JPC's limited mandate regarding security and facility management services; • Overlaps with City Departments/MOEs and unclear mandate; • Dependency on City departments /MOEs resulting in delays in implementation of property strategies.
External	Opportunities	Threats
	<ul style="list-style-type: none"> • Maximisation of revenue through the outdoor advertising portfolio and creation of a property fund; • Increase the value of the property portfolio by purchasing strategic land for land banking; • International investment: investigating alternative sources of revenue which can be generated from the property asset; • Optimise revenue from effective highest and best use analysis and effective monitoring and evaluation of leases (post lease audit). 	<ul style="list-style-type: none"> • Vandalism to property portfolio; • Land invasions & illegal occupation of land parcels; • Fraudulent land sales; • Encroachment on JPC's mandate by other MOEs; • Cumbersome CoJ's land approval processes for land transactions.

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4. STRATEGIC FOCUS AREA

4.1. IDP Sub-Programme Implementation Plan

Table 2: IDP Sub-Programme Annual Implementation Plan 2012/13

No.	2012/16 IDP sub-programme	Projects	Key Performance Indicators	Baseline	5-year Target	2012/13 Target	Cumulative performance targets <i>(Tangible, measurable targets that fulfil requirements of being SMART)</i>			
							Q1	Q2	Q3	Q4
1	Facilitation of the creation of jobs in property portfolio projects on Council owned land – NOTE: Job – person employed for any length of time per project	Site Preparation; Fixed Assets physical verification; Facilities Management	Create jobs utilising the CoJ property portfolio	None	3100 jobs	1085 jobs in year 2012/13	150 jobs created	520 jobs created	840 jobs created	1085 jobs created
2	Enterprise & Property skills development to emerging industries	Property incubator project	Develop and Launch the incubator programme for emerging industries	None	100% rolling out – 20 companies incubated	Launching of the incubator programme by end June 2013 – 5 companies.	Continue conducting workshops	Finalise Strategy Document	Obtain Board Approval & Launch the programme – 5 companies incubated	
		Property skills project	Launch & roll out the property skills programme for emerging industries	None	100% rolling out of the property skills programme	Launching & rolling out of the property skills programme by end June 2013.	Launch the property skills programme	Roll out the property skills programme	Ongoing roll out	Ongoing roll out
3	Promote Joburg as a	African property	Complete the event plan (including funding, venue, service	None	Hold a successful African Property	Approved Property summit	Appoint service provider, establish event's planning	Draft event-plan,	Finalise event plan, Source funding, secure	Get approval for event plan, Marketing and communications plan;

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No.	2012/16 IDP sub-programme	Projects	Key Performance Indicators	Project	Baseline	5-year Target	2012/13 Target	Cumulative performance targets <i>(Tangible, measurable targets that fulfil requirements of being SMART)</i>			
								Q1	Q2	Q3	Q4
	sort after property investment destination	summit project	provider, etc)			summit	plans	committee,		venue,	set-up dedicated website, marketing campaign, publication, promotions
4.	Branding strategic property projects & City's strategic land parcels	Key strategic projects, properties & land parcels	Brand land parcels; strategic buildings and construction sites		None	Brand 60 land parcels; Brand 30 strategic buildings; Brand 5 construction sites	15 land parcels 8 strategic buildings 2 construction sites	3 land parcels 2 strategic buildings 1 construction site	8 land parcels 4 strategic buildings 1 construction site	13 land parcels 6 strategic buildings	15 land parcels 8 strategic buildings
5.	Council-owned property management and maintenance	Asset management and maintenance	Verify Council-owned property and maintain the fixed asset register		1% verification of council owned property	Verify 100% Council owned property	100% completeness of the verification of Council owned property	Verify 10% of properties	Verify 60% of properties	Verify 90% of properties	Verify 100% of properties
			Conduct highest and best use analysis on CoJ properties		Ongoing	Ongoing highest and best use analysis	Conduct highest and best use analysis on 300 CoJ properties	50 properties	100 properties	250 properties	300 properties

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No.	2012/16 IDP sub-programme	Projects	Key Project Performance Indicators	Baseline	5-year Target	2012/13 Target	Cumulative performance targets <i>(Tangible, measurable targets that fulfil requirements of being SMART)</i>			
							Q1	Q2	Q3	Q4
6.	Sustainable property economy through expediting the transfer of properties	SOWETO Land regularisation project	Transfer properties in the Greater Soweto Area, the Greater Orange Farm Area, Ivory Park and surroundings as well as Alexandra.	631 actual transfers and/or allocations of properties	2000 properties to be transferred	Transfer 150 properties to beneficiaries	Transfer 25 properties to beneficiaries	Transfer 75 properties to beneficiaries	Transfer 100 properties to beneficiaries	Transfer 150 properties to beneficiaries
			Conduct Audit of vacant non-residential stands /properties -	None	100% completion of the audit of vacant non-residential properties	30% completion of the audit	Appointment of service provider	10% completion of the audit	20% completion of the audit	30% completion of the audit
7.	Revenue maximisation utilising City's property portfolio	Land sales and land acquisitions and completion of developments	Rand value of land sales, acquisitions & completion of developments	New Indicator	R200 million	R50 million of land sales, acquisitions & completion of developments	10 million received	R20 million received	45 million received	R50 million received
8.	Leveraging of private sector investment in property portfolio projects - investment is realised on construction	Public Waterfront project	Third party investment on COJ property	R215 million	R6.4 billion investment	R220 million investment	R25 million	R95 million	R165 million	R220 million

