



City of Joburg Property Company SOC Ltd

First Quarter Report

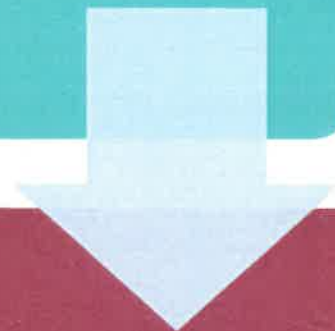
2019/2020

Registration No: 2000/017147/07

Registration number: 2000/017147/07
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Website: www.jhbproperty.co.za
Bankers: Standard Bank South Africa
Auditors: Auditor-General of South Africa
Company Secretary Makwena Pertunia Mohlabi

Vision

Our vision is to provide Property Management, Property Development, Facilities Management, Property Asset Management and Outdoor Advertising services to maximise the social, economic and financial benefit to the City of Johannesburg (CoJ) as well as to support the delivery objectives on a cost - competitive basis.



Mission

JPC is an agent 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 provides Property Asset Management, Property Management, Facilities Management, Property Development and Outdoor Advertising services, as well as interacts with the public in respect of the property portfolio. JPC supports the achievement of the CoJ's strategic priorities, including economic and social development and the service delivery of the CoJ.



Values

Company values are the ethical foundation of JPC and are therefore fundamental to JPC's success. Such values are not just important but crucial to the overall ascendancy of JPC. The values adopted by JPC are:

- Professionalism
- Accountability
- Responsibility
- Customer Service
- Trust

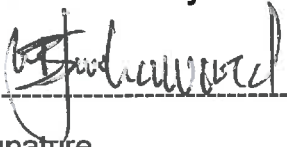


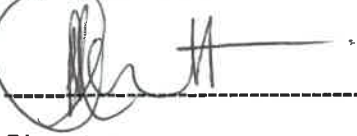
APPROVAL

Official Sign Off:

It is hereby certified that this Quarterly Report:

- Was developed by the management of JPC SOC Ltd under the guidance of the Chief Executive Officer (CEO)
- Considers all the relevant policies, legislation and other mandates for which JPC SOC Ltd is responsible
- Accurately reflects the Performance that JPC SOC Ltd has achieved in the 1st Quarter 2019-2020 Financial Year

Approval:

<p>Mr Imraan Bhamjee</p>  <p>-----</p> <p>Signature Chief Financial Officer</p>	<p>18/10/2019</p> <p>-----</p> <p>Date of approval</p>
<p>Ms Helen Botes</p>  <p>-----</p> <p>Signature Chief Executive Officer</p>	<p>18/10/2019</p> <p>-----</p> <p>Date of approval</p>
<p>Mr Moeketsi Rabodila</p>  <p>-----</p> <p>Signature Chairperson of Board</p>	<p>19/10/2019</p> <p>-----</p> <p>Date of approval</p>
<p>Cllr. Leah Knott</p>  <p>-----</p> <p>Signature Member of the Mayoral Committee</p>	<p>4 - 11. 2019</p> <p>-----</p> <p>Date of approval</p>

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Acronyms

Acronyms and abbreviations			
Acronym/ abbreviation	Name/phrase	Acronym/ abbreviation	Name/phrase
AFS	Annual financial statements	IOC	Integrated Operations Centre
AG	Auditor-General	IPM	Institute of People Management
AGM	Annual General Meeting	ISPPIA	International Standards for the Professional Practice of Internal Auditing
AGSA	Auditor-General of South Africa	IT	Information Technology
AIC	Independent Audit Committee	ITIL	Information Technology Infrastructure Library
AIDS	Acquired Immune Deficiency Syndrome	JCCI	Johannesburg Chamber of Commerce and Industry
ARC	Audit and Risk Committee	JPC	City of Joburg Property Company SOC Ltd
B-BBEE	Broad-Based Black Economic Empowerment	KPI	Key Performance Indicator
BEE	Black Economic Empowerment	LIS	Land Information System
BMI	Body Mass Index	LLF	Local Labour Forum
BSA	Software Alliance	MDG	Millennium Development Goal
CAPEX	Capital Expenditure	ME	Municipal Entity
CBO	Community-Based Organisation	MFMA	Municipal Finance Management Act, 2003
CCMA	Commission for Conciliation, Mediation and Arbitration	MMC	Member of the Mayoral Committee
COBIT	Control Objectives for Information and Related Technology	MOE	Municipal Owned Entity
COJ	City of Johannesburg Metropolitan Municipality	MOU	Memorandum Of Understanding
CSI	Corporate social investment	MSA	Municipal Systems Act, 2003
CSU	Client Servicing Unit	MTC	Metropolitan Trading Company
DED	Department of Economic Development	NED	Non-Executive Director
EAC	Executive Adjudication Committee	NGO	Non-Governmental Organisation
EAP	Employee Assistance Programme	OHASA	Occupational Health and Safety Act, 1993
EE	Employment Equity	OPEX	Operational Expenditure
EPWP	Expanded Public Works Programme	PIMS	Property Information Management System
FMM	Facilities Management and Maintenance	POC	Proof of Concept

FRACC	Fraud and Corruption Committee	RDP	Reconstruction and Development Programme
GBCSA	Green Building Council of South Africa	REMCO	Remuneration and Human Resources Committee
GCSS	COJ: Group Corporate Shared Services	RFP	Request For Proposal
GDS 2040	Growth and Development Strategy 2040	SAPOA	South African Property Owners Association
GIS	Geographic Information System,	SCM	Supply Chain Management
GIAS	Group Internal Audit Services	SDA	Service Delivery Agreement
GRAP	Generally Recognised Accounting Practice	SDBIP	Service Delivery Budget Implementation Plan
GRI	Global Reporting Initiative	SDJOC	Service Delivery Joint Operations Committee
HIV	Human Immunodeficiency Virus	SDM	Service Delivery Model
IAS	International Accounting Standards	SHE	Safety, Health and Environment
ICT	Information and Communication Technology	SMMEs	Small, Medium and Micro-Enterprises
IDP	Integrated Development Plan	SOC	State-Owned Company
IFRS	International Financial Reporting Standards	UNGC	United Nations Global Compact
IIRC	International Integrated Reporting Council	WMC	Work Management Centre
ILP	Individual Learning Plan	WSP	Workplace Skills Plan
IMPSA	Institute of Municipal People Practitioners of Southern Africa	YTD	Year-To-Date

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The Board is privileged to have been appointed to the stewardship of City of Joburg Property Company SOC LTD. Given the six months period of the Board's tenure, I can confidently say the Board is functional and it continues to support the CEO and the Executive team in implementing JPC's strategic objectives. In discharging its fiduciary duties, the Board provide oversight on strategic programmes including those brought forward from the previous fiscal year such as Inner City Revitalisation Programme.

The period under review was characterized by the Sod turning ceremony hosted by Executive Mayor in collaboration with JPC to mark the commencement of construction in respect of the awarded Inner City Redevelopment Projects. The Inner City Revitalisation Programme is not only City 's flagship programme, but its continued success will alleviate the challenges related to illegal occupation of City 's properties while providing affordable residential and student accommodation precinct, leading to an improved financial position for JPC.

The strategic focus on financial sustainability has seen JPC turning the corner on the going concern challenges that it previously faced. As the profitability and cash position of the entity improves from the collection of related party debtors, so too will the solvency. Additionally, JPC will continue to improve its profitability throughout the financial year as revenue from outdoor advertising and facilitation fees are expected to materialise towards quarters three and four.

The Board deems it prudent that JPC evaluate the expectations of stakeholders and continues to monitor the progress made against the plan of the Executive team to resolve all stakeholders concerns within reasonable time-frames. JPC will be active in engaging stakeholders and participating in relevant forums to drive transformation within the property sector with emphasis on changing demographics of role-players in Outdoor Advertising. On behalf of the Board, I wish to express my gratitude to the Shareholder for ensuring that the recruitment process for the CEO and Company Secretary is conducted and concluded promptly within the prescribed governance principles. The filling of these positions creates a stable environment for JPC and its staff.

The Board will continue to support initiatives that highlights JPC 's commitment to transformation, SMME development and job creation as part promoting economic growth while significantly improving the financial position of the entity. Accordingly, I submit JPC's first Quarter Report for the Financial Year 2019/20 on behalf of the JPC Board of Directors.

Moeketsi Rabodila
Board Chairperson

Section 2: Chief Executive Officer's Review



Central to the vision of JPC is our transformation agenda, which aims to achieve resilient and sustainable economic growth. In bolstering its strategic objectives, JPC will pay substantial attention to initiatives that relate to;

- Informal trading
- Outdoor Advertising
- Office Space Optimisation
- Inner city Revitalisation Programme
- Property Development Projects

During the quarter under review, the Joburg Property Company (JPC) held a groundbreaking ceremony marking the commencement of construction for Inner City Redevelopment projects while highlighting the women empowerment aspect that was pursued when awarding redevelopment projects for the Inner City. This pursuit for women empowerment led to JPC being a recipient of South African Institute of Black Property Practitioners (SAIBPP) President's Award for promoting transformation and meaningful engagements for the members.

The City launched a R144 million-development project relating to the Mandela Market in which JPC will play the lead role as the project manager on behalf of Joburg Market. This redevelopment project will not only assist the Joburg Market in realising its vision of becoming a clean, safe, and smart market, but will also contribute to the City achieving its economic objectives.

With regards to outdoor advertising, JPC has introduced an intensive stakeholder management and communication programme as part of managing unscrupulous media owners who are taking advantage of the transitional period by erecting advertising signs on all land without Council's approval. There is no suggestion in the City's issued notice that provides for the erection of new advertising signs without due regard to applicable law in an effort to be eligible for such indulgence.

The City in collaboration with JPC has activated an emergency plan to ensure that these signs are removed timeously through various avenues. In addition, media statements and live interviews were issued to provide clarity of the notice that is being deliberately misinterpreted and the City is responsive against this rampant disregard of the law.

During the period under review, JPC introduced initiatives to achieve the measurements of service standards set out in the service charter. These initiatives are underpinned by stakeholder engagement and pro-active marketing to position JPC 's brand. For the year ahead, JPC anticipates to drive revenue generation in respect of outdoor

advertising, informal trading, developments and repairs and maintenance while exploring new ways of rendering its service.

The forthcoming quarters will be marked by the theme of "business unusual", focusing on the Investor Summit as part of creating awareness of various investment opportunities by means of strategic collaboration with City Departments and entities such as City Power, JDA, Housing etc.

My sincere thanks to the City and Board for their guidance and support to JPC as it continues the pursuit of excellence. I would also like to express my sincere appreciation to our competent and dedicated Management team and employees for their commitment and tireless efforts at making JPC the incredible organisation that it is.

Helen Botes

Chief Executive Officer

Section 3: Review of the Chief Financial Officer



In preparation for the 2019/20 financial year three key areas of JPC's financial management have been identified as the core strategy for the department to support the entity.

These three areas are financial sustainability in the medium and long term, maintenance and continuation of the control environment to sustain positive audit outcomes and, effective budgeting for the next three financial years.

Given the business cycle of the entity and the City, the first quarter has been subdued as emphasis is being placed on the planning and implementation of strategic and operational objectives for the financial year. JPC generated a profit of R26.7 million for the first quarter due to: 1) low spending on repairs and maintenance for corporate buildings, 2) savings on interest expenditure on the overdraft and 3) fixed and consistent revenue from the subsidy from the COJ. The trend of profitability will decline from quarter three as expenditure on the operations of JPC are expected to increase significantly towards the back-end of the 2019/20 financial year. However, JPC is anticipating on generating an operating profit in this financial year to further improve its solvency position.

The overall total operating expenditure, before taxation, for the YTD is R116 million, this equates to a saving of 28.8% of the allocated budget. Fixed expenditure is deemed to be +/-R101 million at a percentage of 87% of total expenditure for the year to date. This implies that the contractual and budgetary constraints are too rigid to reduce expenditure to further increase profitability and that profitability/financial sustainability can only be achieved through additional revenue generation.

The cash position of the entity resides at a R304.5 million overdraft. The first quarter is generally characterised by low cash inflows from related party trade receivables and substantial cash outflows as accruals from the previous financial year are settled in the quarter. As a comparative to 2018, the cash position has improved by R241 million year-on-year. The improvement is notable considering that despite settling over R111 million in accruals from 2018/19 in the first quarter, the overdraft has only increased by R31 million since 30 June 2019. In previous financial years the average increase in the overdraft in quarter one is frequently in excess of R100 million.

JPC is currently owed R359.4 million in relation to intercompany debt and this substantially contributes to the current ratio of 0.89:1 as compared to the norm of 1:1. The main drivers for the current ratio are the loan accounts with the COJ, including the sweeping account. Improvements in the collection of external and related party trade debtors have been the main drivers for the progress made in the recovery of the current position of JPC. However, it is neither improbable nor prudent for JPC to consider settling intercompany creditors and loans (GCSS Payroll) in the next 12 months until the cash position of the entity has stabilised.

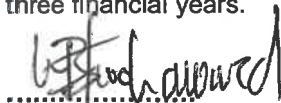
The solvency ratio of JPC is 1.06:1 and illustrates that JPC has turned the corner on the going concern challenges that it previously faced. As the profitability and cash position of the entity improves from the collection of related party debtors, so too will the solvency. Additionally, JPC will continue to improve profitability throughout the financial year as revenue from outdoor advertising and facilitation fees are expected to materialise towards quarters three and four.

During the financial year SARS conducted a VAT audit for the 2015 and 2017 financial years. SARS re-assessed VAT submissions for the period March, April, May and June 2015 periods as well as December 2017 and raised penalties and interest based on their reassessment amounting to R2 199 970. The penalties and interest arose from the transfer of rental contracts to JPC from the COJ during the integration in 2013/14. The contracts are authorised and contracted for on behalf of the COJ but are budgeted for and paid by the JPC. SARS refused to acknowledge the relationship between JPC and the COJ and treats both entities as separate entities as opposed to holding and subsidiary companies. Input VAT deductions for rental invoices have been disallowed as a result of the reassessment. A means to object the finding is currently under review by Rain Chartered Accountants, JPC's tax consultants.

During the 2018/19 financial year, JPC has incurred R7 114 868 in irregular expenditure on fleet services from AVIS. During the 2019/20 financial year, JPC has incurred a further R762 513 in irregular expenditure for the continuation of the fleet service contract. A new service provider has been appointed by the COJ, however, the contract with AVIS has been extended until further notice from the COJ.

No additional deviations have been incurred in quarter one and those reported are a continuation of deviations reported in previous financial year. The deviations relate predominantly to lease rentals for office accommodation for the COJ. In terms of the MFMA, existing deviations are still required to be reported.

The BEE spend is an indication of JPC's commitment to transformation and SME development, and currently resides at 99% of all goods and services acquired by both JPC and Portfolio. Management will direct their attention in quarter two to significantly improving the financial position of the entity, achieving a favorable audit outcome for the 2019/20 financial year and begin preparation for a challenging and balanced budget for the next three financial years.



Imraan Bhamjee
Chief Financial Officer

Section 4: Corporate Profile and Overview of the Entity

The City of Joburg Property Company SOC Ltd (JPC) was in the year 2000 established as a private company and is wholly owned by the City of Johannesburg (COJ). The company converted into a State-owned Company after the implementation of the Companies Act of South Africa, 2008 (Act No. 71 of 2008). Consequently, JPC must comply with the legislative framework and reporting requirements applicable to any company in South Africa. This includes, but is not limited to, the Companies Act. As an independent municipal entity, the company is also subject to the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA).

The entity has 531 permanent and temporary employees based at the head office and depots who execute the strategy of the organisation. JPC derives its mandate from a signed service delivery agreement with its sole shareholder, the COJ. The core functions of JPC are as follows:

1. Asset Management

It aims to implement sound asset management practices, including access to new assets, sustainably and affordably. Articulated as follows are the objectives:

- Land strategy development – To ensure that the City delivers specific research for the portfolio-; it conducts strategic planning, policy and strategic development, reviews, valuations, property life cycle modelling and monitoring.
- Operational and financial performance – To assure that performance measurement and client reporting is aligned to the City's targets, this unit focuses on monitoring and evaluating the optimisation of portfolio composition, the maintenance of the property asset register, income and expenditure growth.
- Business development – This consists of the analysis and land preparation by town planners and urban designers to develop business cases.

2. Property Development

It aims at maximising the return on City-owned land. In this regard, the objectives for public land development are as a trifecta of returns understood as follows:



- Delivering on City objectives – These are priorities identified in the Service Delivery Budget Implementation Plan (SDBIP).
- Transforming the property industry – This is done by empowering emerging developers and contractors and providing training and guidance on development for enterprises.
- Creating high-yielding property assets with a sustainable income stream – A large portion of City's assets are vacant land with inherent low asset value and associated low returns.

A base of long-term recurring income is thus, created by facilitating the development of well-located properties with high potential.

3. Facilities Management

This is a quintessential business function, affecting not only revenue and costs but also production, the work environment, health and safety. The focus of the approach is on assessing business trends, focusing on cost reduction and increasing shareholder value, the integration of facility resource information into corporate business data, an emphasis on speed of delivery, new ways of working enabled by mobile technology, new sustainability initiatives and targets and concerns about security.

4. Property Management

This function involves maximising the efficiency of the COJ's portfolio of properties, including leasing the premises, collecting rental fees, overseeing building maintenance, paying service providers, managing tenant relationships, running the accounts and providing reports.

5. Outdoor Advertising

This function includes managing and concluding outdoor advertising and cell mast leases. The department is responsible for managing various forms of “out-of-home” advertising, comprising approximately 720 billboards, 3 800 on-premises signs, 30 000 different types of street furniture, street pole advertising and 130 cellular mast sites and antennae erected on COJ land and/or assets.

Competitive Landscape

JPC manages a diverse property portfolio made up of various classes of assets, i.e. residential, office, commercial, social (sports facilities and stadiums), and service delivery (clinics, fire stations, community centres) assets. There is no other municipality nationally that comprehensively manages its portfolio through a municipal entity. This therefore, makes JPC unique in the industry. Furthermore, no company in the private sector provides the range of services that JPC offers as indicated above, ranging from asset management to outdoor advertising. In practice, there are companies providing property and facilities management and others dealing with property development. The social and service delivery assets are something unique to municipalities. Unlike other property companies in the private sector, such as JHI, Brol and Attaq, JPC is not only focused on the bottom line (profit-driven), but also has to fulfil the social, economic and empowerment mandates of the municipality, using its portfolio.

JPC’s corporate strategy is in alignment with the vision and mission of the Growth and Development Strategy (GDS) 2040, the Integrated Development Plan (IDP), and the Mayoral Priorities. JPC recognises and emphasises its role as an economic and social property company to achieve positive developmental outcomes. JPC’s strategic objectives are long-term plans that contribute annually to the vision of the organisation through the annual target linked to the mayoral priorities.

The GDS 2040 has the following outcomes:

The City’s IDP identified the following nine mayoral priorities for implementation to achieve the above five outcomes:

Outcome



To better coordinate priority programme implementation and manage interdependencies, the City implements a cluster system with four clusters, namely Human and Social Development, Economic Growth, Sustainable Services, and Governance. JPC is part of the Economic Growth Cluster and responsible mainly for the following priorities:

- Priority 1: Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021
- Priority 2: Ensure pro-development that addresses inequality and poverty and provides meaningful redress
- Priority 3: Create a culture of enhanced service delivery with pride
- Priority 7: Enhance our financial sustainability

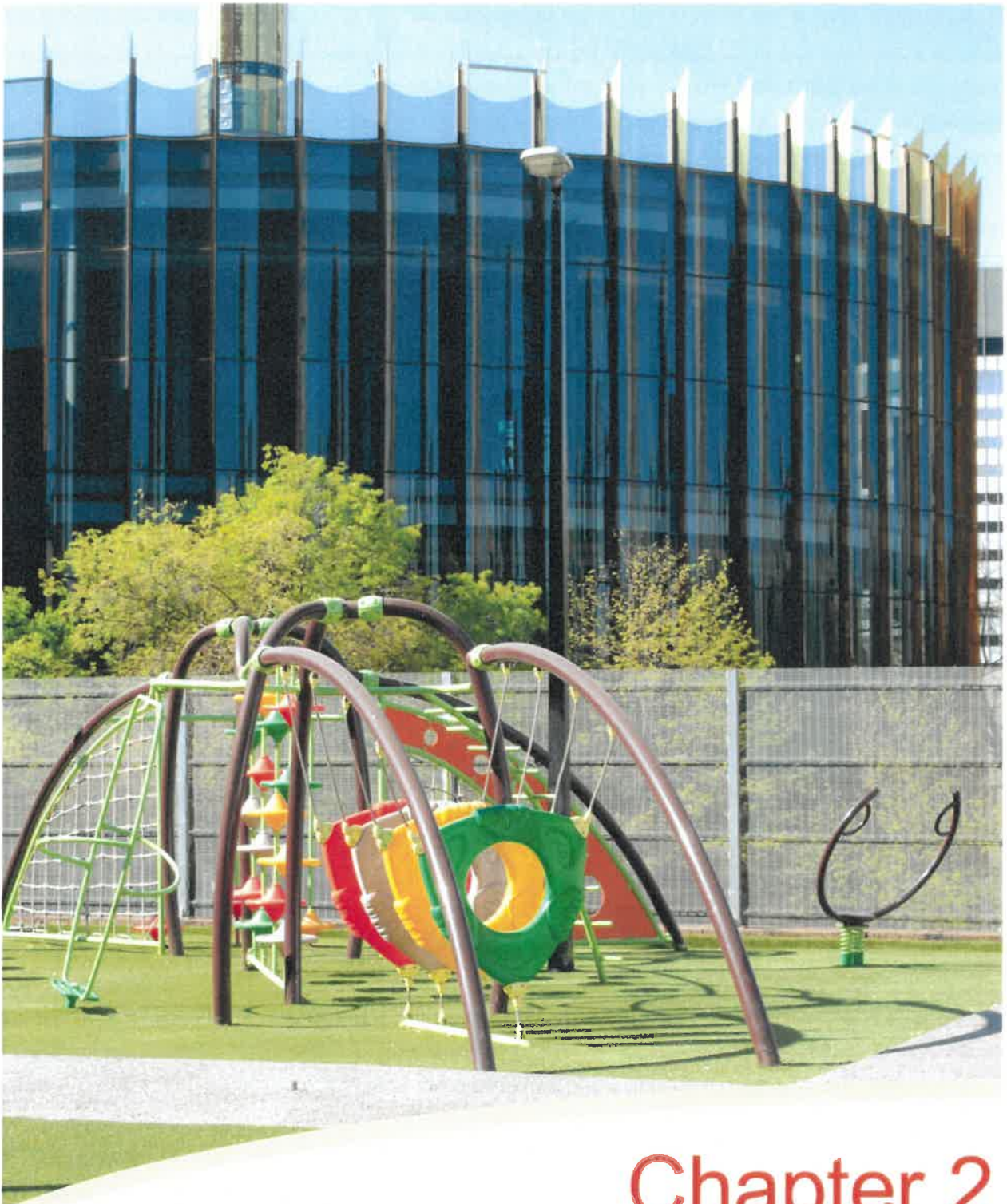
JPC's corporate strategy details how it responds to the GDS 2040 and IDP, based on the mandate given to the organisation. JPC's strategy to deliver on the mandate indicated in the corporate strategy has the following long-term strategic objectives:

- Supporting economic development
- Supporting community development and social initiatives
- Utilising the property portfolio to address social imperatives and priorities
- Utilising the portfolio as a vehicle for transformation

- Ensuring efficient, economical and effective service delivery to clients, customers and stakeholders
- Providing a professionally managed and sustainable company

To deliver on the strategic objectives, the business plan of JPC has the following annual targets that also contribute to the mayoral priorities falling within an economic cluster for the year under review.

