

City of Joburg Property Company 2016/17 Business Plan



a world class African city



APPROVAL

<p>-----</p> <p>-----</p> <p>Name & Surname Chief Financial Officer</p>	<p>-----</p> <p>Signature</p>	<p>-----</p> <p>Date of approval</p>
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TABLE OF THE CONTENTS

1. Introduction
2. Goals of the Economic Growth Cluster
3. City of Joburg Property Company Corporate profile
4. Description of Core Business
5. JPC Values
6. Strategic Objectives
7. High Impact Programmes and Risk Matrix
8. Client Charter and Service Standards
9. PESTL Analysis:
10. SWOT Analysis:
11. Implementation and Performance Overview of the 2015/16 City of Johannesburg Property Company/
12. 2015/16 Departmental SDBIP and Community Based Planning
13. Day-to-day Operations
14. Intergovernmental Relations
15. Purpose of the MEC/MMC IGR forum
16. Financial Impact
17. Management and Organisational structure
18. Monitoring and Evaluation

CITY OF JOBURG PROPERTY (SOC) LIMITED

COMPANY INFORMATION:

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Bankers:	Standard Bank South Africa
Auditors:	Auditor-General South Africa

Vision

“To provide Property Management, Property Development and Property Asset Management services in order to maximise the social, economic and financial benefit to the CoJ as well as support the delivery objectives on a cost competitive basis.”

Mission

JPC is the manager of the property assets of the City of Johannesburg, responsible for maximising the social, economic and financial value of the CoJ’s total property portfolio and enhancing the efficiency of its use. JPC provides asset management, property management and property development services, as well as interacts with the general 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.

Acronym/abbreviation	Name/phrase
AFS	Annual Financial Statements
AOPO	Audit of Predetermined Objectives
ATR	Annual Training Report
B-BBEE	Broad-based Black Economic Empowerment
CAPEX	Capital Expenditure
CBD	Central Business District
CBO	Community-based Organisation
CEO	Chief Executive Officer
CoJ	City of Johannesburg
FMMU	Facilities Management and Maintenance Unit
GDS	Growth and Development Strategy
GIAMA	The Government Immovable Asset Management Act
GIS	Geographic Information System
GRI	Global Reporting Initiative
IDP	Integrated Development Plan
IMATU	Independent Municipal and Allied Trade Union
JMPD	Johannesburg Metro Police Department
JoshCo	Joburg Social Housing Company
JPC	City of Joburg Property Company (SOC) Ltd
JRA	Joburg Roads Agency
LIS	Land Information System
LLF	Local Labour Forum
MFMA	Municipal Finance Management Act
MMC	Member of the Mayoral Committee
MOE	Municipal-owned Entity
MSA	Municipal Systems Act
MTC	Metropolitan Transportation Commission
NGO	Non-Governmental Organisation
OCM	Organisational Change Management
OD	Organisational Design
OHASA	Occupational Health and Safety Act
OPCAR	Operation Clean Audit Register
OPEX	Operational Expenditure
OSO	Office Space Optimisation
PIMS	Property Information Management System
POWA	People Opposing Women Abuse
REMCO	Remuneration and Human Resources Committee

GLOSSARY OF TERMS / LIST OF ACRONYMS

RFP	Request for Proposal
SAMWU	South African Municipal Workers' Union
SAPOA	South African Property Owners Association
SCM	Supply Chain Management
SDA	Service Delivery Agreement
SDM	Service Delivery Model
SMME	Small, Medium and Micro-Enterprises
UNGC	United Nations Global Compact
WSP	Workplace Skills Plan

1. INTRODUCTION

The City of Johannesburg Property Company SOC Ltd (JPC) business plan has taken an inter-cluster approach and aligned its projects and programmes in line with the Department of Economic Development (DED) business plan, including identifying areas of cooperation between the DED and its other ME's, Joburg Market in order to deliver on its mandate. It has also taken into account the priority implementation plans of the other clusters into consideration. The following background, therefore, outlines the consensus reached during several inter-cluster strategic sessions to focus on SMME and entrepreneurial development as a driver of economic growth and development.

“The Department of Economic Development in the City Of Johannesburg defines its mandate as being responsible for directing and coordinating economic development as well as actively intervening to shape conditions for accelerated economic growth within the city. The Department of Economic Development is also responsible for the championship of economic support to all groups in the city to ensure their effective participation in the economic spectrum.

To unpack this vision and without losing focus on the City's priorities, going forward the City's Department of Economic Development will focus its energy and resources towards building an SMME centric economy, by facilitating an environment that supports SMME and entrepreneurship development to address the triple challenges of poverty, unemployment, and inequality. It has been agreed that SMME planning must be outcomes based with focus on economic opportunities, job creation, and youth employment, whose plans must be integrated across departments and Municipal Entities.

There are various ways in which the Department will fulfil its mandate: this encompasses the identification, development and usage of soft instruments to create an environment conducive for economic activities to thrive.

2. GOALS OF THE ECONOMIC GROWTH CLUSTER

Given the very succinct snapshot economic overview contained herein, it is pretty obvious that **economic development interventions must be geared towards addressing the following economic imperatives (objectives):**

- Addressing poverty, inequality and unemployment is the government and City's economic priority;
- The development of an inclusive economy and building global competitiveness are the key to the City's economic future;
- A predictable economic development policy is crucial for strengthening the City's capacity to give leadership to economic development and driving an economic development agenda across the City;
- Addressing unequal and imbalanced economic development across regions (A, D, F & G) is indispensable for building an inclusive economy;
- Leveraging on fast growing sectors; supporting the declining ones and building the traction for the dormant ones must form a critical thrust of the work of the City;
- Joburg's 4.6 million people means that additional pressure on available economic resources will continue so facilitating the dynamism of the City's economy will be critical;
- Addressing micro-economic and structural fundamentals for SMMEs/ Cooperatives and BEE Enterprises - through finance/ funding access, market access and penetration, export support, business linkages, capacity building and procurement support - are crucial interventions that the City must prioritise, and
- Cross cutting constraints such as poor business confidence, investment support and economic infrastructure require the City priority.

3. CITY OF JOBURG PROPERTY COMPANY CORPORATE PROFILE

3.1.1 SCOPE

The City of Joburg Property Company SOC Ltd (JPC) is a wholly-owned municipal entity of the City of Johannesburg (the City). JPC was created by Council resolution on 13 Sep 1999, and the City assigned functions and powers to JPC to manage the City's property portfolio.

JPC has recently been reconstituted into a completely new organisation, with a much larger mandate and staff complement. Furthermore the City of Johannesburg has recently defined a clear new strategic direction in the form of the City's Growth and Development Strategy, Joburg 2040 GDS, which provides a framework for spatially-oriented plans for infrastructure, housing and transportation sectors.

The City in terms of the Constitution of the Republic of South Africa and other applicable legislation charged with the responsibility of ensuring the sustainable provision of municipal services within its area of jurisdiction. With a view to delivering maximum benefit from the principles of performance-based contracting, the City has elected to deliver the Services through JPC which is a company wholly owned and controlled by the City.

The broad principle in the provision of services by JPC is that all services are linked to the Priority Implementation Plan of the City and the results shall have a contribution to the outcomes as set out in the IDP. The City has identified 10 priorities, which are the developmental focal areas that the service delivery of JPC must respond to. The 10 priorities are:

1. Financial Sustainability and Resilience
2. Agriculture and Food Security
3. Sustainable Human Settlements
4. SMME and Entrepreneurial support
5. Engaged Active Citizenry
6. Resource sustainability
7. Smart City
8. Investment attraction, retention and expansion
9. Green economy and
10. Safer cities.

Background

The City of Joburg Property Company SOC Ltd (JPC) was established in 2000 as a private company and is wholly owned by the City of Johannesburg (CoJ). It was 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).

JPC subscribes to high ethical standards and principles of corporate governance and is in the process of ensuring full compliance with King III, published in 2010, and with the provisions of the new Companies Act.

JPC is mandated by its sole shareholder, the CoJ, to carry out the following functions:

- Asset Management,
- Property Management,
- Property Development; and
- Facilities Management Services (including managing informal trading facilities and taxi rank facilities);
- Other property related matters such as outdoor advertising and cell mast rentals

The company was established to support the Council's economic and social objectives as outlined in the Growth and Development Strategy (GDS), as well as Mayoral strategic priorities aimed at making Johannesburg a "World-class African City". JPC's primary goal in supporting the vision and mission of the 2040 Growth and Development Strategy (GDS) is based on recognising and emphasising its role as an economic and social property agency to achieve positive developmental outcomes. These strategic objectives are aligned with the strategies of the Economic Growth, Human and Social Development, Sustainable Services, and Governance clusters, as well as various Integrated Development Plan (IDP) programmes. The company seeks to achieve economic and social transformation through property and this implies:

- city properties will be comprehensively well-managed;
- city decision-making on property related matters will be faster but also well-considered within a sound strategic framework; and
- there will be well-considered public property developments supporting City strategy.

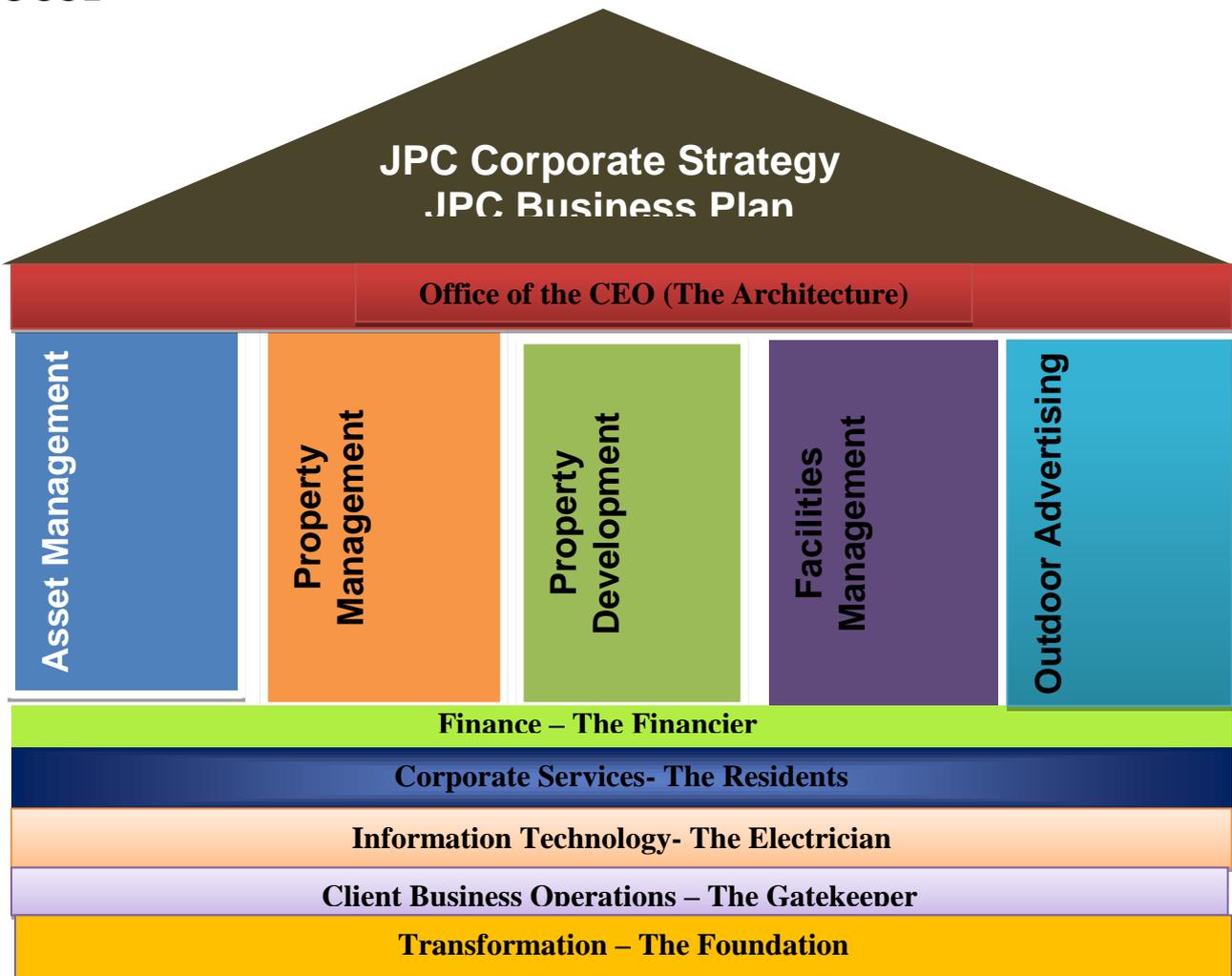
DESCRIPTION OF CORE BUSINESS

JPC provides an all-encompassing range of property services required for the management and development of the property portfolios of the CoJ and the MOE's. Our core business, as a result of the implementation of the institutional review, has expanded to include facilities management to provide an overall property service. These services are commissioned on a sole-agency basis to administer the acquisition, disposal and conveyance of all land required for rendering municipal services. JPC manages approximately R10 billion of the City's

immovable property portfolio. The CoJ Property portfolio is diverse with approximately 30 000 properties under management, covering 41 000 hectares that spans across 7 municipal regions.

In terms of the institutional review the company is divided into the following core business (JPC pillars) functions:

JPC HOUSE



1. PROPERTY ASSET MANAGEMENT UNIT

Introduction

The JPC Property Asset Management unit strives to optimally manage the City's property portfolio to achieve its maximum potential by unlocking value of the portfolio through a process of careful analysis, strategic planning and efficient management. The primary focus of the Property Asset Management unit is to drive JPC's Land Strategy through defining an appropriate return on investment, cost structure, investment plan, disposal and acquisition strategy and maintenance plan that aligns to transformation targets. Property Asset Management must maintain the property asset register and warrant that land supports the City's objectives and spatial development framework for each property under management, and the portfolio as a whole.

Land should be viewed as a key resource that is fundamental in influencing and shaping desired spatial, social and economic objectives. JPC is the only Municipal Entity that manages the City's diverse property portfolio and provides a full-spectrum of property services to the City and its stakeholders across the lifecycle of its property ownership. This includes providing a service that integrates purchase, due diligence, management and leasing. The JPC Property Asset Management team strives to optimally manage the City's property portfolio to achieve its maximum potential by unlocking value of the portfolio through a process of careful analysis, strategic planning and efficient management.

The primary function of the Property Asset Management Division is to drive JPC's Land Strategy through defining an appropriate return on investment, cost structure, investment plan, disposal and acquisition strategy and maintenance plan that aligns to transformation targets and job creation. Property Asset Management must maintain the property asset register and warrant that land supports the City's objectives and spatial development framework for each property under management, and the portfolio as a whole.

PORTFOLIO PROFILE

The portfolio of the City of Johannesburg Metropolitan Municipality has a total balance sheet value of R8 714 billion which comprises of 30 713 properties, measuring a total of 77 809 hectares. Below is a table which illustrates quantity, size and value per region summaries.

Region	Area	Value %	No. of Properties	Value
Region A	15541.18175	8%	1997	R 691 235 718.28
Region B	3696.881094	17%	4155	R 1 522 158 427.10
Region C	9669.84928	13%	2374	R 1 119 346 603.38
Region D	8095.847274	9%	6880	R 803 199 504.84
Region E	4504.41316	19%	4945	R 1 655 458 821.18
Region F	7811.886874	16%	5009	R 1 351 138 713.97
Region G	27444.35261	12%	4862	R 1 037 604 715.53
Outside CoJ boundaries	1045.5748	6%	491	R 534 488 576.01
	77809.98685	100%	30713	R 8 714 631 080.29

Table 1: High Leve Portfolio Summary

ASSET MANAGEMENT PHILOSOPY

The heart of JPC’s asset management philosophy is about maximizing value, reducing costs and increasing returns from property. Critical to success is for JPC to apply commercial property principles and practices in pursuit of its socio-economic mandate to achieve service delivery objectives and to realize the full potential of property investments.