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4.2 Day-to-day Operations

Table 2: Operational Plan- day-to-day KEY activities

Operational Plan: Day-to-day Operations									
IDP Sub-Programme that an Operation is likely to Contribute Towards	Key Operations	Key Performance Indicators	2012/13 Target	Baseline	Estimated budget R'000	Cumulative Quarterly Performance Targets			
						Q1	Q2	Q3	Q4
	Fixed asset register management	Data cleansing, Alignment of asset register to LIS	100% Migration to LIS	None	R1, 000	20% migration	40% migration	70% migration	100% migration
	Strategic planning and property advise – Portfolio performance & planning	Monitor and evaluate finance performance of the improved properties and mitigate risk of negative cash flow	Annual Financial analysis reports (Income statements of improved CoJ properties)	None	R1.500	Assess JPC Portfolio strategy into regions focusing on renewal /property development plan and letting plan.	Assess the portfolio according the regions /property types. Draft a new letting and renewal list /sales and disposal list. Assess the process and procedure manual and template used for renewal and letting application. Assess the debtors' collection and arrears age analysis. Assess the legal status of tenants handed over	Implement a portfolio strategy according to regions and set budgets and targets for property management and development Create a vacancy schedule.	Implement and advertise a vacancy schedule Request Marketing Department to advertise the properties through TO LET /FOR SALE BOARDS.

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							Create a vacancy schedule		
	Site identification, project identification & Preparation of Properties for Development	Land preparation	Preparation of 5 properties		R10, 000	Appointment of professional teams and submission of application	Circulations of development applications	Finalisation of comments	Approval of applications
	Awarding of Development Agreements for properties	Give awards	Award development contracts to the value of R500 00M		R5, 000	Obtain Section 14(2) approvals for release of properties	Prepare RFP documents and Advertise	Bid evaluation and EAC awards	Signature of Contracts
	Facilitation and monitoring of development		Achieve investment of R500 M in construction value and create 1500 jobs		R5, 000	Resolution of development obstacles and monitoring of development in terms of signed contracts	Resolution of development obstacles and monitoring of development in terms of signed contracts	Resolution of development obstacles and monitoring of development in terms of signed contracts	Resolution of development obstacles and monitoring of development in terms of signed contracts
	Leasing, acquisitions and sales transactions	Update Property Lease register and monitor leases; land sales			R2, 000	Identify and package properties for lease, sale and developments	Identify and package properties for lease, sale and developments	Identify and package properties for lease, sale and developments	Identify and package properties for lease, sale and developments
	Maintenance management	Facilities management for the City property	Facilities management plan for the CoJ owned properties		R3, 000	Maintenance and cleaning of corporate buildings, other regional offices, public conveniences	Maintenance and cleaning of corporate buildings, other regional offices, public conveniences	Maintenance and cleaning of corporate buildings, other regional offices, public conveniences	Maintenance and cleaning of corporate buildings, other regional offices, public conveniences

5. FINANCIAL IMPACT

5.1 Key Operations by general Cost Category

Operational Expenditure

Table 4: Operational Expenditure

Key Operations	Financial Impact – ZAR '000					
	S & W	R & M	CS	GE	Other	Total
Salaries and wages	54,227			17,230	3,153	74,610
Etc.						
Totals	54,227			17,230	3,153	74,610

The above indicates the anticipated expenditure of R 74.610 million for the year ended 30 June 2013. Salaries make up 69% of the total expenditure budget and remaining refers to general expenses which contain fixed costs such as rental, subscriptions, and lease agreements that JPC had entered into.

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Key Operations by general Cost Category

	2008/09	2009/10	2010/11	Current year 2011/12			Medium Term Revenue and Expenditure Budget				
	Audited	Audited	Audited	Original	Adjusted	Full Year	Budget Year	Variance	Estimates	Estimates	Estimates
	Outcome R 000	Outcome R 000	Outcome R 000	Budget R 000	Budget R 000	Forecast R 000	2012/13 R 000	%	2013/14 R 000	2014/15 R 000	2015/16 R 000
REVENUE											
Interest earned - external investments	24	8	143	8	10	10	10	0.0%	11	12	12
Interest earned - outstanding debtors	1 441	2 086	6 259		4 255	4 255		-100.0%			
Licences and permits								0.0%			
Agency services	40 687	18 664	29 445	50 387	38 589	38 589	32 119	-16.8%	30 123	31 985	33 881
Operating grants & subsidies								0.0%			
Other Revenue	14 713	68 699	23 672	39 635	35 167	35 167	37 415	-6.4%	36 991	37 166	37 346
Gain on Disposal of PPE								0.0%			
DIRECT OPERATING REVENUE	56 865	89 457	59 519	90 030	78 021	78 021	69 544	-16.6%	67 125	69 163	71 239
Internal Transfers											
Interest Income (Sweeping Account)								0.0%	31	32	34
Operating Grants & Subsidies from (COJ)	10 516	537		3 509			5 066	0.0%	18 054	20 958	24 020
Total Internal Transfers	10 516	537		3 509			5 066	0.0%	18 085	20 990	24 054
TOTAL OPERATING REVENUE	67 381	89 994	59 519	93 539	78 021	78 021	74 610	3.2%	85 210	90 153	95 293

