

**CITY OF JOBURG
PROPERTY COMPANY SOC LTD
MID-TERM REPORT
2019/2020**

Registration No: 2000/017147/07

Registration number: 2000/017147/07

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Bankers: Standard Bank South Africa

Auditors: Auditor-General of South Africa

Acting Company Secretary: Makwena Pertunia Mohlabi

Vision

Our vision is to provide Property Management, Property Development, Facilities Management, Property Asset Management and Outdoor Advertising services to maximise the social, economic and financial benefit to the City of Johannesburg (CoJ) as well as to support the delivery objectives on a not below market value basis.

Mission

JPC is an agent of the City of Johannesburg, responsible for maximising the social, economic and financial value of the CoJ's total property portfolio and enhancing the efficiency of its use. JPC provides Property Asset Management, Property Management, Facilities Management, Property Development and Outdoor Advertising services, as well as interacts with the public in respect of the property portfolio. JPC supports the achievement of the CoJ's strategic priorities, including economic and social development and the service delivery of the CoJ.

Values

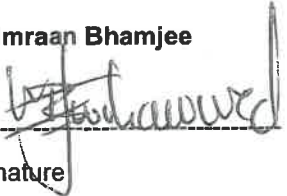


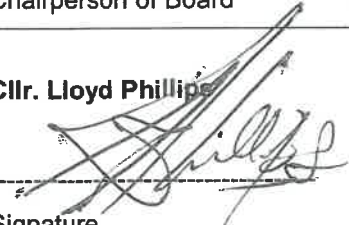
Company values are the ethical foundation of JPC and are therefore fundamental to JPC's success. Such values are not just important but crucial to the overall ascendancy of JPC. The values adopted by JPC are:

- Professionalism
- Accountability
- Responsibility
- Customer Service
- Trust

APPROVAL

Official Sign Off: It is hereby certified that this Quarterly Report:

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

<p>Mr Imraan Bhamjee</p>  <p>Signature Chief Financial Officer</p>	<p><u>04/02/2020</u></p> <p>Date of approval</p>
<p>Ms Helen Botes</p>  <p>Signature Chief Executive Officer</p>	<p><u>04/02/2020</u></p> <p>Date of approval</p>
<p>Mr Moeketsi Rabodila</p>  <p>Signature Chairperson of Board</p>	<p><u>04/02/2020</u></p> <p>Date of approval</p>
<p>Cllr. Lloyd Phillips</p>  <p>Signature Member of the Mayoral Committee</p>	<p><u>05/02/2020</u></p> <p>Date of approval</p>

Acronyms

ACRONYMS AND ABBREVIATIONS			
Acronym/ abbreviation	Name/phrase	Acronym/ abbreviation	Name/phrase
AFS	Annual financial statements	IOC	Integrated Operations Centre
AG	Auditor-General	IPM	Institute of People Management
AGM	Annual General Meeting	ISPPIA	International Standards for the Professional Practice of Internal Auditing
AGSA	Auditor-General of South Africa	IT	Information Technology
AIC	Independent Audit Committee	ITIL	Information Technology Infrastructure Library
AIDS	Acquired Immune Deficiency Syndrome	JCCI	Johannesburg Chamber of Commerce and Industry
ARC	Audit and Risk Committee	JPC	City of Joburg Property Company SOC Ltd
B-BBEE	Broad-Based Black Economic Empowerment	KPI	Key Performance Indicator
BEE	Black Economic Empowerment	LIS	Land Information System
BMI	Body Mass Index	LLF	Local Labour Forum
BSA	Software Alliance	MDG	Millennium Development Goal
CAPEX	Capital Expenditure	ME	Municipal Entity
CBO	Community-Based Organisation	MFMA	Municipal Finance Management Act, 2003
CCMA	Commission for Conciliation, Mediation and Arbitration	MMC	Member of the Mayoral Committee
COBIT	Control Objectives for Information and Related Technology	MOE	Municipal Owned Entity
CoJ	City of Johannesburg Metropolitan Municipality	MOU	Memorandum of Understanding
CSI	Corporate social investment	MSA	Municipal Systems Act, 2003

ACRONYMS AND ABBREVIATIONS			
Acronym/ abbreviation	Name/phrase	Acronym/ abbreviation	Name/phrase
CSU	Client Servicing Unit	MTC	Metropolitan Trading Company
DED	Department of Economic Development	NED	Non-Executive Director
EAC	Executive Adjudication Committee	NGO	Non-Governmental Organisation
EAP	Employee Assistance Programme	OHASA	Occupational Health and Safety Act, 1993
EE	Employment Equity	OPEX	Operational Expenditure
EPWP	Expanded Public Works Programme	PIMS	Property Information Management System
FMMU	Facilities Management and Maintenance Unit	POC	Proof of Concept
FRACC	Fraud and Corruption Committee	RDP	Reconstruction and Development Programme
GBCSA	Green Building Council of South Africa	REMCO	Remuneration and Human Resources Committee
GCSS	COJ: Group Corporate Shared Services	RFP	Request for Proposal
GDS 2040	Growth and Development Strategy 2040	SAPOA	South African Property Owners Association
GIS	Geographic Information System,	SCM	Supply Chain Management
GIAS	Group Internal Audit Services	SDA	Service Delivery Agreement
GRAP	Generally Recognised Accounting Practice	SDBIP	Service Delivery Budget Implementation Plan
GRI	Global Reporting Initiative	SDJOC	Service Delivery Joint Operations Committee
HIV	Human Immunodeficiency Virus	SDM	Service Delivery Model
IAS	International Accounting Standards	SHE	Safety, Health and Environment
ICT	Information and Communication Technology	SMMEs	Small, Medium and Micro-Enterprises



ACRONYMS AND ABBREVIATIONS

Acronym/ abbreviation	Name/phrase	Acronym/ abbreviation	Name/phrase
IDP	Integrated Development Plan	SOC	State-Owned Company
IFRS	International Financial Reporting Standards	UNGC	United Nations Global Compact
IIRC	International Integrated Reporting Council	WMC	Work Management Centre
ILP	Individual Learning Plan	WSP	Workplace Skills Plan
IMPSA	Institute of Municipal People Practitioners of Southern Africa	YTD	Year-To-Date



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Section 1: Foreword by the Chairperson



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

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

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

JPC has confirmed to place prominence on the strategic focus of unlocking the potential revenue streams with the Property Portfolio .i.e. Outdoor Advertising and Informal Trading. In the period under review, revenue collected from Outdoor Advertising leases amounts to R26 944.069.66 while there was also a slight increase in income generated in respect of Informal Trading i.e. R4 034 322. JPC aims to continue to drive revenue generation initiatives as part of its financial turnaround strategy.

JPC achieved an unqualified audit opinion with findings. The Board commits itself to ensuring that management addressed the findings and recommendations of internal and external audit function.

JPC anticipates that it will still be able to maintain its profitability trajectory for the financial year as facilitation fees for the Inner City and Orange Grove rejuvenation projects will materilise in quarter four. The board aims to drive the implementation of financial turnaround strategy together with management as part of improving JPC's financial sustainability.

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

On behalf of the Board, I wish to congratulate the new political leadership that was ushered in during the second quarter of the financial year 2019/2020. JPC is committed to implementing the strategic priorities outlined during the Mayoral Lekgotla held in December 2019.



Moeketsi Rabodila
Board Chairperson

Section 2: Chief Executive Officer's Review



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

- Informal trading,
- Outdoor Advertising,
- Office Space Optimisation,
- Inner City Revitalisation Programme, and
- Property Development Projects.

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

The period under review was marked by theme of business unusual followed by the review Mid-term budget and business plan for the upcoming financial year i.e. 2020/2021. The second quarter saw the conclusion of Auditor General's annual audit and JPC managed to achieve unqualified audit opinion with findings JPC will strive to address all findings and recommendations from AG audit while implementing measures to improve internal controls.

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

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

for such indulgence. In addition, media statements and live interviews were issued to provide clarity of the notice that is being deliberately misinterpreted, and the City is responsive against this rampant disregard of the law.