OBJECTIVES

JPC’s Property Asset Management aims to implement sound asset management practices including providing access to new assets in a sustainable and affordable manner. These objectives are best articulated in a radial cluster below;



- **Land Strategy Development:** To ensure that the City delivers on its vision of a “world class African City” portfolio specific research, strategic planning, policy and strategy development and review, valuations, property life-cycle modelling and monitoring are done. The Land Strategy unit comprises of leasing strategies, including the tenant mix, marketing strategies, investment strategies on acquisitions, disposals and redevelopment functions.
- **Operational and Financial Performance:** To provide assurance that performance measurement and client reporting is aligned to City targets this unit focuses on monitoring and evaluating the optimisation of portfolio composition, income and expenditure growth and the maintenance of the property asset register. The emphasis is on increasing the return generated from the portfolio, by disposing of underperforming assets, reducing operational costs, improving risk management, increasing the maintenance spend and hence improving the income generating potential of performing assets in line with the Land Strategy.
- **Business Development:** This unit consists of analysis and land preparation by town planners and urban designers to develop business cases. The goal is to improve the competitive advantage of the City’s properties and create a portfolio to rival the private sector in terms of returns, yet maintain a direct focus on developing and contributing towards the citizens of Johannesburg.

2. FACILITIES MANAGEMENT UNIT

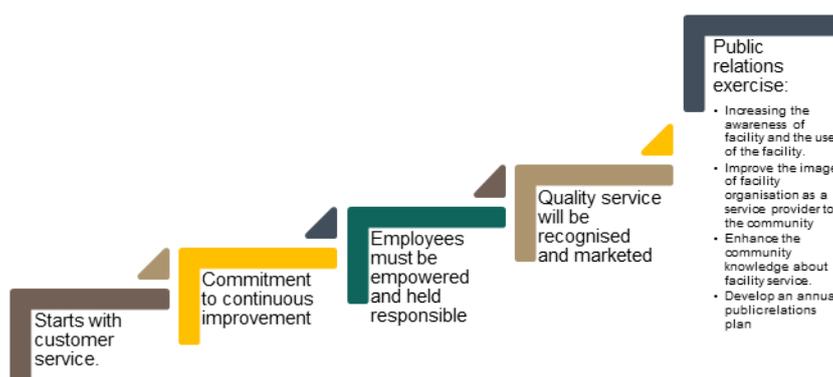
Facilities management is a quintessential business function, affecting not only revenues and costs, but also production, quality of life for employees, health and safety, the work environment.

Our facilities management approach will be focused on assessing business trends; focusing on cost reduction and increasing shareholder value, the integration of facility resource information into corporate business data, emphasis on speed of delivery, new ways of working enabled by mobile technology, new sustainability initiatives and targets and concerns about security and emergency preparedness.

In terms of the JPC mandate it is necessary to maintain facilities in order to:

- Enhance the balance sheet;
- Promote a green economy;
- Impact on job creation;
- Reduce operational costs and increase efficiencies;
- Support liveable and sustainable urban environments;
- Promote social cohesion; and
- Contribute meaningfully to GDS2040 outcomes.

Facilities management follows the 5 pillars of quality below:



3. PROPERTY DEVELOPMENT UNIT

Introduction

Property Development is the business of making improvements to land and buildings so that their end value exceeds initial value in such a way that returns are maximised.

It is recommended that JPC works towards being more involved in the property development value chain, particularly in the management of the selected sub-portfolio of municipal properties referred to elsewhere as the 'commercial' portfolio.

The task of selecting a commercial portfolio (land and buildings), which is property that is additional to the requirements of the City, is an exercise between the JPC, the City's Development Planning Department and Department of Economic Development, and the line departments. It requires screening from the property register land and buildings (property) that are not needed for the City's line department service delivery responsibilities and will involve land use planning on the basis of existing precinct plans, spatial development plans, the GDS 2040 and IDP, and also economic development and service delivery plans of service or line departments.

The 'residual' commercial portfolio that JPC is legally mandated to work with can be added to over time and properties can be removed should the need arise. It is recommended that an initial, small number of properties be identified that JPC can work with right away to produce value and income.

It can use these properties to secure property development facilitation fees, and once completed additional completion fees and rental commission and value appreciation through participation in the actual property development and management of properties. Its options have been described in the attached annexure T6: Funding, deal structuring, acquisitions and development models and options, which sets out various development structuring and financing options open to JPC.

Increased JPC business activity in land and property development will require an increase in appropriately skilled and experienced resources. It is recommended that this capacity be built on systematic recruitment of project-based capacity needs and through effective partnership with experienced private sector developers to acquire the requisite capabilities. As JPC migrates further into the property development value chain, those resources that start working with JPC on a project-by-project base will be given opportunities to participate

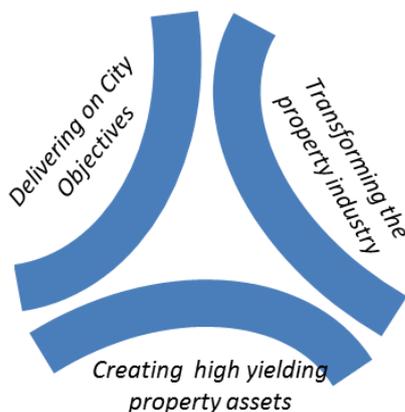
more fully as a semi- and then full-time resource as the number of concurrent projects increase.

The financial capacity to participate in either land development or property development will need to be augmented. This can be achieved through CoJ budget grants or through financial gearing of a selected portfolio of properties that are considered to be of high value by private sector property finance and property development players. The approach to establishing this proposed property portfolio is described in the attached annexure referred to above.

Objectives

The Property Development Unit aims to maximising the returns on City owned land.

In this regard the objectives for public land development are understood as a *trifecta* of returns, as follows:



Creation of high yielding property assets with a sustainable income stream.

A large proportion of the City's assets are vacant land with an inherently low asset value and associated low returns. By facilitating the development of well-located properties with high potential, a base of long term recurring income will be created.

Delivering on City Objectives: As per the ten priorities identified in the SDBIPS:

- Priority 1: Financial sustainability and resilience;
- Priority 2: Agriculture and food security
- Priority 3: Sustainable human settlements
- Priorities 4, 8 and 9: Economic Growth – as constituted of:
 - Priority 4: SMME and entrepreneurial support

- Priority 8: Investment attraction, retention and expansion
- Priority 9: The green economy
- Priority 5: Engaged and active citizenry
- Priority 6: Resource sustainability
- Priority 7: Smart City
- Priority 10: Safer City

Transforming the property industry: By empowering emerging developers and contractors, training and development and enterprise development.

Maximising returns

In order to maximise returns on all three of the above objectives JPC will seek to engage as far as is possible up the Property Development Value Chain (**Figure 1**) as possible.

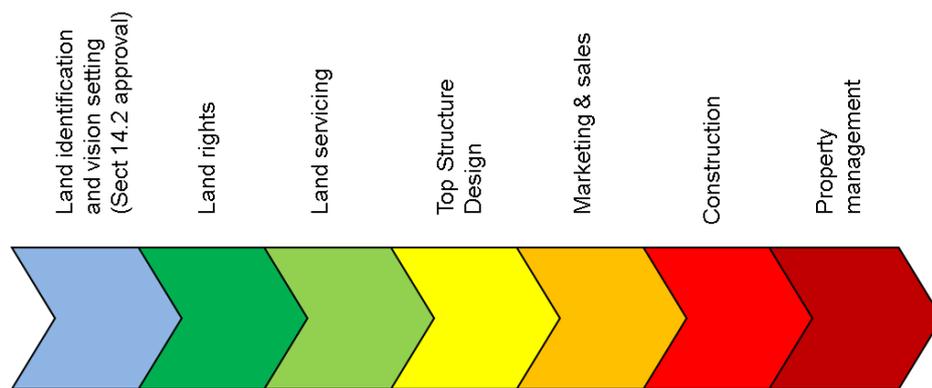


Figure 1: The Property Value Chain

Progression up the value chain increases:

- The rewards of higher financial returns
- The likelihood of the development being completed in accordance with specification
- The magnitude and scope of transformation agendas

The increasing returns which can be achieved by engaging higher up the value chain, as opposed to disposing of vacant unimproved land/dilapidated buildings, are illustrated in the graph in **Figure 2**.

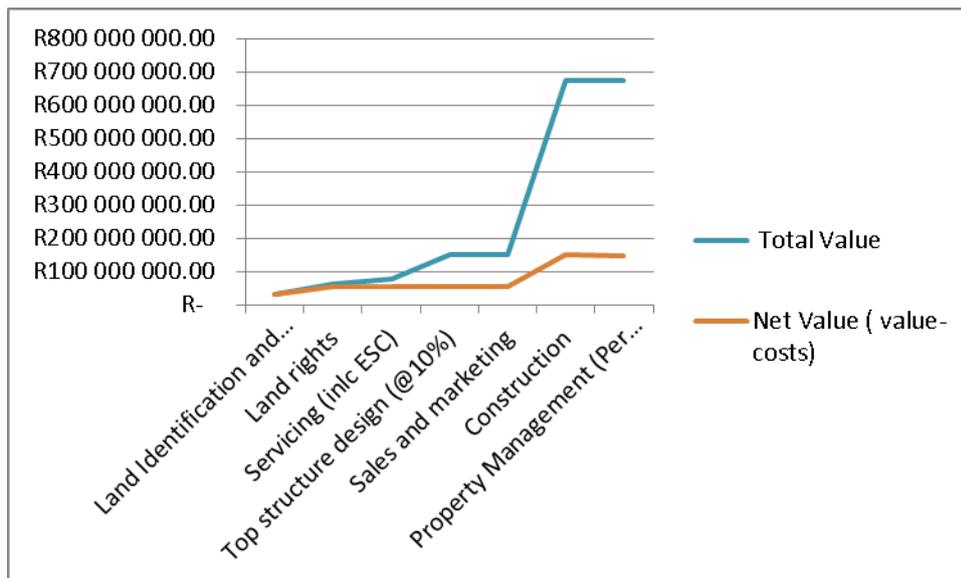


Figure 2: Increasing Relative and Net Value per stage of the property value chain.

Challenges and limitations of engaging up the value chain

The development of public land by public bodies, however, raises the following three key challenges:

- Commercial development is a capital intensive practice, requiring large capital budgets. Such capital requirements need to compete with capital requirements for service delivery projects or alternative sources of funding for development need to be secured.
- Commercial development is by nature a high risk occupation. It is questionable whether public moneys should be employed in such high risk ventures.
- Legislative restrictions exist which prevent the public sector from raising development finance from conventional development funding sources.

Development Facilitation Process

In order to address the limitations on public land development including managing risk, limiting COJ capital requirements for development and ensuring compliance with legislation, a **Development Facilitation Process** has been developed and employed whereby third party developers are procured to develop the property asset on a long term rental basis.

This strategy is based on the following principles:

- JPC ensures that that properties is fully packaged and development ready
- Matching property to market demand
- Third party developers are procured to develop the property in accordance with the MFMA.
- Developer assumes all development risk and funding obligations for developer
- Property is release on long term lease in terms of which property and full asset value is returned to COJ at end of lease term at no cost.
- Performance obligations are set out in lease agreement which ensure delivery in accordance with COJ strategic priorities.

This strategy is based on the following four stage process:

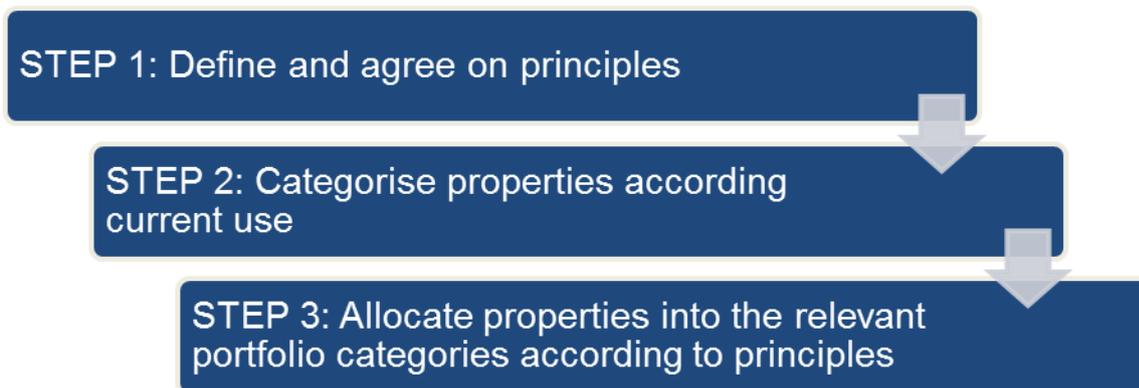


4. PROPERTY MANAGEMENT UNIT

This function involves maximizing the efficiency of the CoJ's Portfolio of properties. The property manager manages the properties. This includes leasing the premises (themselves or with agents) collecting the rentals, overseeing building maintenance, paying service providers, managing tenant relationships, running the accounts and providing reports. Facility Management is a sub function of property management which refers to building

planning, design, and management of occupied buildings and their associated building systems, equipment, and furniture to enable and enhance the organisation's ability to meet its business and programmatic objectives.

CATEGORIZATION OF THE PROPERTY ASSET REGISTER



PORTFOLIO CATEGORISATION PROCESS

The Portfolio Categorization Process is detailed above and includes defining the market related principles for completion of the categorization, this will have to be reviewed annually in terms of relevance and applicability to determine a bespoke categorization relevant to JPC's needs, funding and revenue generation requirements. A market related yield of a minimum of 9.5% is targeted in line with industry best practice and will be adjusted and cascaded per portfolio category. Properties are then categorized in terms of intended use based on the highest and best use analysis that will be done on the properties and following the needs assessment analysis of the City Departments and Entities in terms of fulfilling their service delivery targets.