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EXPENDITURE											
Employee related costs	31 778	37 653	42 342	59 153	51 498	51 498	54 227	5.3%	57 371	60 700	64 160
Depreciation & asset impairment	1 247	1 191	1 082	1 500	3 222	3 872	1 584	-38.0%	2 107	2 229	2 356
Interest Paid : External Borrowings	382	314	265	391	650	650	413	-100.0%			
General expenses	16 469	16 157	23 023	25 332	17 230	16 580	17 758	0.0%	17 575	18 594	19 654
Loss on disposal of PPE	385	350	103					0.0%			
DIRECT OPERATING EXPENDITURE	50 261	55 665	66 815	86 376	72 600	72 600	73 983	1.2%	77 053	81 523	86 170
Internal Transfers											
Interest Expense (Sweeping Account)		137						0.0%			
Internal Charges (ME's / Core)	603	624		1 095	1 095	1 095	627	5.6%	1 223	1 294	1 368
TOTAL OPERATING EXPENDITURE	50 864	56 426	66 815	87 471	73 695	73 695	74 610	1.2%	78 276	82 817	87 538
OPERATING DEFICIT/ (SURPLUS)	(16 517)	(33 568)	7 296	(6 068)	(4 326)	(4 326)		37.0%	(6 934)	(7 336)	(7 755)
OPERATING DEFICIT/ (SURPLUS)	(16 517)	(33 568)	7 296	(6 068)	(4 326)	(4 326)		37.0%	(6 934)	(7 336)	(7 755)
Less Tax	4 310	11 484	(1 839)	1 760	18	18		-100.0%			
OPERATING DEFICIT/ (SURPLUS) - after tax	(12 207)	(22 084)	5 457	(4 308)	(4 308)	(4 308)		37.6%	(6 934)	(7 336)	(7 755)

The CAPEX allocated to JPC and Portfolio is as follows:

	REQUESTED	ALLOCATED
	CAPEX '000	CAPEX '000
JPC	R2,350	NIL
CoJ Portfolio	R84,650	R18,000

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The list below reflects the core projects and is not necessarily in order of priority.

Table 5: Key Sub programme costing

GDS output / Other	IDP Programme / Activity	Project	Baseline	5 Year Target	Target for 2012/13	2012/13
						R 000
Job intensive economic growth	1 Leveraging and Facilitating of the creation of jobs in property portfolio projects on Council owned land	Site Preparation; Fixed Assets physical verification; Facilities Management	800	3100 jobs	1085 jobs	45,889
Expanded and refined support to small businesses, and greater facilitation of the potential offered by entrepreneurs and the informal economy	2. Enterprise & Property skills development to emerging industries	Property incubator project - Develop and Roll-out a Property Incubator	None	100% rolling out of the incubator programme. Total cost of project R6 million	Launch the incubator programme	1,954
		Property skills project - Develop and Roll-out a Property Skills programme for emerging industries	None	100% rolling out of the property skills programme. Total cost of project R16.5 million	Launch the property skills programme	3,426
Increased competitiveness of the local economy – enabling and	3 Promote Joburg as a sought after property investment destination	African property summit project - Hold a property summit.	None	Hold a successful African property summit. Total cost of project R25 million	Complete the event plan (including funding, venue, service provider, etc)	3,372

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attracting investment	4 Branding strategic property projects & City's strategic land parcels	Key strategic projects, properties & land parcels - Brand land parcels, strategic buildings and construction sites. Brand 60 land parcels; Brand 30 strategic buildings; Brand 5 construction sites.	None	Brand 60 land parcels; Brand 30 strategic buildings; and Brand 5 construction sites. Total cost of project R8 million	Brand 15 land parcels; Brand 8 strategic buildings; and Brand 2 construction sites	2,685
	5 Council-owned property management and maintenance	Asset management and maintenance - 100% verification of Council-owned property and maintenance of the fixed asset register	1% verification of council owned property	Verify Council owned property. Total cost of project R20 million	Complete the verification of CoJ's properties	3,426
		Asset management and maintenance - Conduct highest and best use analysis on CoJ properties	Ongoing	Ongoing highest and best use analysis. Total cost of project R4 million	Conduct highest and best use analysis on CoJ properties	1,072
	6 Sustainable property economy through expediting the transfer of properties	SOWETO Land regularisation project - Transfer properties in the Greater Soweto Area, the Greater Orange Farm Area, Ivory Park and surroundings as well	631 actual transfers and/or allocations of properties	2000 properties to be transferred in 5 years. Total cost of project R42 million	150 transfers.	3,426

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		as Alexandra				
		Audit of vacant non residential stands properties	None	100% completion of the audit of vacant non-residential properties. Total cost of Project R20 million. This expenditure relates to portfolio and will be on tender thus no cost to JPC	30% completion of the audit	2,558
A smart City of Johannesburg, that is able to deliver quality services to citizens in an efficient and reliable manner	7 Revenue maximisation utilising City's property portfolio	Land sales and land acquisitions and completion of developments - Implement the income generating initiatives to boost the City's property portfolio	None	R200 million Total cost of project R50 million	R50 million of land sales, acquisitions & completion of developments	6,802
	8 Leveraging of private sector investment in property portfolio projects - investment is realised only on construction	Third party investment on COJ property	R215 million investment on CoJ property	R1. 2 billion investments.	R220 million investment	
TOTAL						R74,610