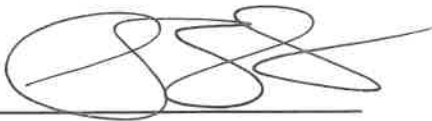
A board strategic session took place during the quarter where the strategic direction of the company was unpacked for the remainder of the financial year. The period under review also saw the approval of the strategic risk register by the Audit and Risk Committee as well as the Board. One of our main risks remain the OHASA non-compliant buildings.

During the period under review, JPC introduced initiatives to achieve the measurements of service standards set out in the service charter. These initiatives are underpinned by stakeholder engagement and pro-active marketing to position JPC's brand. For the year ahead, JPC anticipates driving revenue generation in respect of outdoor advertising, informal trading, developments and repairs and maintenance while exploring new ways of rendering its service.

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

In addition, the forthcoming quarters will also see JPC addressing the variance in the budget spent on CAPEX as invoices for completed work will start coming through.

My sincere congratulations to the new Executive Mayor and members of the Mayoral Committee. I am grateful for the continued support and guidance from the JPC Board and Directors. I would also like to express my sincere appreciation to our competent and dedicated management team and employees for their commitment and tireless efforts to make JPC the incredible organisation that it is.



Helen Botes
Chief Executive Officer

Section 3: Chief Financial Officer's Review



The midterm budget review for 2019/20 is currently underway and will conclude before the closure of quarter three. JPC has submitted its revised proposals for the next three financial years with prominence being placed on unlocking the potential revenue streams from the Portfolio and seeking a path from the COJ for the funding of the insourced cleaning services. However, the budget and the strategic direction of the entity will be decided and revealed during the budget Lekgotla in January 2020. No budget adjustments have been requested for the Portfolio. The most pressing challenge facing JPC is maintaining employee costs within the constraints of the budget provided as inflationary increases to remuneration and benefits have been applied.

Additional funding for employee costs have been requested in the 2019/20 midterm budget review to capacitate the critical vacancies that have been identified on JPC's structure. Funding for office accommodation in and around the greater Braamfontein area has been requested so as to vacate the Metro Centre, with minimal disruption to the operations of the COJ, while refurbishment is performed to bring it up to occupational health and safety requirements. The insourcing of cleaning staff that is administered by JPC requires additional funding for cleaning materials and consumables as well as for the employee costs associated with taking on contracted cleaners as employees.

Given the business cycle of the entity and the COJ, the second quarter has revolved primarily around the Auditor General's annual external audit. JPC achieved an unqualified audit opinion at the conclusion of the annual audit. Management is currently reviewing its control and reporting environments to improve the audit outcome for the 2019/20 financial year based on the findings and recommendations of the internal and external audit functions.

JPC achieved a profit of R26.3 million for the first two quarters of the financial year 2020. The profit is attributable to expenditure management in the first two quarters; however, expenditure on R&M is anticipated to increase from quarter three through to the conclusion of the financial year. JPC anticipates that it will still be able to maintain its profitability trajectory for the financial year as facilitation fees for Inner City and Orange Grove rejuvenation projects materialise in quarter four upon the completion of the projects adjudication and awarding. Savings in excess of R10 million are anticipated in the budget for interest expenditure on the overdraft as the overdraft has been in decline since the start of quarter three.

The cash position of the entity resides at negative R159.2 million; this is due to the recovery of outstanding intercompany and related party debtors during the first two quarters. Year-on-year, the improvement in the cash position is excess of R320 million and the improvement is further illustrated on the statement of cash flows as cash from operating activities by the conclusion of quarter two is a healthy R82.6 million despite settling R150 million of June 2019 accruals during the same period.

JPC has a current ratio of 0.85:1 as compared to the norm of 1:1, the ratio remains stagnant around this benchmark as cash was utilised in the first two quarters to settle accruals from the June 2019 financial year end. Collection of outstanding intercompany debt coupled with an increase in facilitation fees.

Commission from the Portfolio will see JPC have enough cash to completely reverse the overdraft. It is neither improbable nor prudent for JPC to consider settling intercompany creditors and loans until the cash position of the entity has stabilised.

The solvency ratio of JPC is 1.04:1 against the norm of 2:1 and is factually solvent, whereby the financial statements indicate that there are sufficient assets to cover all liabilities. The change in solvency in the past 6 months is due to increases in profitability as R&M expenditure has been un-utilised for the first two quarters of the financial year; this is expected to change by quarter three as approvals for R&M are received from the COJ and its departments. Savings in other expenditure items have been the initiative of management to improve profitability and solvency. JPC anticipates continuing its trend of profitability from 2018/19 and move closer to a stable financial position again.

Currently 12% of the overall Capex budget of R110 million has been spent. Other projects are currently in planning and appointment phases. In quarter three prioritisation is to be placed on the refurbishment of the Metro Mall taxi rank, Office Space Optimisation projects, and the revamping of the Sandown offices. This will account for an additional 73% of the CAPEX budget being spent by the end of quarter three.

During the financial year SARS conducted a VAT audit for the 2015 and 2017 financial years. SARS re-assessed VAT submissions for the period March, April, May and June 2015 periods as well as December 2017 and raised penalties and interest based on their reassessment amounting to R2 689 339. The penalties and interest arose from the transfer of rental contracts to JPC from the COJ during the integration in 2013/14. The contracts are authorised and contracted for on behalf of the COJ but are budgeted for and paid by the JPC. SARS refused to acknowledge the relationship between JPC and the COJ and treats both entities as separate entities as opposed to holding and subsidiary companies. Input VAT deductions for rental invoices have been disallowed as a result of the reassessment. A means to object the finding is currently under review by Rain Chartered Accountants, JPC's tax consultants. Further to this JPC is currently enquiring with SARS about obtaining a special ruling that

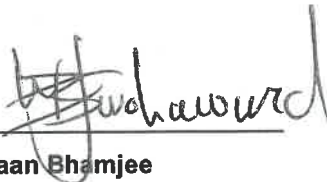
will align to the accounting practices prescribed in GRAP 109 (Accounting by principals and agents) and the tax practices of JPC to prevent further reassessments for JPC with regards to COJ expenditure.

During the 2018/19 financial year, JPC has incurred R7 114 868 in irregular expenditure on fleet services from AVIS. A new service provider has been appointed by the COJ, however, that contract has also been declared irregular along with AVIS being extended until further notice from the COJ. During the 2019/20 financial year, JPC has incurred a further R3 061 230 in irregular expenditure for the continuation of the fleet service contract from the COJ. As fleet services are essential to the operations of JPC, and the appointment is controlled by the COJ, JPC has to continue to utilise the services until advised otherwise.

No additional deviations have been incurred in the second quarter of 2018/19 and those reported are a continuation of deviations previously disclosed. In terms of the MFMA, existing deviations are still required to be reported.

The BEE spend is an indication of JPC's commitment to transformation and currently resides at 100% of all goods and services acquired by both JPC and Portfolio.

Quarter three will see the conclusion of the 2019/20 midterm budget review as well as the direction the COJ requires JPC to take for the financial years going forward.



Imraan Bhamjee
Chief Financial Officer

Section 4: Corporate Profile and Overview of the Entity

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

The entity has 1722 permanent and temporary employees based at the head office and depots who execute the strategy of the organisation. There is also an additional 1232 cleaners that were insourced and as a result, the total staff members for JPC is 1722. JPC derives its mandate from a signed service delivery agreement with its sole shareholder, the COJ. The core functions of JPC are as follows:

1. Asset Management

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

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

2. Property Development

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

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



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

3. Facilities Management

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

4. Property Management

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

5. Outdoor Advertising

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

Section 5: Strategic Objectives

Competitive Landscape

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

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

The GDS 2040 has the following outcomes, and the City's IDP identified the following nine mayoral priorities for implementation to achieve the above five outcomes:

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

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

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

- Supporting economic development;
- Supporting community development and social initiatives;
- Utilising the property portfolio to address social imperatives and priorities;
- Utilising the portfolio as a vehicle for transformation;
- Ensuring efficient, economical and effective service delivery to clients, customers and stakeholders;
and
- Providing a professionally managed and sustainable company.



CHAPTER TWO: GOVERNANCE

Section 1: Corporate Governance Statement

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

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

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

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

Members of the Board have unlimited access to the Company Secretary, who acts as an advisor to the Board and its Committees on matters including compliance with Company rules and procedures, statutory regulations and best corporate practices. Directors are also entitled to seek independent professional advice concerning the affairs of JPC at the Company's expense, should they believe that such a course of action would be in the best interest of JPC. For the year under review, the Board did not make use of professional corporate governance services. The Board of directors have adopted the Board charter, which encapsulates the COJ Group Policy on Shareholder Governance Protocol.