	Mayoral Priorities	JPC's contribution to the priorities included in the scorecard.
Priority 1	Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021	<ul style="list-style-type: none"> • 2 000 Jobs created through property transactions • 1 200 SMME's supported through property transactions • R1.4 billion Investment / Rand value attraction of investment on COJ property • R600 million attraction of investment on COJ property / Construction value on the ground • 100% payment of valid invoices within 30 days of invoice receipt date.
Priority 2	Ensure pro-poor development that addresses inequality and poverty and provides meaningful redress	<ul style="list-style-type: none"> • 250 asset management plans formulated • Acquisition of 15 properties • 1930 leases of shops and stalls concluded • Development and management of 50 public conveniences through Outdoor Advertising • The release of 120 properties on lease for agricultural, NGO, churches, crèches, educational and communication purposes • 100 Inner City property development projects awarded
Priority 3	Create a culture of enhanced service delivery with pride	<ul style="list-style-type: none"> • Train 370 employees • 100% completion of skills audit for level 7 to 9 employees • 90% of all strategic vacancies filled within 90 days • Disciplinary cases to be concluded within 90 working days • 90% success rate in all concluded disciplinary cases
Priority 7	Enhance our financial sustainability	<ul style="list-style-type: none"> • R200 million-rental income raised from leases and servitudes sales. • 30% implementation of the outdoor advertising masterplan • 100% spend of the allocated capital expenditure budget • Audit Opinion / Unqualified audit opinion (Clean audit) • 100% resolution of Auditor General and Internal Audit findings within four months after the report issued



Chapter 2

Governance

All the directors bring to the Board a wide range of expertise, as well as significant financial, commercial and technical experience and, in the case of the non-executive directors, independent perspectives and judgement. The tenure of the Board members is a year and appointments happen during the AGM. The independence of non-executive directors is assessed annually by the COJ Group Governance Department prior to appointment or reappointment during the AGM.

The Board is satisfied that its composition reflects the appropriate mix of knowledge, skills, experience, diversity and independence. There were no external advisers or invitees who regularly attend Committee meetings.

The Board retained full control over the Company and remains accountable to the COJ, the sole shareholder, and its stakeholders, the citizens of Johannesburg. A service delivery agreement (SDA) concluded in accordance with the provisions of the MSA governs the entity's relationship with the COJ. The Board provides quarterly, biannual and annual reports on its performance and service delivery to the COJ, as stipulated by the SDA, the MFMA and the MSA.

The Board sets the direction of the JPC through the establishment of strategic objectives and key policies. It monitored the implementation of strategies and policies through a structured approach to reporting, based on agreed performance criteria and defined written delegations to Management for the detailed planning and implementation of such objectives and policies.

Members of the Board 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. Directors are also entitled to seek independent professional advice concerning the affairs of JPC at the Company's expense, should they believe that such a course of action would be in the best interest of JPC. For the year under review, the Board did not make use of professional corporate governance services. The Board of directors have adopted the Board charter, which encapsulates the COJ Group Policy on Shareholder Governance Protocol.

The Board is responsible for monitoring the activities of executive Management in JPC and for ensuring that decisions on material matters are considered. The Board approves all the terms of reference for its different subcommittees, including special Committees tasked to deal with specific issues.

While the executive directors are involved with the day-to-day Management of JPC, the non-executive directors are not, and nor are they employees of the JPC. The executive directors have a responsibility to become acquainted with all of their duties, as well as with the issues about the operations and business of the JPC. The Board operates in a field that is technically complex, and the directors are continually exposed to information which enables them to fulfil their duties.

The Board of directors has incorporated COJ's corporate governance protocol into its charter, which regulates its relationship with the 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 of the King Code. The charter sets out the composition and powers of the Board.

The Board has delegated certain functions to the following well-structured Committees:

- Audit and Risk Committee (ARC)
- Transaction and Service Delivery
- Remuneration and Human Resource Committee (REMCO), Transformation, Social and Ethics Committee (SEC)

During the period under review, the following meetings were held:

BOARD	ARC	TRANSACTIONS COMMITTEE	REMCO TRANSFORMATION, SOCIAL and ETHICS COMMITTEE
15 July 2019	12 July 2019	12 July 2019	10 July 2019
27 August 2019	20 August 2019		
27 September 2019			
30 September 2019			

Audit and Risk Committee

The Committee consists of the following members:

- Ms. Y Pamla
- Ms. K Muthwa
- Ms. Sizo Mzizi (Independent)
- Mr. Grant Dunnington (Independent)
- Mr. Zukisani Samsam (Independent)

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 Committee exercises its functions through close liaison and communication with management and the internal and external auditors. The Committee has been delegated the task of, inter alia, overseeing the quality, integrity and reliability of the Company's Financial and 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 managed effectively.

The Audit and Risk Committee operates in accordance with written terms of reference approved by the Board, as well as the legislative framework of the MFMA, the Companies Act and various other applicable legislation to assist the Board with its oversight role.

Transactions and Service Delivery Committee

The Committee now consists of the following members:

- Ms. K Muthwa
- Ms. Y Pamla
- Prof. H Kasan
- Mr. L Qina

The Committee considers all property transactions, which makes recommendations to the Board and/or the Shareholder. The Committee with delegated powers from the Board deal effectively with certain operational issues relating to the Property Portfolio of the

Social & Ethics (Incorporating Remunerations and Human Resources & Transformation) Committee (the Committee)

the Committee now consists of the following members:

- Ms. M Mojapelo (Chairperson)
- Mr. J Letsapa
- Mr. O Mongale
- Prof. H Kasan

The purpose of the Committee is to monitor the Company's activities having regard to any relevant legislation, other legal requirements or prevailing codes of best practice. It looks into the social and economic development including the Company's standing in terms of the goals and purposes, good corporate citizenship, the environment, health and public safety, consumer relationships, including the Company's advertising, public relations and compliance with consumer protection laws, labour and employment.

Entity Remuneration Policy

The Directors of the Board are appropriately rewarded for their valuable contribution to the Company. In line with King IV the Remuneration Committee (the role played by Shareholder Unit within the City of Johannesburg Group Governance Department) governs the remuneration and recommends an amount to be paid to the Board. As required by the Companies Act and other applicable municipal laws, directors' remuneration are approved by the Shareholder. Non-Executive Directors' fees comprise a base and an attendance fee component.

Non-Executive Directors

YTD Directors Payments: 30 September 2019			
Name of Director	Meetings Attended YTD	Other Meetings YTD	Emoluments
Prof H Kasan	3	1	R46 957
Mr J Letsapa	2	0	R0
Ms M Mojabelo	2	3	R6 274
Mr O Mongale	2	0	R20 870
Ms K Muthwa	4	3	R22 609
Ms Y Pamla	5	3	R22 609
Mr L Qina	3	0	R26 087
Mr M Rabodila	2	3	R0
Totals			R145 404

*These amounts may include payments for meetings held the previous fiscal but paid in the first quarter of fiscal year 2019/20

Independent Audit Committee Members

YTD Directors Payments		
Name of Independent Audit Committee Member	Meetings Attended YTD	Emoluments
Mr G Dunnington	2	R10 435
Ms S Mzizi	1	R0
Mr Z Samsam	2	R10 435
Totals		R20 869

*These amounts include payments for meetings held the previous fiscal but paid in the first quarter of fiscal year 2019/20. As at the 30th September 2019, the year to date Directors' Emoluments amounts to **R166 273**

The table below summarises Executive Management remuneration for the first quarter of 2019/20:

YTD EXECUTIVE SALARIES AS AT 30 SEPTEMBER 2019				
Name	BASIC SALARY YTD	TRAVEL ALLOWANCE	COMPANY CONTRIBUTIONS	TOTAL
HM Botes	R 560 432	R62 500	R6 550	R629 483
IM Bhamjee	R 422 680	R 24 000	R90 618	R537 298
MM Makhunga	R 325 850	R 24 000	R74 383	R424 233
CL Matthews	R(31 503)	-	R10 558	R(20 945)
SZ Mntungwa	R440 210	-	R97 636	R537 846

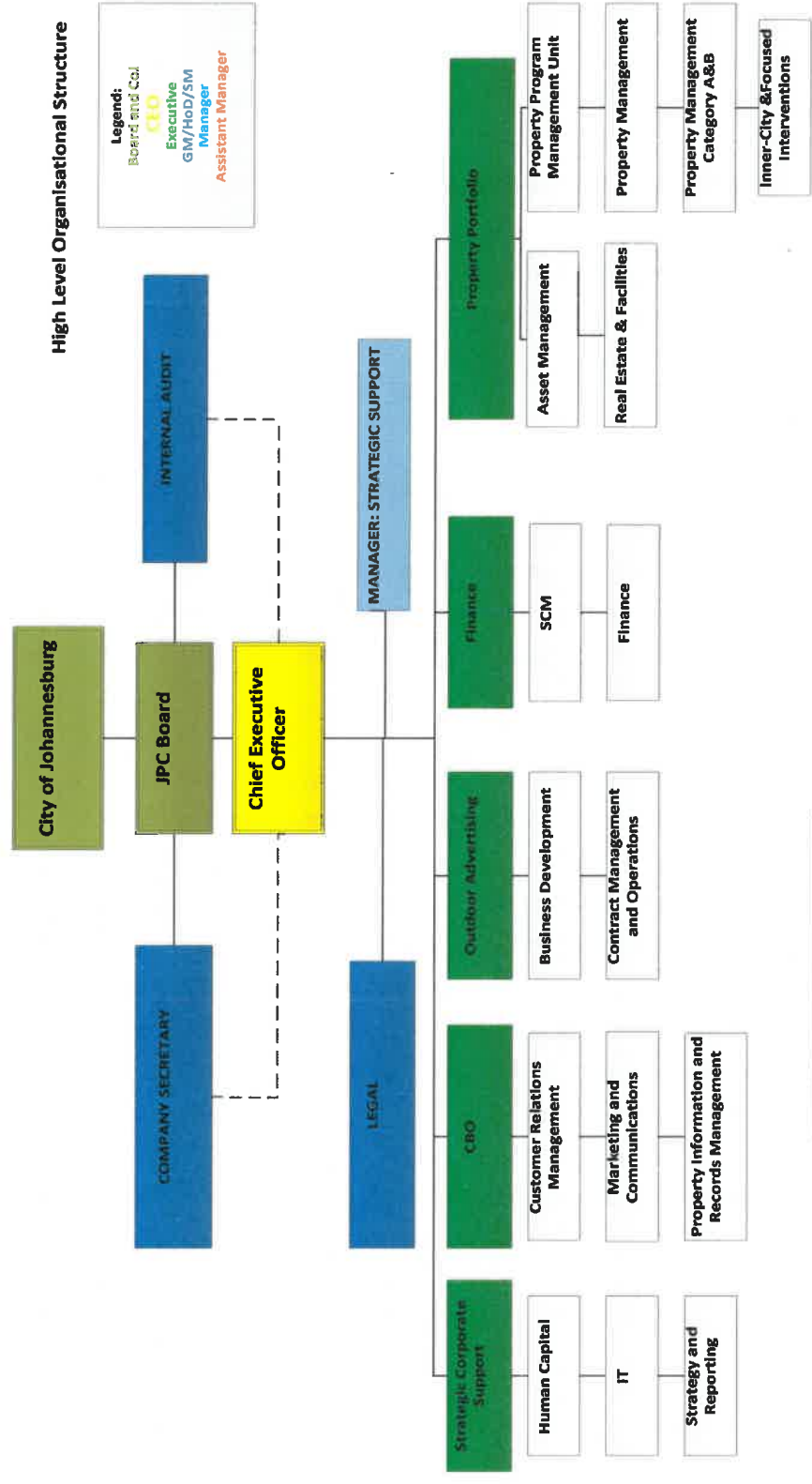
YTD EXECUTIVE SALARIES AS AT 30 SEPTEMBER 2019				
Name	BASIC SALARY YTD	TRAVEL ALLOWANCE	COMPANY CONTRIBUTIONS	TOTAL
TF Mokataka	R297 541	-	R65 339	R 362 880
K Padayachee	R264 128	R30 000	R57 169	R 351 298
F Sardianos	R439 783	-	R97 563	R537 346
	R2 719 121	R140 500	R499 818	R3 359 439

*The figures above includes the remuneration of the previous Company Secretary who was medically boarded and last working day was on the 31st July 2019. The total remuneration cost for Executive team as at 30th September 2019 is **R6 718 876**.

The company contribution for CEO caters only for mandatory contributions such as skills development levy, UIF etc.

Section 4: High Level Structure

High Level Organisational Structure



Legend:
 Board and Cnl
 CEO
 Executive
 GM/HOD/SM
 Manager
 Assistant Manager

Date: _____

Chief Executive Officer:
Helen Botes

Structure Approved:

Section 5: Risk Management

JPC has adopted the City of Johannesburg Risk Management Framework which states that strategic risks will be formally monitored and reviewed by risk owners on a quarterly basis. The purpose of the risk review is to:

- Consider whether the risks set out in the Register are still appropriate and linked to the strategic objectives of the entity
- Assess whether the controls in place are still adequate and effective
- To consider whether any further action(s) is/are necessary to help mitigate the risk
- To consider whether any emerging risk(s) should be added to the register, and
- To monitor the implementation of the action plans.

Activities conducted in Quarter 1

During the first quarter of the 2019/20 year, a number of risk management activities were executed. JPC adopted a new risk register template which is aligned to the most recent City of Joburg Risk Management Framework. This new register would resolve a number of operational challenges experienced during the 2018/19 financial year. The entity conducted a review of its Strategic Risk Register, using 2018/19 risk management status as the baseline for the assessment. This exercise produced as an Output, a draft 2019/20 Strategic Risk Register to be presented to the Board for final approval.

Operational risks were then identified by the functional departments in order to ensure that mitigating actions are rolled out by the various departments, with the goal of improving the profile of the Strategic Risks.

There has also been a preliminary engagement with the Inner City team in order for a project risk register to be developed and monitored during the various phases of the Inner City project.

The JPC has 13 strategic risks, identified in line with its 6 Strategic Objectives. The overall risk profile at the end of quarter one, when focussing on the residual exposure, is sitting within an acceptable range. During the quarter under review, no action plans were due for implementation.

However, from an operational perspective, the revised Risk Management templates provided by GRAS have assisted in assessing the effectiveness of current controls more effectively, resulting in an improved risk profile when compared to previous quarters.

Strategic Risks (Top 5 strategic risks based on residual risk rating)

Risk Ref	Risk	Residual Risk Rating				KPI linked to the risk	Action to improve management of risk	Due date	Progress on each action item as at end of the quarter
		Q1	Q2	Q3	Q4				
1.	Financial viability of cleaner staff insourcing by JPC on behalf of the City (excl. Health and MEs)	Very High 20					Actions will be identified during quarter 2		No progress to report as this is an emerging risk identified at the end of first quarter.
2.	Occupation of buildings that are not OHASA compliant	High 18					1. Assessment of properties to allow the assessment of repairs and maintenance to be increased from the current 16 corporate buildings, to all properties housing COJ staff. 2. The COJ OHASA team to be part of the team doing the assessment 4 Follow-up to be made on commitments made by entities and departments on OHASA issues. 5 Entities and departments with buildings not OHASA compliant to be reported to the City Manager and later to the Executive Mayor, if necessary.	30 June 2020	

Risk Ref	Risk	Residual Risk Rating				KPI linked to the risk	Action to improve management of risk	Due date	Progress on each action item as at end of the quarter
		Q1	Q2	Q3	Q4				
3.	Inadequate maintenance of property	High 17					6 Approval of operating model by labour and staff in order to assign buildings to technical teams. 1 Implement a comprehensive facilities management plan of all properties of the City.	1. June 2020	
4.	Inadequate contract management	High 12				n/a			Dedicated position created on reviewed JPC Organogram for contract management and monitoring.
5.	Inability to generate revenue	Moderate 11					Implementation of JPC Financial Turnaround Strategy	June 2020	

Residual Risk Ratings

The residual risk ratings for the Strategic Risks, after taking into consideration the effectiveness of the current controls, are as follows:

Risk Ref No.	Risk Description	Residual Risk Ratings (2019/20 Quarter 1)
1	Financial viability of cleaner staff insourcing by JPC on behalf of the City (excl. Health and MEs)	Very High 20
2	Occupation of buildings that are not OHASA compliant	High 18
3	Inadequate maintenance of property	High 17
4	Inadequate contract management	High 15
5	Inability to generate revenue	Moderate 11

The significant improvement in the residual risk ratings at the end of quarter one (2019/20) when compared to quarter four (2018/19), is attributed to the adoption of the revised COJ Risk Register/Tool, which allows the entity to measure the effectiveness of each individual current control contained in the register.

It would also be noted that the risk dealing with the “Piecemeal integration of JPC departments back into the City” has been eliminated from the 2019/20 risk register due to management agreeing that it is no longer a risk to the entity.

Interpretation of Risk Exposure Levels Exposure

The interpretation of the various risk exposure levels and the general risk management approach in relation to each risk exposure level is set out in Table below:

Exposure Rating	Assessment	Action Required
Very High 20 - 25	Unacceptable	Requires immediate attention from Management on implementation of corrective measures
High 12 - 19	Unacceptable	Implementation of improvement opportunities and validation of current controls
Medium 6 - 11	Acceptable with caution	Evaluation and improvement of current controls
Low 1 - 5	Acceptable	Validation and optimization of controls

Risk Management Unit comments on 2019/20 Strategic Risks

Risk Ref No.	Risk Description	Comments
1	Perceived to be trading recklessly.	The improved cash inflows reported to related party debt collections, as well as the improved solvency ratio for the entity is indicative that the current controls pertaining to these risks, are in fact functioning as intended. Management should continue implementing additional actions towards generating revenue, ultimately eliminating the risk of reckless trading.
2	Inability to generate revenue	

Section 6: Company Secretarial Function

The Company Secretary is responsible for developing systems and processes to enable the Board to perform its functions efficiently and effectively. The Company Secretary is also responsible for all statutory returns with the Companies and Intellectual Property Commission (CIPC). The Company Secretary advises the Board on corporate governance issues, the requirements of the Companies Act and other relevant regulation and legislation.

In addition, providing guidance to the Executive on all governance matters and provides guidance with respect to the efficacy of Board resolutions. This function acts as a link between Board and Management as well as the Board and Shareholders.

Section 7: Internal Audit Function

JPC's Internal Audit department has a specific mandate from the ARC to independently appraise the adequacy and effectiveness of the company's systems, financial internal controls and accounting records. The findings are reported to management, the ARC and the Auditor General. The appointed service provider performing the audit function has direct access to the chair of the ARC and reports functionally to the ARC and administratively to Chief Executive Officer.

The internal audit coverage plan is based on the high-risk areas of the organisation as identified in the strategic risk register and operational risk registers. The coverage plan is updated annually, based on the risk assessment and results of the audit work performed. Detailed activities of the Internal Audit unit during the period under review are provided in Chapter 6.

Section 8: Sustainability Report

The company is currently exploring various eco and environmentally friendly initiatives including energy savings, space optimisation, etc. Some of these initiatives are at conceptual stage or under investigation.

Section 9: Anti – corruption and Fraud

The Anti-Fraud and Corruption Policy was approved and communicated to the entire staff in the organisation. The Policy includes procedures on reporting fraud and how to access the tip-off hotline. JPC subscribes to and is compliant with the Prevention and Combating of Corrupt Activities Act and related legislation. The JPC Management takes a zero tolerance approach to fraud and corruption. This is set out in the JPC Anti-Fraud and Corruption Policy.

JPC has a Fraud and Corruption Committee (FRACC) in line with the policy comprising of six members. The committee is responsible for facilitating investigations into allegations of fraud and corruption reported to JPC through JPC's fraud hotline email (fraudhotline@jhbproperty.co.za) or the COJ Group Fraud Hotline. The following facilities are utilised for the reporting of allegations: telephone - 0800 002 587, message - 32840 (charged at R1.50)

JPC is still engaged in number of legacy matters reported in the previous fiscal year and awaiting conclusion by GFIS department. A prudent approach is pursued in all matters at hand.

Section 10: IT Governance

In terms of governance, the department is audited internally at least annually by Internal Audit. The department's governance is included in the AGSA audit of the entity annually.