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5.2 Capital Expenditure

Table 6: Operational Capital

EXPENDITURE	APPROVED BUDGET 2010/11 R'000	BUDGET BUDGET 2011/12 R'000	ESTIMATE 2012/13 R'000	BUDGET ESTIMATE 2013/14 R'000
Computers	1 600	1 250	1 250	2000
Furniture	200	500	500	500
Equipment and leasehold	200	600	600	1000
TOTAL	2 000	2 350	2 350	3500

5.3 Service Delivery Budget Implementation Programme

Not applicable to JPC

5.4 Revenue/Tariff Analysis

Not applicable to JPC

6. HUMAN CAPITAL

6.1 Staff Establishment

The company currently conducts its business with a staff complement of 128 employees inclusive of 14 short-term contractors. Additional temporary workers are intermittently employed through labour brokers to address staff shortages in certain departments.

JPC as an organisation has grown significantly over the past decade and it has therefore become necessary to realign itself to the strategic intent of the organisation. Failure to do so results in an organisation being unable to achieve its strategic goals and inefficiencies result.

The approved new structure makes provision for an increase in Human Capital to occupy 154 identified inclusive of critical and strategic positions. This allows for the recruitment, selection and placement of 40 additional personal to strengthen the core business and operate optimally. In support of the Turnaround Strategy, it makes provision for additional positions at mid-management level, compared with historically a predominantly administrative heavy structure.

JPC's core business departments are Asset Management with a staff compliment of 16 positions; which focuses on Asset Management Planning, Portfolio Strategy Analysis and Asset Register Management. The second and largest core business department is Property Management with a staff compliment of approximately 42 positions: which focuses on Client Services, Regional Management, Municipal Management, Outdoor Advertising and Transaction Management. The third core department is Property Development: with a staff compliment of 17 positions focusing on Revenue Generation, through Project Development and Management. The support departments with a staff compliment of approximately 79 positions consist of the following units namely Finance, Corporate Services, Human Resources, Office of the Managing Director and the Chief Operating Officer.

In addressing the operational needs in terms of the Turnaround strategy, the following Human Capital interventions will be undertaken:

1. Filling of critical positions through internal recruitment. This is in line with the JPC recruitment and selection policy.
2. Filling of critical positions through external recruitment (buy strategy). External recruitment will only be initiated in instances where suitably qualified candidates could not be identified from within.
3. To strengthen JPC's strategic goals and inefficiencies and in building strategy, the secondment of employees to more critical roles (lateral interim moves) and the appointing of employees to act temporarily, would be options for consideration. . In addition, much emphasis will be placed on training initiatives and the granting of bursaries to uplift the skills gap. The training programme would furthermore focus on the development of succession candidates occupying critical leadership roles. This will enable JPC to grow its own skills pool over time.

The table below illustrates the current and future Human Capital requirements to strengthen JPC's operational and strategic demands.

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Table 7: Staff Estimates

	Department	Actual Count	Head	Approved Structure	Predicted Variance
1	Office of the MD	3		8	5
2	Asset Management	8		16	8
3	Property Management	31		42	11
4	Property Development	17		17	0
5	COO: Special Projects & Risk	10		20	10
6	Human Resources	5		8	3
7	Finance	18		22	4
8	Corporate Services	22		21	-1
	Total	114		154	40

6.2 Human Capital Expenditure

The following costs are attached to the human capital requirements in fulfilment of the JPC operations.

Table 8: Staff Expenditure

TOTAL STAFF EXPENDITURE				
SALARIES AND WAGES	Financial Year 2010/11	Financial Year 2011/12	Financial Year 2012/13	Projected Percentage Growth/Decrease
	42 342 000	59 153 000	54 227 000	9%

The decrease from 2011/12 to 2012/13 will not affect the operational implementation of the proposed structure.

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Table 9: Expenditure on Contracted Services

CONTRACTED SERVICES (Consultancy Services)				
SERVICES RENDERED	Previous Financial Year 2010/11 '000	Current Financial Year 2011/12 '000	Next Financial Year 2012/13 '000	Projected Percentage Growth/Decrease
TOTALS	7 435	8 951	8 699	2.8% increase

Table 10: Staff Expenditure vs. Operational Expenditure

RATIO OF STAFF TO OPERATING EXPENDITURE				
	Previous Financial Year 2010/11 '000	Current Financial Year 2011/12 '000	Next Financial Year 2012/13 '000	Projected Percentage Growth/Decrease
STAFF EXPENDITURE	42 342	59 153	54 227	-8.3 %
TOTAL OPERATING EXPENDITURE	56 246	66 815	74 610	12%
RATIO	75.0%	88.5%	61.9%	

6.3 Employment Equity

JPC as an employer fully subscribes to the purposes and intent of the Employment Equity Act no. 55, 1998. Reports are submitted annually to Department of Labour.

Table 11: Employment Equity

Categories	Male				Female				Total
	A	C	I	W	A	C	I	W	
Managing Director	0	0	0	0	0	1	0	0	1
Senior Managers	6	0	1	3	1	1	1	0	13
Middle Managers	7	0	1	2	5	0	1	0	16
Junior Managers	11	0	1	4	13	2	1	3	35
Semi-Skilled Staff	10	0	0	0	28	5	1	5	49
TOTAL	34	0	3	9	47	9	4	8	114

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JPC is committed to the principles of equity, anti-discrimination and diversity as enshrined in the Constitution of the Republic of South Africa and the Employment Equity Act (EEA) No 55 of 1998. Gender mainstreaming, youth programmes, succession planning and retention have become some of the key drivers in managing the manpower strategies at JPC. More so, employment equity strategies have become a course for action to promote equality amongst employees and help towards the development of future competent leaders in the Property Industry.