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

While the executive directors are involved with the day-to-day Management of JPC, the non-executive directors are not, and nor are they employees of the JPC. The executive directors have a responsibility to become acquainted with all of their duties, as well as with the issues about the operations and business of

the JPC. The Board operates in a field that is technically complex, and the directors are continually exposed to information which enables them to fulfil their mandate.

The Board of directors has incorporated COJ’s corporate governance protocol into its charter, which regulates its relationship with the COJ as its sole member and parent municipality in the interest of good corporate governance and good ethics. The protocol is premised on the principles of the King Code. The charter sets out the composition and powers of the Board.

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

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

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

BOARD	ARC	TSD Committee	REMCO, TRANSFORMATION, SEC COMMITTEE
15 July 2019	12 July 2019	12 July 2019	10 July 2019
27 August 2019	20 August 2019	15 October 2019	14 October 2019
30 September 2019	15 October 2019	26 November 2019	-
16 October 2019	19 November 2019	-	-
29 November 2019	29 November 2019	-	-
	10 December 2019		

Section 2: Board Committees

Audit and Risk Committee

The Committee now consists of the following members:

- Ms. Y. Pamla (Chairperson)
- Ms. K. Muthwa
- Mr. G. Dunnington
- Mr. Z Samsam

- Ms. S. Mzizi

The Committee met on six different occasions during the period under review to consider matters in line with its approved delegation. These matters included:

- The implementation of the compliance plan;
- The internal audit charter;
- Internal audit assessments and reports;
- Noting and recommendation to Board on various policies;
- Review and recommendation to Board for approval of the 2018/19 annual financial statements and annual report; and the
- Integrated Strategic Risk Register.

The role of the Audit and Risk Committee is to assist the Board by performing an objective and independent review of the functioning of the organisation's finance and accounting control mechanisms. The Committee exercises its functions through close liaison and communication with management and the internal and external auditors. The Committee has been delegated the task of, inter alia, overseeing the quality, integrity and reliability of the Company's Financial and Risk Management function. In terms of its mandate, it reviews and assesses the integrity and the quality of risk control systems and ensures that risk policies and strategies are managed effectively.

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

Transactions and Service Delivery Committee

The Committee now consists of the following members:

- Ms. K Muthwa (Chairperson)
- Ms. Y Pamla
- Prof. H Kasan
- Mr. L Qina
- Ms. M. Mojapelo

The Committee considers all property transactions, which makes recommendations to the Board and/or the Shareholder. The Committee with delegated powers from the Board deal effectively with certain operational issues relating to the Property Portfolio of the City. The Committee met three times during the period under review.

Remuneration and Human Resources Committee (REMCO), Transformation, Social and Ethics Committee (SEC)

The Committee now consists of the following members:

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

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

Section 3: Entity Remuneration Policy

Entity Remuneration Policy

The Directors of the Board are appropriately rewarded for their valuable contribution to the Company. In line with King IV the Remuneration Committee (the role played by Shareholder Unit within the City of Johannesburg Group Governance Department) governs the remuneration and recommends an amount to be paid to the Board.

As required by the Companies Act and other applicable municipal laws, directors' remuneration are approved by the Shareholder. Non-Executive Directors' fees comprise a base and an attendance fee component.

Directors and Prescribed Officers Remuneration

YTD Directors Payments: 31st December 2019

Name of Director	Meetings Attended YTD	Other Meetings YTD	Emoluments
Prof H Kasan	9	1	R99 130
Mr J Letsapa	6	3	R54 000
Ms M Mojapelo	6	5	R79 317
Mr O Mongale	7	3	R20 870
Ms K Muthwa	12	6	R147 826
Mr L Nage	-	4	R27 826
Ms Y Pamla	14	6	R172 174
Mr L Qina	6	3	R53 913
Mr M Rabodila	5	7	R139 130
		Totals	R794 186

Independent Audit & Risk Committee Members

YTD Directors Payments

Name of Independent Audit Committee Member	Meetings Attended YTD	Emoluments
Mr G Dunnington	5	R15 652
Ms S Mzizi	6	R31 304
Mr Z Samsam	6	R46 957
	Totals	R93 913

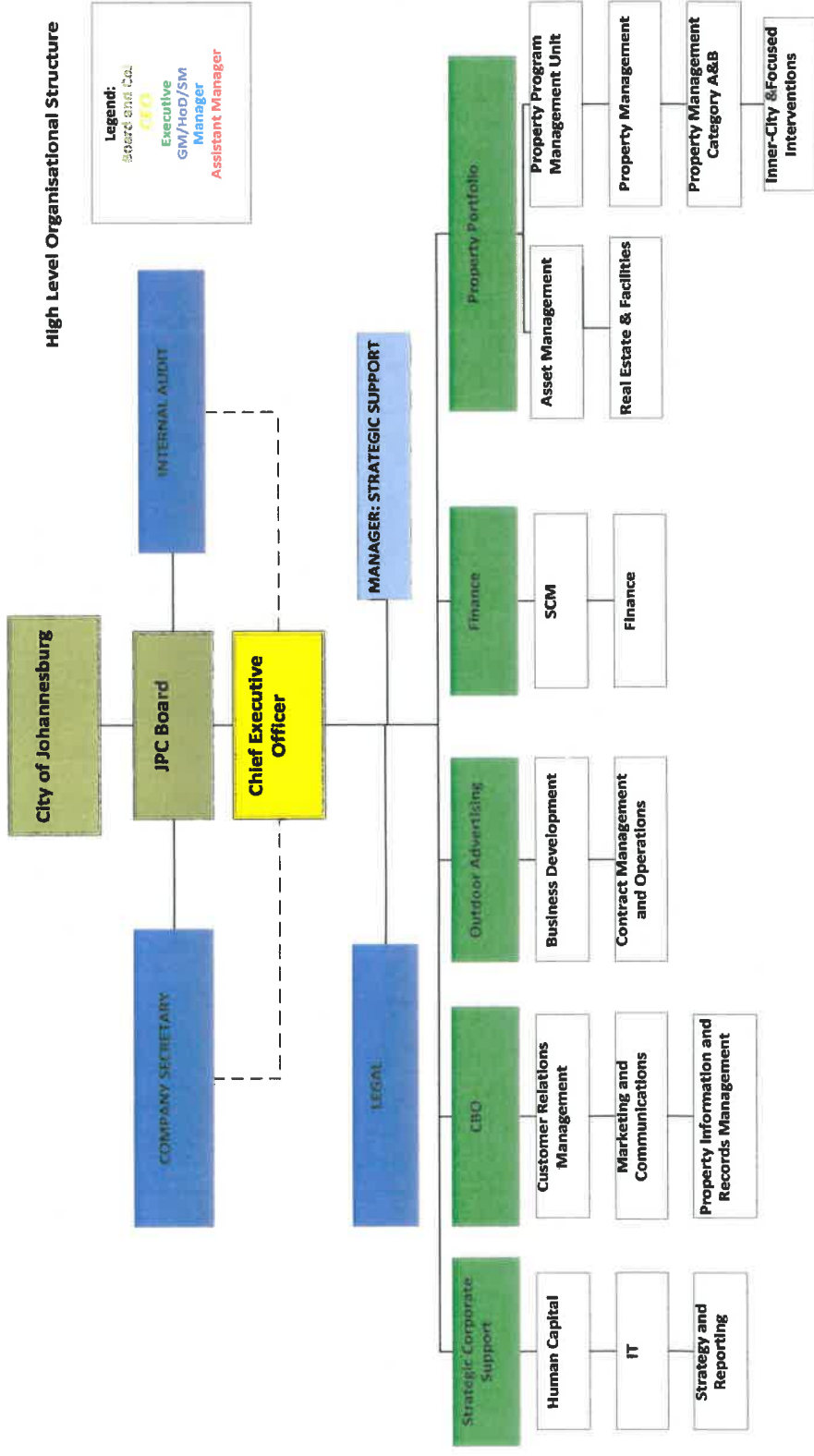
The table below summarises the Executive Management remuneration for the second quarter of 2019/2020