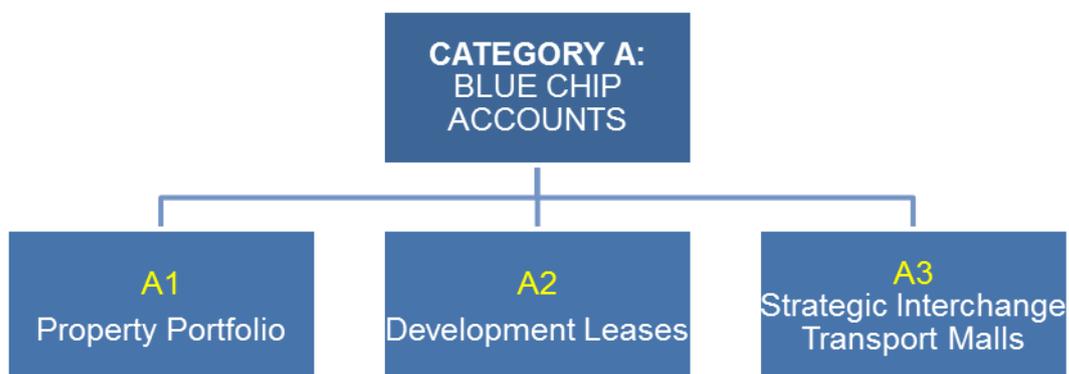
The following category types, category and market principles as detailed below are to be followed for defining the 6 Portfolio Categories, namely:

1. Category A: Blue Chip Accounts
2. Category B: Mixed Use/Key Accounts
3. Category C: Social Economic Development Accounts
4. Category D: Developmental Accounts
5. Category E: Service Delivery Accounts
6. Category F: Property Development Accounts

CATEGORY A: BLUE CHIP ACCOUNTS

	CATEGORY PRINCIPLES	MARKET PRINCIPLES	CATEGORY TYPES
1.	Buildings that collect revenue from tenants/multi tenants and require attention to preserve and enhance the revenue generated through effective property management services to minimise vacancies.	<ol style="list-style-type: none"> 1. Known to weather downturns and operate profitably in the face of adverse economic conditions, which help to contribute to their long record of stable and reliable growth. 2. Top rated, low-risk buildings in prime locations include premium class working environments for building occupants. 3. Well established buildings which have nationally/internationally recognised star ratings. 	<p>A1: Property Portfolio</p> <p>A2: Development Leases</p> <p>A3: Strategic Interchange Transport Malls</p>
2.	<p>Top quality, modern space that is generally a pace-setter in establishing rentals, and generates satisfactory building services and all aspects which justify the rental value.</p> <p>The level of facilities management must reflect the collections from the building and facilities management must strive to improve tenant satisfaction and therefore rental income.</p>	<ol style="list-style-type: none"> 4. Provide both green building and reduced energy consumption practices for prestigious rental space that are held in high regard among industry peers. 5. Extremely valuable assets because of public confidence in its long record of steady earnings 6. Expected to maintain a growth trajectory in the medium term 7. Maximum tenant retention - Low vacancy rates while containing lease expiry periods. 8. Premium class working environments for building occupants. <p>Blue Chips are usually Grade P or A+ buildings</p> <p>Grade P:</p> <p>Premium grade space: Top quality, modern</p>	

	CATEGORY PRINCIPLES	MARKET PRINCIPLES	CATEGORY TYPES
3.	Leases from the value of R20 000.00 upward per month	space that is generally a pace-setter in establishing rentals and that includes the latest or a recent generation of building services, ample parking, a prestige lobby finish and good views, or a good environment. Grade A: Generally not older than fifteen years or which has had major renovation; high quality modern finishes; air conditioning; adequate on-site parking; market rental near the top of the range in the metropolitan area in which the building is located. Other considerations include a good quality lobby finish; quality access to/from an attractive street environment; good safety and security.	
4.	Yield 9.5% per annum - based on market related cap rate		



CATEGORY B: MIXED USE/KEY ACCOUNTS

	CATEGORY PRINCIPLES	MARKET PRINCIPLES	CATEGORY TYPES
1.	Properties with a potential of falling into	1. Key Account Properties are utilised to maximize mutual value and achieve	B1: Commercial Portfolio collecting a

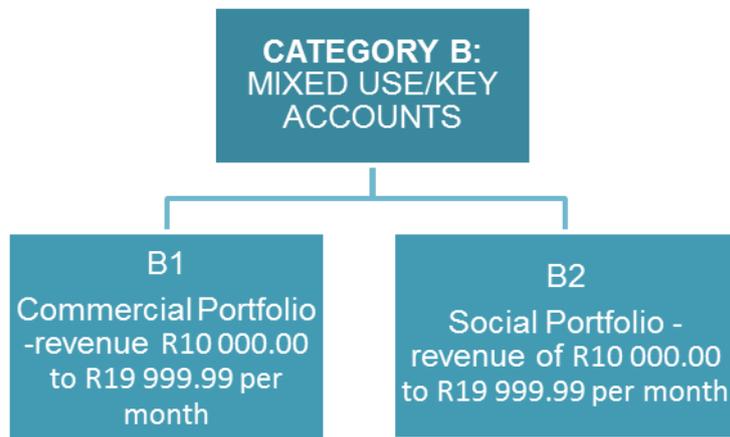
	CATEGORY PRINCIPLES	MARKET PRINCIPLES	CATEGORY TYPES
	Category A	mutually beneficial goals.	revenue of less than
2.	Mixed use properties that are occupied by various players of the economy.	2. Mixed use properties are utilised for more than one purpose. Instead of single use that can only serve one purpose, mixed use blend a combination of either residential and/or commercial, cultural, institutional, or industrial uses, where those functions are physically and functionally integrated, and provides pedestrian connections. From a commercial point of view mixed use development normally entails a large portion of low and high density residential developments supported by essential amenities such as recreational parks, churches etc. to provide ease of access to mainstream amenities. The development will then incorporate places of leisure such as shopping centres and places of entertainment. A recent addition to mixed use developments includes places of work such as office parks and some light retail warehouse buildings.	R20,000
3.	Income generating properties with a lease value of R10 000.00 to R19 999.99 per month		B2: Social Portfolio collecting have a potential to generate revenue of R10 000.00 to R19 999.99 per month
	Yield 8% per annum - based on 10 year government bond rate of 8.15% (Risk Free)	3. These accounts generate lower revenue than blue chip but offer wider investment choices and greater potential for redevelopment and improvement over the long term. They are an excellent prognosis for future capital growth and	

	CATEGORY PRINCIPLES	MARKET PRINCIPLES	CATEGORY TYPES
		<p>rental yields. “Green Chips” (Blue chips of tomorrow)</p> <p>4. Facilities Management plays a very important role planning, organising, and directing Facilities Management activities. They further ensure the effective management and integration of multi – disciplinary activities within the built environment and the management of the output to the client and the designated workplace.</p> <p>5. Mixed Use/Key Accounts fall in the space of a Grade B building: Generally older buildings, but accommodation and finishes close to modern standards as a result of refurbishments and renovation from time to time; air conditioning; on-site parking, unless special circumstances pertain.</p>	

6 Components of defining Management of Key Account Properties

1. Viewing key accounts as separate from those that are blue chips in terms of revenue.
2. Limiting the number of key accounts, and protecting vigorously from uncontrolled and ill-advised key account list growth.
3. Pursuing key account properties as institutional partners such that you build innovation and value, linking to future and goals.

4. Allocating key account focus on three core topics: **penetrating, expanding, and protecting accounts from competition.**
5. Viewing key accounts as assets that require continued, and often significant, investment to yield maximum returns. These investments often include structuring and aligning your business' processes and systems to maximize account value.

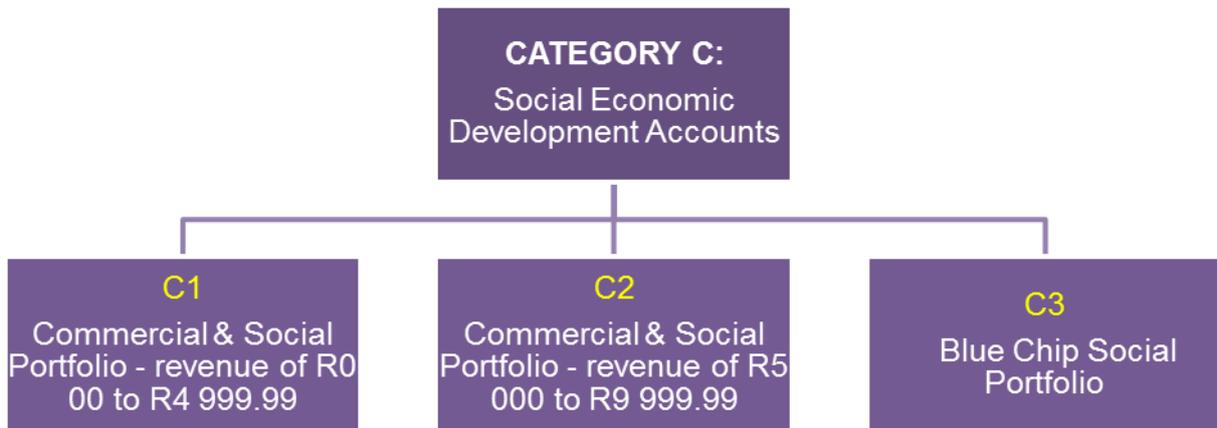


6. Viewing key account investment returns as tied to long-term business strategy.

CATEGORY C: SOCIAL ECONOMIC DEVELOPMENT ACCOUNTS

	CATEGORY PRINCIPLES	CATEGORY TYPES
1.	Properties which stimulate social and economic development within the community. Properties which are 60% social and 40% commercial will remain under the social portfolio.	C1: Commercial and Social Portfolio collecting a revenue of R0 00 to R4 999.99 C2: Commercial and Social Portfolio collecting a revenue from R5 000 to R9 999.99 C3: Transport and Informal Trading Portfolio

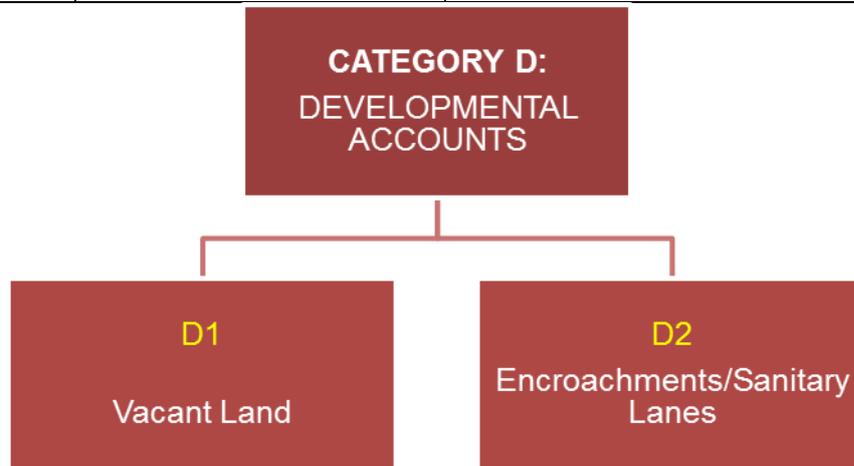
	Properties which are 40% social and 60% commercial are classified as commercial	
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CATEGORY D: DEVELOPMENTAL ACCOUNTS

		CATEGORY PRINCIPLES	PROPOSED APPROACH	CATEGORY TYPES
1.	New Business: Vacant land which is identified for leasing or disposal which will be categorised according to the outcome of the valuation	1. Identify vacant land 2. A highest and best use must be conducted on each vacant property 3. A market rental and sale value must be	D1: Vacant Land/Encroachments/Sanitary Lanes	

	<p>and its potential and allocated accordingly.</p>	<p>determined for the above</p> <p>4. Decisions are then made to either lease, dispose or allocate these properties to other categories</p> <p>5. Administration of municipal retained properties through lease / tenancy mechanism.</p>	
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CATEGORY E: SERVICE DELIVERY ACCOUNTS

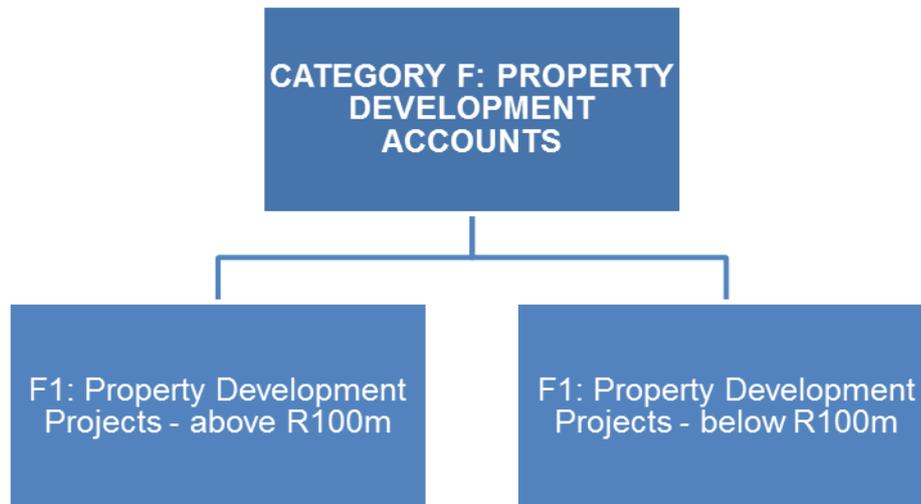
	CATEGORY PRINCIPLES	CATEGORY TYPES
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1.	Properties which are allocated for service delivery purposes only.	<p>E1: Internal Stakeholders: Property Portfolio of State Owned Entities and City Departments</p> <p>E2: External Stakeholders: Property Portfolio of external clients eg. Eskom, Telkom (income generating)</p>
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CATEGORY F: PROPERTY DEVELOPMENT ACCOUNTS

	CATEGORY PRINCIPLES	CATEGORY TYPES
1.	Strategic Properties which are earmarked for development.	<p>F1: Property Development Projects – <u>above</u> R100m</p> <p>F2: Property Development Projects – <u>below</u> R100m</p>



4. JPC VALUES

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

- Professionalism;
- Accountability;
- Responsibility;
- Customer Service; and
- Trust.

5. STRATEGIC OBJECTIVES

JPC's primary goal in supporting the vision and mission of the 2040 Growth and Development Strategy (GDS) is based on recognising and emphasising its role as an economic and social property agency to achieve positive developmental outcomes. These strategic objectives are aligned with the strategies of the Economic Growth, Human and Social Development, Sustainable Services and Governance Clusters, as well as various Integrated Development Plan (IDP) programmes. In synchronising the various strategic objectives, JPC identified the following as 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, economic and effective service delivery to clients, customers and stakeholders
- Ensuring a professionally managed and sustainable company

The company's strategic objectives are closely linked to the Mayoral priorities and to the following clusters:

- Economic Growth
- Human and Social Development
- Sustainable Services
- Good Governance

6. HIGH IMPACT PROGRAMMES

City Programme	JPC Identified Programme	Transformation Outcomes	Desired Impact	Dependencies	Impact Per Region
<p>Agriculture and Food Security</p> <p>SMME and Entrepreneurial development and support</p> <p>Green Economy and Resource resilience</p> <p>Sustainable Human Settlement</p>	<p>Release of land to SMME's, Co-Ops and Entrepreneurs under the transformation*, social economic*** and social** programme</p>	<p>Moral upliftment of communities</p> <p>Increase social cohesion</p> <p>Community empowerment</p> <p>Economic Development</p>	<p>Investment that benefits the community</p> <p>Improved community based services</p> <p>Empowerment of youth owned companies</p> <p>Improved and well managed City facilities</p>	<p>Internal Community Development</p> <p>City Procurement</p> <p>Human and Social Development</p> <p>Revenue</p> <p>Planning Department</p> <p>Department of Economic Development</p> <p>City Parks</p> <p>Office the Speaker</p> <p>External Department of Trade and Industry</p>	<p>All regions</p>

				<p>Financial Institutions</p> <p>Public Consultation</p> <p>Deeds Office</p> <p>Gauteng Department of Agriculture</p>	
<p>Sustainable Human Settlement</p> <p>SMME and Entrepreneurial development and support</p> <p>Investment Attraction, Retention and Expansion</p>	<p>Densification and enterprise development programme</p> <p>Identify, rezone and release 3 hectares of land along the Corridors of Freedom and TOD's for land densification and residential densification as a pilot project.</p>	<p>Accommodate low income earning families closer to place of work</p> <p>City restructuring</p> <p>To accommodate 1000 residential units</p> <p>To accelerate the housing development along the City Corridors</p> <p>The promotion of small</p>	<p>Reduction in travel costs and time</p> <p>Increase rates base</p> <p>Creating a vibrant City</p> <p>Improved quality of life</p> <p>Creating jobs</p> <p>Skills development</p> <p>Establishment of</p>	<p>Internal Planning</p> <p>JRA and Transport</p> <p>City Power</p> <p>Water</p> <p>CoJ Housing</p> <p>External Private Sector</p>	<p>Region E</p> <p>Region F</p> <p>Region D</p>

<p>Green Economy and Resource resilience</p> <p>Safer Cities</p>		<p>and medium sized black owned property companies.</p> <p>Transformation and development of the property industry particularly the low end income earning groups.</p>	<p>partnerships with the private sector</p> <p>Empowerment of youth owned companies</p> <p>Improved and well managed City facilities</p>	<p>GDACE</p> <p>Gauteng Housing</p>	
<p>Safer Cities</p> <p>SMME and Entrepreneurial development and support</p> <p>Investment Attraction, Retention and Expansion</p> <p>Green Economy and Resource resilience</p>	<p>Office Space Optimisation (Phase 1- JHB CBD)</p>	<p>Efficient use of municipal space</p> <p>Job creation</p> <p>Catalyst for economic development</p> <p>SMME development</p> <p>Green economy and resource resilient</p> <p>Skills development</p>	<p>Economic growth</p> <p>Effective use of space along the Corridors of Freedom and TOD's</p> <p>Improved densification</p> <p>Environmental sustainability</p> <p>Accessibility to the community</p> <p>Transformation of the property sector</p>	<p>Internal Planning</p> <p>Legislature</p> <p>City Finance</p> <p>Office of the City Manager</p> <p>CRUM</p> <p>Corporate Services</p> <p>All City Departments</p> <p>Labour</p>	<p>Region F</p>

Sustainable Human Settlement		<p>Smart technology</p> <p>The promotion of small and medium sized black owned property companies.</p> <p>Transformation and development of the property industry particularly the low end income earning groups.</p>	<p>Empowerment of youth owned companies</p> <p>Establishment of partnerships with the private sector</p> <p>Improved and well managed City facilities</p>	<p>External Private Sector</p> <p>Community Consultations</p> <p>Funding Institutions</p> <p>SAPOA</p>	
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*Transformation programmes: Youth, Women, People with disability and other targeted beneficiaries

** Social: Regularise or transfer 200 places of worship, 100 ECDs, NGOs, Community facilities, 350 Co-Ops and SMME's through food security and lease 100 other social facilities.