Designated group status may be used as a tie-breaker in recruitment process, to ensure that where two suitably qualified job candidates are available, we may prefer to appoint the employee from a designated group, if that group is under-represented in that position or occupation.

A revised EE policy was introduced in the past financial year where the following broad targets were established:

- Current target base = 65/35%
- Planned target base = 80 /20%
- Gender target base = 50 /50%

During the 2012/2013 financial year implementation of the following planned interventions will be implemented and managed by JPC's Employment Equity and Training and Development Committee;

- ✓ JPC will continue to strive to create an open, fair and democratic workplace based on human dignity, freedom and equality;
- ✓ Adhere to the principles of equity, non-discrimination and diversity as enshrined in the Constitution of the Country and the EEA;
- ✓ JPC will continue to create a workplace that reflects the diversity of South African society, and contribute to maximising the human resource potential of all people;
- ✓ JPC will manage employment equity to promote equity in the workplace;
- ✓ Employment equity measures will be designed to ensure that suitably qualified people from designated groups have equal opportunities in employment and advancement;
- ✓ The Committee with its own Constitution will promote JPC's employment equity targets to dissolve inequalities in designated groups and afford equal opportunities and advancement in employment:
 - The recognition that the disparities inherited from the apartheid past created inequalities for the majority of the population and that these disparities require constant monitoring and redress
 - JPC core principles are drawn from the Constitution, social legislation and shared values of the organisation's stakeholders and staff
- ✓ JPC believes that the essence of non-discrimination lies in the creation of fair opportunities for all in the society, and in particular those who are or have been discriminated against on the basis of race, gender, sexual orientation or other arbitrary or unjustifiable grounds;
- ✓ JPC will implement this policy using an inclusive approach that addresses both numerical targets and non-numerical processes; i.e. affirmative action measures;
- ✓ Overall targets set for the JPC will inform departmental targets;
- ✓ Employment equity constitutes a major change initiative and will be managed as such;
- ✓ The policy will endeavour to facilitate the involvement of all stakeholders, and their roles will be clearly outlined;

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- ✓ Effective processes and structures will be put in place to monitor and evaluate the success of the employment equity programmes in a transparent and participative manner. The numerical targets and non-numerical objectives are to form part of Management's Performance Contracts;
- ✓ Preference in future appointments for groups that are under-represented in the different occupational levels/categories will form part of a key feature in the implementation of the JPC's EE Policy;
- ✓ In accordance with Section 15(4) of the EEA, nothing in this policy requires JPC to take any decision concerning an employment policy or practice that would establish an absolute barrier to the prospective or continued employment or advancement of people who are not from designated groups.

Gender Mainstreaming Programme

The City of Johannesburg's (hereafter CoJ or City) Gender Mainstreaming Programme (GMP) began in earnest in May 2008 and since then much progress has been achieved. The progress made bodes well for the roll-out process which is planned in the three year lifespan of the project. The GMP broadly aims to ensure that gender becomes mainstreamed into the process, systems, policies and organisational culture of the City of Johannesburg, across Core Departments and Municipal Owned Entities.

This programme will consolidate the many gender initiatives undertaken within the City, which have mostly lacked institutionalisation and have been poorly popularised. These initiatives have remained fragmented along department /institutional lines and, consequently, the monitoring of these programmes and the assessment of their impact has also remained fragmented. Through the GMP these initiatives will be examined against the objectives and key deliverables of the Programme.

A key strength of the GMP is that its focus lays both in internal and external communities of the City. As a result of this two-pronged focus, the Programme has two main departmental drivers, namely the Departments of Corporate and Shared Services.

The main objectives of the Gender Mainstreaming Programme are:

- To finalise the gender policy of the City of Johannesburg.
- To work with all departments and units of the City in developing gender action plans.
- To build capacity for the implementation of these plans through on-the-job training.
- To monitor and evaluate implementation of the Gender Policy.
- Present the Draft Gender Policy to the Executive Management Team
- Gender Policy be finalised and adopted by the Council
- Gender indicators be included in the current IDP planning process, and
- Structures and roles and responsibilities around gender mainstreaming need further interrogation.
- Hold capacity building workshops for the Gender Focal Points

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6.4 Staff turnover / movement during previous financial year 2011/12

Table 12: Staff Turnover

Staff Movements	African		Coloured		Indian		White		Totals
	Male	Female	Male	Female	Male	Female	Male	Female	
Recruitment	1	3	0	0	0	0	0	0	4
Promotion	0	0	0	0	0	0	0	0	0
Resignation	4	1	0	0	0	0	0	0	5
Early Retirement	0	0	0	0	0	0	0	0	0
Retirement	0	0	0	0	0	0	0	0	0
Retrenchment	0	0	0	0	0	0	0	0	0
Medical Boarding	0	0	0	0	0	0	0	0	0
Dismissal	0	0	0	0	0	0	0	0	0
Death	0	0	0	0	0	0	0	0	0
Contract Expiring	0	0	0	0	0	0	0	0	0
Grand Total	5	4	0	0	0	0	0	0	9

6.5 Employee wellness programmes

JPC's employee Wellness Committee previously comprised of dedicated employees who performed duties voluntarily towards the goal of managing the social wellness side of JPC's manpower. The voluntary employee wellness team changes participation on an annual basis, in order to provide opportunities to other staff members who have a passion towards such social courses.