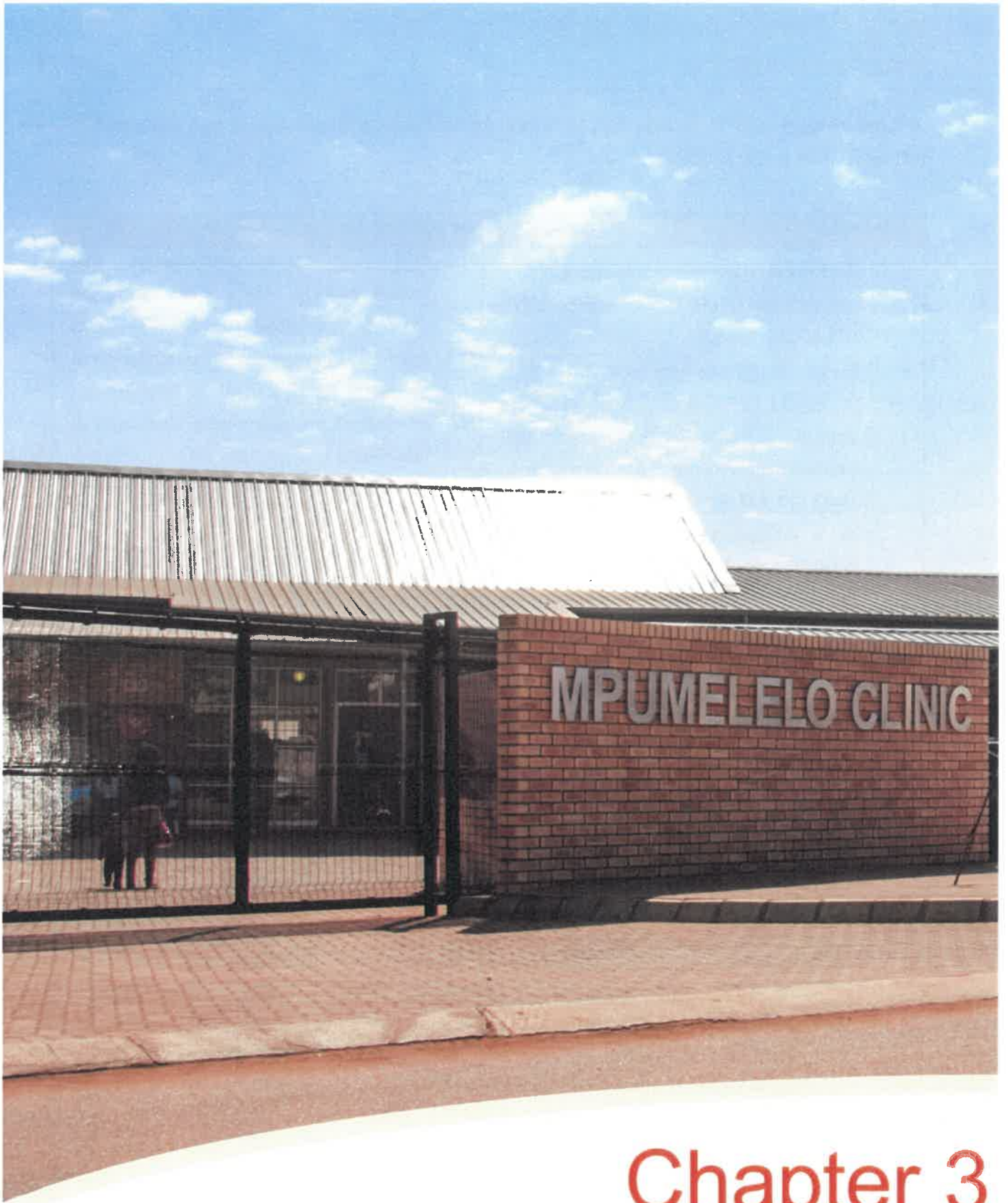
Internally governance oversight is provided by Exco with the operational accountability of governance matters residing with the Senior Manager of the department. The IT department governance framework is the ITIL (Information Systems Infrastructure Library) framework, which is a subset of the Control Objectives for Information and Related Technologies (COBIT) framework and is widely used in governments internationally.

Section 11: Compliance with laws and regulations

The Board is responsible for ensuring the entity's compliance with applicable laws, rules, codes and standards and this remains an important consideration in all its decision making processes. Reported incidents of non-compliance with laws and regulations are addressed through relevant governance prescripts.

The entity has completed a Legal and Legislative compliance checklist which was duly evaluated by the Internal Audit Function of the company. A number of incidences of non-compliance were discovered in terms of statutory and SCM regulations pertinent to construction related contracts and are currently being investigated by the

forensic services of COJ. Incidence of non-compliance mainly related to failures in obtaining building plan approvals as well as Occupational Health and Safety prerequisites.



Chapter 3

Service Delivery Performance

Section 1: Overall Company Performance

Section 1: Overall Company Performance

Highlights and Lowlights

JPC has 22 Key Performance Indicators outlined in the approved 2019/20 Business plan and contributes one KPI with regard to City s' SDBIP.

Highlights	Challenges for the first quarter
<ul style="list-style-type: none"> • Construction Spend in respect Property Development Projects amounts to R217 171 500.00 • Eleven (11) awards were approved by EAC in respect of Inner City Redevelopment projects in Orange Grove. The projected/estimated development cost amounts to R443 637 332.00. These projects will lead to a facilitation fee amounting to R 6 397 874, 44. • Approval granted by City Manager to delegate JPC the authority to renew informal trading leases for shops and stalls at Transport facilities. The verification process with regard to the traders has been concluded. This is deemed as a milestone as it will assist to fast-track the process of renewing leases for stalls and provide an opportunity to increase revenue gained from the leases. Furthermore, the informal trading lease renewal will decrease the vandalising of property i.e. stalls; eliminate the element of sub-contracting i.e. illegal lessee while improving the traders' ability to trade at shops and stalls . • Intercompany debtors currently owe R359.4 million which represents a slight decrease from R402 million at 30 June 2019. • EAC approved the awarding of seven (7) media companies whose outdoor advertising leases lapsed due to effluxion of time as part of the Outdoor Advertising Transitional plan. This 	<ul style="list-style-type: none"> • JPC had to deal with unscrupulous media owners who are taking advantage of the Outdoor Advertising Transitional period to erect advertising signs on all land without Council's approval. This is done for the erection of new advertising signs without due regard to applicable law in an effort to be eligible for such indulgence provided for under the transitional plan.

leads to additional revenue for JPC. This process will contribute just over R 2 million rands based on 2018/19 values. EAC approved the awarding of seven (7) media companies whose outdoor advertising leases lapsed due to effluxion of time

Priorities and focus Areas for the rest of financial year:

- Informal trading
- Outdoor Advertising
- Office Space Optimisation
- Inner city Revitalisation Programme
- Property Development Projects

The JPC scorecard for the financial year ending 30 September 2019 reflects that the entity achieved 53 % (10 of 19 targets due), and 47 % (9 of 19) of its targets are not achieved. A total of three (3) targets are not currently due.

KPI	JPC Overall Performance				
		Quarter 1	Quarter 2	Quarter 3	Quarter 4
Achieved		10 = 53%			
Not Achieved		9 = 42%			
KPI at Risk		0			
KPI not measured		3			

1.1. R1.4 billion investment attraction on COJ Property

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	R200 million attraction	R200 million attraction	R500 million attraction	R500 million attraction	R1.4 billion attraction
Actual	R 443 637 332.00 million investment attraction				R 443 637 332.00 million investment attraction

Target exceeded

1.2. Rand value of investment spend on project

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	R100 million investment spend on projects	R100 million investment spend on projects	R200 million investment spend on projects	R200 million investment spend on projects	R600 million investment spend on projects
Actual	R217 171 500.00 million investment spend on projects				R217 171 500.00 million investment spend on projects

Target exceeded

1.3. Two thousand (2 000) jobs opportunities created

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	200 Job Opportunities Created	400 Job Opportunities Created	600 Job Opportunities Created	800 Job Opportunities Created	2 000 Job Opportunities Created
Actual	200 jobs opportunities Created				200 jobs opportunities Created

Target achieved

1.4. One thousand (1000) SMME's supported through property transaction

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	100 SMME's supported	200 SMME's supported	300 SMME's supported	400 SMME's supported	1000 SMME's supported
Actual	8 supported				8 SMME supported

Target not achieved; in the first quarter, the planning project stage and conditional assessments are conducted which informs the SCM aspects and this has a bearing on the number of SMME supported in quarter. It is envisaged that the target will be achieved in the forthcoming quarters.

1.5. 100% Payment of valid invoices within 30 days of invoice receipt date.

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	100% of valid invoices paid within 30 days of invoice receipt date	100% of valid invoices paid within 30 days of invoice receipt date	100% of valid invoices paid within 30 days of invoice receipt date	100% of valid invoices paid within 30 days of invoice receipt date	100% of valid invoices paid within 30 days of invoice receipt date
Actual	100% of valid invoices paid within 30 days of invoice receipt date				

Target achieved

Ensure pro-poor development that addresses spatial and income inequality and provides meaningful redress

2.1. Two hundred and fifty (250) Asset Management plans formulated

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	50 asset management plans concluded	75 asset management plans concluded	75 asset management plans concluded	50 asset management plans concluded	250 asset management plans concluded
Actual	50 asset management plans concluded				50 asset management plans concluded

Target achieved

2.2. Acquisition of fifteen (15) properties

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	Acquisition of 3 properties	Acquisition of 3 properties	Acquisition of 4 properties	Acquisition of 5 properties	15 Properties acquired
Actual	Acquisition of 3 properties				Acquisition of 3 properties

Target achieved

2.3. One thousand nine hundred (1 930) leases of shops and stalls concluded

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	482 leases of shops and stalls concluded	482 leases of shops and stalls concluded	483 leases of shops and stalls concluded	483 leases of shops and stalls concluded	1930 leases of shops and stalls concluded
Actual		Nil			

Not Achieved: In the quarter under review, the verification process was being conducted and JPC obtained approval from City Manager for delegations to be granted to JPC to enter into lease agreements for shops and stalls for period of three years. This will fast track the leasing process. The leases for shops and stalls will commence in the next quarters and the intention is to achieve the target.

2.4. Development and Management of fifty (50) public conveniences

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	Nil	25 public conveniences completed	25 public conveniences completed	Nil	50 public conveniences
Actual					

Not due this quarter

2.5 Release of 120 properties on social and economic leases including servitudes and sales

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	20 properties leased	30 properties leased	30 properties leased	30 properties leased	120 properties leased
Actual		Nil			Nil

Target not achieved; Several transaction reports have been tabled at various council committees and are awaiting approval. The approval of these transactions will lead to this KPI being achieved in the forthcoming quarters.

2.6 One hundred (100) Inner City property redevelopment projects approved in Council for release to the private sector

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	Nil	20 Inner City property redevelopment projects awarded	40 Inner City property redevelopment projects awarded	40 Inner City property redevelopment projects awarded	100 Inner City property redevelopment projects awarded
Actual	11 Inner City property redevelopment projects awarded				11 Inner City property redevelopment projects awarded

Target Exceeded

Create a culture of enhanced service delivery with pride

3.1. Train - 370 employees

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	70	70	130	110	370 employees trained
Actual	17 employees trained				17 employees trained

Target not achieved: due to tweaking of the structure and confirmation of the new functions, Training interventions had to be reviewed and aligned to address the new business demands.

3.2. 100 % Completion of skill audit for level 7 to 9 employees

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	20% completion of skill audit for level seven to nine employees	20% completion of skill audit for level seven to nine employees	30% completion of skill audit for level seven to nine employees	30% completion of skill audit for level seven to nine employees	100% completion of skill audit for level seven to nine employees
Actual	Nil				Nil

Target not achieved: A report on the skills audit approach was submitted to REMCO for approval as such the skills audit will commence in the second quarter.

3.3. 90% of funded strategic vacancies filled within 90 days

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	5% of all strategic vacancies filled within 90 days	35% of all strategic vacancies filled within 90 days	30% of all strategic vacancies filled within 90 days	20% of all strategic vacancies filled within 90 days	90% of all strategic vacancies filled within 90 days
Actual	Company Secretary Position filled				Company Secretary Position filled

Target achieved: City granted a budget R 5077,220.08 in this quarter and the recruitment will continue to proceed in the coming quarters

3.4. Disciplinary cases to be concluded within 90 working days

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	100% Disciplinary cases to be concluded within 90 working days	100% Disciplinary cases to be concluded within 90 working days	100% Disciplinary cases to be concluded within 90 working days	100% Disciplinary cases to be concluded within 90 working days	100% Disciplinary cases to be concluded within 90 working days
Actual	Nil				Nil.

Target not achieved; Due to matter being referred for investigations and postponements.

3.5 Ninety percent success rate in all concluded disciplinary cases

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	90% success rate in all cases concluded	90% success rate in all cases concluded	90% success rate in all cases concluded	90% success rate in all cases concluded	90% success rate in all cases concluded
Actual	nil				nil

Target not achieved – Quarter under review saw no finalisation of disciplinary cases

3.6. Improving the safety of employees by ensuring zero fatalities.

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	Nil	Nil	0 % fatalities through effective internal	0 % fatalities through effective internal	0 % fatalities through effective internal a report issued
Actual	0 Fatalities				0 Fatalities

Target achieved

4 Enhance our financial sustainability

4.1. R200 m income raised from leases and servitudes sales

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	R50m income raised from leases and servitudes sales	R50m income raised from leases and servitudes sales	R50m income raised from leases and servitudes sales	R50m income raised from leases and servitudes sales	R200m income raised from leases and servitudes sales
Actual	R29, 1 million raised from leases and sale of servitudes sales				R29, 1 million raised from leases and sale of servitudes sales

Target not achieved: This KPI is linked to the number of leases released. This will improve in the coming quarters as more transactions are approved at Council and EAC.

4.2. 30 % Implementation of the outdoor advertising masterplan (transitional plan)

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	5% implementation of the Outdoor Advertising masterplan	5% implementation of the Outdoor Advertising masterplan	10% implementation of the Outdoor Advertising masterplan	10% implementation of the Outdoor Advertising masterplan	30% implementation of the Outdoor Advertising masterplan

Actual	10% implementation of the Outdoor Advertising masterplan				10% implementation of the Outdoor Advertising masterplan
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Target Exceeded

4.3. 100% spend of allocated Capex

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	20% spend on allocated Capex	30% spend on allocated Capex	35% spend on allocated Capex	15% spend on allocated Capex	100% spend on allocated Capex
Actual	8% spend on Capex projects				

Target not achieved; In the first quarter, the planning project stage and conditional assessments are conducted which informs the SCM aspects and this affects expenditure on the Capex budget. It is envisaged that this KPI will improve in the forthcoming quarters.

4.4. Unqualified audit (clean audit)

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Actual					

Not due this quarter

4.5. 100% Resolution of Auditor General and Internal Audit findings within four months after the report issued

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	100% resolution of findings within four months after a report issued	100% resolution of findings within four months after a report issued	100% resolution of findings within four months after a report issued	100% resolution of findings within four months after a report issued	100% resolution of findings within four months after a report issued
Actual					

Not yet Due

Section 1.1. Asset Management

The portfolio of the City has a total value of R9, 245 billion which comprises of 29 420 properties for the period ending 30 September 2019. The table below illustrates the high level summary outlining the quantity and value per region.

Region	Value %	No. of Properties	Sum Of Value
Region A	8%	1775	R 759 089 142
Region B	17%	3987	R 1 602 586 408
Region C	12%	2353	R 1 117 735 403
Region D	10%	6388	R 884 210 917
Region E	19%	4903	R 1 729 207 662
Region F	15%	4842	R 1 431 702 126
Region G	13%	4682	R 1 173 004 370
Outside COJ Boundaries	6%	490	R 547 881 446
	100%	29420	R 9 245 417 475

Table 1: High Level Portfolio Summary

ASSET REGISTER MOVEMENTS

The following table illustrates the movements and updates of the Asset Register in relation to the movements that occurred in during the 1st quarter of the 2019/2020 financial year.

Monthly movements by quantity

Movement Category	19-Jul	19-Aug	19-Sep	TOTAL
Acquisitions	0	20	2	22
Disposals	-32	-24	0	-56
Net Movement	-32	-4	2	-34

Monthly movements by value

Movement Category	18-Jul	18-Aug	18-Sep	TOTAL
Acquisitions	R0.00	R421 747.14	R8 140 000.00	R8 561 747.14
Withdrawals	-R193 922.00	-R219 588.00	R0.00	-R413 510.00
Total	-R193 922.00	R202 159.14	R8 140 000.00	R8 148 237.14

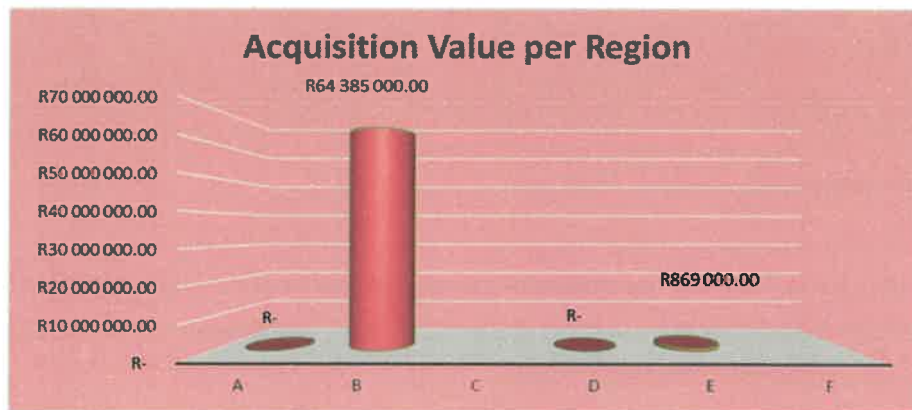
Acquisitions

A total of twenty two (22) properties to the value of R8 561 747.14 were acquired during the reporting period.

A total of eight (20) properties were acquired on behalf of Housing in order to deliver on the City's housing mandate.

A total of one (1) property relates to the expropriation of Remaining extent of Erf 1308 Berea which was acquired for incorporation into the City's road infrastructure.

A total of one (1) property relates to the vesting of Erf 2773 Diepsloot West Ext 1 which was acquired as part of conditions of Township Establishment to be utilised as a public open space



Disposals

A total of fifty six (56) properties to the value of R413 510.00 were disposed of in the reporting period.

Four (4) shops and nine (9) churches to the value of R18 770.00 and R169 978.00 respectively were transferred to beneficiaries as part of the Land Regularisation Programme. In addition, forty three (43) properties to the value of R224 762 relate to Housing Transfers to beneficiaries as part of the City's service delivery objectives.

Land Regularisation

Four (4) shops and nine (9) churches were transferred to entitled beneficiaries in Region D in terms of the conversion of rights governed by the Conversion Act 81 of 1988.

Housing Conversions

A total of forty three (43) residential properties reported herewith were transferred during the reporting period. All these properties were transferred as full title properties.

The regional representation of the movements is outlined on the graph below.

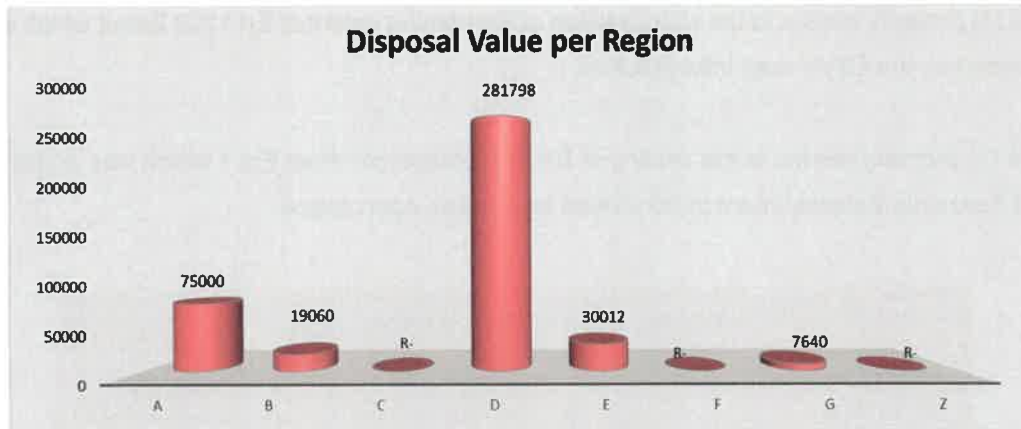


Figure 4: Disposal Value per Region - Rand Value

Net Movements

This section provides an indication of the impact of the movements on the value of the Asset Register. The reporting period shows a positive net movement of R8 148 237.14, which relates to an increase of 0.088% to the entire portfolio is as outlined on the table below.

ASSET REGISTER MOVEMENTS IN VALUE			
Month	Opening Balance	Movement	Closing Balance
19-Jul	R9 237 269 238.12	-R193 922.00	R9 237 075 316.12
19-Aug	R9 237 075 316.12	R202 159.14	R9 237 277 475.26
19-Sep	R9 237 277 475.26	R8 140 000.00	R9 245 417 475.26
NET MOVEMENT		R8 148 237.14	
		0.088%	

Table 5: Asset Register Movements in value

This positive movement is attributed to the fact that the value of the properties acquired exceeded the value of properties disposed during the period

Section: 1.1.2. Property Management

ACQUISITIONS

During the period under review, the following Transactions were processed:

No.	Property Description	Transaction Type & Department	Amount
1.	ERVEN 1191 –to 1214 CROSBY	Acquisition on behalf of the Housing Department for housing development purposes. The transaction is at registration stage.	R5 865 000,00
2.	Portions 781, 782 and 783 of the Farm Doornfontein	Transfer registered at the Deeds Office.	R5 100 000-00

No.	Property Description	Transaction Type & Department	Amount
3.	Portion 692 and the Remainder of Portion 302 of the Farm Doornfontein 92 IR	The property is being purchased on behalf of JMPD for vehicle impound purposes. Following Council approval in June 2019, the transaction is at contract preparation stage.	R40 000 000-00

The Property Management Department's Performance during the period was as follows:

FINALISED LEASES / SALES / SERVITUDES

The Tables below show the leases, sales and servitudes concluded during the first quarter of the 2019/20 financial year:

SALES

Region	Property Description	Sales
A	Erf 2326 Commercia - Permission to Build and Occupy - GDE	Donation
G	Erven 301 & 302 Klipriviersoog Estate (Road Closure)	163 000.00
Total		R 163 000.00

EXPECTED INCOME

Table below illustrates transactions awaiting the finalisation of agreements with the lessees

Region	Property Description	Income Per Month	Sale
A	Permanent closure and alienation of a portion of Bekker Road in Halfway House adjacent to Erven 2179 and 2180 Vorna Valley	-	R 1 570 000.00
	Erf 108 Crowthorne	-	R 1 000 000.00
D	Road closure sale of Brittlewood, Knobwood and in Dhlamini	-	R 1 300 000.00
	Total	R 0	R 3 870 000.00

SECTION: 1.1.3. PROPERTY DEVELOPMENT

The Property Development Unit is in the business of creating property assets for the COJ in such a way that social economic and financial returns are maximised. The unit employs a Development Facilitation process to create these assets in terms of which land is packaged and prepared for development by JPC and development is undertaken by third party developers procured in terms of the MFMA. Development is undertaken based on a long term development lease in terms of which entire development reverts to the COJ at no cost at the end of the lease period.