***Social Economic Programmes: Development of Parks in collaboration with City Parks (Golden Harvest, Zoo Farm in Parys and Rietvlei.

Socio-Economic Impact Summary

Programme	Financial/ Procurement and Other	Economic, Spend and	Job Creation	Women and Youth	Skills Development
Release of land to SMME's,	Targeted	Beneficiaries/	ECD's = 500	In allocation, at least 30% will	The following training will be

<p>Co-Ops and Entrepreneurs under the transformation*, social economic*** and social** programme.</p>	<p>(Number of residents impacted)</p> <ul style="list-style-type: none"> • Places of worships = 200 (30,000) • ECD's= 100 (3,000) • Co-ops and SMME's through food security = 350 (350) • Other social facilities = 100 (500) <p>Value of land made accessible to citizens for food security = R27m</p> <p>Partnership with Johannesburg market to create a distribution for product</p>	<p>Co-ops and SMME's through food security= 350</p> <p>Other social facilities= 600</p>	<p>be allocated to women and youth</p>	<p>provided:</p> <ul style="list-style-type: none"> • In all aspects of farming, packaging and selling. • 350 people to be trained in all aspects of farming
<p>Densification and enterprise development programme</p> <p>Identify, rezone and release 3 hectares of land along the Corridors of Freedom and</p>	<p>1000 units will be built along the TOD's to house 3,000 residents.</p> <p>R100 million to be spent on construction on both</p>	<p>At least 1500 jobs to be created.</p>	<p>70% of labour to be used for construction will be local labour from where the project is undertaken</p> <p>50 % of labour will be from</p>	<p>300 Youth to be trained on the following:</p> <ul style="list-style-type: none"> • Plumbing • Electrical • Brick laying • Paving

<p>TOD's for land densification and residential densification as a pilot project.</p>	<p>infrastructure and top structure.</p>		<p>women, youth and people with disabilities</p> <p>At least 30% of procurement to be allocated to women, youth and people with disabilities.</p>	<ul style="list-style-type: none"> • Glazing • Carpentry • Welding • Steel works • Wet works
<p>Office Space Optimisation (Phase 1- JHB CBD).</p>	<p>R140 million to be spent on construction on both infrastructure and top structure.</p>	<p>At least 2000 jobs to be created.</p>	<p>70% of labour to be used for construction will be local labour from where the project is undertaken</p> <p>50 % of labour will be from women, youth and people with disabilities</p> <p>At least 30% of procurement to be allocated to women, youth and people with disabilities.</p>	<p>People will be trained on the following:</p> <ul style="list-style-type: none"> • Plumbing • Electrical • Brick laying • Paving • Glazing • Carpentry • Welding • Steel works <p>Wet works</p>

7. JPC Risk Management

Effective risk management is integral to the company's objective of consistently adding value to the business. Management is continuously developing and enhancing its risk and control procedures to improve the mechanisms for identifying and monitoring risks.

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

In order to meet its responsibility with respect to providing reliable financial information, the entity maintains financial and operational systems of internal controls. These controls are designed to provide reasonable assurance that transactions are concluded in accordance with management authority, that the assets are adequately protected against material loss or unauthorised acquisition, use or disposal and those transactions are properly authorised and recorded. The system includes a documented organisational structure, visions of responsibility and established policies and procedures, including a code of ethics to foster a strong ethical climate. These aspects are communicated to the parent municipality. The entity also carefully selects trains and develops its employees.

Internal auditors monitor the operation of the internal control systems and report findings and recommendations to management and the Board of Directors. Corrective action is taken to address control deficiencies and other opportunities for improving the system as they are defined. The Board, operating through its audit committee, provides supervision of the financial reporting process and internal control systems. There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls.

Accordingly, even an effective internal control system can provide only reasonable assurance with respect to the preparation of financial statements and the safeguarding of assets. Furthermore, the effectiveness of internal control systems can change with

circumstances. A document and tested business continuity plan exist to ensure the continuity of business-critical activities.

The Strategic Risk Register for the JPC containing the top 8 strategic risks is as reflected below:

Risk No	Risk Description	Root Causes/Background to the Risk	Inherent Risk Exposure	Current Strategies and Controls	Residual Risk Exposure	Actions to Improve Management of the Risk	Timeframe
1	Erosion of the City owned land and property asset base	<p>1. Lack of a comprehensive facilities management strategy for City wide property portfolio..</p> <p>2. Lack of an integrated land management strategy.</p>	Very High	<p>1. Ad-hoc facilities management approach.</p> <p>2. Reactive approach to the needs of the community on land issues.</p> <p>3. Planned property maintenance activities for certain of the City's corporate buildings.</p> <p>4. Complete verification of the asset register.</p> <p>5. Categorisation of the asset register into portfolios linked to Portfolio managers.</p>	Low	<p>1. Link staff and facilities management into the property portfolios.</p> <p>2. Develop and implement performance standards for portfolio categories.</p> <p>3. Develop and Implement the comprehensive land strategy.</p> <p>4. Develop and implement a City wide facilities management strategy.</p> <p>5. Employ and develop the necessary skills and resources for the portfolios (subject to City providing funding for the employment of additional resources) .</p>	<p>1. 31 October 2015</p> <p>2. 31 October 2015</p> <p>3.1 Develop by 31 January 2016</p> <p>3.2 Commence by: 01 April 2016</p> <p>4.1 Develop by 31 January 2016</p> <p>4.2 Commence by: 01 April 2016</p> <p>5.1 Commence training by 01 November 2015</p> <p>5.2 Commence employment by: 01 November 2015</p>
2	Insufficient funding for JPC operations	<p>1.CoJ grant payments are not received as per Memorandum of Agreement (MoA) and approved JPC budget.</p> <p>2. Unfunded mandate emanating from the integration of ex FMMU and MTC.</p> <p>3. Move by the shareholder from the journalise process to the cash pay-out process.</p>	Very High	<p>1. Signed Shareholder Service Delivery Agreement.</p> <p>2. Approved CoJ subsidy for FY 2015/16 is in place.</p> <p>3. SLA's and budgets with departments in place..</p> <p>4. Billing of CoJ departments and MOEs as per the Service Delivery Agreement.</p> <p>5. Annual review of the JPC Corporate Strategy</p> <p>6. Prudent expenditure management.</p>	High	<p>1. Promotion of the JPC strategy, brand and value proposition with City shareholders.</p> <p>2. Empower SMMEs and communities to operate non cash generating business units (e.g. taxi ranks and public conveniences).</p> <p>3. Strict adherence to the approved and allocated annual JPC budget.</p> <p>4. Implement the approved JPC Strategy.</p>	<p>1. 15 December 2015</p> <p>2. 30 June 2016</p> <p>3. Ongoing</p> <p>4. Immediate and ongoing</p>
3	Insufficient HR capacity and skills	<p>1. JPC inherited a historically low skills and capacity base.</p> <p>2. Requirements of the revised JPC organisational structure.</p> <p>3. Insufficient budget for critical post appointments</p>	Very High	<p>1. Existing HR capacity and skills in place..</p> <p>2. Training and development of existing JPC personnel.</p> <p>3. Personnel are required multi task, and fulfil roles and responsible not limited to their job descriptions.</p>	High	<p>1. Secure funding for the filling of critical vacancies.</p> <p>2. Workplace skills plan informed proposed employee training and development</p> <p>3. Implementation of employee career development plans.</p> <p>4. Review and adoption of JPC organisational performance standards.</p>	<p>1. 15 December 2015</p> <p>2. 31 October 2015</p> <p>3. 15 Dec 2015</p> <p>4. 31 October 2015</p>
4	Inadequate property development project management	<p>1. Lack of project management skills</p> <p>2. Poor contract management of property developers</p>		<p>1. Property development contracts in place.</p> <p>2. Ad-hoc contract management</p>		<p>1. Establishment of the Project Management Office (PMO).</p> <p>2. Appointment of the skilled project managers.</p>	<p>1. 31 March 2016</p> <p>2. TBA</p>

4	Inadequate property development project management	<ol style="list-style-type: none"> 1. Lack of project management skills 2. Poor contract management of property developers 	High	<ol style="list-style-type: none"> 1. Property development contracts in place. 2. Ad-hoc contract management 	High	<ol style="list-style-type: none"> 1. Establishment of the Project Management Office (PMO). 2. Appointment of the skilled project managers. 3. Establishment of the contract management system. 	<ol style="list-style-type: none"> 1. 31 March 2016 2. TBA 3. 31 March 2016
5	Inadequate internal and external stakeholder management	<ol style="list-style-type: none"> 1. Inadequate community participation as well as delays in feedback to communities and stakeholders. 2. Lack of a centralised system to monitor stakeholder enquiries, and tracking of the transaction process until resolution thereof.. 3. Communications and stakeholder management not treated as a business strategic priority. 	High	<ol style="list-style-type: none"> 1. Marketing and communications strategy in place. 2. Stakeholder relations management and corporate social investment strategy in place 3. Internal communication strategy in place. 4. JPC Client Services Unit in place. 5. Weekly Open Day for stakeholder engagements. 	Low	<ol style="list-style-type: none"> 1. Mapping of business processes to link the JPC Call Centre to improve the tracking and monitoring of stakeholder and client enquiries. 2. Full implementation of the marketing and communications strategy. 3. Implementation of an integrated JPC Call Centre. 4. Periodic monitoring of the stakeholder enquiry turnaround times and resolution rate, as well as ascertaining the level JPC stakeholder satisfaction. 	<ol style="list-style-type: none"> 1. 31 October 2015 2. 30 June 2016 3. Commence by: 01 February 2016 4. Immediate and ongoing
6	Insufficient ICT governance (Business Continuity Plan)	<ol style="list-style-type: none"> 1. IT Governance Framework, DR Plan and ICT policies not yet approved. 2. Insufficient data and document management systems. 3. Lack of proper IT infrastructure and system integration. 	High	<ol style="list-style-type: none"> 1. Integrated and approved ICT strategy in place. 2. Draft ICT Framework has been developed. 3. Business Continuity and Disaster Recovery Plan developed, however, approval is outstanding 4. Revised IT policy developed (approval outstanding). 5. Certain senior ICT management posts have been filled. 	Low	<ol style="list-style-type: none"> 1. Obtain approval for the ICT Governance Framework, ICT policy and the BCM Plan. 2. Installation of a back-up power source for business continuity. 3. Obtaining funding for vacant ICT posts, and recruitment of required ICT personnel.. 4. Systems integration through SAP via CoJ platform. 	<ol style="list-style-type: none"> 1. 15 December 2015 2. 15 December 2015 3. Commence by: 15 January 2016 4. Complete implementation of 1st phase as per CoJ project plan by 30 June 2016
7	Non-compliance with laws and regulations	<ol style="list-style-type: none"> 1. Inadequate awareness of relevant regulations. 2. Insufficient capacity for monitoring of adherence to regulations.. 3. Unethical employee conduct. 	High	<ol style="list-style-type: none"> 1. Quarterly JPC Compliance Checklist in place. 2. Policies and procedures in place that are consistent with laws and regulations. 3. Periodic regulatory compliance reviews by internal audit. 	Moderate	<ol style="list-style-type: none"> 1. Introduce an employee awareness campaign for the relevant laws , regulations and policies. 2. Review policies for legal and regulatory completeness.. 3. Keep abreast of legislative and regulatory changes 4. Develop and implement JPC Compliance Management Framework which is aligned to the City Wide Compliance Management Framework. 	<ol style="list-style-type: none"> 1. Quarterly basis commencing 01 October 2015 2. Annual basis - July of each year 3. Ongoing 4.1 Develop by 30 November 2015 4.2 Implement: January 2016
8	Fraud and corruption (both internal and external)	<ol style="list-style-type: none"> 1. Fraudulent sales and unlawful occupation of land and buildings 2. Mismanagement of cash. 3. Collusion between officials and clients 4. Corruption and bribery 	High	<ol style="list-style-type: none"> 1. JPC support service policies and procedures in place. 2. Fraud and Corruption (Prevention) Committee in place. . 3. Fraud and whistle blowing hotline and policy in place. 4. Periodic staff awareness training and workshops. 5. Quarterly reporting to ARC on fraud issues. 	Low	<ol style="list-style-type: none"> 1. Continue the promotion of fraud prevention and fraud hotline awareness campaigns. 2. Full implementation of the Fraud Prevention Plan. 	<ol style="list-style-type: none"> 1. & 2. Immediate and ongoing

RISK MATRIX ON THE HIGH IMPACT PROGRAMMES

Programme Number	JPC Identified Programme	Risks Identified	Risk Mitigating Actions
Programme 1	Release of land to SMME's, Co-Ops and Entrepreneurs under the transformation*, social economic*** and social** programme.	<p>Insufficient start-up costs for Co-Ops</p> <p>Delays in terms of registering Co-Ops (e.g. opening of bank accounts)</p> <p>Insufficient funds to lease available properties</p> <p>Legal delays in terms of City approvals</p>	<p>Approach DTI for grant funding</p> <p>Sign an SLA with the DTI for prioritisation of the Company's project</p> <p>Approach Financial Institutions to prioritise opening co-operative bank accounts and marketing of the same</p> <p>Less than market related rentals offered on lease because of public interest</p> <p>Special dispensation to obtain Council approval (fast tracking committees)</p> <p>Recommend Delegation of powers to City Official for purposes of obtaining timeous approvals</p> <p>Submit suggestions to the City Manager on how to fast track</p>

		Community interference	<p>the approval process inclusive of a high level process flow which demonstrates the actual time savings. E.g. perception index on ease of doing business in SA as contained in WEF</p> <p>Intensify public participation with the community through ward councillors.</p>
Programme 2	<p>Densification and enterprise development programme</p> <p>Identify, rezone and release 3 hectares of land along the Corridors of Freedom and TOD's for land densification and residential densification as a pilot project.</p>	<p>Public objection to densification</p> <p>Time delays in land use applications and approvals</p> <p>Insufficient infrastructure for new developments</p> <p>Access to funding by the emerging developers</p>	<p>Properties along TODs and therefore in line with RSDF</p> <p>Set up task team with City Departments</p> <p>Properties along TODs, engage the City to prioritise this project as part of their CAPEX planning/budget</p> <p>Partnering with GPF,PIC,IDC, BRICS Development Bank, IHFC,HDA and DBSA</p>

<p>Programme 3</p>	<p>Office Space Optimisation (Phase 1- JHB CBD).</p>	<p>Insufficient funding from the City</p> <p>Service delivery disruptions due to loss of productivity</p> <p>Inadequate relocation plan or poor execution of the plan</p> <p>Resistance from staff to move offices</p> <p>Delays in town planning</p> <p>Political reputational risk</p> <p>Negative public perception</p> <p>Delays of the project due to SCM challenges</p>	<p>Partnership with private sector</p> <p>Detailed funding options</p> <p>Extensive public consultation</p> <p>Proper relocation plans and staff engagements</p> <p>Extensive public consultation</p> <p>Proper relocation plans and staff engagements</p> <p>Extensive staff and labour consultation</p> <p>Set up task team with City Departments</p> <p>Extensive public consultation and marketing.</p> <p>Extensive public consultation and marketing.</p> <p>Planned supply chain management processes</p> <p>Demand management plans</p>
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7. CLIENT CHARTER AND SERVICE STANDARDS

System that have been implemented to measure and improve service standards and turnaround times

The purpose of the Client Services and Customer Care Unit is to provide a customer relations service for its citizens, the City and its Entities, that ensures the effective, reliable and improved business efficiency within JPC and timeous resolution of customer enquiries and, tracking the progress of transactions relating to Council-Owned Properties and Facilities Management Services.