A significant milestone has been achieved during the 2011/12 financial year in that the company managed to establish an official OHASA committee. The structure is still at its infant stages and interventions based on capacitation of the forum members are currently being undertaken.

JPC in the interim still continues to seek the assistance of the CoJ's OHASA department, in particular where there is need for the services of a medical doctor or a professional counsellor to assist employees in the workplace. In addition, JPC participates in all peer education workshops and currently has two skilled peer coordinators who are able assist to staff in managing their HIV and Aids status. The company actively participated and will continue to support World Aids Day on the 1st of December and other important awareness campaigns such as World breast cancer day and World tuberculosis day.

The move of the JPC to new office premises enabled the HR department to deliver amongst other employee wellness imperatives a three day wellness campaign was a subproject derived from the Strategic Plan of the Human Resources Department: Employee Relations.

The primary focus of the Health and Wellness campaign was to educate and raise awareness amongst JPC employees with regard to their Health and Wellbeing and secondly to understand JPC's Health and Wellness profile with the aim of informing business planning.

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The proposed theme for the event was “Your Health, JPC’ s Future”. Attention was paid to several pillars of Health and Wellness including financial matters by The National Credit Regulator, physical aspect by Virgin Active, Diabetes SA WITS Health Consortium, COJ Primary Health, Pink Drive, The Pacific Institute, JPC Contracted Medical Scheme Providers, Motivational Talk by Criselda Kananda (HIV Activist and Metro fm talk show Presenter, and Annique Health and Beauty and various social aspects.

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7. RISK ASSESSMENT

The table below reflects the strategic risks of the company. It should however be noted that the company is in the process of reviewing its strategic risks

STRATEGIC OBJECTIVES

1. **Support economic development utilising the property portfolio.**
2. **Support community development and social initiatives utilising the property portfolio.**
3. **Utilise the CoJ property portfolio as a vehicle for transformation.**
4. **Ensure efficient, economic, and effective service delivery to JPC's clients, customers and stakeholders.**
5. **Ensure a professionally managed and sustainable company.**

Risk No	Risk Category	Link to objective	Risk description	Root cause	Impact	Likelihood	Inherent risk	Current controls	Control effectiveness	Residual risk	Action Plans	Action Owner	Action Plan date (end date)
SR1	Human resource/capital	All	Poor organizational performance	Mismatch or shortage of skills.	4	4	16	Approved and implemented HR policies. Approved turnaround strategy. Redesign of HR structure.	0.75	12	To perform scientifically skills audit ¹	Senior Manager: HR	30-Mar-12
								Draft HR strategy in place and developed job descriptions. WSP			The results from the skills audit fed to VIP system for monitoring	Senior Manager :	30-Jun-12

¹ It entails approval of HR strategy by Board. Partially implementation for 2011/2012 as it will be spread over two years.

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Risk No	Risk Category	Link to objective	Risk description	Root cause	Impact	Likelihood	Inherent risk	Current controls	Control effectiveness	Residual risk	Action Plans	Action Owner	Action Plan date (end date)
											and maintaining of the skills base database	HR	
											Implementation of the new structure	Senior Manager : HR	30 – Jun-12
											To ensure compliance and enforce performance management ²	Senior Manager: HR	30-Jun-12
											Coaching and training of staff	All EM's	30-Jun-12
SR2	Financial	All	Failure to meet revenue and delivery targets	Inadequate financial resources (Insufficient CAPEX and OPEX budget)	5	5	25	Applied for additional funding from internal and external sources. Constantly request for a revised budget half-yearly. Accurate budgeting is done	0.75	18.75	Implement revenue model as per turnaround strategy. To present to the City on JPC's mandate and funding. To draft a report to the City for JPC to retain a certain	MD& Chairperson Board	30-Jun-12

² Will be linked to PIMS, performance management cycle will be tool for monitoring. It entails IPMS policy refined and rolled out to the entire organization, introduction of moderation process for organizational excellence and recognition strategy developed)

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Risk No	Risk Category	Link to objective	Risk description	Root cause	Impact	Likelihood	Inherent risk	Current controls	Control effectiveness	Residual risk	Action Plans	Action Owner	Action Plan date (end date)
								supported by evidence			percentage from income collected. Sourcing external funding.		
				Cumbersome CoJ's land approval processes for land transactions and inadequate planning.				Policies and procedures are in place .Delegations of authority. Supply Chain Management Policies are in place			Project manager to ensure that the property is on the LIS before the tender is out, create an account.	EM : Finance EM: Property development	30-Dec-11
				Non conducive investment environment(To review the policies and procedures with City department	All EM's	30-Jun-12
											Package investment deals with incentives i.e. highlight investment and demand ³	EM : property management, property development , asset management	30-Jun-12

³ Need to explore with other departments what are they doing and what DED is doing.