Projects are being managed to ensure a "pipeline" of development projects which will deliver a smooth and reliable flow of development and development returns. The Property Development Unit will support the identified strategic priorities as set out by the Mayor as follows:

Development pipeline projects	Project Status Quarter 1
✓ Randburg Civic Precinct	<p>Progress made to date is as follows:</p> <ul style="list-style-type: none"> • Award was made by EAC on the 05 September 2019 with investment value of R1.86 billion (including VAT)
✓ Victoria extension 3	<ul style="list-style-type: none"> • Bid Evaluation completed and report recommended to the October EAC. Investment value of R550 million
✓ Southern Farms	<ul style="list-style-type: none"> • Public Participation outcome and section 14(2) approval submitted to council for approval. We anticipate to obtain Council approval by End October 2019 and to go back to EAC by November 2019. The Spatial Development Framework including the extension of the urban edge is underway and we anticipate to have the approval by February 2020. • RFP was advertised, Award was made by the EAC in September 2019. Contract to be finalised by November 2019. • The activation of the phasing of the project to be reported to COJ EAC in November 2019 and contract to be finalised by March 2020. The Spatial Development Framework process including the extension of the urban edge is underway and we anticipate to have the process approved by council in February 2020. Extensive stake holder engagement process underway
✓ Soweto Gateway	<ul style="list-style-type: none"> • Township establishment application submitted and no objections were received. The RFP to be advertised by the 2nd Quarter. The anticipated development cost is R3.1 billion
✓ Rosebank Housing	<ul style="list-style-type: none"> • Rezoning application submitted and no objections were received. The Heritage Impact Assessment was approved by PHRA-G.

Development pipeline projects	Project Status Quarter 1
✓ Riverside view	<ul style="list-style-type: none"> • 1228 multi storey RDP units completed to date, allocations of last 170 units being done • 2156 single residential FLISP units and handed over • 457 Multi storey rental units completed • Currently 1148 multi storey RDP units under construction. • Currently 204 single residential FLISP units under construction in Riverside view ext 35
✓ Victoria Extension 3 – Development of high density mixed income housing development of 1452 residential units	<ul style="list-style-type: none"> • RFP for the first 755 units was advertised and tenders received were evaluated and recommended to October EAC award. We anticipate to have the award made by October 2019 and contract negotiations to be finalised by December 2019.
✓ OSO JABULANI CIVIC PRECINCT	<ul style="list-style-type: none"> • Public Participation Process has been completed and report on the outcome of the public participation and Section 14(2) has been submitted to Council. We anticipate to obtain approval from council by October 2019 and for the RFP for the development to be released by November 2019.
✓ JABULANI CBD	<p>Jabulani Cultural Precinct & Jabulani Amphitheatre</p> <ul style="list-style-type: none"> • The Construction of the 3 000 seater amphitheatre has reached practical completion, and has been handed over to COJ Theatres. The delay of the completion of this project was caused by the poor workmanship and non-performance from the previous contractors.

The following properties to be released out on tender for development lease and/or sale in the second quarter of 2019

Project	Estimated Investment Value	Status as at 30 September 2019
1. Parkhurst Bowling Club	R260 million	Section 14(2) obtained, RFP to be retendered in October 2019
2. Orlando Ekhaya	R400 million	Section 14(2) obtained, RFP to be released in October 2019
3. Soweto Gateway -	R3.2 billion	Public Participation Process completed, and outcome of public participation process and section 14(2) approval obtained. Township establishment application submitted and no objections were received. RFP for the development to be released in the 2 nd Quarter
4. Watt Street Interchange	R540 million	RFP was released and tender was non-responsive. Property to be retendered in the second quarter
5. Rosebank Housing	R260 million	Public Participation Process Completed, Section 14(2) approval obtained from COJ. HIA approval obtained. Rezoning application submitted and on objections received.
6. OSO Midrand	R1, 1 billion	Public Participation Completed, outcome of public participation and Section 14(2) approval obtained. Rezoning application submitted and no objections were received. RFP for the development to be released in the second quarter.
7. Langlaagte Testing Station	R500 million	Public Participation Process completed, report on outcome of public participation process and section 14(2) has been submitted to Council. We anticipate to obtain approval by October 2019 and RFP for the development to be released by second quarter.
8. Erf 9975 Orlando West	R80 million	Section 14(2) approval obtained from COJ. Property to be retendered in October 2019.

9.	Bryanston Corner Site	R180 million	Section 14(2) approval obtained. Rezoning approval obtained. RFP for the development of the site to be released October 2019.
10.	Various COJ owned filling stations	R130 million	Section 14(2) approval obtained. RFP to be released in October 2019.
11.	Rissik Street Post Office	R164 million	Section 14(2) approval obtained. RFP for the development to be released in October 2019
12.	Petervale	R100 million	Section 14(2) approval obtained. RFP for the development to be released in October 2019
13	Bara Corner Site	R100 million	Section 14(2) approval obtained. RFP for the development to be released in October 2019

ROSEBANK EVENTS PARK

The city owned parkland system is seen as integral to the development of Rosebank into a high density mixed-use node. In order to protect and maintain an open space system in the heart of the area, a linear park concept was developed in conjunction with other internal and external stakeholders.

The linear park concept proposes a passive component to the park and an active component that would also cater for events and exhibitions. A development concept for the events park component was produced.

The Contractor was appointed by JPC for the construction of the Rosebank Recreation/ Events Park with an aim of ensuring an inclusive park that balances commercial and social / community needs for open space, creating an open space that links the existing networks and also create new pedestrian networks.

The project is 96% complete and included the removal of concrete structures and vegetation and installation of paving completed, Installation of lights, construction of stage area and pergolas 100% complete. The planting of grass and trees 100 % complete. Street furniture installation underway. Kids play area furniture will be received on 11 October 2019 and the Contractor anticipates to finish the installation on the 13th of October.



Section: 1.1.4. Facilities Management

Current Situation

As the City has not yet finalised its replacement panel to the 494/16 Departments continued to request JPC for assistance in execution of maintenance related services. To date the following Departments have requested the services of JPC for the execution of maintenance related services through its panel of service providers:

Services provided is of a project management nature which includes

- Finalisation of a list of priorities for buildings/facilities to be maintained and fitted out,
- Appointment of turnkey programme/project managers,

- Finalisation of transactions up to payments and recovery from Departments.

DEPARTMENT	Q1 Target (a) Actual	Q1 Target (b) Actual	Budget
Public Safety: JMPD	SLA being circulated for signature and request for quotations for Project Managers have been advertised	Not Achieved.	R 45 423 000.00
Public Safety: EMS		No appointments have been made as yet.	R38 551 000.00
Public Safety: Head Office			R85 482 000.00
Community Development	SLA finalised Preliminary BOQ handed to Project Manager for confirmation and pricing	Not Achieved. No appointments have been made as yet.	R 70 000 000.00
Social Development	SLA finalised Department is finalizing its priority list of buildings to be maintained	Not Achieved. No appointments have been made as yet.	No Annexure List of facilities awaited received auditing quotes with Purchasing order to appoint.
Group Finance	Group Finance has not committed to requesting services during this quarter	N/A	R 29 240 000.00
Health Department	Health Department has not committed to requesting services during this quarter	N/A	R 15 000 000.00
Transport Department	Request for maintenance and facility refurbishment received. SLA in place – Addenda required for certain projects	Not Achieved. No appointments have been made as yet. Awaiting results of discussions with Transport regarding settlement of current debt.	85 482 000.00
Economic Development Department	SLA in place	Not Achieved. No appointments have been made as yet.	R 4 398 000.00
Housing Department	SLA in place. Planning complete	Not Achieved. No appointments have been made as yet.	R 91 896 000.00

JPC Planned Capex Projects: R 10 Million

Fordsburg Linear Market (Phase two)

Region & Ward	Project Amount	Timelines	Project Status
Re-Designing and Construction of the Fordsburg Linear Market (Phase two) being the refurbishment of the public convenience, Additional roof and to ensure that the train restaurant area and the entire market also comply with the Environmental Health.	R10 Million	6 months	Ongoing
Public Conveniences New Public toilets JOHANNESBURG Ward F	Identification of sites in progress	6 months	Ongoing



Section: 1.1.5. Outdoor Advertising Portfolio

Summary of progress on the implementation of the Transitional Period

Following the determination of a Transitional Period by Council on 14 March 2019, the City issued a 60 day notice to urge all property and media owners to declare all their advertising assets erected on any land to determine their compliance. The aim of the notice is to oversee a fair, accountable, inclusive and transparent participation by the industry as a whole subject to full disclosure of existing advertising assets to the City.

Based on declarations made, JPC obtained approval from EAC to enter into 36-month transitional agreements with seven (7) media companies whose leases lapsed due to effluxion of time. The new agreements will ensure that the City benefits from the existing signs through payment of 50% rentals of turnover from each site.

The balance of reports to seek EAC awards are being finalised to be presented in the next quarter of the year under review. Once completed, this process will contribute just over R 2 million rand in rentals to the City based on 2018/9 turnover values.

Unfortunately, unscrupulous media owners are taking advantage of the period to erect advertising signs on all land without Council's approval. There is no suggestion in the said notice that provides for the erection of new advertising signs without due regard to applicable law in an effort to be eligible for such indulgence.

The City has activated an emergency plan to ensure that these signs are removed timeously through various avenues. In addition, media statements and live interviews were issued to provide clarity of the notice that is being deliberately misinterpreted and the City's response against this rampant disregard of the law. A draft policy framework has been finalised and is currently being considered internally for comments before public participation planned for November 2019 is initiated. The process of adopting the framework and the masterplan is on track to be finalised in the third quarter of the year under review.

With regard to the implementation of the outdoor advertising masterplan i.e. Transitional plan JPC has managed to achieve 10 % implementation of Outdoor Advertising masterplan which translates to following deliverables:

- Public Notice Issued for declarations to be made (5%)
- In line with the guidelines of the Transitional Report approved by the Council on 14th march 2019, JPC invited all its leaseholders to obtain full disclosure of their advertising assets on CoJ' sites in May and June 2019. Priority was given to companies whose agreements with the City lapsed due to effluxion of time. On receipt of declarations from these media companies, JPC submitted reports to EAC on 11 September 2019 and following companies were awarded 36 month transitional agreements (5%):
 - ✓ TopSpot Sites cc
 - ✓ Sign Base Outdoor Advertising cc
 - ✓ Alive Advertising (Pty) Ltd
 - ✓ Movie Magic (Pty) Ltd
 - ✓ New Area Outdoor (Pty) Ltd
 - ✓ Front Row Communications (Pty) Ltd (Taxi Ranks)
 - ✓ Outsmart Outdoor (Pty) Ltd (Taxi Ranks)

Plans for next Quarter

One of the critical deliverables of the transitional period is to increase the revenue from the sector. In this regard, JPC has already initiated a process to obtain Council authority for the use of certain COJ sites for new business development. Upon approval by Council, all approved COJ sites shall be made available for a competitive bidding process only after approval by the City in terms of the By-laws has been obtained. This will ensure that advertising signs can be erected for new business as soon as awards have been made by the EAC.

Section: 1.1.6. Special Projects

Community-Based Projects

Professional Work Services

The Community Based Programme of projects was initiated in the previous financial year, 2017/18. The Programme implementation is being staggered over multiple financial years as per SLA between JPC and the department, Group Strategy Policy Coordination and Relations (GSPCR). The first phase entailed the design process and initial stakeholder engagement processes, all projects progressed to Stage 3, with the exception of Yeoville Library remaining at Stage 1 at close of financial year (2017/18). The current financial year comprised of the updating of all the artistic designs up to Stage 4.

Furthermore, the Service Provider commissioned a Health and Safety plan in order to prepare for the construction phase. The Service Provider provided detailed cost management, scope management, time management, quality management, risk management, empowerment plans, as well as public benefit plans.

Professional services are currently up to stage 4 designs, and the Service Providers have submitted to the Town Planning Department all the relevant documentation pertaining to professional work for consideration and approval by Council. The professional work services are, namely:

- Yeoville Library
- Lenasia Recreation Centre
- Devland Recreation Centre
- Malvern MPCC
- Naledi Library; and
- Noordwyk Sports Centre

Table 1: Summary of Envisaged Project Stages:

Professional work stage	deliverables / project completion
Stage:	<ol style="list-style-type: none"> 1. Project inception processes and preliminary investigations of site details and suitability. 2. Stakeholder liaison and needs analysis 3. Scope definition and budget determination
stage 2	<ol style="list-style-type: none"> 1. Concept development to address end user needs 2. Delimitation of site specific data to inform design criteria 3. Engineering and architectural concepts defined 4. Further stakeholder interaction and concept presentations
stage 3	<ol style="list-style-type: none"> 1. Design development stage entailing the meeting of minds between all major professionals <ol style="list-style-type: none"> a. Architectural designs developed to advanced schematics and visual renderings b. Civil Engineering Reports updated. Preliminary foundation designs and structural elements incorporated into the design c. Quantity Surveyors Bill of Estimates produced and/or updated d. Mechanical and Electrical Engineers designs incorporated into designs. e. Fire protection, Wet services and Lightning protection designs produced 2. Further Stakeholder input and refining of designs
Stage 4.2	<ol style="list-style-type: none"> 1. Construction Drawing Pack production 2. Tender document preparation (Where a project is going out on tender) 3. Council submissions 4. Final construction Budget production
Stage 5	<ol style="list-style-type: none"> 1. Construction Supervision 2. Professionals Monitor and approve work done 3. Report Production and value engineering of the project 4. Scope change management
Stage 6	<ol style="list-style-type: none"> 1. Close out procedures initiated 2. Final Reporting and work certifications

Inner City Property Development Projects

Inner-city rejuvenation is a key focus area of the current administration's agenda for Johannesburg. The Inner City rejuvenation programme/project has been established with the intention of building an inclusive society with an enhanced quality of life for the residents of the Inner City. To-date Phase One, Two and Three have been implemented concurrently. Since its inception in October 2017 consistent progress has been witnessed in the Inner City Rejuvenation Programme.

Phase One and Two

A total of 27 developments have been awarded to various private entities for development as part of the Inner City Rejuvenation Programme. Since award JPC has had the opportunity to engage all the developers regarding their respective development intents (Project Programme), obtaining of development/building rights. Furthermore, our engagements have also extended to various other stakeholders such as Ward Councillors, COJ Departments (i.e. COJ Housing, COJ Development) and community members to ensure that the programme is implemented seamlessly across the board.

One of the highlights of Quarter 1 was that a Sod Turning Ceremony was hosted by the Office of the Executive Mayor in collaboration with JPC. The ceremony was hosted on the 21st August 2019 and properties which are near ready for construction and were awarded in Phase 2 of the Programme were visited and showcased on the day. One of the main objectives of the tour/visit was to encourage meaningful and sustained stakeholder engagement (i.e. between the communities, councilors, developers, and City officials who work with the teams). By the same token, JPC carved the responsibility of the developers to select SMME's and later create a database, which Joburg Property Company (JPC) will subsequently monitor, by ensuring that work packages (professional and construction) are created, which ultimately promotes one of the City's objectives to advance designated groups. Below is a list of the developments visited on the day, as well as pictures of one of the sites visited during the tour:

The developments visited:

Stand Number	Physical Address	Developer Awarded
Erven 43, 44, 91, 92 Yeoville	Cnr Joe Slovo & Hendon Street	Bayete Capital (Pty) Ltd
Remainder of Portion 260 of Farm Doornfontein 92IR	Albertina Sisulu & Staib Street	JM Corporate Real Estate Solutions and Ryden JV
Erven 235 – 240 Vrededorp	Eighth Street	Izicwe Consulting Services
Erven 171 – 178 Marshalls Town	88 Marshall Street	Nthwese Developments

Sod Turning Ceremony (continuation...)

1 of 4

o *Yeoville Student Accommodation Development*



#BuildingNewJozi

Phase 3

The tender for the 70 Orange Grove Properties advertised on 30 April 2019 & closed on 31st of July 2019. Subsequently, on 14 August 2019, the COJ City Manager approved the Bid Evaluation Committee Composition. The Bid Evaluation Committee meetings took place from 19 August 2019 up to 30 August 2019 at the City of Joburg Property Company offices. Following a thorough Bid Evaluation and subsequent adjudication by the Executive Adjudication Committee (EAC), the following properties have been recommended to the City Manager for award:

No.	RFP	Property Description	Number of Jobs Created	Dev Cost excl Vat	JPC Facilitation Fee
1	33/2019	Erven 1, 3, 5 Orange Grove	14	R 11 040 168	R 165 603
2	34/2019	Erven 14, 17, 18, 19, 20, 21, 22, 23, 24, 26, 28 and 29 Orange Grove	156	R 125 229 918	R1 878 448,77
3	35/2019	Erven 31 and 32 Orange Grove	20	R 7 700 000	R 115 500
4	36/2019	Erven 35, 36, 37, 39, 40 and 42 Orange Grove	80	R 46 328 033.26	R 684 650.74 (excl. VAT)
5	37/2019	Erven 45, 46, 47 And 48 Orange Grove.	50	R 39 000 167.00	R 451 986.00
6	38/2019	Erven 151, 152 And 153 Orange Grove.	50	R 27 487 000.00	R 323 700.00
7	39/2019	Erven 201 and 202 Orange Grove.	4	R 3 557 321.00	R 53 359.82.00
8	40/2019	Erven 227, 228 and 229 Orange Grove.	9	R 6 673 525.00	R 75 308.00
9	41/2019	Erven 245, 247, 249, 251 and 253 Orange Grove	14	R 10 803 728	R162 056
10	48/2019	Erven 326, 327, Rem/328, 329 Houghton Estate	106	R 18 946 122.00	R 284 191.83
11	49/2019	Erven 300, 301, 302, 303, 304, 305, 332, 333, 334, 335, 336	250	R 146 871 352.00	R 2 203 070.28

		And 337 Houghton Estate			
Total:	11		753	R 443 637 332	R 6 397 874,44
Developments					

SECTION 1.2.2: MARKETING AND COMMUNICATIONS

Marketing and Communications

The first quarter got off to a good start. July had the closing of the Orange Grove and Houghton Estate properties that were available to developers. This attracted a number of submissions and it is anticipated that these awards will happen in the month of October 2019. The Marketing and Communications team focused on the following issues by month:

Month	Theme	Activities
July	Service Month	Mandela Day, CSI aspect and Dan House Homeless Shelter
August	Women's Month	<p>Sod Turning Ceremony that enabled recipients of four of the developments awarded in April 2019 to showcase the work done to date. This enabled the JPC to show the work done to date to the public and the women empowerment aspect as well.</p> <p>Continued monthly engagement support of institutions like Women's Property Network (WPN) and the South African Institute of Black Property Practitioners (SAIBPP) through their Regional and Marketing Committees to promote transformation and meaningful engagements for the members</p>
September	Heritage Month	<p>Website carries a site that speaks to art in a project that the JPC worked on namely the Council Chamber and the facilitation of a collaborative effort between Afrisam SAIA that is to be hosted in the Council Chamber in October 2019.</p> <p>Supported the SAIBPP Convention through facilitating a delegation to attend. Amplified on social media Ms Helen Botes' receipt of the SAIBPP President's Award.</p> <p>Outdoor Advertising addressed in media through television interview – eNCA and two radio broadcasts. The media covered this through Anna Cox's Metro Watch in The Star.</p> <p>Joburg Market launches R144 million development at the People's Market and the Taxi Rank. The JPC are the project managers of this job and as such will participate in the future marketing beyond the sod turning ceremony.</p>

There is regular and constant growth on the social media pages; the most prominent being the twitter account which simply lends itself to ease of communication. Internal Communications continue to run efficiently through the Intranet and regular newsletters on issues that are of interest to the staff of the company.

This quarter there were four newsletters – the traditional Getting to Know You, which talks to staff about their colleagues and their interests outside the office. Staff Talk addresses projects that the JPC works on and by so doing allows for progress reports in a relaxed manner. Both these newsletters are produced internally.

The Joburg Property Company also received a letter of invitation from the Green Buildings Council of South Africa to serve on the organisations Marketing and Communications Committee. Currently, the City of Johannesburg is developing a Green Building Policy through the Development Planning Department.

Section 1.2.3 Information Technology (IT)

JPC IT Internal Audit focused on the following Areas/ Auditable spheres

Number	Focus Areas/ Auditable spheres for period under review	Document /policy required
1	IT Governance	Latest Approved and signed <ul style="list-style-type: none"> ✓ IT Governance Policy Framework ✓ IT Strategic plan ✓ IT Steering Committee's terms of reference ✓ IT structures (Committees) ✓ Risk Management Policy and Framework ✓ Service level agreement (2018/19) ✓ Minutes of steering committee meetings (2018/19) ✓ Financial information covering IT expenses ✓ Lead schedule/financial information for systems that are being implemented during the financial year under review ✓ IT risk assessment report ✓ IT organogram ✓ CV for the information security officer/CIO/ IT manager latest CV

Number	Focus Areas/ Auditable spheres for period under review	Document /policy required
2	User Account Management	<ul style="list-style-type: none"> ✓ User Account Management Policy and procedures ✓ List of new users ✓ List of amendments/ modifications of user accounts ✓ list of terminated users/suspended/disabled (2018/19) ✓ Password Standards ✓ List of Password Resets (Forgotten or Irretrievable Passwords) ✓ User Identity Management ✓ Logs of Periodic Review of User Profiles/Access
3	Service Continuity	<ul style="list-style-type: none"> ✓ IT Disaster recovery plan ✓ Disaster recovery test reports ✓ Data Backup and Retention Strategy/ Policy ✓ Schedule for taking and logging backups ✓ Schedule for testing of backups ✓ Data Backup and Media Monitoring Records ✓ Offsite Storage of Backups and Retrieval records ✓ Internal data Backup and database Restoration records
4	Security Management	<ul style="list-style-type: none"> ✓ Information Security Policy ✓ Screenshot of Antivirus software ✓ List of all patches applied during the year ✓ Screenshots of passwords configuration settings ✓ Logs of security breaches/incidents ✓ Approved Firewall policies/framework ✓ Firewall ruleset ✓ Change management process of Firewall ✓ Logs of Firewall administrative activities ✓ Logs of traffic passing through Firewall ✓ Patch Management Procedures ✓ Antivirus Management Procedures
5	Physical and Environment	<ul style="list-style-type: none"> ✓ Physical and Environmental policies and procedures ✓ Access register to server room

INNER CITY REJUVENATION

JPC IT has designed the specification for the ICT Smart City Requirements as part of Information Technology being an enabler for business projects. The ICT Smart City Requirements are as follows:-

ICT Requirements,

- WLAN
- Core Networking Devices Specification
- Smart Campus - Integrated Security Management
- Smart Campus - Public Address System
- Smart Lamp Poles Specifications
- Smart Campus - Smart Parking Specifications
- Smart Campus - CCTV

Provisioning of Connectivity to the Intelligent Operations Centre (IOC) JMPD Martindale Gauteng, all connectivity services must be aligned to Metro Trading Company (MTC) connectivity provider for City of Joburg.