- Promote JPC as a professional, transformative and customer centric organisation.
- Effective, reliable and improved business efficiency within JPC
- Position JPC as an employer of choice.
- Foster a corporate social investment and sustainability culture.

Build and maintain sustainable relations with JPC stakeholders and the property industry at large.

The vision of JPC is that the City will develop the capacity to use its property portfolio in the interests of its strategic and transformative objectives – hence “Transformation through property”. This implies that:

- a) City properties will be comprehensively well-managed;
- b) City decision-making on property related matters will be faster but also well-considered within a sound strategic framework;

JPC SERVICE DELIVERY PERFORMANCE STANDARDS		
JPC	Per Shareholder Compact (SC): Response in acknowledgement of requests, enquiries & complaints	Within 1 day of logged call
	Per Shareholder Compact (SC): Provision of answers and/or results related to the receipts of the requests & enquiries regarding properties	Within 3 days of logged call
	Per Shareholder Compact (SC): The performance of emergency work	Within 1 day of logged call - finalization on receipt of PO from Department

Per Shareholder Compact (SC): Performance of minor work on facilities managed	Within 2 days of logged call - Implementation of works per PO received and SLA with Department
Per Shareholder Compact (SC): Performance of major work on facilities managed	Within 5 days of logged call - Implementation of works per PO SLA with Department
Per Shareholder Compact (SC): Complete the sale/lease/acquisition of council owned land - Council approval	Within 6 months This is in line with the processes of the City as the reports need to go to the structures of CoJ.
Tender placed after Council approval and EAC	3 Months This is in line with the processes of the City as the reports need to go to the structures of CoJ.
Per Shareholder Compact (SC): Completion of lease approval for space	Within 10 days
Per Shareholder Compact (SC): Performance surveys on the condition of all plant and equipment in order to allow the assessment of the required repairs and maintenance of facilities managed	Quarterly Agreed
Per Cluster schedule: Response to general enquiries at client services counter.	Immediately -24hrs as per current JPC timeframes Agreed
Per Cluster schedule: Responses to enquiries regarding transactions in pipeline	24 Hours -48 Hours As per JPC current timeframes Agreed
Per Cluster schedule: Responses to applications / interest to lease / acquire (formal applications)	14 days As per current time frames Agreed

8. PESTLE ANALYSIS:

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

Political factors	Economic factors
<u>Regulations</u> <ul style="list-style-type: none"> The Municipal Asset Transfer Regulations, 2008 which regulates the transfer and permanent disposal of non-exempted capital assets by 	<ul style="list-style-type: none"> Long approval processes increase holding costs of property such as security, cleaning and maintenance, which also increase the risk of illegal occupation and vandalism; Economic growth and investor confidence

<p>municipalities and municipal entities in order to facilitate the enforcement and administration of section 14(2) of the Municipal Finance Management Act 56 of 2003, which is to attain a council resolution before the alienation (lease or sale) of any council owned properties. These regulations hinder the process of the City in the alienation of land due to lengthy compliance requirements;</p> <ul style="list-style-type: none"> • 	<p>affects the property market;</p> <ul style="list-style-type: none"> • Delays in economic development and job creation; and • At the moment the bank rates have been firm and stable for the last three (3) years with a downward trend which may impact future years.
<p>Socio-cultural factors</p>	<p>Technological factors</p>
<p>The skewed disposal income in different regions will adversely impact the property transactions in areas where the levels are low.</p>	<p>Innovative construction methods should be investigated to ensure cost reduction.</p>
<p>Legal factors</p>	<p>Environmental factors</p>
<ul style="list-style-type: none"> • The Municipal Asset Transfer Regulations, 2008 which regulates the transfer and permanent disposal of non-exempted capital assets by municipalities and municipal entities in order to facilitate the enforcement and administration of section 14(2) of the Municipal Finance Management Act 56 of 2003, which is to attain a council resolution before the alienation (lease or sale) of any council owned properties. These regulations hinder the process of the City in the alienation of land due to lengthy compliance requirements; • The introduction of the National Credit Act and the global economic meltdown significantly impacting on the growth 	<ul style="list-style-type: none"> • Environmental regulations and protection - National Environmental Management Act, 1998;

<p>and demand for residential, commercial and industrial properties;</p> <ul style="list-style-type: none"> • Formalities in respect of Leases Act, 1969. 	
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9. SWOT ANALYSIS:

Below are the SWOT elements that would have an impact on the effective implementation of the corporate strategy.

Internal	Strengths	Weakness
	<ul style="list-style-type: none"> • Good and reliable top management; • A shareholder that supports social transformation(being part of the JPC mandate); • Extensive experience in property management, development, asset management and facilities; • Solid understanding of legislation and ability/commitment to work within it; • Island of excellence in property management; • JPC is the sole agent of the CoJ with a mandate to manage Council owned properties on behalf of the City in terms of the SDA with the City; • Captive CoJ market- All CoJ entities can be encouraged to make use of FMM services. • Committed leadership • Increased mandate allowing for some level of risk • Capacity to up-skill employees and 	<ul style="list-style-type: none"> • Mismatch of skills (middle management and lower levels) within the organization; • Inadequate funding; • Cumbersome land processes; • Lack of proper contracting with clients (SLAs); • Slow acquisition of property through lack of budget; • Legislative mismatch- MFMA vs Transformation charter ; • Overlaps with City Departments/MOEs; and • Dependency on City departments /MOEs resulting in delays in implementation of property strategies. • Uncertainty caused by the merging of the three entities • Confused vision, lack of integration of culture, work ethic, processes and systems

	<p>organisation</p> <ul style="list-style-type: none"> • Solid institutional relationships including ability to work in close conjunction with Planning Department and DED • Large repository of expert property knowledge • A shareholder that supports social transformation (being part of the JPC mandate). • Access to capex and operating budgets • Alignment and access to CoJ which is a regulator and policymaker • Captive CoJ market - all CoJ entities can be encouraged to make use of FMM services • Strong CoJ balance sheet which can be leveraged • Financial sustainability for as long as FMM revenue collection accrues to JPC • The ability of the finance department to integrate the finances of all three entities in a short timeframe with minimal disruption 	<ul style="list-style-type: none"> • Skills mismatch – lack of specific skills • Lack of capacity, skills and financial and operational resources • Lack of proper contracting with clients (SLAs) • Incomplete asset register • Decreased financial assistance from COJ - requirement to be financially independent and sustainable and contribute to the total city revenue • Lack of a sustainable revenue model until JPC is managing sufficient FM contracts and developing sufficient properties • Gap between earnings and salary bill • No clear role definition between JPC & other CoJ departments • SDA and SLAs needs to be developed for centralised facilities management • Legislative mismatch – MFMA vs. transformation charter • Slow acquisition of property through lack of budget
External	Opportunities	Threats
	<ul style="list-style-type: none"> • Maximization of revenue through the outdoor advertising portfolio and creation of a property fund; • International investment: investigating alternative sources of revenue which can be generated from the property 	<ul style="list-style-type: none"> • Vandalism to property portfolio; • Land invasions & illegal occupation of land parcels; • Fraudulent land sales; • Lack of property ownership in high value areas;

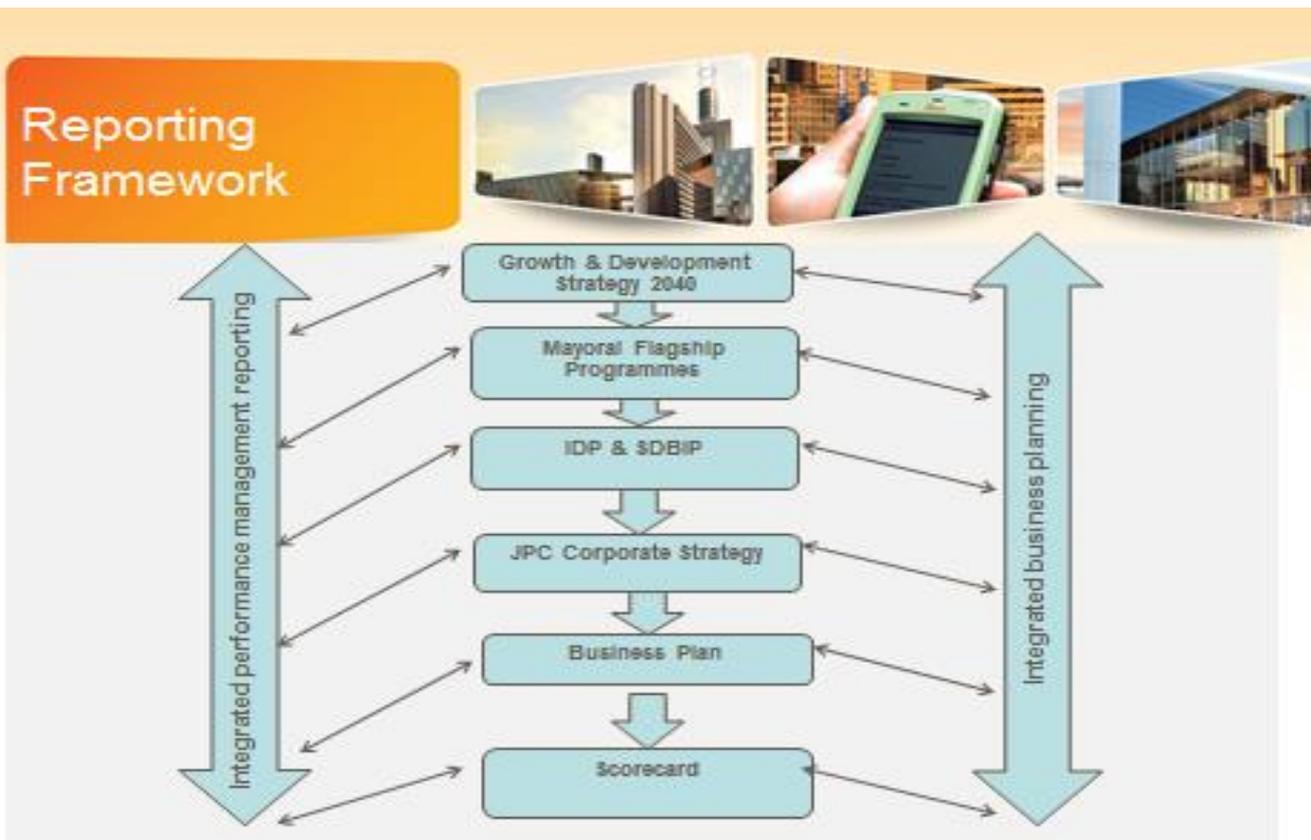
	<ul style="list-style-type: none"> asset; • CoJ office space optimisation; • Comprehensive database of properties which can be used for strategy formulation; • Assist emerging black facility management companies and property development. • New way of doing business • CoJ office space optimisation • Sole provider of property in the city – to become a national player eventually • To create a JPC which is an employer of choice • Transformation of the property market • Assist emerging black facility management companies and property development • Creation of jobs for the unskilled labour market • Integrated and centralised approach to facilities management at market prices and standards (to include non-specialised services/assets) to MEs and other City buildings • Leverage off the Centre of knowledge • Optimise on economic opportunities – taxi facilities • Build on market trends and densification • Comprehensive database of properties which can be used for strategy formulation • Improve intergovernmental relationships 	<ul style="list-style-type: none"> • Cumbersome CoJ's land approval processes for land transactions. • Risky transition/integration • JPC long term strategy vs. political term of office • Resistance towards turnaround strategies • Budget constraints • Loss of specialised skills • Mature property market which is risk-prone • Lack of property ownership in high value areas • Lack of diversification in property investment • Impact of the economy on property development • Existing council process not beneficial to decision making – negative impact • No formalization of relationship with taxi associations and informal traders with transportation departments and economic development • Vandalism of structures/facilities • Competing with external service providers providing service at market related prices • Private property developers abuse/constrain JPC's expansion into property development value chain • Certain governance procedures such as the early adoption of GRAP
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	<ul style="list-style-type: none"> • Integrated and centralised approach to facilities management at market prices and standards (to include non-specialised services/assets) to MEs and other City buildings • Engage clients through contracts, and decline requests from clients not contracted to JPC 	<p>105 will have to be implemented in a short period of time. Non-compliance within the timeframe will result in audit queries</p> <ul style="list-style-type: none"> • The culture of the organisation has not been determined, integration is not complete and the benefit and disadvantages cannot be measured yet
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GDS 2040 AND IDP AND JPC

The CoJ Growth and Development Strategy 2040 (GDS 2040) is a Vision document that provides the broad guidelines for planning and development over the next few decades. It affects all CoJ departments and municipal entities, including JPC. It must be used to form a roadmap to implement the important outcomes of the strategy. It does not replace other long-term strategy documents, but instead provides a pre-requisite for medium-term, strategic, spatially-oriented plans for infrastructure, housing and transportation sectors. In summary, it offers a clear vision, mission, framing paradigm and principles alongside outcomes, outputs and indicators.