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Risk No	Risk Category	Link to objective	Risk description	Root cause	Impact	Likelihood	Inherent risk	Current controls	Control effectiveness	Residual risk	Action Plans	Action Owner	Action Plan date (end date)
												nt	
											Plan an African Property Summit and market JPC ⁴	EM: stakeholder management	30-Jun-12
SR3	Processes	4	Vandalism and inability to maintain facilities	Overlaps of mandate with other municipal entities regarding facility management	4	3	12	Service Delivery Agreement(SDA)	0.90	10.8	Completion of mandate with City	MD& Chairperson Board	30-Jun-12
				Lack of lease contract enforcement and monitoring				Ad-hoc site inspection of facilities. Lease agreements with tenants.			Streamline and fast track awarding of lease management agreements so that maintenance burden is passed onto the lessee	EM: Property management	30-Jun-12

⁴ Appoint event management service provider, establish event committee and draft event plan, source sponsors and market and communicate the event

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Risk No	Risk Category	Link to objective	Risk description	Root cause	Impact	Likelihood	Inherent risk	Current controls	Control effectiveness	Residual risk	Action Plans	Action Owner	Action Plan date (end date)
				Tenant vacating without notifying lease unit ,lack of site inspection and contract management				Ad-hoc inspections by stakeholder management unit and leasing officials and enforcing of contracts			Develop a plan for formalising site inspections(prioritising).Inspection of leased properties ⁵	EM: Property management	30-Jun-12
				Inadequate funding for security and maintenance				Budget, onsite security and security placed on hot spot.			Request for additional funding for maintenance and security	MD/Chairperson of Board	30-Mar-12
				Inadequate facilities management and lack of maintenance plan				Repairs on an ad-hoc basis. Maintenance clause on leases term			To develop a maintenance plan. Exchange programs on facilities management to selected officials	EM : Asset management	30 - Jun-12

⁵ Regionalisation of the portfolio and appointment of four regional officers to do inspection and also managing contracts(i.e. Implementation of turnaround strategy)

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Risk No	Risk Category	Link to objective	Risk description	Root cause	Impact	Likelihood	Inherent risk	Current controls	Control effectiveness	Residual risk	Action Plans	Action Owner	Action Plan date (end date)
SR4	Information management	4	Incomplete asset register	Lack of physical verification	4	5	20	Physical verification of Region E(Greater Ivory Park, Region G(Orange farm and Greater Alexander)	0.75	15	To extend physical verification to other regions e.g. Region A, etc	EM : Asset Management	30-Jun-12
SR5	Financial	2,3,4,5	Loss of revenue on leases, outdoor advertising /cellular mast	Lack of income statements per property to assess performance to ascertain performance of the portfolio.	4	3	12	Holistic evaluations performed ,consolidated financial reporting management reports transaction on report show all transactions	0.90	10.8	Customization of NICOR to produce income statements	EM : Finance, Asset, Property management &Property development	28 - Feb-12
				Processes not integrated between all core departments i.e. asset management, finance, legal, and property management (Value chain)				Manual system - spread sheet			Access to NICOR by all core departments and to integrate NICOR to PIMS system	EM: Asset management	30 - Jun 12

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Risk No	Risk Category	Link to objective	Risk description	Root cause	Impact	Likelihood	Inherent risk	Current controls	Control effectiveness	Residual risk	Action Plans	Action Owner	Action Plan date (end date)
				Pending litigation(outdoor advertising)							Report submit to Mayoral		
				Reviewing of the by-laws as they are restrictive factor to the revenue stream of JPC									
				Unclear mandate from City regarding outdoor advertising									
SR6	Regulatory	5	Possible litigation /legal action	Delays in property transfers and finalisation of contracts	4	3	12	Informal tracking system	0.75	9	Formalisation of tracking system	COO	30-Jun-12
				Non-compliance with relevant legislation				Compliance checklists. Quarterly litigation reports. Approved delegations of authority. Evaluation of controls by			Implementation of compliance register and monitoring thereof. Quarterly reporting on	Company secretary	30-Jun-12

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Risk No	Risk Category	Link to objective	Risk description	Root cause	Impact	Likelihood	Inherent risk	Current controls	Control effectiveness	Residual risk	Action Plans	Action Owner	Action Plan date (end date)
								internal auditors. Frameworks and strategies are in place			compliance to relevant stakeholders. ⁶		
											Educate and raise awareness to all stakeholders about processes (compliance)	COO & Company secretary	30-Apr-12
SR7	Integrity	All	Fraud and corruption	Fraudulent sales. Illegal occupation of land parcels.	4	4	16	JPC, City Fraud hotline, caveats, fraud policy, scrutinise of illegal transaction. Continuous risk assessments	0.75	12	Develop and implement fraud prevention plan. Create awareness on fraud prevention plan	COO/Risk manager	30-Jun-12
				Inadequate business processes that are aligned to the City's				Policies and procedures are in place e.g. SCM. Evaluations by internal Audit Committee.			To develop business processes for all the different departments and align to City processes	All EM's and support units	30-Mar-12

⁶ Implementation of compliance software

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Risk No	Risk Category	Link to objective	Risk description	Root cause	Impact	Likelihood	Inherent risk	Current controls	Control effectiveness	Residual risk	Action Plans	Action Owner	Action Plan date (end date)
SR8	Processes	All	Loss of valuable information as result of IT failure	Lack of efficient & effective data and document management system	4	3	12	PIMS system and training conducted	0.75	9	Roll-out and continuous training on PIMS system	EM: Asset management	30 - Jan-12
								Implementation of PIMS system and reporting monthly to EXCO ⁷			All EM's and support units	28-Feb-12	
				Lack of business continuity and IT disaster recovery plans				IT disaster recovery plans			The BRP and BCP plans are being drafted for submission to Board. Quarterly reporting to relevant stakeholders	EM: SMU	30-Jun-12
SR9	Financial	All	Illegal occupation of land parcels/land invasion	Poor marketing of company's properties and services offered by JPC	4	3	12	Road shows are conducted, broadcasting through radio station. Property sale are displayed on billboards. Draft marketing strategy.	0.75	9	Continuous road shows. Finalisation of marketing strategy. Implementing and continuous monitoring of the marketing strategy.	EM : Property Management	30-Dec-11

⁷ Training will happen November and December 2011.