YTD EXECUTIVE SALARIES AS AT 31 DECEMBER 2019

NAME	BASIC SALARY YTD	LEAVE PAY	BONUSES /13TH CHEQUES	TRAVEL ALLOWANCE	GRATUITIES	COMPANY CONTRIBUTIONS	TOTAL
Botes HM	1 010 432	119 603	-	104 167	-	12 877	1 247 079
Bhamjee I	704 466	-	-	32 000	-	151 034	887 499
Makhunga MM	541 913	-	-	40 000	-	124 795	706 709
Matthews CL	(31 503)	-	-	-	-	10 558	(20 945)
Mtungwa SZ	733 398	-	-	-	-	162 672	896 070
Mokataka T	495 901	-	99 180	-	-	109 891	704 973
Padayachee K	264 128	102 147	-	30 000	300 000	57 169	753 445
Sardianos F	732 971	-	-	-	-	162 609	895 580
	4 451 708	221 750	99 180	206 167	300 000	791 605	6 070 410



Section 4: High Level Structure



Structure Approved:

Chief Executive Officer:
Helen Botes

Date:

Section 5: Risk Management

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

Consider whether the risks set out in the Register are still appropriate and linked to the strategic objectives of the entity:

- Assess whether the controls in place are still adequate and effective;
- Consider whether any further action(s) is/are necessary to help mitigate the risk;
- Consider whether any emerging risk(s) should be added to the register; and
- Monitor the implementation of the action plans.

Activities Conducted in Quarter 2

During the period under review, a number of risk management activities were executed. JPC adopted a new risk register template, which is aligned to the most recent City of Joburg Risk Management Framework. This new register would improve the effectiveness of operational challenges experienced during the 2018/19 financial year. The entity conducted a review of its Strategic Risk Register, using 2018/19 risk management status as the baseline for the assessment. The 2019/2020 Strategic Risk Register has been presented and approved by the ARC and Board.

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

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

The JPC has 13 strategic risks for the 2019/20 financial year. The overall risk profile at the end of the quarter two remains within an adequate range, despite majority of actions only being due for implementation during the third and fourth quarters.

Two of JPCs high-rated risk, namely "Occupation of buildings that are not OHASA compliant", as well as "Inadequate maintenance of property", remains the areas that can only see significant progress once departments and entities enter in to agreements with JPC, in order for repairs and maintenance budgets of these departments and MOEs to be made available to JPC to action OHASA prioritized maintenance.

Section 5.1: Strategic Risks (Top 5 strategic risks based on residual risk rating)

Risk Ref	Risk	Residual Risk Rating				KPI linked to the risk	Action to improve management of risk	Due date	Progress on each action item as at end of the quarter
		Q1	Q2	Q3	Q4				
14	Financial viability of cleaner staff insourcing by JPC on behalf of the City (excl. Health and MEs)	Very High 20	Very High 20			<ol style="list-style-type: none"> JPC will start paying new staff once budget is allocated by COJ. Letter to be submitted to City Manager advising on the impact of the insourcing project on JPC and the greater COJ. 		JPC has submitted its revised proposals for the next three financial years with prominence being placed on unlocking the potential revenue streams from the Portfolio and seeking a path from the COJ for the funding of the insourced cleaning services	
2	Occupation of buildings that are not OHASA compliant	High 18	High 18			<ol style="list-style-type: none"> Assessment of properties to allow the assessment of repairs and maintenance to be increased from the current 16 corporate buildings, to all properties housing CoJ staff. The CoJ OHASA team to be part of the team doing the assessment Follow-up to be made on commitments made by entities and departments on OHASA issues. 	1 - 6: June 2020	Funding for office accommodation in and around the greater Braamfontein area has been requested so as to vacate the Metro Centre, with minimal disruption to the operations of the COJ, while refurbishment is performed to bring it up to occupational health and safety requirements.	

Risk Ref	Risk	Residual Risk Rating				KPI linked to the risk	Action to improve management of risk	Due date	Progress on each action item as at end of the quarter
		Q1	Q2	Q3	Q4				
						5 Entities and departments with buildings not OHASA compliant to be reported to the City Manager and later to the Executive Mayor, if necessary. 6 Approval of operating model by labour and staff in order to assign buildings to technical teams.			
3	Inadequate maintenance of property	High 17	High 17			1 Implement a comprehensive facilities management plan of all properties of the City.	1. June 2020	Not due during quarter 2	
4	Inadequate contract management	High 12	High 12			n/a		Dedicated position created on reviewed JPC Organogram for contract management and monitoring.	
5	Inability to generate revenue	Moderate 11	Moderate 11			Implementation of JPC Financial Turnaround Strategy	June 2020	JPC achieved a profit of R26.3 million for the first two quarters of 2020. The profit is attributable to expenditure management in the first two quarters; however, expenditure on R&M is anticipated to increase from quarter three through to the conclusion of the financial year. JPC anticipates that it will still be able to maintain its	



Risk Ref	Risk	Residual Risk Rating				KPI linked to the risk	Action to improve management of risk	Due date	Progress on each action item as at end of the quarter
		Q1	Q2	Q3	Q4				
									profitability trajectory for the financial year as facilitation fees for Inner City and Orange Grove Regeneration projects materialise in quarter four upon the completion of the projects adjudication and awarding.

Interpretation of Risk Exposure Levels Exposure

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

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

Risk Management Unit comments on 2019/20 Strategic Risks

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

Section 6: Company Secretarial Function

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

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

The Company secretary was appointed in the period under review and commences in the third quarter.

Section 7: Internal Audit Function

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

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

Section 8: Sustainability Report

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

Section 9: Anti – corruption and Fraud

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

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

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

Section 10: IT Governance

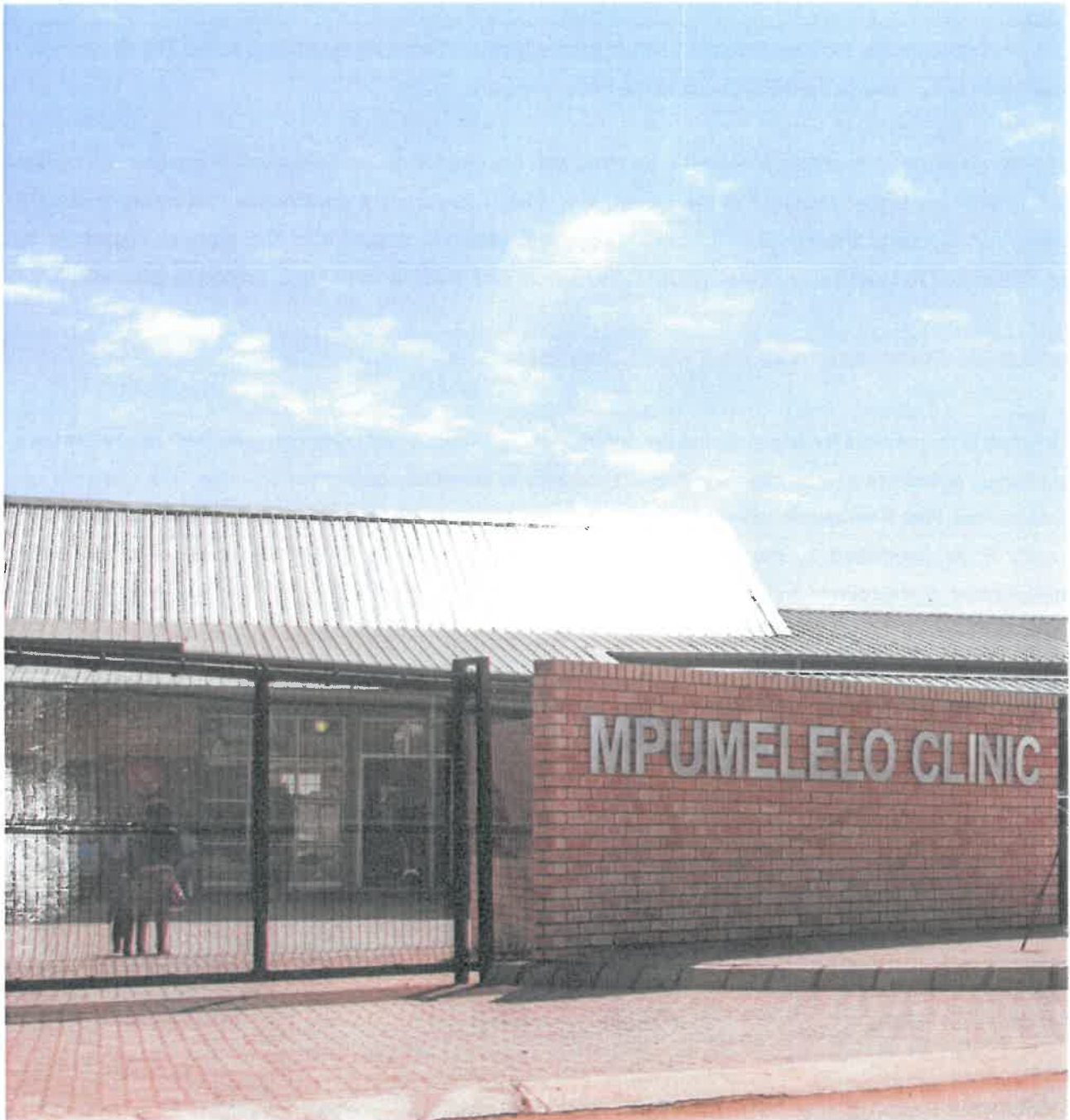
In terms of governance, the department is audited internally at least annually by Internal Audit. The department's governance is included in the AGSA audit of the entity annually.