ICT SMART CAMPUS Conceptual Overview: as per diagram below



Already, one building / facility has been identified to incorporate the ICT Smart City component. Which is the Walter Sisulu Square of Dedication is in the heart of Kliptown, Soweto. It is South Africa's first township entertainment explosion centre with a strong socio-political heritage. Like other squares throughout the world, it comprises of open spaces as its centre core which is surrounded by structures used for different purposes i.e. attracting both national and international attention with its broad variety of outlets suitable for local traders, event coordinators and international tourist.

PABX REPAIRS / REPLACEMENT

PABX System is a telephone network that is commonly used by call centres and other organisations that allows for single access numbers to offer multiple lines to outside callers while providing a range of external lines to internal callers and staff.

JPC IT has a management tool that IT uses to manage and administrate the usage of telecommunication of the entire organisation and minimise the over usage of telephone privileges. All telecommunications can be centrally administered through Rampage which is an application that works hand-in-hand with the PABX.

Repairs Required to PABX

In order for the system to run on both servers again, repairs are required in the form of reloading the VCX Enterprise Version 9.5.13 on the primary VCX server. Even though the repairs to the system have been provisioned there is no support and maintenance.

JPC IT would require 271 user licenses including SLA to use on the new PABX, and current phone hardware compatibility would need to be analysed before implementation. If the current phone hardware is not compatible, JPC IT would require 271 compatible phones. The cost for 271 user licenses is R3 91999 980.00 and Service Level agreement (SLA) R3 980 000.00 excluding vat.

WEBSITE HOSTING

A Service provider by the name Pii has been awarded the hosting of the new JPC website for a period of 6 months. The primary objectives of JPC new website development effort focused on aesthetics, simplifying our content, and increasing the visibility of our service areas. The new design also allows for streamlined menus, clear navigation, and a responsive layout catered for all platforms.

The updated site includes changes to navigation, with dropdown menus for both mobile and desktop versions. The structure of website content improved, as to provide a quick read. One of the biggest changes apart from the look and feel is the fact that the new site will be fully accessible on both mobile and desktop devices. The new intranet site provides a holistic overview of JPC intra-departmental functionality and will go- live in coming quarters.

Section: 1.2.1. Client Relations Management

Stakeholder Engagement Strategy

The department in this quarter implemented the following initiatives and engagements in line with its objectives as indicated in the business plan.

Stakeholder Engagements

Highlights or key interventions for the period – 1 July 2019 to 30 September 2019

- Various site visits to identify invaded properties and to apply for court interdicts;
- Vigorous programme to improve debt collection initiatives;
- Radio and television interviews on the proliferation of illegal outdoor advertising;
- Presented to all relevant Section 79 committees on matters relating to JPC;
- Attended Petitions Standing Committee meetings and tabled reports regarding petitions relating to JPC.
- Addressed Councillor property related matters Region B to enable efficient operations and to build effective relationships with the MMC's and Ward Councillors;
- Introduced Ward Councillor and Regional Director escalation mechanism with the office of the MMC Economic Development to ensure that all enquiries are responded to within the timeframes agreed to;

All matters raised at the various forums have been addressed with either immediate action to address the matter or by indicating the process to be followed to resolve these matters.

Regional Stakeholder Engagements

Various stakeholder engagements were held whereby JPC attended meetings, operations and forums. Client servicing and stakeholder engagement/management are not the sole function of CBO but an inherent business requirement of all units within JPC whether the client is internal or external.

The table below indicates the key stakeholder engagements and includes interventions by Asset Management, Acquisitions, Client Business Operations, Property Management and Stakeholder Consultants wherein meetings and/or site visits were conducted outside JPC offices. This list excludes management attendance at COJ meetings such as Service Delivery Joint Operations Committee, Technical Cluster (Economic Growth and Inner City), Sub-Mayoral (Economic Growth and Inner City), Mayoral (normal, Shareholder & Visible Service Delivery), Section 79 (Economic Growth) and Petitions which meetings are included in the annual year planner and must be attended by JPC. Special meetings are also convened from time to time to table additional items not included in normal agendas or where a matter is urgent or an emergency.

Region	Weekly Open Day Pilot	RVSD	Ward Council Forum (WCF)	Councillors Meetings	Meetings / Site Visits / Depts / Entities	Site Visits / Meetings / Other	Site Visits for Transactions / Queries	Site Visits projects and facilities	A Re Sebetse ng & Other Cleaning Exercises	S14(2) Circulations to RD's & Ward Councillors	Petitions Site Visits / Round Table Meetings
A							7				
B	12	3	1	1	0	2	6	1	2	10	0
C	0	1	2	0	4	0	17	0	0	5	0
D	0	0	0	0	4	4	16	0	0	0	0
E							0				
F	10	2	1	0	0	0	0	0	1	1	1
G	13	3	1	0	0	12	7	0	1	2	1
TOTAL	35	9	5	1	8	18	53	1	4	18	2

Companies Targeted for Engagements on Property Issues

Region	Company/Department/Entity	Date	Target Audience	Subject Matter
ALL	ENCA	19 September 2019	All	Illegal Outdoor Advertising

Region	Company/Department/Entity	Date	Target Audience	Subject Matter
ALL	Wits	19 September 2019	All	Illegal Advertising Outdoor
ALL	Power FM	19 September 2019	All	Illegal Advertising Outdoor
ALL	Community and local Newspapers	19 to 30 September 2019	All	Illegal Advertising Outdoor

Presentations Made

Meeting	Date	Target Audience	Subject Matter
ALL Economic Growth Section 79 Committee	22 August 2019	Political representatives and senior administrative executives from departments and entities under the Economic Growth Cluster	Transactions Reports to be tabled at Council for approval
ALL Mayoral Committee	22 August 2019	Executive Mayor, MMC's and senior administrative executives from departments and entities	Land Audit
ALL Human and Social Development cluster	03 September 2019	Senior administrative executives from departments and entities under the Human and Social Development cluster	EMT structural assessment on the Metro Centre

Operations Management

Tracked matters arising for the various committees to ensure timeous submission of accurate reports. Submitted 40 reports to council for approval to enable property managers to expedite and/or conclude property transactions for sales, leases, public participation, development leases and servitudes.

Property Information Centre

During the period under review the Property Information Centre contributed positively to the overall efficiency and effectiveness of JPC

No.	Description	Task	Outcomes
356	Circulations	Loaded onto PIMS from the various departments and entities	Enables Property Managers to track work in progress and timeously request valuation

No.	Description	Task	Outcomes
			reports to prepare reports for the committee cycle
47	Site inspection forms	Loaded site inspection forms onto PIMS from the Property Administrators	Enables all JPC users to access key information on properties visited in order to enable effective decision making and to implement interventions timeously where required
330	EAC packs	Replicated 9 packs for various properties within a short turn-around time Replicated 13 packs for Orange Grove properties within a short turn-around time Each pack comprises approximately 200 pages	Enabled submission and tabling of reports to the COJ Executive Adjudication Committee for property transactions approved at Council to fast track finalisation of sales and leases
2	Course attendance	Attended 1 day Records Digitisation Training	Participation in provincial programmes and improvement of archiving systems and processes

Client Services

Client Services Unit (CSU) attended to 872 walk-in clients for Quarter 1 of the 2019 – 2020 financial year

Category	Service	Q1 & YTD	% of Transactions
		Total Walk In Clients	
A	Follow-Up Enquiries	166	13.96%
B	New Enquiries	1017	85.54%
C	Ward Councillors	6	0.50%
	Total	1189	100.00%

CSU attended to and immediately closed 364 enquiries relating to general property information, zoning and ownership. 41 enquiries were escalated to Asset Management and Regional Managers for analysis. The escalations are due to indications that the particular land parcel or building queried is encumbered in some way or another. These include matters wherein a caveat exists on a particular property and/or there is some information on hand that suggests that there were potential transactions and/or complexities which require resolution by either a COJ entity or department or another sphere of government before JPC can transact. In some instances even though the outcome of such assessment is negative for the client in that JPC may not transact by way of circulating for comments it enables JPC to resolve encumbrances which are largely legacy related.

Detailed below is an analysis of the demand for properties and use across the regions.

Table 1: Regional Breakdown of 41 Escalations to Asset & Regional Management (Potential Availability Analysis) for 1st Quarter 2019/20

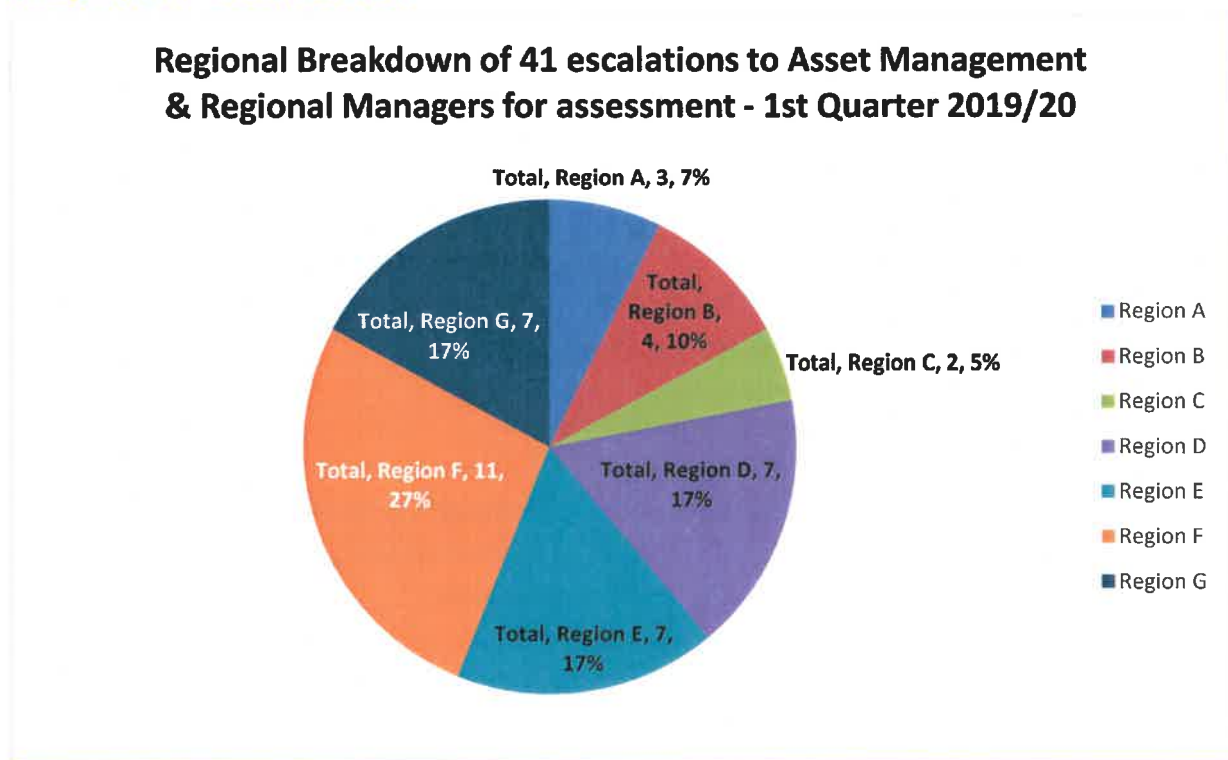


Table 2: Regional Breakdown per type of 41 Escalations to Asset Management & Regional Managers by Type (Potential Availability Analysis and Transactions) for 1st Quarter 2019/20

DESCRIPTION	REGION							TOTAL
	A	B	C	D	E	F	G	
Commercial: Business	0	0	0	2	0	1	1	4
Commercial: Business – Car Wash	0	0	0	0	0	1	0	1
Commercial: Encroachment	0	3	1	0	1	4	0	9
Commercial: Parking	1	1	0	0	0	0	0	2
Commercial: Residential	1	0	0	0	0	0	2	3
Commercial: Road Closure/Security Access/Road Reserve	0	0	0	0	2	0	0	2
Commercial: Sanitary lane	0	0	0	0	0	2	0	2
Commercial: Servitude (Cancellation/Registration/ROW)	1	0	0	0	3	2	0	6
Commercial: User Agreement / Event	0	0	0	0	0	1	0	1
Land Regularisation	0	0	0	2	0	0	0	2
Outdoor Advertising	0	0	0	1	0	0	0	1

DESCRIPTION	REGION							TOTAL
	A	B	C	D	E	F	G	
Social: Community Facility – Church/Place of Worship	0	0	1	1	0	0	1	3
Social: Community Facility – Community Organisation (NGO/NPO)	0	0	0	0	0	0	2	2
Social: Community Facility – Creche/Day Care Centre/ECD	0	0	0	0	0	0	1	1
Social: Community Facility – Sports and Recreation	0	0	0	0	1	0	0	1
Social: Recycling/Buy Back Centre	0	0	0	1	0	0	0	1
Grand Total	3	4	2	7	7	11	7	41

SECTION 2 JPC Performance Service Standards

	Core Service	Service Standard Target	Level	Q1 Actual Total	Year to Date	Variance at September	September Variance explanation	September Mitigations
KPI 1.1	Response in acknowledgement of requests, enquiries and complaints	Within 1 day of call	logged	874	874	0%	Not applicable	Not applicable
KPI 1.2	Provision of answers and/or results related to the receipt of the requests and enquiries regarding properties	Within 3 days of call	logged	874	874	0%	Not applicable	Not applicable
KPI 1.3	The performance of emergency work for JPC managed facilities	Within 1 day of call	logged	95	95	0%	Not applicable	Not applicable
KPI 1.4	Performance of minor works on facilities managed by JPC	Within 2 days of call	logged	208	208	0%	Not applicable	Not applicable
KPI 1.5	Performance of major works on facilities managed by JPC	Within 5 days of call	logged	5	5	0%	Not applicable	Not applicable
KPI 1.6	Complete the sale or lease and registration of servitudes of Council owned land	Within 6 months after Council Approval in terms of Section 14(2) of the Municipal Finance Management Act		0	0	0%	Not applicable	Not applicable

Core Service	Service Standard Target	Level	Q1 Actual Total	Year to Date	Variance at September	September Variance explanation	September Mitigations
KPI 1.7	Tender placed after Council approval and COJ Executive Adjudication Committee	Within 4 months of COJ Executive Adjudication Committee approval	0	0	0%	Not applicable	Not applicable
KPI 1.8	Internal allocation of land and buildings to City Departments and Entities (PTOB : Permission to occupy and build and lease office space from third parties)	Within 60 days of application and budget confirmation	0	0	0%	Not applicable	Not applicable
KPI 1.9	Performance of surveys on the condition of all plant and equipment in order to allow the assessment of the required repairs and maintenance of facilities managed by JPC	Quarterly	48	48	0%	Not applicable	Not applicable
KPI 1.10	Response to general enquiries at client services counter	Within 24 hours of logged call	399	399	0%	Not applicable	Not applicable
KPI 1.11	Response to enquiries regarding transactions in pipeline	Within 24 hours of logged call	743	743	0%	Not applicable	Not applicable

Core Service	Service Standard Target	Level	Q1 Actual Total	Year to Date	Variance at September	September Variance explanation	September Mitigations
KPI 1.12	Response to applicants/interest to lease or acquire (formal applications) land and/or buildings	Within 30 days of application	15 of 41= 37%	15 of 41= 37%	63%	Some enquiries require in-depth investigations, interrogation, and dependencies on COJ departments, entities, site visits or other spheres of government which result in delays in turnaround times	Ongoing monitoring and reminders to departments, entities and clients whom JPC has requested further information and/or clarity from in order to determine the way forward

N1: Standard not yet due

N2: No request received for the quarter under review

	Quarter 1 2019/20				Total	Quarter 1 & YTD			
	Jul-19	Aug-19	Sept-19	Total		Jul-19	Aug-19	Sept-19	Total
KPI 1.1 Response in acknowledgment of request, enquiries and complaints within 1 day of logged call	288	293	293	874					
Walk In Clients	101	134	129	364				364	
CSU In Box	115	121	108	344				344	
General Enquiries	16	11	8	35				35	
Councillor Inbox	56	27	48	131				131	
Total	288	293	293	874				874	
KPI 1.2 Provision of answer/or results related to the receipts of the requests and enquiries regarding properties within 3 days of logged call									
Walk In Clients	101	134	129	364				364	
CSU In Box	115	121	108	344				344	
General Enquiries	16	11	8	35				35	
Councillor Inbox	56	27	48	131				131	
Total	288	293	293	874				874	
KPI 1.10 Response to general enquiries at client services counter within 24 hours	117	145	137	399					
Walk In Clients	101	134	129	364				364	
General Enquiries	16	11	8	35				35	
Total	232	266	245	743					
KPI 1.11 Response to enquiries regarding transactions in pipeline within 24 hours									
Walk In Clients	101	134	129	364				364	
General Enquiries	16	11	8	35				35	
CSU In Box	115	121	108	344				344	
Total	232	266	245	743					
KPI 1.12 Response to applicants interest to lease or acquire (formal applications) within 30 days of application	38%	43%	29%	37%					
Escalations Completed in 30 Days	5	6	4	15				15	
Total Escalations	13	14	14	41				41	



CHAPTER 4: Human Resources & Organisation Management

Chapter 4; Highlights and achievement

SECTION 1: HUMAN RESOURCE AND ORGANIZATIONAL MANAGEMENT

In the first quarter, the Human Capital Management focused on planning strategic and operational deliverables for 2019/2020 financial year. Internal audit exercise was conducted in preparation for the AG (auditor general).

The organisation engaged in the implementation plan of the tweaked organisational structure initiative which was aimed at realigning the business, enhancing service delivery against core mandate, through refinement or tweak of the organisational structure without added further financial constraints. Progress has been made so far regarding the implementation of the approved organisational tweaked structures at lower levels and milestones achieved so far as noted below:

- All departmental structures have been verified and approved by the CEO
- Approved tweaked structures are currently being uploaded on the SAP system through Group HR Payroll Team.

The Employee Engagement Sessions were conducted from 08th to 23rd July 2019 and employees showed a positive reception. The sessions created awareness on where the business is and how employees need to change their mind set in terms of the way of working.

Employee buy-in was pivotal in acknowledging that their daily duties affect the overall productivity of the organisation and how the current business structure is expected to bring increase in terms of the organisation's revenue. A review of HR Policies was conducted and approved by the Board to ensure that the business is relevant and benchmarked ourselves to the current best practice and ensure that policies are consistent and effective in the organisation.

The main objective of this exercise was to update HR related policies and ensure that the business reinforces the right behaviours in terms of standard operating procedures emanating from the policies. These policies were discussed and are aligned to the legislative requirements and COJ policies.

The implementation of Human Resources Policies that were reviewed, audited and considered in the context of the JPC strategy are deemed as relevant and applicable. HR Policy Workshops to be conducted commencing from 01 October 2019. These policies have been uploaded on the JPC Intranet for employee visibility and reading in preparation for the policy training workshops. HR will be conducting workshops for all employees at the respective areas/depots to talk them through the policy changes.

JPC has inherited a total staff complement of 1232 cleaners (one thousand two hundred and thirty two) from the Insourcing Project effective from 01st September 2019. The City Health Department is currently conducting medical examinations in terms of the OHS Act, under the Hazardous Chemical Substances

Regulation 7(2)(a) prescribes that pre-employment medical surveillance must be conducted immediately before or within 14 days after a person commences employment.

PERFORMANCE DELIVERABLES ACHIEVED DURING THE PERIOD (JULY – SEPTEMBER 2019)

- The declaration of interest forms were completed by employees.
- To ensure that service delivery is improved and that JPC makes an impact to the community and the City of Joburg, all departments had to revisit their departmental structures and give a boost to core departments and delimit duplication of roles on their departmental structures.
- The costing of revised structures was finalised, inclusive of filled and vacant positions.
- The conclusion and implementation of the Salary and Wage Collective Agreement effective 1 July 2019. The agreement is a 3-year tenure from 1 July 2018 to 30 June 2021.
- JPC submitted the EE Report upon submission to department of labour and the organisation was audited and found to be compliant.-

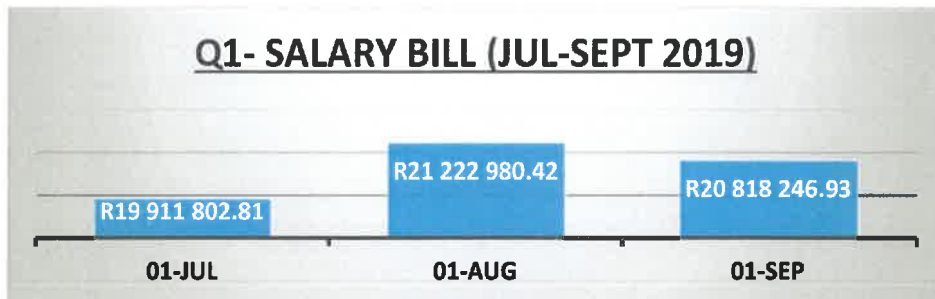
Section 2: Employee Remuneration and Cost Including Executives

In Q1 the salary expenses were within the budgeted amount and the table below indicates the all-inclusive remuneration packages from 1 July 2019 to September 2019:

SALARY BILL: First Quarter for 2019/2020 (July _ September 2020)	
MONTH	AMOUNT
Jul-19	R 19 911 802.81
Aug-19	R 21 222 980.42
Sep-19	R 20 818 246.93
<u>Total</u>	<u>R61 953 030.16</u>

During this period under review, the implementation of the annual cost-of-living increase of 6.5% affected 1 July 2019 to all qualifying employees as per the multiple Salary and Wage Collective agreement.

The graph below indicate the monthly salary expenses from July to September 2019:



The monthly salary bill trend is mostly consistent, however, during August it slightly increased due to leave encashment applications. The total salary expenses for Q1 amount to **R 61 953 030**.

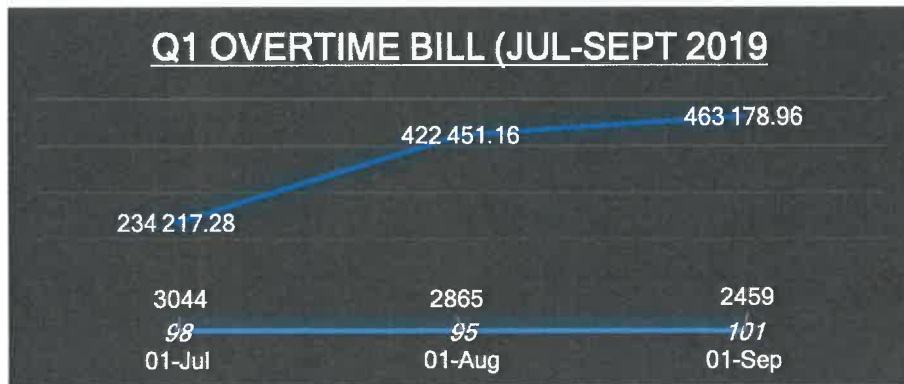
Overtime Costs for Q1 period for 2019//2020: (July to September 2019)

Overtime expenditure consists of services rendered to the public by JPC in respect of public convenience facilities. The goal is to reduce the overtime costs by 5-10% during this financial year (2019/2020), but due to the continued shortages of staff through retirements, death and resignations there is a constant need for employees to work overtime during weekends. JPC will continue to manage and maintain the expenses effectively. The insourcing project of Cleaners across the city will reduce the Overtime bill and with time the resources will be optimally utilised. At this stage the insourcing staff work on a 4 hourly basis per day, however the shift pattern rule is applied.