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Risk aligned to the following Master Programmes:

- Enabling Resilience, Inclusion & Sustainability
- Enabling Growth & Job Creation
- Empowering Citizen & partnership
- Going green
- Institutional Renewal

RISK	LINK TO MASTER PROGRAMME
Poor organizational performance	ALL
Failure to meet revenue and delivery targets	ALL
Vandalism and inability to maintain facilities	ALL
Incomplete asset register	ALL
Loss of revenue on leases, outdoor advertising /cellular mast	ALL
Possible litigation /legal action	ALL
Fraud and corruption	ALL
Loss of valuable information as result of IT failure	ALL
Illegal occupation of land parcels/land invasion	ALL

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8. APPENDIX

	2008/09	2009/10	2010/11	Current year 2011/12			Medium Term Revenue and Expenditure Budget				
	Audited	Audited	Audited	Original	Adjusted	Full Year	Budget Year	Variance	Estimates	Estimates	Estimates
	Outcome R 000	Outcome R 000	Outcome R 000	Budget R 000	Budget R 000	Forecast R 000	2012/13 R 000	%	2013/14 R 000	2014/15 R 000	2015/16 R 000
REVENUE											
Interest earned - external investments	24	8	143	8	10	10	10	0.0%	11	12	12
Interest earned - outstanding debtors	1 441	2 086	6 259		4 255	4 255		-100.0%			
Licences and permits								0.0%			
Agency services	40 687	18 664	29 445	50 387	38 589	38 589	32 119	-16.8%	30 123	31 985	33 881
Operating grants & subsidies								0.0%			
Other Revenue	14 713	68 699	23 672	39 635	35 167	35 167	32 922	-6.4%	36 991	37 166	37 346
Gain on Disposal of PPE								0.0%			
DIRECT OPERATING REVENUE	56 865	89 457	59 519	90 030	78 021	78 021	65 051	-16.6%	67 125	69 163	71 239
Internal Transfers											
Interest Income (Sweeping Account)								0.0%	31	32	34
Operating Grants & Subsidies from (COJ)	10 516	537		3 509			15 487	0.0%	18 054	20 958	24 020
Total Internal Transfers	10 516	537		3 509			15 487	0.0%	18 085	20 990	24 054
TOTAL OPERATING REVENUE	67 381	89 994	59 519	93 539	78 021	78 021	80 538	3.2%	85 210	90 153	95 293
EXPENDITURE											
Employee related costs	31 778	37 653	42 342	59 153	51 498	51 498	54 227	5.3%	57 371	60 700	64 160
Depreciation & asset impairment	1 247	1 191	1 082	1 500	3 222	3 872	1 997	-38.0%	2 107	2 229	2 356
Interest Paid : External Borrowings	382	314	265	391	650	650		-100.0%			
General expenses	16 469	16 157	23 023	25 332	17 230	16 580	17 230	0.0%	17 575	18 594	19 654
Loss on disposal of PPE	385	350	103					0.0%			

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DIRECT OPERATING EXPENDITURE	50 261	55 665	66 815	86 376	72 600	72 600	73 454	1.2%	77 053	81 523	86 170
Internal Transfers											
Interest Expense (Sweeping Account)		137						0.0%			
Internal Charges (ME's / Core)	603	624		1 095	1 095	1 095	1 156	5.6%	1 223	1 294	1 368
TOTAL OPERATING EXPENDITURE	50 864	56 426	66 815	87 471	73 695	73 695	74 610	1.2%	78 276	82 817	87 538
OPERATING DEFICIT/ (SURPLUS)	(16 517)	(33 568)	7 296	(6 068)	(4 326)	(4 326)	(5 928)	37.0%	(6 934)	(7 336)	(7 755)
OPERATING DEFICIT/ (SURPLUS)	(16 517)	(33 568)	7 296	(6 068)	(4 326)	(4 326)	(5 928)	37.0%	(6 934)	(7 336)	(7 755)
Less Tax	4 310	11 484	(1 839)	1 760	18	18		-100.0%			
OPERATING DEFICIT/ (SURPLUS) - after tax	(12 207)	(22 084)	5 457	(4 308)	(4 308)	(4 308)	(5 928)	37.6%	(6 934)	(7 336)	(7 755)

CITY OF JOBURG PROPERTY COMPANY SOC LTD
2012 – 2013 BUSINESS PLAN

GLOSSARY OF TERMS

TERM	DETAIL
CoJ	City of Johannesburg
JPC	Joburg Property Company
MOE	Municipal Owned Entity
WSP	Workplace Skills Plan
ATR	Annual Training Report
OPEX	Operational Expenditure
CAPEX	Capital Expenditure
MFMA	Municipal Finance Management Act
GDS	Growth & Development Strategy