The below picture depicts the reporting framework and the alignment of the JPC objectives and activities to the objectives of the City of Johannesburg as the shareholder:



The Integrated Development Plan (IDP), with a 5-year horizon short-term to medium-term operational plan, focuses on the inputs and activities that generate the long-term strategic outcomes and outputs stated in the GDS, as depicted in the diagram below:

Table: Desired Outcomes: City priorities/ flagships and IDP programmes

Key Flagship Programmes	IDP Sub Programmes / Strategic Intervention	Desired outcome: Short-term 1 year	Desired outcome: Medium-term 2-4 years	Desired outcome: Long-term 4+ years
<p>Sustainable Human Settlements focusing on</p>	<p>IDP Sub Programmes</p> <p>Targeting deprived spaces and communities</p> <p>Facilitation of the area based economic initiatives</p> <p>Land Management and acquisition programme</p> <p>Transit Oriented development (TOD) Programmes</p> <p>From informal settlement to sustainable human settlement programme</p>	<p>Acquisition of properties along the Transit Oriented Development and support the housing master plan(Priority Areas(corridors and nodes)</p> <p>Implement the City-wide Land Strategy</p>	<p>Acquisition of properties along the Transit Oriented Development and support the housing master plan (Priority Areas(corridors and nodes)</p> <p>Implement the City-wide Land Strategy</p>	<p>Acquisition of properties along the Transit Oriented Development and support the housing master plan(Priority Areas (corridors and nodes)</p> <p>Implement the City-wide Land Strategy</p>

Key Flagship Programmes	IDP Sub Programmes / Strategic Intervention	Desired outcome: Short-term 1 year	Desired outcome: Medium-term 2-4 years	Desired outcome: Long-term 4+ years
Financial sustainability Economic Growth	IDP Sub programmes Financial sustainability Leveraging of City Owned Assets	R120m of rental income from leases and servitudes sales, servitudes and acquisition	R130m of rental income from leases and servitudes sales, servitudes and acquisition	140m of rental income from leases and servitudes sales, servitudes and acquisition
	Revenue maximization	Implementation of the outdoor advertising strategy Revenue from Outdoor Advertising	Improved revenue from Outdoor Advertising	Improved revenue from Outdoor Advertising
SMME and entrepreneurship development Agriculture and food security	Develop a dynamic entrepreneurial spirit, competitiveness, innovation and increased investment through support to SMME	Implementation of the Incubator Programme for emerging property entrepreneurs	Implementation of the Incubator Programme for emerging property entrepreneurs Implementation of Property	Implementation of the Incubator Programme for emerging property entrepreneurs
		Implementation of Property Skills Programme	Skills Programme	
		Allocation of properties for	Allocation of properties for	

Key Flagship Programmes	IDP Sub Programmes / Strategic Intervention	Desired outcome: Short-term 1 year	Desired outcome: Medium-term 2-4 years	Desired outcome: Long-term 4+ years
		<p>agricultural and food security with the focus on SMME , Co-ops and Informal Traders</p> <p>Allocation of property to Youth development programs to address youth unemployment and to encourage youth to enter into the property space</p>	<p>agricultural and food security with the focus on SMME, Co-ops and Informal Traders</p> <p>Allocation of properties to Youth Development programs to address youth unemployment and to encourage youth to enter into the property space</p>	<p>Allocation of properties for agriculture, food security with the focus on SMME – Co-ops and Informal Traders</p> <p>Allocation of properties to Youth Development programs to address youth unemployment and to encourage youth to enter into the property space</p>
		<p>Transformation and Social Programme- JPC transfers or lease 8000 SMME and Co-Ops NGO, Community organisation</p>	<p>Transformation and Social Programme- JPC transfers or lease cumulative 13000 to SMME and Co-Ops NGO, Community organisation.</p>	<p>Transformation and Social Programme- JPC transfers or lease cumulative 16000 to SMME and Co-ops NGO, Community organisation.</p>
		<p>Commercialization of</p>		

Key Flagship Programmes	IDP Sub Programmes / Strategic Intervention	Desired outcome: Short-term 1 year	Desired outcome: Medium-term 2-4 years	Desired outcome: Long-term 4+ years
		Facilities Management with the focus on SMME development	Commercialization of facilities management with the focus on SMME Development	Commercialization of facilities management with the focus on SMME Development
<p>Investment Attraction, Retention and Expansion</p> <p>Sustainable Human Settlement</p> <p>SMME and Entrepreneurial development and support</p> <p>Green Economy and Resource resilience</p> <p>Safer Cities</p>	<p>Leveraging of City owned facilities</p> <p>Revenue maximization</p> <p>Develop a dynamic entrepreneurial spirit, competitiveness, innovation and increased investment through support to SMME</p>	<p>Implement the OSO as identified in the project plan) See Annexure B</p> <p>Space optimization programme which incorporates workplace accommodation to ensure better staff mobility.</p> <p>Implement the Facilities Management Master Plan</p>	<p>Office Space Optimisation roll out of the other phases as outlined in the project plan) See Annexure B</p> <p>Space optimization programme which incorporates workplace accommodation to ensure better staff mobility.</p> <p>Implement the Facilities Management Master Plan</p>	<p>Office Space Optimisation roll out of the other phases as outlined in the project plan) See Annexure B</p> <p>Implement the Facilities Management Master Plan</p>

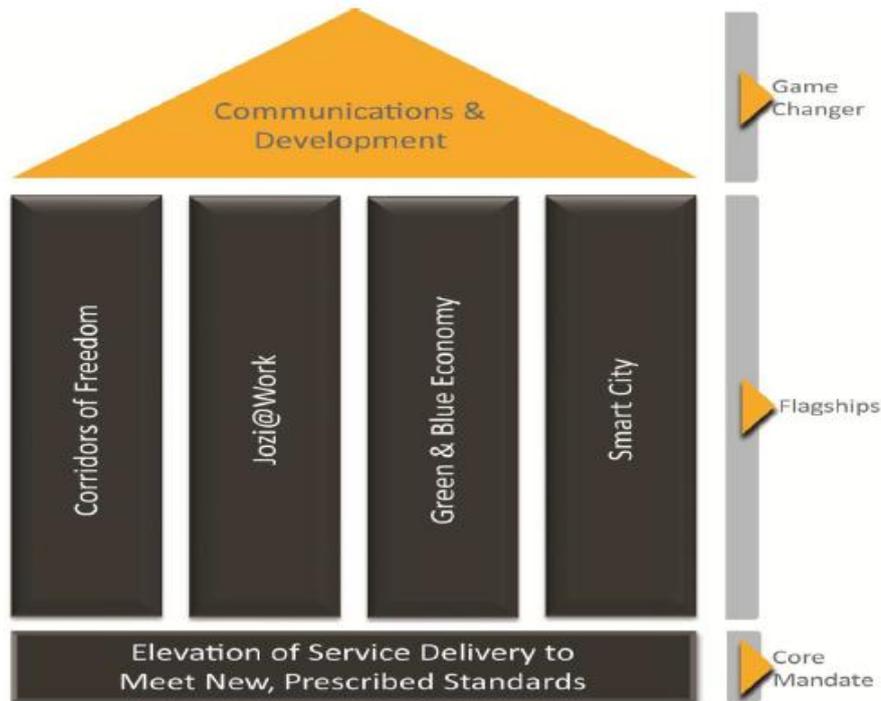
Key Flagship Programmes	IDP Sub Programmes / Strategic Intervention	Desired outcome: Short-term 1 year	Desired outcome: Medium-term 2-4 years	Desired outcome: Long-term 4+ years
<p>Sustainable Human Settlement</p> <p>SMME and Entrepreneurial development and support</p> <p>Investment Attraction, Retention and Expansion</p> <p>Green Economy and Resource resilience</p> <p>Safer Cities</p>		<p>Densification and enterprise development programme</p> <p>Identify, rezone and release 3 hectares of land along the Corridors of Freedom and TOD's for land densification and residential densification as a pilot project.</p> <p>Development and construction of the</p>	<p>Continue with the densification and enterprise development programme</p> <p>To accommodate 1000residential units</p>	<p>Continue with the densification and enterprise development programme</p>

Key Flagship Programmes	IDP Sub Programmes / Strategic Intervention	Desired outcome: Short-term 1 year	Desired outcome: Medium-term 2-4 years	Desired outcome: Long-term 4+ years
		<p>densification and enterprise programme along the Corridors of freedom and TOD's for land densification.</p> <p>To accommodate 500 residential units</p> <p>The promotion of small and medium sized black owned property companies.</p>	<p>The promotion of small and medium sized black owned property companies.</p> <p>Transformation and development of the property industry particularly the low end income earning groups.</p>	<p>To accommodate 1500 residential units</p>
		<p>Transformation and development of the property industry particularly the low end income earning groups.</p> <p>Transformation and development of the property industry</p>		<p>The promotion of small and medium sized black owned property companies.</p> <p>Transformation and development of the property industry particularly the low end income earning groups.</p>

Key Flagship Programmes	IDP Sub Programmes / Strategic Intervention	Desired outcome: Short-term 1 year	Desired outcome: Medium-term 2-4 years	Desired outcome: Long-term 4+ years
		particularly the low end income earning groups.		
Safer Cities SMME and Entrepreneurial development and support Investment Attraction, Retention and Expansion Green Economy and Resource resilience		Create a structured City Market throughout the other regions (Region A: Swazi Inn, Diepsloot) Destination marketing SMME development and empowerment Well managed trading space	Destination marketing SMME development and empowerment	Create a structured City Market throughout the other regions Destination marketing
		SMME development and empowerment	SMME development and empowerment	SMME development and empowerment

Key Flagship Programmes	IDP Sub Programmes / Strategic Intervention	Desired outcome: Short-term 1 year	Desired outcome: Medium-term 2-4 years	Desired outcome: Long-term 4+ years

10. IMPLEMENTATION AND PERFORMANCE OVERVIEW OF THE 2015/16 CITY OF JOHANNESBURG PROPERTY COMPANY



Game Changer: JPC will focus Land Strategy

Land Strategy

The City of Joburg Property Company's (JPC) emphasis is that land must be viewed as a key resource that is fundamental in influencing and shaping desired spatial, social and economic objectives. It is a key resource that can be utilised to achieving the City's policies, goals and objectives. JPC is the only municipal owned entity that manages the City of Johannesburg's diverse property portfolio with assets counted at approximately 30 827 (Thirty thousand, eight hundred and twenty-seven). To this effect, it is tasked with transforming and utilising the portfolio in a manner that will provide sound benefits and enable the City to achieve its economic, social and transformational goals and objectives.

In response to the City's Growth and Development 2040 Strategy (GDS 2040), JPC developed a JPC 2040 Strategy "*Transformation through property*", which will play a role in supporting the City's strategic priorities; including economic and social development, as well as the City's service delivery and transformation objectives.

JPC has therefore embarked on a strategic move to develop a Land Strategy which will guarantee that the utilisation of the property portfolio is in the interests of the City's strategic and transformative objectives, so as to ensure that:

- i. the city's properties are comprehensively well-managed;
- ii. decision-making on property related matters is faster but also well-considered within a sound strategic framework;
- iii. there are well-considered public property developments supporting City's strategy;
and
- iv. the Land Strategy supports all strategic frameworks within the City and responds to the City's service delivery requirements.

The proposed Land Strategy focuses on the management of land as a resource in the pursuit of the key outcomes that the City is pursuing. The strategy considers not only vacant, City-owned land for a single-use (e.g. housing) but also other land requirements and key considerations such as the workings of the land market, intervening in an enabling way and managing land as a strategic resource to transform the citizens of the City of Johannesburg.

The Land Strategy formulation process is progressing with partnerships that are formed with all the CoJ Departments and Entities through the Joint Land Steering committee. Stakeholder consultations are an important aspect of the land strategy as the key CoJ service delivery Departments and entities were provided with an opportunity to present their service delivery needs which must be considered during the development of the Land Strategy.

Part of the stakeholder consultations were to obtain the departmental land requirements and incorporate them into the JPC Asset Management mapping and asset information system that is GIS interfaced. The requirements that have been received to date will be incorporated into the Asset Viewer, to be spatially plotted to create a consolidated view of the direction in which the Land Strategy will be following in respect of IDP, GDS 2040 Outcomes and PIPS from a service delivery perspective.

This information was also be contrasted with all land that is owned by the National/Provincial sphere of the Government to identify strategic land parcels that will be acquired by JPC in order to respond to the CoJ Priority Implementation Plans.

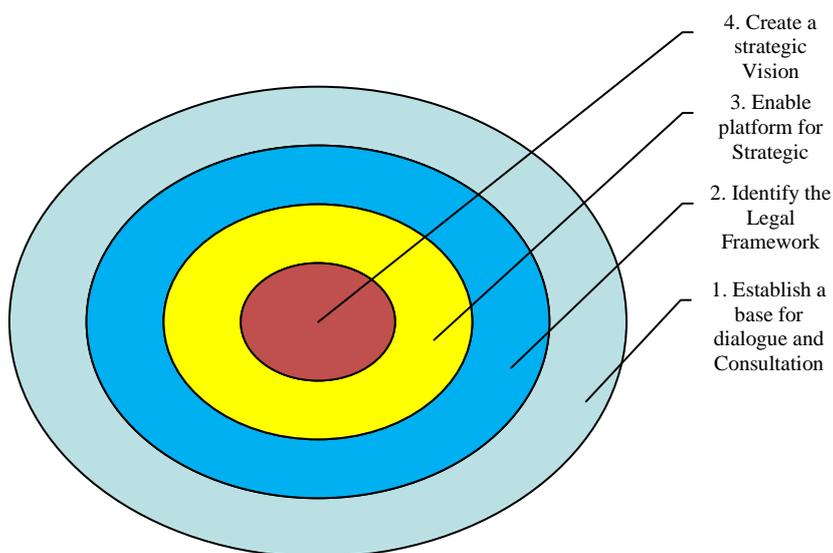
It was noted that there is a general concern on conflicting requirements where more than one Department or Entity may require the same land parcel as well as objections on proposed developments by the general public. JPC has also developed a process flow that clearly articulates the process that is followed on acquisitions to avoid conflicts and objections.

Joint Land Steering Committee (JLSC)

The Joint Land Steering Committee is a platform in which all the city's stakeholders (Service Delivery Departments and Entities) come together to discuss matters that relate to land, how it is to be utilised as well as the legal framework in which land is to be utilised. JPC has taken the initiative to revive this platform to enable a dialogue on matters which affect the portfolio of the City of Johannesburg.

JLSC APPROACH

The approach of the JLSC was to create a flow in respect of the property value chain process to ensure that the committee settles well in the JLSC. This was achieved through setting milestones for the meeting through the flow of information. The list below indicates the milestones which were set for the JLSC to date.



JPC Contribution to the City of Joburg Priorities and Aligned Projects

City Priority	Jozi@Work
JPC Contribution	<ul style="list-style-type: none"> • Job creation with a focus on youth, women and people with disabilities.

City Priority	SMME and Entrepreneurial Development
JPC Contribution	<ul style="list-style-type: none"> • Creating an environment that supports SMMEs and entrepreneurship development; • Addressing the mismatch of skills in the City's economy; • Using the City's procurement spend as a lever for SMME and BBBEE development; • Focusing on providing land to cooperatives as one of the key vehicles for entrepreneurial development and job creation; • Implementing the Economic and Property Transformation Strategy in line with DED directives; • Implementing a Youth Development Strategy; • Accelerating the Informal Economy Development; • Facilitating economic growth and development, and the spatial (geographic) spread of economic SMME/ BBBEE economic opportunities across the City.
JPC Projects Aligned to Priority	<ul style="list-style-type: none"> • Emerging Property Developers Incubator; • Property Academy; • Upgrading of informal traders facilities; • Roll-out of informal trader facilities; • Allocation of land for SMME; • Implementation of SMME empowerment Zone.
City Priority	Food Security
JPC Contribution	<ul style="list-style-type: none"> • Expanding commercial urban agriculture • Disposal or release of Land for Agricultural purposes • Allocation of land for to Co-ops and the informal sector.
JPC Projects Aligned to Priority	<ul style="list-style-type: none"> • SMME and Co-ops and Informal Economy Support; • Disposal of land for urban agriculture and Agro Processing through JPC; • Implementing the township economic development

	plans focusing on agro processing hubs, food empowerment zones.
City Priority	Investment attraction, Retention and Expansion
JPC Contribution	<ul style="list-style-type: none"> • By proactively promoting inward investment into the City of Johannesburg; • Through facilitating inward investments through various marketing strategies; • Inner City Rejuvenation-promote the inner city as a viable location with future value returns; • Facilitating strategic partnerships that bridge the divide between the first and second economy.
JPC Projects Aligned to Priority	<ul style="list-style-type: none"> • Business to Business Match Making Conferences (Buy sell and invest and Visit Joburg) • Remodelling of the Inner City Property Scheme to attract investors into the Inner City; • Property Summit.
City Priority	Green Economy
JPC Contribution	<ul style="list-style-type: none"> • Comprehensive Facilities Management Plan.
JPC Projects Aligned to Priority	<ul style="list-style-type: none"> • Retrofitting of council Buildings in line with the Facilities Management Plan. • Office Space Optimisation (Phase 1- JHB CBD Construction of the Council Chamber Wing) in line with Green Principles. • Implementation of the Property development and property management in line with the Land Strategy to achieve green economy principles
City Priority	Human Settlements Development and TOD
JPC Contribution	<ul style="list-style-type: none"> • Marginalised Areas Programme; • Acquisition of land in line with the TOD initiatives; • Mixed Use developments on Council owned Property along the TOD nodes and in line with the economic development township and regional plans;

	<ul style="list-style-type: none"> • By highlighting key characteristics of the space economy thereby building competitiveness and reducing persistent gaps in growth rates between regions.
JPC Projects Aligned to Priority	<ul style="list-style-type: none"> • Land Regularisation Programme; • Land Acquisition; • Leases for Council Facilities; • Land Sales in Marginalised areas to empower SMME and ownership of land.
City Priority	Financial Sustainability and resilience
JPC Contribution	<ul style="list-style-type: none"> • Expenditure Management- prudent expenditure management through cost saving; • Reduction in the use of consultants; • Build and strengthen internal capacity; • Adopting a culture of internal controls thereby contribution to clean audit; • Strategic Procurement- based on well-defined demand management plans; • Financial Management and internal controls.
JPC Projects Aligned to Priority	<ul style="list-style-type: none"> • Verification of Asset Register – desk top and physical verification of the asset register.
City Priorities	Active Citizenry
JPC Contribution	<ul style="list-style-type: none"> • SMME outreach Programmes; • Internal stakeholder engagements; • External stakeholder management; • B&B match making conferenced; • Township economic development plans stakeholder engagements.
JPC Projects Aligned to Priority	<ul style="list-style-type: none"> • Informal Economy Development Summit; • Property Summit.
City Priority	Safer City
JPC Contribution	<ul style="list-style-type: none"> • Street ambassadors in the Inner City to manage informal traders and adherence to by-laws;

	<ul style="list-style-type: none">• Safety strategy for all council facilities.
JPC Projects Aligned to Priority	<ul style="list-style-type: none">• Informal Economy Strategy and implementation;• Informal Trading Forum.