The table below indicates Q1 overtime expenditure: **(July to September 2019)**

Overtime Bill: Q1 2018/2019 (July - September 2019)			
MONTH	Total Staff Working Overtime	Total Hours Claimed	Overtime Financial Impact
19-Jul	98	3044	234 217.28
19-Aug	95	2865	422 451.16
19-Sep	101	2459	463 178.96
TOTALS	<u>294</u>	<u>8368</u>	<u>1 119 847.40</u>

The table above shows the overtime total costs of **R1 119 847.40** incurred for this quarter, total staff required to work overtime and total number of hours claimed.



The graph above shows a slight increase in August and September 2019 is due to the rate of pay increase in respect of the cost-of-living increase effected July 2019. In addition, the increase also relates to the total number of staff required worked and the hours claimed for overtime.

Section 3: Key Vacancies

Based on the approved departmental structures and through engagement sessions with the EM's critical and strategic vacancies have been identified. Given the budget constraints there is a need for prioritisation in terms of which vacancies should be advertised first. There are vacant positions identified that need to be filled permanently to ensure that the organisation functions at its optimum best. In the same note there are positions that have been beefed up in the structure and are new in the structure and those vacancies will be advertised externally.

Staff Movements:

Terminations: It is reported during this period under review (July – September 2019) **four (4)** terminations were actioned.

Occupational Levels	MALE				FEMALE				Foreign Nationals		TOTAL
	A	C	I	W	A	C	I	W	M	F	
Top Management	0	0	0	0	0	0	0	0	0	0	0
Senior Management	0	1	0	0	0	0	0	1	0	0	2
Professionally qualified and mid-management	0	0	0	0	0	0	0	0	0	0	0
Jun. Management, Superintendents and Skilled Technical	1	0	0	0	0	0	0	0	0	0	1
Semi-skilled Administration	0	0	0	0	0	1	0	0	0	0	1
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0	0	0
Total Permanent Staff	0	0	0	0	0	0	0	0	0	0	0
Temporary Employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	1	1	0	0	0	1	0	1	0	0	4

The table above illustrates the terminations realised inclusive of permanent employees as per occupational levels, race and gender. The terminations mainly consisted of retirements due to natural attrition.

The graph below indicates the reasons for termination that transpired during this period under review:



The diagram above indicates the reason for terminations realised during this period under review (July-Sept 2019).

Retirement: One (1) employee retired, in terms of his pension fund rule. This confirms that JPC has an ageing workforce hence succession planning has been a key focus area to ensure successors for business continuation.

Resignation: One (1) employee resigned mainly in lieu of better career opportunities and remuneration compensation within the job market.

Separation agreement: One (1) employee was terminated due to redundancy after a separation agreement could not be reached.

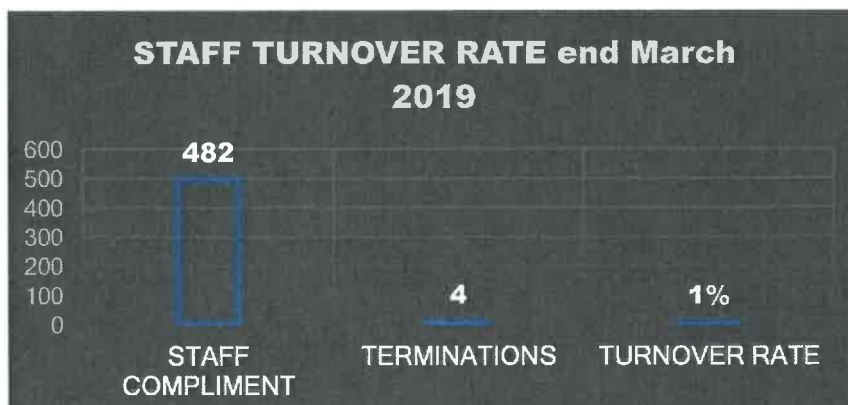
Medical Boarding: One (1) employee has been medically boarded after a long illness

Contracts: No temporary contracts expired.

The impact of the termination rate realised contributes to the under capacitation within key business areas. Where positions are extremely critical, the business has filled that gap by employing temporary employees due to budget constraints.

Human Capital Management in consultation with Management identified key critical positions to be filled within core business areas in line with the Talent Acquisition policy. This will ensure that critical capacity gaps are filled and business priority deliverables are achieved. The organisation contributes to the youth development initiatives such as internships and learnerships programmes. Focus on mentoring and coaching programmes is a priority in line with the internship initiatives.

Staff Turnover for this period under review: (July – September 2019)



The graph above shows staff turnover of 1% which is at an acceptable level taking into consideration that a healthy turnover rate is between 5% and 10%

The 1% staff turnover rate is at an acceptable level and it has been a trend that organisation experiences employees who stay longer in the employ of JPC. This indicative that JPC is fair and consistent when it comes to compensation benefits available for their employees.

Section 4: Employment equity

The JPC has a staff complement of 531 employees as at September 2019. The employment equity demographics currently indicate that a majority of JPC employees is males and mainly occupies Junior Management, Skilled and Semi-skilled occupational levels. Male employees represent 59% of total workforce and 41% of female employees.

Occupational Levels	MALE				FEMALE				Foreign Nationals		TOTAL
	A	C	I	W	A	C	I	W	M	F	
Top Management	1	0	1	1	0	1	0	0	0	0	4
Senior Management	1	0	0	0	1	0	1	0	0	0	3
Professionally qualified and mid-management	17	1	5	5	20	3	2	5	0	0	58
Jun. Management, Superintendents and Skilled Technical	93	2	4	9	58	11	2	2	1	1	183
Semi-skilled / Administration	98	11	3	1	29	4	0	0	0	0	146
Unskilled and defined decision making	46	4	0	1	55	15	0	0	0	0	121
Total Permanent Staff	256	18	13	17	163	34	5	7	1	1	515
Temporary Employees	4	0	1	0	10	1	0	0	0	0	16
GRAND TOTAL	260	18	14	17	173	35	5	7	1	1	531

From a staff compliment of 531-employees, 515-employees are permanent and 16-temporary staff. The Employment Equity Committee is reviewing the targets, racial representation and gender to provide recommendations that may assist to mitigate the current barriers to achieve the set targets including improving numbers of People with Disabilities.

Racial split, Key Gender distribution as per occupational level well as the gap analysis against EAP targets, as at September 2019.

TOP AND SENIOR MANAGEMENT								
OCCUPATIONAL LEVEL	MALES				FEMALES			
	A	C	I	W	A	C	I	W
ACTUAL %	25%	0%	25%	25%	0%	25%	0%	0%
TARGET %	38%	2%	1%	9%	38%	2%	1%	9%
GAP%	-13%	-2%	24%	16%	-38%	23%	-1%	-9%
PROF QUALIFIED/SPECIALISTS/MID MANAGEMENT								
OCCUPATIONAL LEVEL	MALES				FEMALES			
	A	C	I	W	A	C	I	W
ACTUAL %	30%	2%	8%	8%	34%	5%	5%	8%
TARGET %	38%	2%	1%	9%	38%	2%	1%	9%
GAP%	-8%	0%	7%	-1%	-4%	3%	4%	-1%
SKILLED /TECHNICAL QUALIFIED, JUNIOR MANAGEMENT/SUPERINTENDENT/ARITISANS/ADMINISTRATORS								
OCCUPATIONAL LEVEL	MALES				FEMALES			
	A	C	I	W	A	C	I	W
ACTUAL %	46%	3%	3%	4%	37%	6%	1%	1%
TARGET %	38%	2%	1%	9%	38%	2%	1%	9%
GAP%	8%	1%	2%	-5%	-1%	4%	0%	-8%
SEMI-SKILLED / ADMINISTRATION								
OCCUPATIONAL LEVEL	MALES				FEMALES			
	A	C	I	W	A	C	I	W
ACTUAL %	88%	7%	1%	1%	1%	1%	0%	0%
TARGET %	38%	2%	1%	9%	38%	2%	1%	9%
GAP%	50%	5%	0%	-8%	-37%	-1%	-1%	-9%
UNSKILLED								
OCCUPATIONAL LEVEL	MALES				FEMALES			
	A	C	I	W	A	C	I	W
ACTUAL %	38%	3%	0%	1%	46%	12%	0%	0%
TARGET %	38%	2%	1%	9%	38%	2%	1%	9%
GAP%	0%	1%	-1%	-8%	8%	10%	-1%	-9%

The overall analysis in terms of race indicates the over and under representation of racial and gender split per occupational levels. In addition, it highlights the under-presentation of the non-designated group (Whites). The imbalances identified are due to a technical environment that constitutes mainly semi-skilled and unskilled occupational levels occupied by the designated groups (Blacks). These anomalies are included in the EE Action plan. EE representatives fully participate during the recruitment process in

order to achieve underrepresentation against set targets. As and when vacancies are filled EE targets will be priorities to identify suitably qualified candidates.

Training Cluster	Course/Programme conducted	No. of people trained
Critical & legislative compliance	Municipal Finance Management Programme	10
	Act Owner Compliance Training	3
Functional/Technical	Internal Training End User Computer training (Basic)	38
Total		52

The table below depicts the number of employees who attended training per occupational category.

Occupational Levels	MALE				FEMALE				Foreign Nationals		TOTAL
	A	C	I	W	A	C	I	W	M	F	
Top Management	1	0	0	1	0	0	0	0	0	0	2
Senior Management	4	0	0	0	2	0	1	0	0	0	7
Professionally qualified and mid-management	1	0	0	0	1	0	0	0	0	0	2
Jun. Management, Superintendents and Skilled Technical	3	0	0	0	1	0	0	0	0	0	4
Semi-skilled / Administration	21	3	0	4	5	1	0	0	0	0	34
Unskilled and defined decision making	0	2	0	0	1	0	0	0	0	0	3
Total Permanent Staff	0	0	0	0	0	0	0	0	0	0	0
Temporary Employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	30	5	0	5	10	1	1	0	0	0	52

Section 6: Performance Management

During the period under review EXCO's performance scorecards have been set for 2019/2020 financial year.

Section 7: Disciplinary Matters and Outcomes

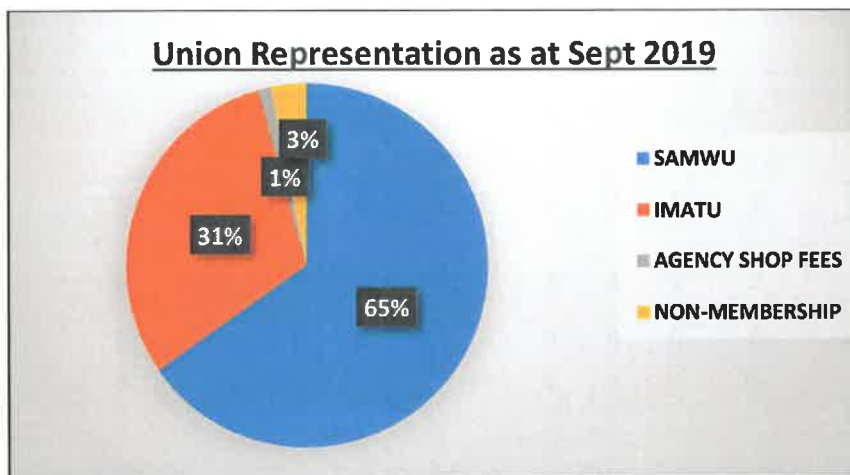
7.1 Disciplinary Matters

One (1) employee facing charges relating to misconduct

Case Description	Outcome
Dishonesty	The case has not been yet been finalised.

7.1 External Disputes

Case Description	Outcome
185 Unfair Labour Practice	Conciliation held and the outcome indicated that matter was not resolved. The complainant has proceeded and referred the matter for arbitration scheduled for 11 October 2019.
185 Unfair Labour Practice	The employee has referred the matter for conciliation and notice of conciliation date has been sent to JOSHCO. Awaiting next step to be taken by employee.
185 Unfair Labour Practice	Conciliation held and the outcome indicated that the matter was not resolved, complainant has proceeded and referred the matter for arbitration scheduled for 23 September and the Commissioner did not pitch as he was double booked for CCMA and cancelled the arbitration. Awaiting new date.



The union representation and membership graph above shows that from a staff compliment of 531 employees including temporary staff, 65% belongs to SAMWU, 31% belongs to IMATU and 1% fall within the Agency shop fees. The remaining 3% does not belong to a union however mostly consist of temporary employees.

National Salary negotiations:

The parties to the council concluded a multi-year (3-year) Salary and Wage Collective Agreement for the period 01st July 2018 to 30 June 2021. The application of this agreement concluded 15th August 2018, that stipulates a cost-of-living increase of 7% that was implemented during August 2018. Relevant

clauses outlining related benefits will be implemented during September 2018, retrospectively 01st July 2018.

The table below illustrates the monthly leave liability amounts: (Jul-Sept 2019)

Leave Provision Q1: July to September 2019			
MONTH	LEAVE DAYS	AMOUNT	
Jul-19	8 211	15 996 617	
Aug-19	8 419	16 763 039	
Sep-19	8 086	17 821 837	

Leave Encashment for the Fourth Quarter review: (July to September 2019)

The leave encashment applications were implemented in line with the principle that, "An employee is only allowed to sell once within a financial year up to a maximum of 8 days" as per the Leave policy provision.

The table below illustrates the monthly leave encashment: (Jul-Sept 2019)

Leave Encashment: Q1 (July-Sept 2019)			
MONTH	LEAVE DAYS	AMOUNT	
Jul-19	197	R320 155	
Aug-19	219	R374 044	
Sep-19	87	R137 825	
<u>Totals</u>	651	R1 072 729	

The table above indicates the monthly leave encashment during the Q1. Employees' encashed a number of 416 non-compulsory days at total costs of R694 199. This initiative positively impacted on the organisation as it forces employees to utilise their 16-days compulsory leave before selling which reduced the liability amount.

Absenteeism: First Quarter period (July – September 2019)

DEPARTMENT	PERIOD	Number of Staff taken Sick leave	Total Sick Days Taken	% Absenteeism
Office of the CEO	July - September 2019	17	148	0.13%
Finance & SCM	July - September 2019	35	489	0.43%
Information Technology	July - September 2019	9	85	0.08%
Client Business Operations	July - September 2019	22	493	0.44%
Corporate Services	July - September 2019	19	301	0.27%
Outdoor Advertising	July - September 2019	6	61	0.05%
Portfolio Management	July - September 2019	352	5096	4.50%
TOTALS		460	6673	5.90%

The above table illustrates the absenteeism rates per department as well as the overall rate of 1.70% for JPC. In contrast to the norm of 1.5%, JPC shows a high absenteeism rate by over 0.20% at 1160 sick leave days. This serves as a reflection that JPC has a sick workforce, as most illnesses are a result of dread and chronic diseases. Wellness interventions are a key focus area. Although the organisation is faced with a high absenteeism rate, line management is committed to putting contingency plans in place in order to reduce the absenteeism rate and increase the productivity level within the organisation. Increasing the productivity level will assist the organisation in meeting its strategic goals and service delivery demands.

The table below illustrates the monthly leave encashment: (July – September 2019)

Leave Encashment for Q1 (July – September 2019)		
MONTH	LEAVE DAYS	AMOUNT
Jul-19	267	R 295 406
Aug-19	216	R272 029
Sep-18	230	R230 334
Totals	713	R797 769

The table above indicates the monthly leave encashment during the fourth quarter. Employees' encashed a number of 713 non-compulsory days at total costs of R757 769.00. The initiative positively impacted on the organisation as it forces employees to utilise their compulsory leave days before selling and reduced the liability amount.

Section 9: Employee Wellness

JPC has consistently reached utilisation rate of above 8%, which clearly indicates that employees trust the EWP services available to employees. Since the inception of the EWP service, it is evident that there has been a noticeable drop in utilisation over time.

High utilisation of the EWP is often noticed during the first 3 months of the programme when employees test the service, reach out for practical matters or require support for longstanding problems. Following this, utilisation usually drops until a consistent utilisation rate is reached.

From the services being accessed, it is evident that employees are aware of and comfortable to access the various EWP service available to them. Face-to-Face Counselling was the top service accessed during August 2019.

Psychosocial has been the top problem category presented to the EWP since inception of the programme while stress was the top problem type. In August 2019 employees presented with various problem types including stress, phase of life/adjustment difficulties, formal referral – absenteeism, alcohol dependency and family related legal queries.

Many of the problems reported to the EWP are known drivers of absenteeism and presentism in the workplace. Employees are however accessing the EWP to address these issues.

During August 2019, 1 employee was formally referred to the EWP by management. The referrer identified absenteeism as the reason for the referral while the employee acknowledged that they were experiencing difficulties in relation to phase of life/adjustment difficulties.

SECTION 10: EMPLOYEE BENEFITS

The Pension Fund membership distribution shown in the table below as at end September 2019:

PENSION FUND MEMBERSHIP	TOTAL	REMARKS
EJoburg Retirement Fund	423	Defined Contributions
City of Joburg Pension Fund	74	Defined Benefits
Municipal Employee Pension Fund	9	Defined Contributions
Municipal Gratuity Pension Fund	7	Defined Contributions
Joint Municipal Workers Pension Fund	2	Defined Benefits
Non-Membership	11	Not compulsory
TOTAL	526	

The Accredited Medical Aid Schemes as at July – September 2019 (Updated Report September 2019)

MEDICAL AID SCHEME	MEMBERSHIP
BONITAS	115
DISCOVERY	17
HOSMED	55
KEYHEALTH	11
LA HEALTH	95
SAMWUMED	75
TOTAL MEMBERSHIP	368

The table above specifies the accredited medical aid schemes and membership distribution to each scheme as at end September 2019. The provision set out in relation to medical aid, it states that for the duration of the salary and wage agreement, and based on the 60/40 principle set out in the Main Collective Agreement, the current maximum medical aid employer contribution rate to accredited medical schemes increased to R4 218.17 for 2019/2020 financial year.

Chapter Five: Financial Performance



	NOTE REF	ACTUAL SEPTEMBER 2019	ACTUAL SEPTEMBER 2018
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		79 254 550	47 610 510
Land	1	40 033 705	37 489 090
Building	2	487 200	487 200
Prepayment - Non-current	3	748 396	1 002 434
Deposits	4	212 576	465 997
Deferred Tax Asset	5	173 897	165 144
	6	37 598 776	8 000 644
CURRENT ASSETS			
Trade and other receivables	7	378 932 484	568 522 308
Cash and cash equivalents	8	147 317	204 652
Straight lining of operating leases		2 000	2 000
SARS	9	-	3 091 592
Amounts due from shareholder	10	6 693 421	16 372 751
Trade Debtors	11	12 626 724	-
		359 463 021	548 851 314
		458 187 034	616 132 818

	NOTE	ACTUAL	ACTUAL
	REF	SEPTEMBER 2019	SEPTEMBER 2018
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Issued Capital	12	1 000	1 000
Shareholders' Equity	12	5 141 721	5 141 721
Retained Profit / (Loss)	13	21 407 962	(118 840 564)
Opening Balance		(7 143 085)	(123 405 366)
Prior period Profit / (Loss)		21 614 880	1 996 665
Profit / (Loss) - Current period		6 936 168	2 568 137
NON - CURRENT LIABILITIES		7 493 547	8 191 724
Deferred Tax Liability	14	2 763 325	2 497 679
Finance Lease Liability	15	4 730 222	5 694 045
CURRENT LIABILITIES		424 142 803	721 638 938
Trade and other payables	16	5 682 983	7 752 030
Accruals	17	31 007 879	74 049 652
Provision for Leave Pay	18	17 821 837	17 619 187
Finance Lease Liability	19	4 183 824	4 557 787
Straightlining of operating leases	20	1 431 613	-
Post-retirement Medical Aid Provision	21	825 000	786 423
Provision for EXCO Bonuses	22	2 412 991	2 461 185
Intercompany Creditor	23	56 234 523	68 167 166
Sweeping Account	24	304 542 152	546 245 508
		458 187 034	616 132 818

Notes

1. Property, plant and equipment and Intangible Assets are measured at the lower of cost or carrying amount.
2. Land is measured at the lower of cost or carrying amount.
3. Building is measured at the lower of cost or carrying amount.
4. Amounts included in non-current portion of the prepayments are Bayette Consulting for R171 128 and R41 448 for software licenses.
5. Electricity deposits with Eskom for the Baragwanath informal trading facility and the Lenasia facilities management buildings.
6. Deferred tax has been calculated to account for movements in the balance sheet.
7. Amounts included in trade receivables are prepayments of R37 306 and the current portion of the prepayment made to Bayette Consulting for professional services relating to the leasing of the new office accommodation is R110 010.
8. Relates to cash and cash equivalents.
9. Refund due from SARS for income tax assessments from 2012/13 to present of R6 693 421
10. Represents the Portfolio loan account with JPC.
11. Debtors comprises of three categories. Related parties indicates monies outstanding from intercompany transactions. Staff debtors relate to personnel that have signed an acknowledgement of debt. Third parties refers to external clients.
12. Relates to Share Capital and Shareholder's Equity
13. Relates to Retained Earnings
14. Deferred tax is calculated annually at financial year end.
15. This relates to the long term portion of the finance lease liability which is payable within two to five years and is in respect of copiers and IT infrastructure.
16. Trade and other payables consists of VAT payable to SARS.
17. Relates to trade accruals for 2018/19 and the 13th cheque accrual for 2018/19.
18. Relates to Leave Pay Provision calculated per the SAP payroll for the period ended September 2019.
19. This is the Short Term portion of the Finance Lease Liability which is payable within one year
20. GRAP 13 adjustment for the straightlining of operating leases. The calculation is performed annually.
21. Provision on Post-retirement Medical Aid raised based on 2018/19 Actuarial Valuation Report in respect of personnel that qualify for the benefit. Relates to provision for EXCO bonuses for the 2018/19 financial year.
22. Relates to the loan account with GCSS and Group Finance for salaries.
23. Sweeping account overdraft with COJ: Group Treasury