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

Section 11: Compliance with laws and regulations

The board is responsible for ensuring that the Johannesburg Property Company complies with applicable laws, regulations, guidelines and standards in accordance with its identified compliance universe. The company has a Compliance Risk Framework, which guides the process of managing compliance risks. This compliance risk process is as prescribed by the Compliance Institute of South Africa (CISA) and includes identification, measurement, management and monitoring.

At the end of quarter two, a number of acts are still being assessed for compliance and once this assessment of the universe is completed, compliance risk management plans will be developed and placed in the compliance manual for monitoring of implementation by management in order to achieve compliance.



CHAPTER THREE: SERVICE DELIVERY AND PERFORMANCE

Section 1: Overall Company Performance

Highlights and Lowlights

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

Highlights	Challenges for the first quarter
<ul style="list-style-type: none"> ➤ Construction Spend in respect Property Development Projects amounts to R389 457 176.36. ➤ Eleven (11) awards were approved by EAC in respect of Inner City Redevelopment projects in Orange Grove. The development cost amounts to R443 637 332. These projects will lead to a facilitation fee amounting to <u>R6 654 559.98</u>. ➤ Approval granted by City Manager to delegate JPC the authority to renew informal trading leases for shops and stalls at Transport facilities. The verification process with regard to the traders has been concluded. This is deemed as a milestone as it will assist to fast-track the process of renewing leases for stalls and provide an opportunity to increase revenue gained from the leases. Furthermore, the informal trading lease renewal will decrease the vandalising of property i.e. stalls; eliminate the element of sub-contracting i.e. illegal lessee while improving the traders’ ability to trade at shops and stalls. ➤ Intercompany debtors currently owe R236 million that represent a decrease from R442 million at 30 June 2019. ➤ EAC approved the awarding of seven (7) media companies whose outdoor advertising leases lapsed due to effluxion of time as part of the Outdoor Advertising Transitional plan. This leads to additional revenue for JPC. This process will contribute just over R 2 million rands based on 2018/19 values. EAC approved the awarding of seven (7) media companies whose outdoor advertising leases lapsed due to effluxion of time. 	<p>JPC had to deal with unscrupulous media owners who are taking advantage of the Outdoor Advertising Transitional period to erect advertising signs on all land without Council’s approval. This is done for the erection of new advertising signs without due regard to applicable law in an effort to be eligible for such indulgence provided for under the transitional plan.</p>
<p>Priorities and focus areas for the rest of financial year:</p> <ul style="list-style-type: none"> Informal trading Outdoor Advertising Office Space Optimisation Inner city Regeneration Programme Property Development Projects 	

The JPC scorecard for the financial year ending 31st December 2019 reflects that the entity achieved 55% (11 of 19 targets due), and 45% (8 of 19) of its targets are not achieved with a total number of three (3) targets are not currently due.

KPI	JPC Overall Performance				
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	
Achieved	11 = 58%	12=55%	-	-	-
Not Achieved	8 = 42%	9=45%	-	-	-
KPI at Risk	0	0	-	-	-
KPI not measured	3	1	-	-	-

1.1. R1.4 billion investment attraction on CoJ Property

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	R200 million attraction	R200 million attraction	R500 million attraction	R500 million attraction	R1.4 billion attraction
Actual	R 443 637 332 investment attraction	-	-	-	R 443 637 332 investment attraction

Target Achieved

Quarterly Target not achieved, however the Mid-Term target has been exceed by R 43 637 332.

1.2. Rand value of investment spend on project

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	R100 million investment spend on projects	R100 million investment spend on projects	R200 million investment spend on projects	R200 million investment spend on projects	R600 million investment spend on projects
Actual	R217 171 500 investment spend on projects	R172 285 676.36 investment attraction	-	-	R389 457 176.36 investment spend on projects

Target Exceeded

1.3. Two thousand (2 000) jobs opportunities created

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	200 Job Opportunities Created	400 Job Opportunities Created	600 Job Opportunities Created	800 Job Opportunities Created	2 000 Job Opportunities Created
Actual	200 jobs opportunities Created	730 Job Opportunities Created	-	-	930 jobs opportunities Created

Target Exceeded

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

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	100 SMME's supported	200 SMME's supported	300 SMME's supported	400 SMME's supported	1000 SMME's supported
Actual	8 supported	28	-	-	36 SMME supported

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

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

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

Target Achieved

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

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

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	50 asset management plans concluded	75 asset management plans concluded	75 asset management plans concluded	50 asset management plans concluded	250 asset management plans concluded
Actual	65 asset management plans concluded	60 asset management plans concluded	-	-	125 asset management plans concluded

Target Achieved

2.2. Acquisition of fifteen (15) properties

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	Acquisition of 3 properties	Acquisition of 3 properties	Acquisition of 4 properties	Acquisition of 5 properties	15 Properties acquired
Actual	Acquisition of 3 properties	Acquisition of 4 properties	-	-	Acquisition of 7 properties

Target Exceeded

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

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

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

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

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

Target not achieved: RFQ has been advertised, closed and is to be presented at the next BAC. This target will be achieved by year-end.

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

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	20 properties leased	30 properties leased	30 properties leased	30 properties leased	110 properties leased
Actual	Nil	35 properties leased	-	-	35 properties leased

Target Exceeded

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

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

Target Not Achieved: Properties to be awarded before 30th June 2020, therefore target will be met by year end.

3

Create a culture of enhanced service delivery with pride

3.1. Train - 370 employees

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	70	70	130	110	370 employees trained
Actual	17 employees trained	17 employees trained	-	-	34 employees trained

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

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

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

Target not achieved: A report on the skills audit approach was submitted to REMCO and is awaiting approval.

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

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	5% of all strategic vacancies filled within 90 days	35% of all strategic vacancies filled within 90 days	30% of all strategic vacancies filled within 90 days	20% of all strategic vacancies filled within 90 days	90% of all strategic vacancies filled within 90 days
Actual	Company Secretary Position filled	Various strategic positions advertised and filled within the reporting period	-	-	35% of all strategic vacancies filled within 90 days

Target Achieved

3.4. Disciplinary cases to be concluded within 90 working days

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

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

3.5 Ninety percent success rate in all concluded disciplinary cases

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	90% success rate in all cases concluded	90% success rate in all cases concluded	90% success rate in all cases concluded	90% success rate in all cases concluded	90% success rate in all cases concluded
Actual	-	-	-	-	One of three cases (33%) concluded within 90 days)

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

3.6. Improving the safety of employees by ensuring zero fatalities

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

Target achieved

4

Enhance our financial sustainability

4.1. R200 m income raised from leases and servitudes sales

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	R50m income raised from leases and servitudes sales	R50m income raised from leases and servitudes sales	R50m income raised from leases and servitudes sales	R50m income raised from leases and servitudes sales	R200m income raised from leases and servitudes sales
Actual	R28 million raised from leases and sale of servitudes sales	R31 million raised from leases and sale of servitudes sales	-	-	R59 million raised from leases and sale of servitudes sales

Target not achieved: The target for the current 2 quarters was not achieved. However various lease transactions are with lessees for signature. A number of transactions are currently being evaluated at Bid Evaluation Committees and a number of transactions have been submitted to EAS for approval. The year-end target will be achieved by year-end.