11. 2016/17 DEPARTMENTAL SDBIP AND COMMUNITY BASED PLANNING

The table below illustrates how the Key Priority programmes and other IDP programmes that JPC will be undertaking in the 2016/2017 financial year. The JPC indicators and CBP are provided for each of the project identified as well as the baselines and quarterly performance targets in order to measure performance post the approval of the plan.

Table: Key / Priority Programmes/

Key priority programmes	KPA	Key Project Performance Indicators	Means of verification	Measurement Source	Baseline	2016/17 Performance Target	Cumulative performance targets <i>(Tangible, measurable targets that fulfil requirements of being SMART)</i>			
							Quarter 1	Quarter2	Quarter3	Quarter4
Economic Growth, job creation, investment attraction and poverty reduction	Facilities Management Green Economy Smart City	% implementation of the Facilities Management Prioritisation plan	Council quarterly performance report	Facilities Management Master Plan	New Indicator	100% Implementation of Facilities Management Prioritisation plan	25% Implementation of Facilities Management Prioritisation plan	35% Implementation of Facilities Management Prioritisation plan	25% Implementation of Facilities Management Prioritisation plan	15% Implementation of Facilities Management Prioritisation plan
Informal Economy and SMME support		Number of informal traders management agreements		Number of informal traders management	New	4 agreements entered into with the	#	#	Hand over 2 facilities to the facility	Hand over 2 facilities to the facility users.

Key priority programmes	KPA	Key Project Performance Indicators	Means of verification	Measurement Source	Baseline	2016/17 Performance Target	Cumulative performance targets (Tangible, measurable targets that fulfil requirements of being SMART)			
							Quarter 1	Quarter2	Quarter3	Quarter4
		signed		nt agreements signed		facility users.			users.	
Economic Growth, job creation, investment attraction and poverty reduction	Service Delivery through Capex	% spent of allocated CAPEX	% spent of allocated CAPEX	Capex report	100% Capex spend.	100% spend on allocated CAPEX	10% spend on allocated CAPEX	40% spend on allocated CAPEX	30% spend on allocated CAPEX	20% spend on allocated CAPEX

- For the first two quarters, JPC will be engaging the stakeholders and signing of the service level agreements.

Key priority programmes	Projects	Key Project Performance Indicators	Measurement unit	Measurement Source	Baseline	2016/17 Performance Target	Cumulative performance targets (Tangible, measurable targets that fulfil requirements of being SMART)			
							Quarter1	Quarter2	Quarter3	Quarter4
Informal Economy and SMME support	Creating a sustainable SMME sector in the COJ	Number of SMME supported, though	Number of SMME supported, though	Register of SMME's, NGO's, Co-Ops and	4000 SMME's	4000 SMME supported, though property	1000 SMME supported, though	1000 SMME supported, though	1000 SMME supported, though	1000 SMME supported, though property transactions

Key priority programmes	Projects	Key Project Performance Indicators	Measurement unit	Measurement Source	Baseline	2016/17 Performance Target	Cumulative performance targets <i>(Tangible, measurable targets that fulfil requirements of being SMART)</i>			
							Quarter1	Quarter2	Quarter3	Quarter4
	Enterprise Development: 4000 SMME's supported	property transactions	property transactions	Community Organisations supported.		transactions	property transactions	property transactions	property transactions	
	Transformation of the Outdoor Advertising industry	Number of outdoor advertising indaba declarations implemented to transform the industry.	Number of outdoor advertising indaba declarations implemented	Quarterly Performance Report	New	10 outdoor advertising indaba declarations implemented.	2 outdoor advertising indaba declarations implemented	3 outdoor advertising indaba declarations implemented	3 outdoor advertising indaba declarations implemented	2 outdoor advertising indaba declarations implemented
	Job creation	Number of jobs through property transactions.	Number of jobs through property transactions	Record of jobs created	8000 jobs created	8000 jobs Created	1000 jobs created	1500 jobs created	2000 jobs created	3500 jobs created
	Jozi@work	Number of work packages under the	Number of work packages	Report on submitted Jozi@work	4 work packages	Release 50 work packages	Release 5 work package	Release 15aeraer work	Release 20 work packages	Release 10 work packages under the

Key priority programmes	Projects	Key Project Performance Indicators	Measurement unit	Measurement Source	Baseline	2016/17 Performance Target	Cumulative performance targets <i>(Tangible, measurable targets that fulfil requirements of being SMART)</i>			
							Quarter1	Quarter2	Quarter3	Quarter4
		Jozi@work programme	under Jozi@Work	packages		under the Jozi@Work Programme	s under the Jozi@Work Programme	package s under the Jozi@Work Programme	under the Jozi@Work Programme	Jozi@Work Programme

@ For the first quarter, JPC will be obtaining Council approval of the Land Strategy.

\$ The 8000 jobs will be broken into the following categories:

- **Jozi @work = 500 jobs**
- **Temporal jobs based on projects =7000 jobs**
- **Permanent jobs =500 jobs**

*Transformation programmes:

Key priority programmes	Key Performance Area	Key Performance Indicators	Measurement unit	Measurement Source	Baseline	2016/17 Performance Target	Cumulative performance targets <i>(Tangible, measurable targets that fulfil requirements of being SMART)</i>			
							Quarter1	Quarter2	Quarter3	Quarter4

Key priority programmes	Key Performance Area	Key Performance Indicators	Measurement unit	Measurement Source	Baseline	2016/17 Performance Target	Cumulative performance targets <i>(Tangible, measurable targets that fulfil requirements of being SMART)</i>			
							Quarter1	Quarter2	Quarter3	Quarter4
Financial sustainability and resilience	Financially and administratively sustainable and resilient city	Rand value of rental income from leases and servitudes sales	Rental income raised	Statement of Comprehensive Income	R110 million raised	R120 million raised from leases and servitudes sales	R20m income raised from leases and servitudes sales	R20m income raised from leases and servitudes sales	R40 m income raised from leases and servitudes sales	R40m income raised from leases and servitudes sales
Key priority programmes	Key Performance Area	Key Performance Indicators	Measurement unit	Measurement Source	Baseline	2016/17 Performance Target	Cumulative performance targets <i>(Tangible, measurable targets that fulfil requirements of being SMART)</i>			
							Quarter1	Quarter2	Quarter3	Quarter4
Economic Growth, job creation, investment attraction and poverty reduction	Acquisition of properties along Corridors of Freedom and Housing masterplan	Number of properties acquired Along the Corridors of Freedom	Number of properties acquired Along the Corridors of Freedom	Signed Agreements	20 properties acquired	20 properties acquired to support the housing master plan	^	^	Acquisition of 20 properties along Corridors of Freedom	Lodge 20 properties with Deeds Office for transfer.
		Number of	Number of	Signed	6	6 properties	^	^	Acquisition	Lodge 6

Key priority programmes	Key Performance Area	Key Performance Indicators	Measurement unit	Measurement Source	Baseline	2016/17 Performance Target	Cumulative performance targets <i>(Tangible, measurable targets that fulfil requirements of being SMART)</i>			
							Quarter1	Quarter2	Quarter3	Quarter4
		properties acquired to support the housing master plan	properties acquired to support the housing master plan	Agreements	properties acquired	acquired to support the housing master plan			n of 6 properties to support the Housing masterplan	properties with Deeds Office for transfer.
Economic Growth, job creation, investment attraction and poverty reduction	Investment Attraction	Rand value attraction of investment on COJ property transaction (Contract signed but no construction yet)	Rand value attraction of investment on COJ property transaction (Contract signed but no construction yet)	Contract Signed	R1bn investment leverage on property transaction	R1,2bn investment leverage on property transaction	Nil	Nil	R500 m attraction of investment on COJ property transaction (Contract signed but no construction yet)	R700 m attraction of investment on COJ property transaction (Contract signed but no construction yet)

Key priority programmes	Key Performance Area	Key Performance Indicators	Measurement unit	Measurement Source	Baseline	2016/17 Performance Target	Cumulative performance targets <i>(Tangible, measurable targets that fulfil requirements of being SMART)</i>			
							Quarter1	Quarter2	Quarter3	Quarter4
Economic Growth, job creation, investment attraction and poverty reduction		Rand value attraction of investment on COJ property transaction (Construction value on the ground)	Rand value attraction of investment on COJ property transaction (Construction value on the ground)	Progress Report on the developments.	R500m attraction of investment on COJ property transaction (Construction value on the ground)	R700m attraction of investment on COJ property transaction (Construction value on the ground)	R100m attraction of investment on COJ property transaction (Construction value on the ground)	R100m attraction of investment on COJ property transaction (Construction value on the ground)	R250m attraction of investment on COJ property transaction (Construction value on the ground)	R250m attraction of investment on COJ property transaction (Construction value on the ground)
	Asset Management	Number of asset management plans formulated	Number of asset management plans formulated	Asset Management plans formulated	New Indicator	200 asset management plans formulated	50 asset management plans formulated	50 asset management plans formulated	50 asset management plans formulated	50 asset management plans formulated

Key priority programmes	Key Performance Area	Key Performance Indicators	Measurement unit	Measurement Source	Baseline	2016/17 Performance Target	Cumulative performance targets <i>(Tangible, measurable targets that fulfil requirements of being SMART)</i>			
							Quarter1	Quarter2	Quarter3	Quarter4
Transforming sustainable human settlements Economic Growth, job creation, investment attraction and poverty reduction	Property Development	Number of property development projects completed	Number of property development projects completed	Practical Completion Certificate	New Indicator	8 \$ property development projects completed	1 property development projects completed	3 property development projects completed.	2 property development projects completed.	2 property development projects completed
Good Governance	Audit Opinion	Unqualified audit opinion (Clean audit)	Unqualified audit opinion (Clean audit)	Signed Audit Report	New Indicator	Unqualified audit opinion (Clean audit)	@	Obtain an Unqualified audit opinion (Clean audit)		
	Improved financial,	% resolution of predetermined	% resolution of	Internal auditors	New Indicator	100% resolution	&	&	75% resolution	25% resolution of

Key priority programmes	Key Performance Area	Key Performance Indicators	Measurement unit	Measurement Source	Baseline	2016/17 Performance Target	Cumulative performance targets <i>(Tangible, measurable targets that fulfil requirements of being SMART)</i>			
							Quarter1	Quarter2	Quarter3	Quarter4
	performance and compliance environment within JPC	objective audit findings	predetermined objective audit findings	report		of predetermined objective audit findings			of predetermined objective audit findings	predetermined objective audit findings
		% resolution of financial management audit findings	% resolution of financial management audit findings	Internal auditors report	New Indicator		&	&	75 % resolution of financial management audit findings	25 % resolution of financial management audit findings
		% resolution of Compliance Management audit findings	% resolution of Compliance Management audit findings	Internal auditors report	New Indicator	100% resolution of Compliance Management audit findings	&	&	75% resolution of Compliance Management audit findings	25% resolution of Compliance Management audit findings

Key priority programmes	Key Performance Area	Key Performance Indicators	Measurement unit	Measurement Source	Baseline	2016/17 Performance Target	Cumulative performance targets <i>(Tangible, measurable targets that fulfil requirements of being SMART)</i>			
							Quarter1	Quarter2	Quarter3	Quarter4
	Lawful and ethical conduct in the workplace	% of financial losses recovered by the City from proven incidents	% of financial losses recovered by the City from proven incidents	Quarterly Performance Report	New indicator	50% of financial losses recovered by the City from proven incidents	10% of financial losses recovered by the City from proven incidents	10% of financial losses recovered by the City from proven incidents	15% of financial losses recovered by the City from proven incidents	15% of financial losses recovered by the City from proven incidents
		% reduction in employee misconduct	% reduction in employee misconduct	Quarterly Performance Report	New indicator	Employee misconduct drop by 60%	10% reduction in employee misconduct	10% reduction in employee misconduct	15% reduction in employee misconduct	25% reduction in employee misconduct

\$- Developmental projects completed are:

- Jabulani Amphitheatre refurbishment
- RSPO (Interim use refurbishment)
- Riverview Park Housing –Phase 1 comprising 400 affordable houses
- Cambridge Upmarket Housing – Phase 1 comprising 100 units
- Metro Centre –Public Square and Ground Floor Restaurants

- Alex Mall –Phase 1
- Council Chamber
- Orlando Ekhaya- City Limits Retail Phase 1 comprising of 10 000m² of retail space

^ - For the first two quarters, JPC will be negotiating with the property owners to acquire that identified properties to support the CoF and Housing Master plan.

@ - The Auditor General will only give an audit opinion in the second quarter of the financial year.

& - The resolution of the audit findings will only start in quarter three after the AG has presented the findings and audit report in the second quarter.

12. DAY-TO-DAY OPERATION

The JPC's day-to-day operations include engagements with internal and external stakeholders, monitoring and analysis of the property sector review and analysis of relevant policies. JPC engages with stakeholders individually and through structures such as the Informal Traders Forum. The stakeholder engagements take place periodically, hence they form part of programme and projects operations at the micro level. Through the engagements, the organisation and its stakeholders are in a better position to address challenges effectively and efficiently.

In pursuit of economic transformation and entrenching the vision of an SMME centric City, the organisation has prioritised the continuous engagement with SCM as a key focus to ensure that SMMEs and in particular youth have unhindered access to the organisations City's procurement spent.

Table 3 below outlines JPC's day-to-day operations and the key deliverables for the 2015/16 financial year.