	NOTE	ACTUAL	ACTUAL
	REF	September 19	September 18
ASSETS			
NON-CURRENT ASSETS			
Prepayment - Outdoor Advertising commission - JPC	9	-	-
		275	-
		349 871	302 226 984
CURRENT ASSETS			
Trade and other receivables		225	204 669 605
		148	131 920 271
Debtors - Rentals	1	872 930	(47)
Doubtful Debts - Move Provision	1	655 156)	(47 655 156)
Debtors - Other: COJ	2	8 652 646	4 602 620
Debtors - Land Sales	3	303 172	4 815 650
COJ Portfolio - VAT Claim/Payable Account	4	-	5 294 816
COJ Departments Debtors	5	-	-
JPC Portfolio Loan Account	16	3 122 817	-
Capital Expenditure: Current Year	10	9 228 691	30 691 403
Capital Expenditure: Prior Year	10	102	75 000 000
		706 172	
Cash and cash equivalents		50 118 599	97 557 378
STD/ABSA COJ Loan Account - Bank Sweeping	6	-	-
STD/ ABSA Bank: JRA Portfolio Account	7	31 491 384	80 519 295
STD/ABSA Bank - Tenant Deposit Account	8	18 627 215	17 038 083
		275 349 871	302 226 984

EQUITY AND LIABILITIES

Retained Income - Prior Year	44 254 157	43 329 110
Current Period Surplus/(Deficit)	14 867 005	16 422 016
To End Prior Month Surplus/(Deficit)	10 965 899	11 156 226
Current Month Surplus/(Deficit)	3 901 106	5 265 790
CAPITAL AND RESERVES	59 121 162	59 751 126

NON CURRENT LIABILITIES

Prepaid Income - Outdoor Advertising	-	-
	-	-

CURRENT LIABILITIES

Trade and Other Payables	216 228 709	242 475 857
STB COJ Loan Account - Bank Sweeping	154 816 626	187 007 069
COJ Portfolio - VAT Claim/Payable Account	647 279	-
Accruals	30 779 740	17 908 268
Receipts In Advance - Rentals	12 815 935	13 477 731
Deposits Received: Tenants	14 382 537	14 364 138
JPC Portfolio Loan Account	-	6 816 650
Property Portfolio Loan: MOE's	294 072	409 481
Prepaid - Deposit received on land sales	457 276	457 276
Creditor (Solar Street Names)	1 944 008	1 944 008
Creditor (Khulu Outdoor)	91 237	91 237
Unallocated Debtor Receipts	-	-
	275 349 871	302 226 984

Notes

1. Debtors balance as per age analysis.
2. This relates to rental accommodation of Councillors, Community Participation Projects. It was agreed with COJ that the JPC Portfolio will pay for the monthly rentals for the office space and in turn the City will refund Portfolio for expenses incurred.
3. Land sales transferred from COJ to Clients but the full purchase price has not been paid, follow ups were made by Credit Control when the clients did not respond/pay the outstanding balance they were handed over to the Legal Team.
4. The VAT generated by the Portfolio is declared to the COJ each month. The VAT is consolidated in the COJ's VAT return, which is in turn submitted to the SA Revenue Services.
5. The COJ STD Bank account reflects the sweeping of cumulative funds between the COJ Portfolio Bank Account to the COJ Treasury account, currently COJ Departments are delaying payments for work done and as a result the bank is in overdraft.
6. The amount reflects Tenant deposits held in the COJ Tenant Deposit Account including interest as well as payments received for the Rissik Post Office insurance claims.
7. Capital expenditure incurred and not yet paid from the COJ to date is R9 228 691.23. An amount of R102 706 172.12 still has to be paid from the COJ for the financial year ended 30 June 2018. The budget allocated for the year amounts to R110 080 000.00 for the year 2019/2020.
8. This item reflects Accruals raised as at 30 June 2019 yet to be paid.
9. This item reflects rental paid in advance for the next 30 years by RMB properties which is allocated on a straight line basis, 16 years still remaining on the contract.
10. The amount reflects Tenant Deposits held and Rissik Post Office Insurance paid in the COJ Portfolio Trust account excluding interest earned.

The JPC Loan account reflects the commissions due to JPC, 25% on Rentals, 10% on Land Sales and 10% on Capex Projects, and includes amounts received and paid on behalf of the COJ Portfolio. Offsetting in this regard was not taken into account thus JPC owes the Portfolio.

1. The Property Portfolio Loan account reflects amounts due to MOE's based on the income received and expenses paid on their behalf. MOE's Rentals are paid into JPC Main Account and are normally paid over to MOE's the following month.
2. 20. Payments received from Solar Street names, no contract exists thus amounts are due and payable to clients.
3. 21. Payments received from Khulu Outdoor, no contract exists thus amounts are due and payable to clients.
4. 22. Unallocated receipts received in the JPC Portfolio Bank Account, amounts cannot be allocated due to insufficient information for example lease agreements, unclear transaction description.

NOTE	ACTUAL		APPROVED BUDGET		VARIANCE BETWEEN ACTUAL AND APPROVED BUDGET		FULL YEAR APPROVED BUDGET
	REF	YTD	YTD	YTD	YTD	YTD	
INCOME							
COJ Subsidy	1	129 856 431	129 996 000	(139 569)	519 984 000		
Internal Recoveries	2	2 898 468	1 588 449	1 310 019	6 353 796		
Income from Portfolio Management		9 117 795	16 284 300	(7 166 505)	65 137 200		
- Commission on COJ Rental Collections, Servitudes and Rates & Taxes	3	4 796 118	7 659 300	(2 863 182)	30 637 200		
- Commission on Outdoor Advertising	4	2 571 677	6 875 001	(4 303 324)	27 500 004		
- Assets Under Management Fees	5	1 750 000	1 749 999	1	6 999 996		
Facilitation Fees - Inner City	6	-	6 249 999	(6 249 999)	24 999 996		
Facilitation Development Fees	7	-	10 965 000	(10 965 000)	43 860 000		
Ad hoc Fees	8	178 109	-	178 109	-		
Cell Mast	9	700 416	2 749 998	(2 049 582)	10 999 993		
Interest Received	10	-	792 249	(792 249)	3 168 996		
TOTAL INCOME		142 751 218	168 625 995	(25 874 777)	674 503 981		

NOTE	ACTUAL	APPROVED BUDGET		VARIANCE BETWEEN ACTUAL AND APPROVED BUDGET		FULL YEAR APPROVED BUDGET
		YTD	YTD	YTD	YTD	

EXPENDITURE

11	181 926	581 000	399 074	2 324 000
12	38 440 875	49 291 933	10 851 058	197 167 732
13	3 010 275	6 715 125	3 704 849	26 860 498
14	1 858 420	22 373 751	20 515 331	89 495 004
15	64 392 169	72 722 303	8 330 134	290 889 211
16	1 423 397	4 854 628	3 431 230	19 418 510
17	115 940	132 008	16 068	528 030
18	3 550 968	9 675 000	6 124 032	38 700 000
19	3 054 688	2 280 249	(774 439)	9 120 996
20	5 303	-	(5 303)	-
TOTAL EXPENDITURE	116 033 961	168 625 995	52 592 035	674 503 981

SURPLUS / (DEFICIT)	26 717 258	-	(26 717 258)	-
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NOTES

- 1 Subsidy for operational expenditure provided to JPC for the 2019/20 financial year
- 2 Internal recoveries relates to management fees for R&M fees.
- 3 The COJ Rental Collection Commission, Servitudes and Rates & Taxes is 37.38% below the budget, this is in line with rental collections in Portfolio. There is currently an undertaking to renew leases, this will increase the amount of revenue Portfolio can collect and the commission receivable by JPC.
- 4 The Commission on Outdoor Advertising is 62.59% below the budget, this is in alignment with collections in Portfolio.
- 5 Relates to Asset-Under-Management fee for the administration of the COJ's assets.
- 6 Relates to Facilitation Fees for the inner city rejuvenation. For the first quarter of 2019/20, no transactions have transpired.
- 7 Relates to Facilitation Fees for developments. For the first quarter of 2019/20, no transactions have transpired.
- 8 Ad hoc fees relate to services provided by JPC to City Power and Johannesburg Water for property acquisitions.
- 9 Cell Mast is 74.53% below the budget, the revenue is generated in line with the contract.
- 10 No interest has been received to date.
- 11 Directors' emoluments and expenditure is 68.69% below the budget. This is in line with the number of meetings scheduled for the YTD.
- 12 Operational expenditure is 22.01% below the YTD budget. Cost management measures have been implemented to manage expenditure.
- 13 Contracted expenditure is 55.17% below the budget. Expenditure has reduced due to the insourcing of cleaning services into the COJ.
- 14 Repairs & Maintenance is 91.69% below the YTD budget. This is in alignment with the demand management plan for JPC currently in place. Expenditure will increase in the later quarters of 2019/20.
- 15 Salary expenditure is 11.45% below the budget. Surpluses in the budget will reduce in November 2019 upon the payment of 13th cheques.
- 16 Professional services are 70.68% below the budget as only internal audit has been utilised in the first quarter of 2019/20.
- 17 Travel is 12.17% above the budget as travel is limited to operational requirements.
- 18 Interest on the overdraft is 63.30% below the allocated budget as cash collections have improved resulting in stagnant interest charges.
- 19 Depreciation is 33.96% above the budget. This is in line with the fixed asset register.
- 20 Disposal of computer equipment and furniture & fittings took place during September 2019

	NOTE REF	ACTUAL YTD	BUDGET YTD	VARIANCE YTD	APPROVED BUDGET
INCOME / BILLINGS					
Rent of Facilities and Equipment	1	19 194 212	24 982 975	-5 788 763	99 931 900
Interest Received - Arrear Debtors	2	662 559	835 275	-172 716	3 341 100
Other Income	3	12 701	3 571 000	-3 558 299	14 284 000
Recoveries: Bad Debts - COJ	4	-	-	-	-
Outdoor Advertising - COJ	5	9 240 378	27 500 000	-18 259 622	110 000 000
Gains on Disposal of Assets	6	-	14 053 750	-14 053 750	56 215 000
TOTAL INCOME		29 109 850	70 943 000	-41 833 150	283 772 000

	NOTE REF	ACTUAL YTD	BUDGET YTD	VARIANCE YTD	APPROVED BUDGET
Contacted Services: Business Advisory PM	7a	2 212 913	1 848 250	-364 663	7 393 000
Contacted Services: Business Advisory Research	7b	-	2 635 000	2 635 000	10 540 000
Contacted Services: Business Advisory Valuer	7c	29 635	1 124 000	1 094 365	4 496 000
Contacted Services: Cleaning	7d	1 313 724	3 948 000	2 634 276	15 792 000
RM: Buildings	8a	775 529	12 814 500	12 038 971	51 258 000
RM: Fencing	8b	-	2 919 000	2 919 000	11 676 000
RM: Lifts	8c	27 130	151 000	123 870	604 000
Bad and Doubtful Debts	9	-	500 750	500 750	2 003 000
General Expenses: Electricity supply	10	236 771	1 185 750	948 979	4 743 000
General Expenses: Refuse Fees	11	-	1 465 000	1 465 000	5 860 000
Advertising, Publicity and Marketing	12	-	867 500	867 500	3 470 000
General Expenses: CID	13	-	552 250	552 250	2 209 000
General Expenses: Sundries	14	-	69 250	69 250	277 000
Internal Recoveries: JPC Commission	15	8 941 984	17 872 750	8 930 766	71 491 000
Internal Recoveries: Internal Charges Core- security	16	705 159	10 584 750	9 879 591	42 339 000
Depreciation: Other Assets	17	-	125 250	125 250	501 000
TOTAL EXPENDITURE		14 242 845	58 663 000	44 294 905	234 652 000

Notes

1. COJ Rentals: The overall revenue anticipated from the rentals collection is 23.2% below the targeted YTD budget. Delays in the approval of reports by EAC has resulted in the lease renewal period being longer than the average 3 months it takes for a lease to be renewed. Delays in council approvals for potential new leases has also stifled income received from the rental of facilities and equipment.
2. This item reflects interest charged on overdue tenant accounts. The interest generated on the debtor's accounts 20.7% below the targeted YTD budget. Interest charged on vacated properties reversed as a result of the lease audit and continuous site inspections.
3. Other income is derived from servitude rights and income billed for services rendered on behalf of COJ Department. Income derived from servitude is 99.6% below YTD budget.
4. No Bad Debts recovered in the financial year 2019/20 FY.
5. Income derived from outdoor advertising and promotions, 66.4% below YTD Budget. The reason for none achievement of the revenue target from outdoor advertising leases is mainly due to a number of advertising contracts that have lapsed where the City is no longer collecting any revenue. This income is dependent on lifting of suspension relating to the implementation of the by-laws pending finalization of legal action by various role-players (the industry, OHMSA, SAPOA, etc.) challenging various aspects of the by-law.
6. No Gains or loss on Disposal of Assets in the 2019/20 FY
- 7a. Contacted Services: Business Advisory PM is 19.7% above budget. These are Portfolio Fixed costs and overall contracted services.
- 7b. No expenditure recorded in the month of September 2019.
- 7c. Contracted Services: Business Valuer is 97.4% below YTD budget.
- 7d. Contracted services: Cleaning - expenditure incurred ON the provision of cleaning services is 93.9% below YTD. Statutory increments yet to be implemented as per government gazette.
- 8a. No expenditure recorded in the month of September 2019.
- 8b. No expenditure recorded in the month of September 2019.
- 8c. Repairs and maintenance of lifts is 82% below the YTD budget.
9. No expenditure recorded in the month of September 2019.
10. General Expenses: Electricity supply- expenditure incurred municipal charges is 80% below YTD budget.
11. No expenditure recorded in the month of September 2019.
12. No expenditure recorded in the month of September 2019.
13. No expenditure recorded in the month of September 2019.
14. No expenditure recorded in the month of September 2019.
15. Internal Recoveries: JPC Commission is currently 50% Below YTD budget.
16. Internal Recoveries: Internal Charges Core- security is incurred on this line item recorded is 93.3% Below YTD budget indicating the security expenses are within budget.
17. No expenditure recorded in the month of September 2019.

Section 3: Cash Flow Statement

Statement of Cashflows for the City of Joburg Property Company SOC Ltd Quarter-ended: 30 September 2019

	2019/20	2018/19
Cash flows from operating activities		
Rendering of services	96 076 632	252 024 886
Subsidies	129 856 431	509 336 000
Interest Income	-	-
	225 933 063	761 360 886
Payments		
Employee costs	-64 392 169	-279 212 480
Suppliers	-168 100 161	-304 303 554
Finance costs	-3 550 968	-30 860 286
Taxes on surpluses	-	6 271 594
	-236 043 298	-608 104 726
Net cash flows from operating activities	-10 110 235	153 256 160
Cash flows from investing activities		
Purchase of PPE	-	-1 674 711
Proceeds/(Loss) on disposal of PPE	-	-
Purchase of intangible assets	-	-325 289
Payment of deposits	-	-
Net cash flows from investing activities	-	-2 000 000
Cash flows from financing activities		
Net movement of shareholders loan	13 327 367	-144 722 870
Finance lease payments	-3 217 132	-6 533 290
Net cash flows from financing activities	10 110 235	-151 256 160
Net increase/(decrease) in cash and cash equivalents	-	-
Cash and cash equivalents at 01 July 2019	2 000	2 000
Cash and cash equivalents at 30 September 2019	2 000	2 000

JSIP No	Details	Total 2019-20 Budget	YTD Actuals	Variance	%
2669	Computer Equipment - New Computer Upgrades	1 000 000	53 766	R946 234	5%
4142	Erf 43-46 Victoria Ext.3(Paterson Park Node) VICTORIA EXT.3 E Regional	11 000 000	8 192 782	2 807 218	74%
2290	FMMU - Public Conveniences New Public toilets JOHANNESBURG	5 000 000	-	5 000 000	0%
6358	Metromall Taxi Rank Shop Revitalisation and Waste Management Area Redesign	25 000 000	-	25 000 000	0%
4184	Office Space Optimisation Program New Precinct Redevelopment JOHANNESBURG F City Wide	25 000 000	1 035 909	23 964 091	4%
2284	Revamping of the Informal Trading Stalls within the Inner City Renewal Operational Capex JOHANNESBURG F Ward	10 000 000	-	10 000 000	0%
2507	Sandown Extension 49 Erf 575RE Renewal Building Alterations SANDOWN EXT.49 E	30 000 000	-	30 000 000	0%
2632	Upgrading of the Hillbrow Public Transport Facility and taxi rank upgrade JOHANNESBURG F Ward	1 080 000	-	1 080 000	0%
4180	Watt Street Inter-change New Housing Development WYNBERG E Regional	2 000 000	-	2 000 000	0%
		110 080 000	9 282 457	100 797 543	8%

Section 5: Ratios Analysis

PART A - JPC

LIQUIDITY RATIO

JPC is currently owed R359.4 million from intercompany debtors and this has hampered the cash position of the entity. This affects the ratio and reflects badly upon JPC. JPC has a current ratio of 0.89:1 as compared to the norm of 1:1. The sweeping account currently reflects as negative R304.5 million. It is improbable nor prudent for JPC to consider settling intercompany creditors and loans until the cash position of the entity has stabilised. However, the cash position is likely to reverse as revenue and collections increase during the 2019/20 financial year with the influx of intercompany receipts.

DEBTORS COLLECTION PERIOD

JPC has debtors' collection ratio of 84 days for 3rd party/external debtors. Collection of third party debtors have declined due to the timing difference for the receipt of cell mast income and other 3rd party debtors. The debtors' collection ratio for intercompany debtors is 439 days. The decline in the intercompany debtors' collection ratio is due to the timing differences in the collection of intercompany debtors and non-payment by COJ departments and other MOE's.

SOLVENCY RATIO

JPC has a solvency ratio of 1.06:1 against the norm of 2:1 and is factually solvent, whereby the financial statements indicate that there are sufficient assets to cover all liabilities.

COST COVERAGE RATIO

Due to the negative cash flow of JPC, the cost coverage ratio is negative 8.1:1. However, the ratio is not a true reflection of JPC's operational expenditure as R&M related to and expensed by the COJ is paid for by JPC and offset against internal recoveries revenue. Cash has also been used to pay for accruals related to the 2018/19 financial year.

CREDITORS PAYMENT CYCLE

JPC currently pays service providers and creditors within 30 days, as defined by the MFMA.

PART B - COJ-JPC Portfolio**LIQUIDITY RATIO**

COJ-JPC Portfolio has current ratio of 1.27:1 as compared to the norm of 2:1, with a negative cash flow of R154.8 million for the period under review as compared to the negative cash flow of R187 million for the same period in the 2018/19 financial year. Intercompany debtors currently owe Portfolio R115 million. This accounts for 42% of the total assets of Portfolio. The financial risk posed to JPC is substantial as the non-recovery of the outstanding debt has a negative impact on the cash position and liquidity. Average monthly collection is between R9m – R12m that is sufficient to cover average monthly expenditure.

CASH COLLECTION RATE

The cash collection cycle is the number of days it takes to collect accounts receivable. The measure is important for tracking the ability of a business to grant a reasonable amount of credit to worthy customers, as well as to collect receivables in a timely manner.

Portfolio's cash collection rate is currently at 21%. The collection rate excludes debt owing from other debtors.

SOLVENCY RATIO

COJ-JPC Portfolio has a solvency ratio of 1.27:1 against the norm of 2:1 and is currently solvent. The COJ-JPC Portfolio Financials indicate that there are sufficient assets to cover all liabilities despite not meeting the ratio norm.

DEBTORS COLLECTION PERIOD

COJ-JPC Portfolio collection period is 71 days as compared to the industry norm of 60 days and this takes into account debtors which are deemed irrecoverable. A bad debts report was prepared, submitted to Core Accounting weekly follow-ups on the said report are performed, as it has to be presented to Mayoral Committee for approval.

COST COVERAGE RATIO

Portfolio has a cost coverage ratio of negative 32.6:1. This is due to a negative sweeping account balance of R154.8 million and average monthly expenditure being R4.7 million.

CREDITORS PAYMENT CYCLE

Portfolio currently pays service providers and creditors within 30 days, as defined by the MFMA.

Section 6: Supply Chain Management and BBBEEE

JPC's Supply Chain Management (SCM) is governed by a SCM Policy for goods and services which regulates all SCM Practices. The Policy was approved by the board and is subject to periodic review, every two years or more frequently if required, to ensure that it remains relevant to changed circumstances. The Policy implements the SCM practices as envisaged by the Act and its Regulations

The SCM Policy ascribes to a procurement system which:

- Is fair, equitable, transparent, competitive and cost effective in terms of Section 217 of the Constitution of South Africa No 108 of 1996;
- Enhances uniformity in Supply Chain Management systems between organs of state in all spheres;
- Embraces the principles of efficient environmental management; and
- Is consistent with the Municipal Finance Management Act, Municipal Supply Chain Management Regulations, Broad Based Black Economic Empowerment Act, Preferential Procurement Policy Framework Act and other Codes promulgated thereunder in the Government Gazette.

Deviations
JPC Entity

JPC does not have any new deviations identified during the period under review. The current deviations were identified and approved in the previous periods and now running their term.

NO.	Contract Name	Amount	Description	Reasons
1.	Sanlam Life II	R1018864.08 per month vat inclusive R12226368.96 annual vat inclusive	Renting Offices	Deviation: Reg. 36(1)(a)(v) The JPC is currently residing and offering municipal service to the public in this building. The Deviation in terms of Reg 36 (1)(a)(v) to extend the current lease agreement between JPC and the Landlord is to facilitate the finalisation of the Office Space Optimisation Programme (OSOP) between the COJ and JPC.
2.	Re Define/ APEXHI Properties Limited	R3913223.49 pm VAT inclusive R46958681.88 annual vat inclusive	Lease agreement at ERF 5122, 61 Jorissen Street, Braamfontein	Deviation: Reg. 36(1)(a)(v) The City Department/s is currently residing and offering municipal service to the public in this building. The Deviation in terms of Reg 36 (1)(a)(v) to extend the current lease agreement between JPC and the Landlord is to facilitate the finalisation of the office space optimisation programme (OSOP) between the COJ and JPC
3.	Eurefin pty ltd	R 678 890.12 per month vat inclusive R 8146681.44 annual vat inclusive	Lease Agreement at Eureka House	Deviation: Reg. 36(1)(a)(v) The City Department/s is currently residing and offering municipal service to the public in this building. The Deviation in terms of Reg 36 (1)(a)(v) to extend the current lease agreement between JPC and the Landlord is to facilitate the finalisation of the office space optimisation programme (OSOP) between the COJ and JPC

NO.	Contract Name	Amount	Description	Reasons
4.	CEZ Investments CC	R 316 300.14 per month vat inclusive R 3795601.68 annual vat inclusive	Lease Agreement. Tejoy House	Deviation: Reg. 36(1)(a)(v) The City Department/s is currently residing and offering municipal service to the public in this building. The Deviation in terms of Reg 36 (1)(a)(v) to extend the current lease agreement between JPC and the Landlord is to facilitate the finalisation of the office space optimisation programme (OSOP) between the COJ and JPC
5.	6 Plein Street CC	R 797 865.24 per month vat inclusive R 9574382.88 annual vat inclusive	Lease agreement CJ Cronje Building	Deviation: Reg. 36(1)(a)(v) The City Department/s is currently residing and offering municipal service to the public in this building. The Deviation in terms of Reg 36 (1)(a)(v) to extend the current lease agreement between JPC and the Landlord is to facilitate the finalisation of the office space optimisation programme (OSOP) between the COJ and JPC
6.	Orion Property (OFM)	R 462 803.25 per month vat inclusive R 5553639.00 annual vat inclusive	Lease Agreement ACA Krans	Deviation: Reg. 36(1)(a)(v) The JPC is currently residing and offering municipal service to the public in this building. The Deviation in terms of Reg 36 (1) (a) (v) to extend the current lease agreement between JPC and the Landlord is to facilitate the finalization of the Office Space Optimisation Programme (OSOP) between the COJ and JPC.