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

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	5% implementation of the Outdoor Advertising masterplan	5% implementation of the Outdoor Advertising masterplan	10% implementation of the Outdoor Advertising masterplan	10% implementation of the Outdoor Advertising masterplan	30% implementation of the Outdoor Advertising masterplan
Actual	10% implementation of the Outdoor Advertising masterplan	5% implementation of the Outdoor Advertising masterplan	-	-	15% implementation of the Outdoor Advertising masterplan

Target Achieved

4.3. 100% spend of allocated Capex

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	20% spend on allocated Capex	30% spend on allocated Capex	35% spend on allocated Capex	15% spend on allocated Capex	100% spend on allocated Capex
Actual	8% spend on Capex projects	12% spend on Capex projects	-	-	20% spend on Capex projects

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

4.4. Unqualified audit (clean audit)

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Actual	-	Unqualified Audit outcome	-	-	-

Target Achieved

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

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

Not due this quarter: this will only be due in the fourth quarter.

Section 1.1.: Asset Management

The portfolio of the City has a total value of R9, 232 billion which comprises of 29 018 properties for the mid-term period ending 31 December 2019. The table below illustrates the high-level summary outlining the quantity and value per region.

Region	Value %	No. of Properties	Sum of Value
Region A	8%	1763	R 758 582 396.28
Region B	17%	3936	R 1 601 026 740.10
Region C	12%	2349	R 1 117 590 161.38
Region D	10%	6240	R 879 209 139.40
Region E	19%	4894	R 1 728 417 894.18
Region F	16%	4834	R 1 437 025 855.97
Region G	13%	4512	R 1 163 013 128.12
Outside CoJ Boundaries	6%	490	R 547 881 446.01
Grand Total	100%	29018	R 9 232 746 761.44

Table 1: High Level Portfolio Summary

Region D has the highest number of council properties at 6 240, followed by Region E, which reflects 4 894 properties, Region F showing 4 834 properties, then by Region G at 4 512 properties, while Regions B reflects 3 986 properties. Region C is the second lowest with 2 349 properties followed by Region A, which has the least number of properties at 1 763. A graphical outline of the portfolio of properties is outlined below.

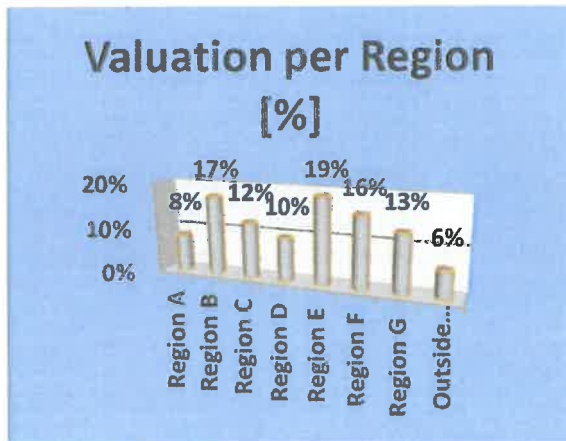


Figure 1: Summary per Region - % Value

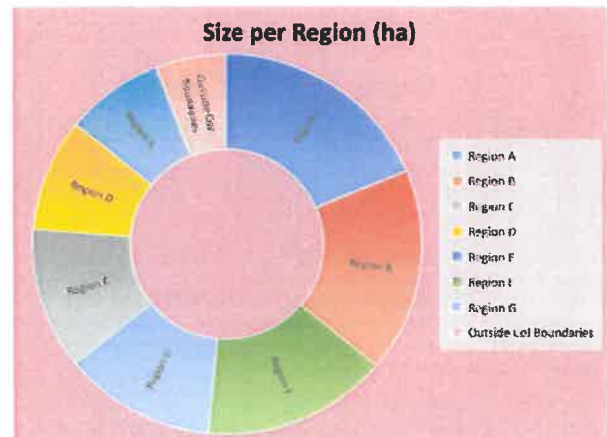


Figure 2: Summary per Region – Quantity

Region B and Region E represent the highest value expressed as a percentage of the total value of City owned properties at 17% and 19% respectively, totaling 36% of the value of the entire portfolio. Region F is the third highest in value at 16%, followed by Region G at 13%, Region C at 12%, Region D at 10%, while Region A is the least at 8%, which is due to a large number of residential holdings as well as farm portions held which are inherently lower in valuation.

ASSET REGISTER MOVEMENTS

The following table illustrates the movements and updates of the Asset Register in relation to the property transfers that occurred in during the mid-term of the 2019/2020 financial year.

Monthly movements by quantity

Movement Category	19-Jul	19-Aug	19-Sep	19-Oct	19-Nov	19-Dec	TOTAL
Acquisitions	0	20	2	4	0	0	26
Disposals	-32	-24	0	-397	-9	0	-462
Net Movement	-32	-4	2	-393	-9	0	-436

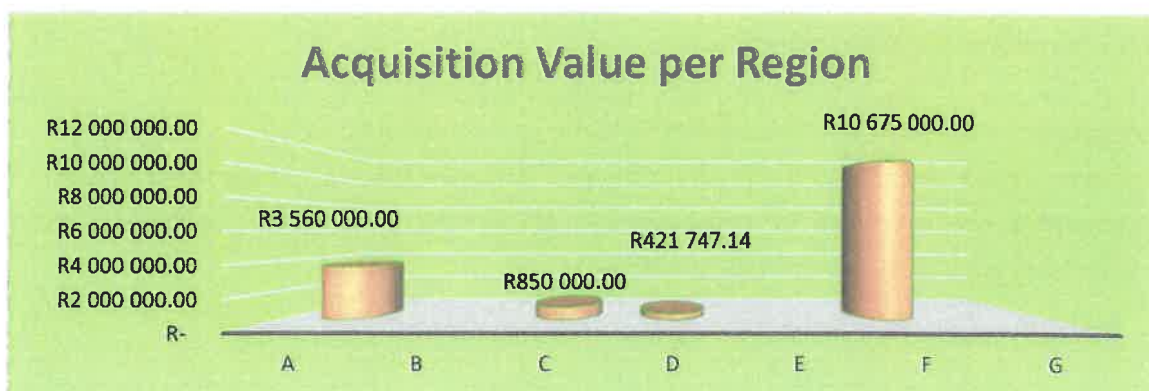
Monthly movements by value

Movement Category	19-Jul	19-Aug	19-Sep	19-Oct	19-Nov	19-Dec	TOTAL
Acquisitions	R0.00	R421 747.14	R8 140 000.00	R6 945 000.00	R0.00	R0.00	R15 506 747.14
Withdrawals	R193 922.00	R219 588.00	R0.00	R18 932 163.82	R683 550.00	R0.00	R20 029 223.82
Total	R-193 922.00	R202 159.14	R8140 000.00	R11 987163.82	R683550.00	R0.00	R4 522476.68

Acquisitions

Twenty-six (26) properties to the value of R15 506 747.14 were acquired during the reporting period. A total of eight (24) properties were acquired on behalf of Housing in order to deliver on the City's housing mandate.

One (1) property relates to the expropriation of Remaining extent of Erf 1308 Berea, which was acquired for incorporation into the City's road infrastructure. One (1) property relates to the vesting of Erf 2773 Diepsloot West Ext 1 which was acquired as part of Conditions of Township Establishment to be utilised as a public open space. The regional representation of the movements is outlined on the graph below.



Disposals

Four hundred sixty-two (462) properties to the value of R20 029 223.82 were disposed of in the reporting period. Four (4) shops and nine (9) churches to the value of R18 770.00 and R169 978.00 respectively were transferred to beneficiaries as part of the Land Regularisation Programme. In addition, four hundred and forty-nine (449) properties to the value of R19 840 476 relate to Housing Transfers to beneficiaries as part of the City’s service delivery objectives.