Table: Operational Plan- day-to-day activities

Day to Day operations	Projects	Key Project Performance Indicators	Measurement unit	Measurement Source	Baseline	2015/16 Performance Target	Cumulative performance targets <i>(Tangible, measurable targets that fulfil requirements of being SMART)</i>			
							Quarter1	Quarter2	Quarter3	Quarter4
Regional Road shows to Councilors at various regions to engage on property issues Customer and stakeholder interactions	Stakeholders engagements	Presentation	Number of Presentations	Presentations	7 presentations	28 presentations across all regions	7 presentations across all regions	7 presentations across all regions	7 presentations across all regions	7 presentations across all regions
		Target companies for engagements on property issues	Number of Targeted companies	Proof of engagements with companies	12 engagements	48 engagements with targeted companies	12 engagements with targeted companies	12 engagements with targeted companies	12 engagements with targeted companies	12 engagements with targeted companies
		Site visits to various projects and facilities	Number of site visits	Program	12 site visits	16 site visits	4 site visits	4 site visits	4 site visits	4 site visits
Property Economic Research	Annual <i>Property research</i>	Property Review document	Printed Annual Property Report	Printed Annual Property Review	New indicator	Annual Property Review document	Sourcing and collating relevant Property	Analysis and Interpretation of the data	Drafting of the Annual Property	Publication of the Annual Property

Day to Day operations	Projects	Key Project Performance Indicators	Measurement unit	Measurement Source	Baseline	2015/16 Performance Target	Cumulative performance targets <i>(Tangible, measurable targets that fulfil requirements of being SMART)</i>			
							data		Review document	Review document
Annual Outdoor Advertising summit and round table engagements with property industry	Business to Business Match Making	Host an annual Outdoor Advertising Indaba	Number of stakeholder engagements	Presentations	New indicator	Annual outdoor advertising summit	Planning and Preparation for the Outdoor Advertising summit focusing on transformation and SMME	Finalise the planning for the Outdoor Advertising summit	Launch of the Outdoor Advertising summit	
Property Valuations	Land sales, leases.	No of valuations done per			60%	100% valuations of all properties	20% valuations of all	50% valuations of all transactions	75% valuations of all	100% valuations of all

Day to Day operations	Projects	Key Project Performance Indicators	Measurement unit	Measurement Source	Baseline	2015/16 Performance Target	Cumulative performance targets <i>(Tangible, measurable targets that fulfil requirements of being SMART)</i>			
	Acquisition , servitudes	annum				presented for approval	transactions		transactio ns	transaction s
Enhancement of the property portfolio-	Property Sanitation Project	Completion of the Property Sanitation Project			New Indicator	100% Completion of the property sanitation project	Appointment of service provider to assist with the sanitation	15% categorisation of all properties in the asset register	50% categoris ation of all properties in the asset register	100% categorisati on of all properties in the asset register
Media and Communications	Branding of JPC, Marketing of JPC and projects outlined above Proactive media communic ations and	Marketing and Media and Communicati on Strategy for JPC	Number of marketing and communicatio n events to profile the organisation		New Indicator	3	Planning and alignment of marketing strategy to align to corporate strategy and projects	1 event held on marketing and communication s	1 event held on marketing and communic ations	1 event held on marketing and communica tions

Day to Day operations	Projects	Key Project Performance Indicators	Measurement unit	Measurement Source	Baseline	2015/16 Performance Target	Cumulative performance targets <i>(Tangible, measurable targets that fulfil requirements of being SMART)</i>			
	engagement		Number of media releases			10 media releases	1 media releases	3 media releases	4 media releases	2 media releases
Stakeholder engagements	Client satisfaction survey among external users	Facilitate a client satisfaction survey among external users to conduct a survey & and an empirical study on JPC's Client services	Results and report on analysis of survey	Questionnaire , statistical analysis & results of survey	New	Implementation of corrective measures to improve service delivery	Appointment of a service provider	Empirical study on JPC stakeholders & their satisfaction on service delivery - Questionnaire to stakeholders	Statistical analysis	Final report on results & recommendations Implementation of corrective measures

13. INTERGOVERNMENTAL RELATIONS

Chapter 3 of the Constitution of the Republic of South Africa, 1996 provides for co-operative governance to be pursued by the national, provincial and local spheres of government. The relevant Members of the Executive Council (MEC) of provincial departments must coordinate with local government including organised local government to ensure service delivery on matters pertaining to departmental functional areas.

Challenges pertaining to departmental functional areas can only be addressed by all spheres working together to integrate as far as possible their actions in the provisions of services, the alleviation of poverty and the development of our people and country. The MECs and the Member of Mayoral Committee (MMCs) are conscious of the fact that coordinated delivery of services requirements can best be facilitated through the MEC-MMC Forum.

NOW THEREFORE the MEC for Economic Development and City of Johannesburg's MMC for Economic Development has in terms of section 21(1) established the MEC/MMC Forums to provide for a structure to promote and facilitate intergovernmental relations between the Gauteng Provincial Government and City of Johannesburg DED.

14. PURPOSE OF THE MEC/MMC IGR FORUM

The MEC/MMC IGR Forum is established for the purpose of:

- Ensuring coherent and seamless government between the provincial and municipal spheres in the Gauteng Province in the functional areas of Economic Development;
- Facilitating integrated development between provincial government and municipalities.
- Strengthening working relationships and partnerships with relevant stakeholders;
- Appreciating the work of municipalities at the grassroots;
- To discuss matters of national, provincial or municipal interest within the Agriculture, Conservation, Veterinary Services, Environment, Waste Management, Rural Development and cross-cutting matters pertaining to Economic Development, Social Development and Health.
- To ensure -:

- ❖ The development of National and Provincial policies, regulations and legislation relating to matters affecting Economic Development, in the Province:
- ❖ The implementation of National and Provincial regulations, policies and legislation with respect to functional areas mentioned under the above paragraph.
- To consider reports from the MEC/Technical Executive Committee (MEC/TEC) and Technical Working Groups (TWGs) and, if necessary, make decisions thereon;
- Monitor the implementation of projects, assess and evaluate service delivery outcomes and impact;
- Share metro and district/local municipalities' information, priorities, experiences, challenges and interventions thereto;
- For the coordination of matters relating to agriculture, natural resources and rural development that are not a competency of the Province but which would have a serious impact on service delivery in the Province.

15. FINANCIAL IMPACT

Summary of the 2016/17

KEY PRIORITY PROGRAMMES

Programme	Key Interventions		2016/2017	2017/2018	2018/2019
CORRIDORS OF FREEDOM	Land Management Strategy	OPEX	20 000		
	Purchase to Hold	CAPEX		2 000	2 000
	Purchase to Develop				
JOZI @WORK		OPEX	48 821	44 095	47 492
GREEN/BLUE ECONOMY		OPEX	40 697	36 746	39 577
		CAPEX	139 500	20 300	59 677
Financial sustainability and resilience		OPEX	97 889	88 407	95 218
Agriculture and food security		OPEX	43 623	39 393	42 428
Investment attraction, retention and expansion		OPEX	5 005	24 825	26 738
		CAPEX	67 700	90 208	103 000
SMME and entrepreneurial support		OPEX	49 472	44 669	48 110
		CAPEX	17 500	8 340	1 080

SMART CITY		OPEX	32 736	29 573	31 851
Engaged active citizenry		CAPEX	20 000	15 200	
Sustainable human settlements		CAPEX	25 000	10 500	
TOTAL		OPEX	318 243	307 707	331 414
TOTAL		CAPEX	269 700	146 548	165 757

High Level Summary Cost of Programmes

Total Key Priority Implementation Programmes			
	Draft Proposed 2016/2017	Draft Proposed 2017/2018	Draft Proposed 2018/2019
Opex Budget	318 243	307 707	331 414
Capex Budget	269 700	146 548	165 757
TOTAL	587 943	454 255	497 171

Total Day-to-Day Programmes			
	Draft Proposed 2016/2017	Draft Proposed 2017/2018	Draft Proposed 2018/2019
Opex Budget	178 066	165 689	178 454
Capex Budget	4 000		
TOTAL	182 066	165 689	178 454

Description R millions	Approved Budget 2015/16 R m	Revised Budget 2015/16 R m	Approved Budget 2016/17 R m	Estimate Budget 2017/18 R m	Estimate Budget 2018/19 R m
Property rates					
Service charges	2 687	2 687	2 687	2 837	2 994
Gov operating grants	1 106	1 106	2000		
Other revenue	15 027	15 027	18 158	19 175	20 229
Subsidy from COJ	329 345	340 630	324 787	342 975	361 839
Other Internal Revenue	108 169	103 127	156 967	165 757	174 874
Total Revenue	456 334	462 577	504 599	530 744	559 936
Employee related cost	217 379	228 664	240 097	245 706	309 297
Debt impairment	2 176	2 176		2 420	
Depreciation	5 332	5 332	5 646	5 929	5 962
Repairs/maintenance	35 016	35 016	44 550	50 866	147 354
Interest paid	864	864	916	961	967
Bulk purchases					
Contracted services	35 668	35 668	49 961	41 354	124 720
Other Expenditure	158 257	153 215	161 701	175 980	279 579
Internal Expenditure	1 642	1 642	1 728	1 821	1 871
Total Expenditure	456 334	462 577	504 599	525 037	869 750
Surplus / (Deficit)	0	0	0	0	0

Project Name	Original Budget 2015/16 R 002	Adjustment Budget 2015/16 R 001	Draft Budget 2016/17 R 000	Draft Budget 2017/18 R 000	Draft Budget 2018/19 R 000
Computer Equipment New Computer Upgrades BRAAMFONTEIN WERF EXT.1 City Wide	4 000	4 000	4 000	-	-
Dobsonville Informal Trading Market Upgrading and construction of Informal Trading Facility New Informal trading Stalls DOBSONVILLE			2 000	1 240	-
Erf 43-46 Victoria Ext 3(Paterson Park Node) New Housing Development VICTORIA EXT.3	10 000	5 500	20 000	10 000	-
FMMU - Public Conveniences New Public toilets JOHANNESBURG	6 500	6 500	7 500	-	5 000
Jabulani CBD Precinct development New Operational Capex JABULANI	10 000	7 364	9 000	-	20 000
Kliptown Market & Taxi Rank (Improving Trading Facilities) Renewal Informal trading Stalls PIMVILLE ZONE 9			3 500	4 720	-
Land Regularisation Renewal Operational Capex JOHANNESBURG City Wide	4 900	4 900	5 000	-	-
Neighbourhood Development for Bertrams Priority Block New Building Alterations BERTRAMS			-	500	-
Office Space Optimisation Program New Precinct Redevelopment JOHANNESBURG City Wide	30 000	30 000	130 000	10 000	54 677
Orlando Ekhaya Waterfront Development Renewal Park ORLANDO EKHAYA	7 000	4 436	8 000	9 208	-
Purchase & Development of land in Perth Empire, Louis Botha and Turffontein Corridors New Corridors of Freedom Intervention CORONATIONVILLE City Wide			-	2 000	-
Randburg CBD Renewal Building Alteration Renewal Building Alterations FERNDALE	1 000	1 000	2 000	10 300	-
Revamping of the Informal Trading Stalls within the Inner City Renewal Operational Capex JOHANNESBURG	7 400	7 400	10 000	1 300	-
Rissik Street Post Office Restoration Project New Heritage JOHANNESBURG	20 000	20 000	20 000	15 000	-

Rosebank Linear Park Redevelopment New Precinct Redevelopment ROSEBANK	2 000	2 000	2 000	3 000	-
Salisbury House Erf 1052 and 1053 Renewal Heritage JEPPESTOWN			-	200	-
Sandown Extension 49 Erf 575RE Renewal Building Alterations SANDOWN EXT.49 E	25 000	25 000	35 000	35 000	35 000
Site Development Projects New Land Preparation JOHANNESBURG City Wide	15 000	12 393	8 700	13 000	18 000
Upgrading of the Hillbrow Public Transport Facility linear market and taxi rank upgrade New Operational Capex JOHANNESBURG			2 000	1 080	1 080
Walter Sisulu Square of dedication (Refurbishment)			5 000	30 000	30 000
Watt Street Inter-change New Housing Development WYNBERG	39 000	2 387	-	-	2 000
Sub Total	181 800	132 880	273 700	146 548	165 757

Table: Operational Plan-day-to-day activities

Detailed below is the deliverables and associated budgets for the day to day activities of JPC

Summary of the 2016/17 Budget

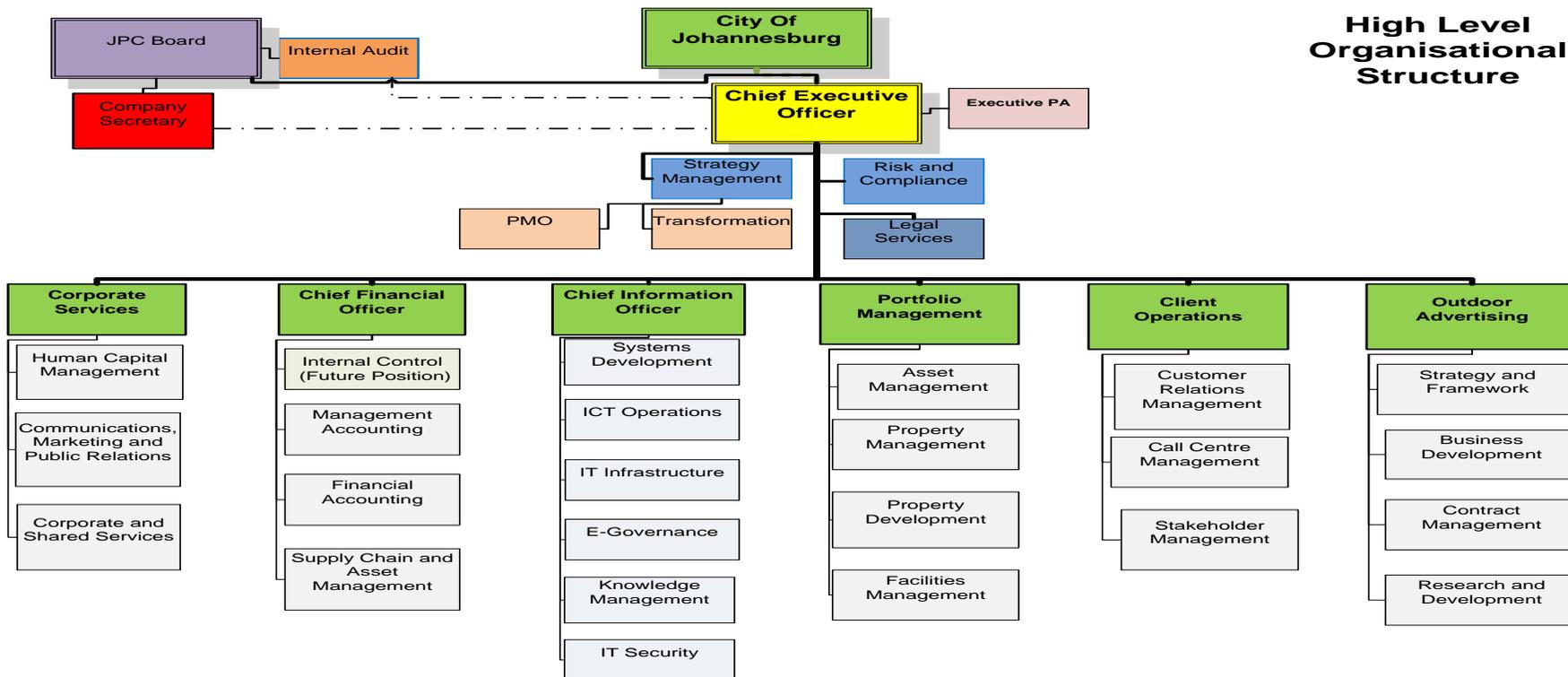
Table: Budget summary

	Proposed 2016/17 Budget R'000	% increase	% Budget spend per Quarter			
			Q1 R'000	Q2 R'000	Q3 R'000	Q4 R'000
Revenue	504 599	9%	126 150	126 150	126 150	126150
Expenditure	504 599	9%	126 150	126 150	126 150	126150
Surplus/deficit before taxation and capital transfers	0	0%	0	0	0	0
Capital Expenditure#	273 700	-6%	41 055	95 795	109 480	27 370

Total Key Priority Implementation Programmes	318 243
Total Day-to-Day Programmes	178 066
Depreciation & asset impairment	5 646
Finance charges	916
Internal charges (ME's)	1 728
Total Budget Approved	504 599

16. MANAGEMENT AND ORGANISATIONAL STRUCTURES

A comprehensive change management implementation plan has been developed to support the effective implementation of the new organisational design. Various change management workshops are scheduled with management, labour and staff to create awareness of the change approach.



17. MONITORING AND EVALUATION

The monitoring of the implementation of the business scorecard with the emphasis on the delivery on the business scorecard will be done on a monthly basis and be reported to the shareholder on the quarterly basis.

To ensure that the organisation continues to improve an internal auditor, a qualified Chartered Accountant with public sector experience, will be working with SAB&T to review the processes of the organisation and provide practical recommendations to improve the control environment. The organisation intends on establishing an in-house internal audit function effective from 1 November 2016.