NO.	Contract Name	Amount	Description	Reasons
7.	Herman and Romans	R 1 055 315.67 per month vat inclusive R 12 663 788.04 annual vat inclusive	Lease Agreement	<p>Deviation: Reg. 36(1)(a)(v) The JPC is currently residing and offering municipal service to the public in this building.</p> <p>The Deviation in terms of Reg 36 (1) (a) (v) to extend the current lease agreement between JPC and the Landlord is to facilitate the finalisation of the Office Space Optimisation Program (OSOP) between the COJ and JPC.</p> <p>The City Of Johannesburg has extended all the above Property Leases for a period of three Years.</p> <p>The above deviations for Corporate Buildings and have been approved by the Executive Adjudication Committee for the City of Johannesburg.</p>
8.	Sanlam II	R216715.45 per month vat inclusive. R26012585.40 annual vat inclusive	Lease Agreement	<p>Deviation: Reg. 36(1)(a)(v) The JPC is currently residing and offering municipal service to the public in this building.</p> <p>The Deviation in terms of Reg 36 (1) (a) (v) to extend the current lease agreement between JPC and Sanlam</p>

NO.	Contract Name	Amount	Description	Reasons
9.	Mutodo	R 2 454 165.24 per month vat inclusive R29449982.88 per annual vat inclusive	Lease Agreement	<p>Deviation: Reg. 36(1)(a)(v)</p> <p>The JPC is currently residing and offering municipal service to the public in this building.</p> <p>The Deviation in terms of Reg 36 (1) (a) (v) to extend the current lease agreement between JPC and the Landlord is to facilitate the finalisation of the Office Space Optimisation Program (OSOP) between the COJ and JPC.</p> <p>The City Of Johannesburg has extended all the above Property Leases for a period of three Years.</p> <p>The above deviations for Corporate Buildings and have been approved by the Executive Adjudication Committee for the City of Johannesburg.</p>
10.	Abzubix	R 1 347 538.33 per month vat inclusive R16 170 459.96 per annual vat inclusive	Lease Agreement	<p>Deviation: Reg. 36(1)(a)(v)</p> <p>The JPC is currently residing and offering municipal service to the public in this building.</p> <p>The Deviation in terms of Reg 36 (1) (a) (v) to extend the current lease agreement between JPC and the Landlord is to facilitate the finalisation of the Office Space Optimisation Program (OSOP) between the COJ and JPC.</p> <p>The City Of Johannesburg has extended all the above Property Leases for a period of three Years.</p> <p>The above deviations for Corporate Buildings and have been approved by the Executive Adjudication Committee for the City of Johannesburg.</p>

NO.	Contract Name	Amount	Description	Reasons
11.	Nesher 03.4A.5A	R19 423.37 per month vat inclusive.R 233080.44 annual vat inclusive	Lease Agreement	<p>Deviation: Reg. 36(1)(a)(v)</p> <p>The JPC is currently residing and offering municipal service to the public in this building.</p> <p>The Deviation in terms of Reg 36 (1) (a) (v) to extend the current lease agreement between JPC and the Landlord is to facilitate the finalisation of the Office Space Optimisation Program (OSOP) between the COJ and JPC.</p> <p>The City Of Johannesburg has extended all the above Property Leases for a period of three Years.</p> <p>The above deviations for Corporate Buildings and have been approved by the Executive Adjudication Committee for the City of Johannesburg.</p>
12.	Alchemy 45A	R22273.32 per month vat inclusive.R26729.84 annual vat inclusive	Lease Agreement	<p>Deviation: Reg. 36(1)(a)(v)</p> <p>The JPC is currently residing and offering municipal service to the public in this building.</p> <p>The Deviation in terms of Reg 36 (1) (a) (v) to extend the current lease agreement between JPC and the Landlord is to facilitate the finalisation of the Office Space Optimisation Program (OSOP) between the COJ and JPC.</p> <p>The City Of Johannesburg has extended all the above Property Leases for a period of three Years.</p> <p>The above deviations for Corporate Buildings and have been approved by the Executive Adjudication Committee for the City of Johannesburg.</p>

NO.	Contract Name	Amount	Description	Reasons
13.	Redefine - Horizonview	R55 665.96 per month vat inclusive. R 667991.52 annual vat inclusive	Lease Agreement	<p>Deviation: Reg. 36(1)(a)(v)</p> <p>The JPC is currently residing and offering municipal service to the public in this building.</p> <p>The Deviation in terms of Reg 36 (1) (a) (v) to extend the current lease agreement between JPC and the Landlord is to facilitate the finalisation of the Office Space Optimisation Program (OSOP) between the COJ and JPC.</p> <p>The City Of Johannesburg has extended all the above Property Leases for a period of three Years.</p> <p>The above deviations for Corporate Buildings and have been approved by the Executive Adjudication Committee for the City of Johannesburg.</p>
14.	Blend Property	R 87801.73 per month vat inclusive. R1 053 620.76 annual vat inclusive	Lease Agreement	<p>Deviation: Reg. 36(1)(a)(v)</p> <p>The JPC is currently residing and offering municipal service to the public in this building.</p> <p>The Deviation in terms of Reg 36 (1) (a) (v) to extend the current lease agreement between JPC and the Landlord is to facilitate the finalisation of the Office Space Optimisation Program (OSOP) between the COJ and JPC.</p> <p>The City Of Johannesburg has extended all the above Property Leases for a period of three Years.</p> <p>The above deviations for Corporate Buildings and have been approved by the Executive Adjudication Committee for the City of Johannesburg.</p>

NO.	Contract Name	Amount	Description	Reasons
15.	Accelerate	R14792.90 per month vat inclusive. R 177 514.76 per annual vat inclusive	Lease Agreement	<p>Deviation: Reg. 36(1)(a)(v)</p> <p>The JPC is currently residing and offering municipal service to the public in this building.</p> <p>The Deviation in terms of Reg 36 (1) (a) (v) to extend the current Agreement between JPC and the Landlord is to facilitate the finalisation of the Office Space Optimisation Program (OSOP) between the COJ and JPC.</p> <p>The City Of Johannesburg has extended all the above Property Leases for a period of three Years.</p> <p>The above deviations for Corporate Buildings and have been approved by the Executive Adjudication Committee for the City of Johannesburg.</p>
16.	Vividend	R17963.18 per month vat inclusive. R 215558.16 annual vat inclusive	Lease Agreement	<p>Deviation: Reg. 36(1)(a)(v)</p> <p>The JPC is currently residing and offering municipal service to the public in this building.</p> <p>The Deviation in terms of Reg 36 (1) (a) (v) to extend the current lease agreement between JPC and the Landlord is to facilitate the finalisation of the Office Space Optimisation Program (OSOP) between the COJ and JPC.</p> <p>The City Of Johannesburg has extended all the above Property Leases for a period of three Years.</p> <p>The above deviations for Corporate Buildings and have been approved by the Executive Adjudication Committee for the City of Johannesburg.</p>

NO.	Contract Name	Amount	Description	Reasons
17.	Sizana	R85995.52 per month vat inclusive. R1031946.24 annual vat inclusive	Lease Agreement	<p>Deviation: Reg. 36(1)(a)(v)</p> <p>The JPC is currently residing and offering municipal service to the public in this building.</p> <p>The Deviation in terms of Reg 36 (1) (a) (v) to extend the current lease agreement between JPC and the Landlord is to facilitate the finalisation of the Office Space Optimisation Program (OSOP) between the COJ and JPC.</p> <p>The City Of Johannesburg has extended all the above Property Leases for a period of three Years.</p> <p>The above deviations for Corporate Buildings and have been approved by the Executive Adjudication Committee for the City of Johannesburg.</p>
18.	Fedsure	R73797.40 per month vat inclusive. R885568.80 annual vat inclusive	Lease Agreement	<p>Deviation: Reg. 36(1)(a)(v)</p>
19.	Killarney library	R18269.15 per month vat inclusive. R219229.80 annual vat inclusive	Lease Agreement	<p>Deviation: Reg. 36(1)(a)(v)</p> <p>The JPC is currently residing and offering municipal service to the public in this building.</p> <p>The Deviation in terms of Reg 36 (1) (a) (v) to extend the current lease agreement between JPC and the Landlord is to facilitate the finalisation of the Office Space Optimisation Program (OSOP) between the COJ and JPC.</p> <p>The City Of Johannesburg has extended all the above Property Leases for a period of three Years.</p> <p>The above deviations for Corporate Buildings and have been approved by the Executive Adjudication Committee for the City of Johannesburg.</p>

NO.	Contract Name	Amount	Description	Reasons
20.	NESHER 06.07	R239 104.12 per month vat inclusive. R	Lease Agreement	<p>Deviation: Reg. 36(1)(a)(v)</p> <p>The JPC is currently residing and offering municipal service to the public in this building.</p> <p>The Deviation in terms of Reg 36 (1) (a) (v) to extend the current lease agreement between JPC and the Landlord is to facilitate the finalisation of the Office Space Optimisation Program (OSOP) between the COJ and JPC.</p> <p>The City Of Johannesburg has extended all the above Property Leases for a period of three Years.</p> <p>The above deviations for Corporate Buildings and have been approved by the Executive Adjudication Committee for the City of Johannesburg.</p>
21.	Malvern Plaza	R 20 503.51 per month vat inclusive. R246042.12 annual vat inclusive	Lease Agreement	<p>Deviation: Reg. 36(1)(a)(v)</p> <p>The JPC is currently residing and offering municipal service to the public in this building.</p> <p>The Deviation in terms of Reg 36 (1) (a) (v) to extend the current lease agreement between JPC and the Landlord is to facilitate the finalisation of the Office Space Optimisation Program (OSOP) between the COJ and JPC.</p> <p>The City Of Johannesburg has extended all the above Property Leases for a period of three Years.</p> <p>The above deviations for Corporate Buildings and have been approved by the Executive Adjudication Committee for the City of Johannesburg.</p>

NO.	Contract Name	Amount	Description	Reasons
22.	Alchemy 45B	R71975.53 per month vat inclusive. R863706.36 annual vat inclusive	Lease Agreement	<p>Deviation: Reg. 36(1)(a)(v)</p> <p>The JPC is currently residing and offering municipal service to the public in this building.</p> <p>The Deviation in terms of Reg 36 (1) (a) (v) to extend the current lease agreement between JPC and the Landlord is to facilitate the finalisation of the Office Space Optimisation Program (OSOP) between the COJ and JPC.</p> <p>The City Of Johannesburg has extended all the above Property Leases for a period of three Years.</p> <p>The above deviations for Corporate Buildings and have been approved by the Executive Adjudication Committee for the City of Johannesburg.</p>
23.	Telkom	R 212443.68 per month vat inclusive. R2549324.16 annual inclusive.	Utility Bill	<p>Deviation: Reg. 36(1)(a)(v)</p> <p>The JPC is currently residing and offering municipal service to the public in this building.</p> <p>The Deviation in terms of Reg 36 (1) (a) (v) to extend the current lease agreement between JPC and the Landlord is to facilitate the finalisation of the Office Space Optimisation Program (OSOP) between the COJ and JPC.</p> <p>The City Of Johannesburg has extended all the above Property Leases for a period of three Years.</p> <p>The above deviations for Corporate Buildings and have been approved by the Executive Adjudication Committee for the City of Johannesburg.</p>
24.	Document Warehouse	R 23 963.59 per month vat inclusive. R287563.08 annual vat inclusive	Document storage	<p>Deviation: Reg. 36(1)(v)</p> <p>All the data and documentation that by law are to be kept in terms of the National Archives Act are stored with Document warehouse . In line with the City intentions to Centralise core services, the contract with</p>

NO.	Contract Name	Amount	Description	Reasons
25.	MDA	R +-32627.51 per month vat inclusive. R+- 3188495.40 annual vat inclusive		Document warehouse continued pending the City Central data document management system. Deviation: Reg. 36(1)(v) While awaiting the finalisation of the implementation of SAP throughout the City, the IT platform provided by NICOR is required and no other service provider can provide this platform as NICOR tailor made this platform for JPC. The current contract with NICOR will only expire upon the implementation of SAP.
26.	Fidelity	R20677.00 per month vat inclusive. R248124.00 annual vat inclusive	Parking	Deviation Reg.36(1)(v)
27.	Dalitso Business Enterprise	R +-608 919.80per month vat inclusive. R+/- 7 307 037.60 vat inclusive annual	Rental	Deviation: Reg. 36(1)(v) JPC utilised Dalitso Services through deviation pending regulation consent from the COJ Regulation 32 Consent to utilise Dalitso was authorized by the COJ JPC used Dalitso Services through deviation
28.	Schindler lifts	R+-236687.76 per month including vat. R+- 236 687.76 annual	Lifts	Deviation Reg .36 Sole Provider

City Portfolio

There are no deviations

Payment within 30 days

JPC and Portfolio currently pays service providers and creditors within 30 days, as defined by the MFMA. This compliance with 30 days is one of the reasons the two accounts are on negative cash flow, as the City departments do not settle the intercompany debts within 30 days.

B-BBEE spend as a percentage of the COJ Portfolio

	Q1	Rand Value
B-BEE as % of OPEX	100%	R53 450 009.30
B-BEE as % of CAPEX	100%	R9 992 974.95

B-BBEE spend as a percentage of the JPC

	Q1	Rand Value
B-BEE as % of OPEX	100%	R99 895 694
B-BEE as % of CAPEX	100%	-

PORTFOLIO

There are none for Q1

Payment within 30 days

JPC and Portfolio currently pays service providers and creditors within 30 days, as defined by the MFMA. This compliance with 30 days is one of the reasons the two accounts are on negative cash flow, as the City departments do not settle the intercompany debts within 30 days

Section 7: Fruitless and Wasteful Expenditure

DESCRIPTION		CORRECTIVE MEASURES					
Unauthorised expenditure	Irregular expenditure	Fruitless and wasteful expenditure	Estimated amount	Category	Disciplinary action	Criminal charge	Other
None	Yes	None	R762 513	Fleet services	None	N/a	N/a
None	None	Yes	R2 199 970	Vat	Pending	N/a	N/a

During the financial year SARS conducted a VAT audit for the 2015 and 2017 financial years. SARS re-assessed VAT submissions for the period March, April, May and June 2015 periods as well as December 2017 and raised penalties and interest based on their reassessment amounting to R2 199 970. The penalties and interest arose from the transfer of rental contracts to JPC from the COJ during the integration in 2013/14. The contracts are authorised and contracted for on behalf of the COJ but are budgeted for and paid by the JPC. SARS refused to acknowledge the relationship between JPC and the COJ and treats both entities as separate entities as opposed to holding and subsidiary companies. Input VAT deductions for rental invoices have been disallowed as a result of the reassessment. A means to object the finding is currently under review by Rain Chartered Accountants, JPC's tax consultants.

During the 2018/19 financial year, JPC has incurred R7 114 868 in irregular expenditure on fleet services from AVIS. During the 2019/20 financial year, JPC has incurred a further R762 513 in irregular expenditure for the continuation of the fleet service contract. A new service provider has been appointed by the COJ, however, the contract with AVIS has been extended until further notice from the COJ.

The insurance claims for portfolio asset is handled by Group Risk and Assurance Services and not JPC

SECTION 9: INSURANCE CLAIMS AGAINST / TO JPC

JPC Entity

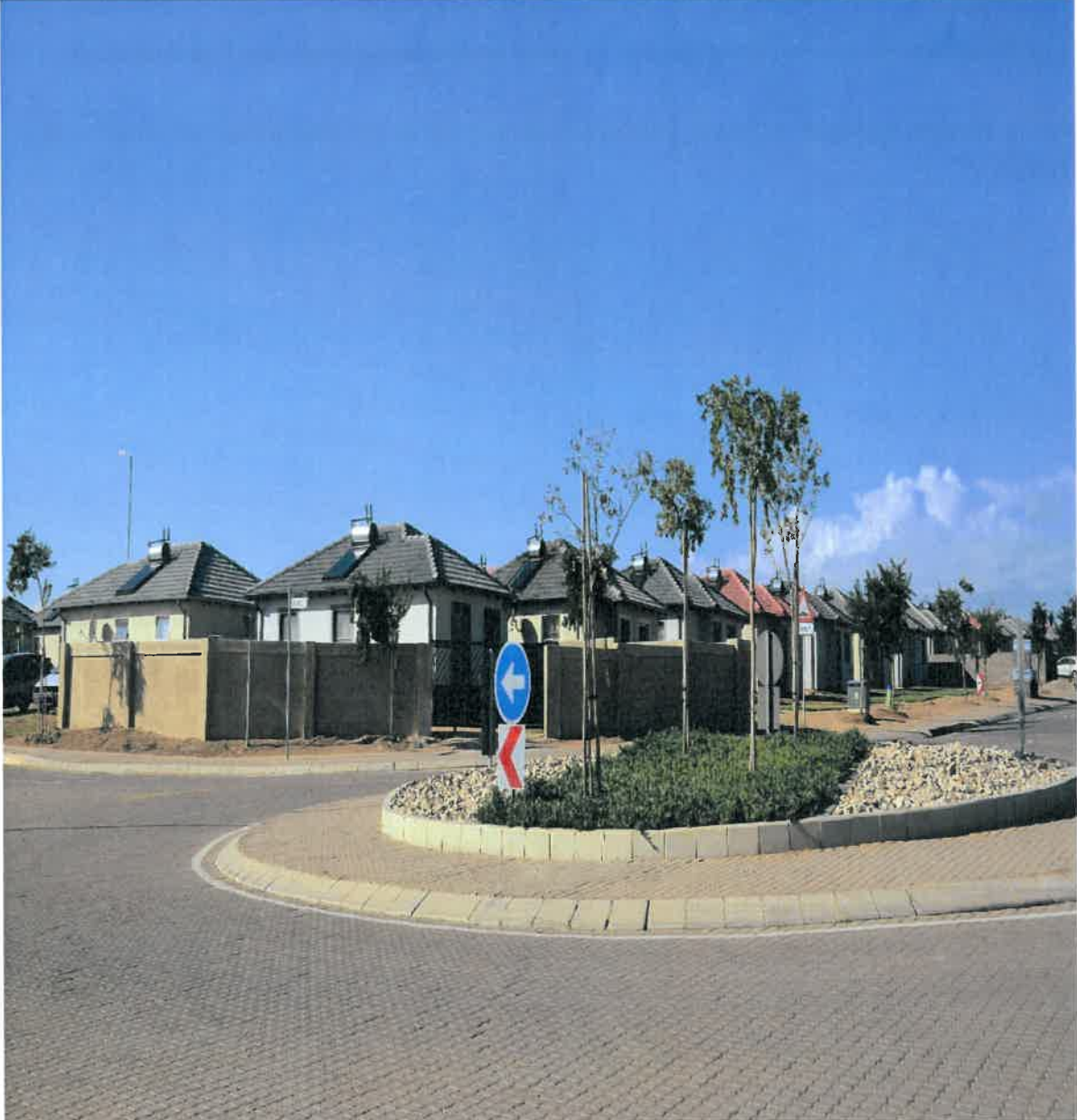
None

City Portfolio

Section 10: Statement on Amount Owed By and To Government Departments and Public Entities

JPC and City Portfolio managed by JPC do not have amounts owed by / to government department and public entities.

Chapter Six: Internal and External Audit Findings



Section 1: Results of Internal Audits

Section 2 : Progress on the resolution of Internal findings

The audit scope is defined in the Internal Audit Plan, as agreed with management and approved by the Audit and Risk Committee. Our objective for internal audit reviews is to assess and evaluate the controls in relation to the administrative processes, evaluate the adequacy and effectiveness of key operational and financial controls and test the compliance with the applicable policies and procedures.

- ✓ **Adequacy** is defined as determining whether sufficient, efficient and economical controls are in place to provide reasonable assurance that objectives will be achieved.
- ✓ **Effectiveness** is defined as determining whether the system of internal control is functioning as intended.
- ✓ **Efficient** Achieving maximum productivity with minimum wasted effort or expense

The ten (10) internal audit findings raised in the previous year 2018/2019 were resolved. The table below confirms the reviews as per the Audit and Risk Committee approved coverage Audit plan for the 2019/20 financial year:

Reviews Status

Ref	from the 2019/20 audit plan	Review	Actual commencement date	Reporting Date	Current Status
2		Audit of Pre-determined Objectives Quarter 1	1 st October 2019	31 October 2019	Planning phase
12		Assets Management	1 st October 2019	29 November 2019	Planning phase
14		Occupational Health and Safety	1 st October 2019	29 November 2019	Planning phase
13		Property Portfolio	1 st October 2019	17 December 2019	Planning phase
15		Marketing Communication and	1 st October 2019	19 December 2019	Planning phase
		Human Resources	1 st October 2019	28 February 2020	Planning phase
		Follow-up Review	1 st October 2019	20 March 2020	Planning phase

Section 3. Liaison with External Audit

At this stage, Auditor General has commenced to the audit of 2018/19 and once the management report has been issued with report on resolution of audit findings if any. Management has resolved all the issues highlighted by AGSA in respect of 2017/18 the report except for one finding relating to the filling of vacancies.

Section 4: STATE OF THE INTERNAL CONTROLS

The internal controls systems as designed by management are effectively implemented to provide reasonable assurance that the objectives and goals may be achieved.