Land Regularisation

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

Housing Conversions

A total of four hundred and forty-nine (449) residential properties reported herewith were transferred during the reporting period. All these properties were transferred as full title properties. The regional representation of the movements is outlined in the graph below.

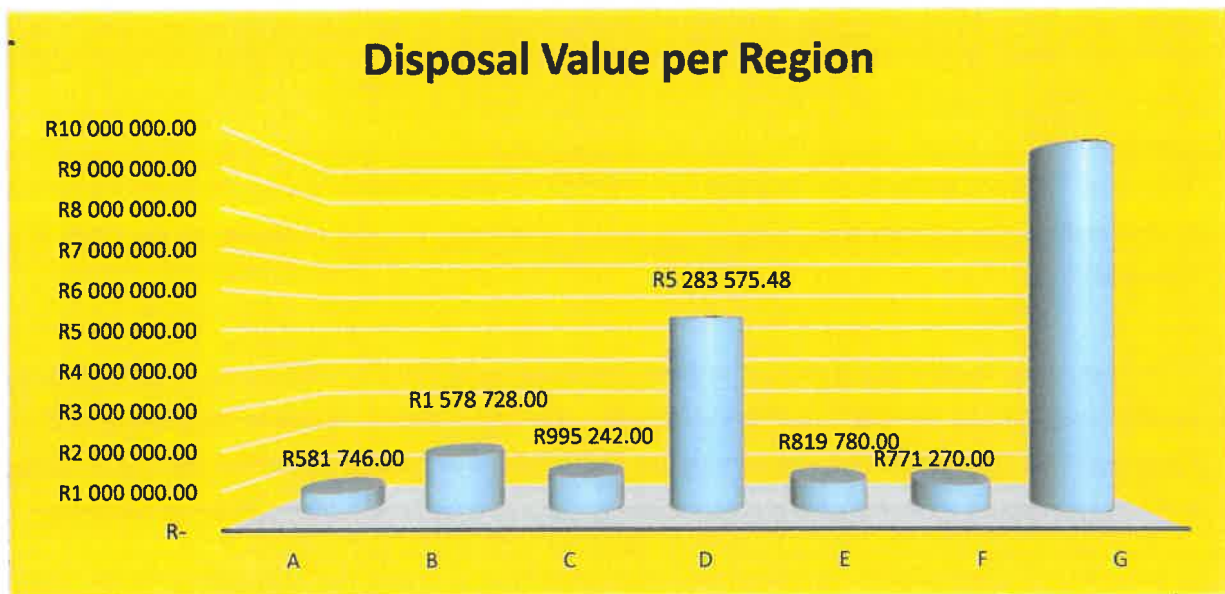


Figure 4: Disposal Value per Region - Rand Value

Net Movements

This section provides indication of the impact of the movements on the value of the Asset Register. The reporting period shows a negative net movement of R4 522 476.68, which relates to a decrease of 0.05% to the entire portfolio is as outlined on the table below.

ASSET REGISTER MOVEMENTS IN VALUE

<u>Month</u>	<u>Opening Balance</u>	<u>Movement</u>	<u>Closing Balance</u>
19-Jul	R 9 237 269 238.12	R-193 922.00	R 9 237 075 316.12
19-Aug	R 9 237 075 316.12	R202 159.14	R9 237 277 475.26
19-Sep	R9 237 277 475.26	R8 140 000.00	R9 245 417 475.26
19-Oct	R9 245 417 475.26	R-11 987 163.82	R9 233 430 311.44
19-Nov	R9 233 430 311.44	R-683 550.00	R9 232 746 761.44
19-Dec	R9 232 746 761.44	R0.00	R9 232 746 761.44
NET MOVEMENT		R-4 522 476.68	
		-0.05%	

Table 5: Asset Register Movements in value
Section 1.2: Property Management

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

ENHANCING OUR FINANCIAL SUSTAINABILITY
FINALISED LEASES / SALES / SERVITUDES

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

SALES

Region	Property Description	Sales
A	Ptn 4 & 5 of Erf 1074 Rabie Ridge	R205 196.00
B	N/A	-
C	N/A	-
D	N/A	-
E	Ptn of Ptn 10 of Erf 2343 Houghton Estate (ROW)	N/A
	Alienation of Beacon Rd & Ptn of Douglas Road Adj to Holding RE of 20-38 Linbro Park AH & Land swop	N/A
F	Erf 115 City Deep	R986 100.00
G	Erven 301 & 302 Klipriviersoog Estate (Road Closure)	R185 820.00
Total		R1 377 116.00

FINALISED LEASES

Region	Property Description	Rental P/M
A	N/A	-
B	Tungsten Road Adj Erf 329 Strijdom Park Ext 17	R8 294.00
C	N/A	-
D	N/A	-
E	Ptn of Ptn 16 Farm Lombardy 36 IR for maintenance purposes	N/A
F	N/A	-
G	Portion of RE of Portion 129 Farm Rietfontein 301 IQ	R48 400.00
Total		R56 694.00

EXPECTED INCOME

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

Region	Property Description	Lease Per Month	Sale
A	Permanent closure and alienation of a portion of Bekker Road in Halfway House adjacent to Erven 2179 and 2180 Vorna Valley	-	R 1 570 000.00
	Erf 108 Crowthorne	-	R 1 000 000.00
	Erf 4921 Ivory Park	R1 400.00	
D	Road closure sale of Brittlewood, Knobwood and in Dhlamini	-	R 1 300 000.00
	Ptn of Road Reserve Vilakazi Street	-	R93 000.00
E	Holding 76 Modderfontein AH & Holding 141 Linbro Park AH		R2 510 000.00
	Holding 142 Linbro Park AH		R1680000.00
	Holding 143 Linbro Park AH		R1 900 000
	Holding 144 & 145 Linbro Park AH		R1 900 000
	Cancellation Of A Servitude Of Right Of Way For Sewer Services And The Simultaneous Registration Of Servitude For Sewer Services Over Consolidated Erf 376 Bramley.		9 000.00
F	Erf 56 Crown North	R135 000.00	-
G	Erf 3923 Eldorado Park Ext 2	R15 000.00	-
Total		R 151 400.00	R 11 962 000.00

MATTERS AT LEGAL FOR AGREEMENTS TO BE FINALISED

Region	Property Description	Sale/ Road Closures	Lease
D	Erf 2193 Jabulani		R47 000.00
F	Erf 256 City Deep	R73 000.00	-
	Total	R 73 000.00	R 47 000.00

ACQUISITIONS AND LARGE SERVICE PROVIDER SERVITUDE TRANSACTIONS

LARGE SERVICE PROVIDERS

Infrastructure Development is key in improving on service delivery. The large service providers submit applications to the City to allow their services to run through City land to construct infrastructure like water, sanitation, roads and electricity. During the term under review, the following progress was made on the following transactions:

LSP TRANSACTIONS AT VARIOUS STAGES OF COUNCIL APPROVAL

REPORT STAGE			
	Property Description	Compensation Amount	Commission
1	Diepkloof Erf 833	R390 000.00	R97 500.00
2	Dhlamini Erf 576	R1 540 000.00	R385 000.00
3	Moroka Erf 3313	R350 000.00	R87 500.00
4	Orlando East Erf 786	R270 000.00	R67 500.00
5	Erf 1708 Naledi	R10 000.00	R2 500.00
6	Re of ptn 16Farm Lombardy 36 IR	R18 000.00	R4 500.00
7	Erf 751 Mofolo South	R33 000.00	R8 250.00
8	Re of Farm Register 388 IQ	R150 000.00	R37 500.00
13	Ptn 158 Farm Diepsloot 388 JR	R104 000.00	R26 000.00
14	Marlboro Erf 485	R1 400.00	R350.00
17	Ptn of Remainder of Farm Lenasia 352 IQ	R528 000.00	R132 000.00
	TOTAL	R3 394 400.00	R848 600.00

The following transactions were approved by Council and a Section 79(18) notice published for possible objections:

REPORT STAGE			
	Property Description	Compensation Amount	Commission

1	Farm Zuurbult 240 IQ	R110 000.00	R27 500.00
2	Vlakfontein Erf 4094 Ext 3	R80 000.00	R20 000.00
3	Vlakfontein Erf 4098Ext 3	R24 000.00	R6 000.00
4	Rivasdale Various properties	R10 000 000.00	R8 495 000.00
5	Ptn 31 Farm Zandfontein 42 IR	R242 880.00	R60 720.00
6	Erf 11065 Dobsonville	R8 400.00	R2 100.00
7	Holding 25 Unaville	R152 000.00	R38 000.00
8	Holding 79 Unaville	R190 000.00	R47 500.00
	TOTAL	R10 807 280.00	R2 701 820.00

The following agreements are with applicants for signature and thereafter conveyancers will be appointed to register the servitudes:

AGREEMENT STAGE

		Amount	Commission
1	Erf 2618 Jabulani	R1 700 000.00	R425 000.00
2	Ptn 173 Vogelstruisfontein 231 IQ	R240 000.00	R60 000.00
3	Diepkloof Erf 24097	R2 400.00	R600.00
4	Commercia Erf 2413	R40 000.00	R10 000.00
5	City Deep Erven 101 and 102	R99 300.00	R24 825.00
6	Remaining Extent of Ptn 17 of Klipriviersoog	R20 000.00	R5 000.00
7	Ptn 53 Farm Klipriviersoog 299 IQ	R10 000.00	R2 500.00
8	Ptn 79 Eikenhof 323IQ	R210 000.00	R52 500.00
9	Bosmont Erf 52	R20 000.00	R5 000.00
10	Bosmont Erf 53	R0.00	R0.00
11	Bosmont Erf 54	R0.00	R0.00
12	Bosmont Erf 101	R40 000.00	R10 000.00
13	Northcliff Erf 1466 Ext 6	R100 000.00	R25 000.00
14	Ptn 1Farm Diepsloot 388 JR	R93 000.00	R23 250.00
15		R19 000.00	R4 750.00
		R2 593 700.00	R648 425.00

Attorneys were appointed to finalise the following registrations of LSP servitudes:

TRANSACTIONS WITH ATTORNEYS

	Property Description	Amount	Commission
1	Erf 3166 Lehae	R729 600.00	R182 400.00
2	Ptn 2 Farm Misgund 322 IQ	R760 000.00	R190 000.00
3	Erf 1119 Devland Ext 27	R62 073.00	R15 518.25
4	Remainder of Farm Goudkoppies 317 IQ	R12 540.00	R3 135.00

TRANSACTIONS WITH ATTORNEYS

	Property Description	Amount	Commission
6	Erf 6486 Orange Farm	R15 000.00	R3 750.00
8	Erf 999 Riverlea	R7 500.00	R1 875.00
9	Erf 1747 Mondeor Ext 2	34 000.00	R8 500.00
10	Erf 1952 Mondeor	31 000.00	R7 750.00
11	Ptn 13 Farm Rietvlei 101 IR	124 950.00	R31 237.50
12	Holding 21 Patlynn AH	48 300.00	R12 075.00
13	Ptn 79 Farm Eikenhof 323 IQ	26 040.00	R6 510.00
14	Ptn 80 Farm Eikenhof 323 IQ	55 020.00	R13 755.00
15	Ptn 76 Farm Eikenhof 323 IQ	12 180.00	R3 045.00
16	Ptn 1 of Farm Rietvlei 101 IR	18 900.00	R4 725.00
17	Erf 1235 Kibler park	R60 000	R15 000.00
18	Erf 49 Alan Manor	R3 870	R967.50
	TOTAL	R2 000 973.00	R500 243.25

The following servitudes were registered and finalised in the current Quarter:

AGREEMENT STAGE

		Amount	Commission
1	Erf 11448 Pimville Zone 2	R148 500.00	R 37 125.00
2	Erf 6486 Orange Farm Ext 2	R 15 000.00	R3 750.00
3	Ptn 83 Farm Misgund 322 IQ	R 250 000.00	R6 250.00
	TOTAL	R413 500.00	R47 125.00

SERVICE DELIVERY ACCOUNTS: PORTFOLIO 1

The Service Delivery Accounts: Portfolio 1 completed the registration of the transfer of 16 properties to the CoJ, the registration of 2 Notarial Ties and the registration of 78 servitudes in favour of the CoJ. A total of 96 original registered Deeds have been requested and received from Conveyancing Attorneys and sent to JPC's Asset Management department for safe-keeping and inclusion in the Land Register. The registration of these servitudes created an enabling environment for effective service delivery in Regions A, B, C, E and F.

Types of Registration	Service Delivery	Impact
27 servitudes for Sewer and Municipal purposes 11 servitudes for Sewer purposes 9 servitudes for Right of Way and Municipal purposes	The servitudes are required for the delivery of sanitation, roads and municipal services to address the demand and to provide new infrastructure services to areas that do not have access to such basic	Registration is done to ensure that Council's services are protected within the servitude areas as the servitude gives the legal right to the Council to use the servitude areas for

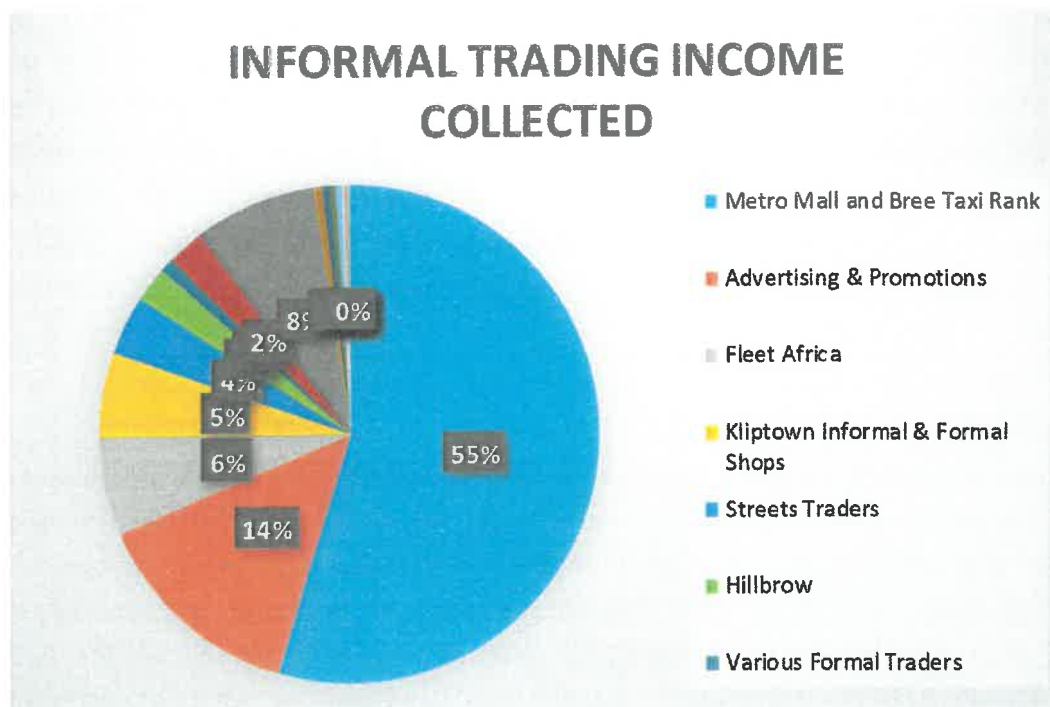
<p>7 servitudes for Electrical Transformer/ Substation purposes 5 servitudes for Electrical purposes 5 servitudes for Storm water purposes 3 servitudes for Municipal purposes 3 servitudes for Electricity Restriction purposes 2 servitudes for Water pipeline purposes 2 servitudes for the Amendment of Electricity Restriction purposes 1 servitude for the Identification of Sewer purposes 1 servitude for Right of Way purposes 1 servitude for Water Reservoir purposes 1 servitude for the Cancellation of servitude purposes</p>	<p>services as well as to provide services to new property developments.</p>	<p>its services. This enables the Council to provide services to new property developments. It is during these developments that the servitudes are registered.</p>
<p>The transfer of 16 Properties registered for Roads, Park and other Municipal purposes</p>	<p>To ensure that there are adequate public open spaces for the citizens of Johannesburg for recreational purposes as well as for service delivery</p>	<p>Without the transfer of land to the CoJ for park purposes, public open spaces would be inadequate. Land is also required for service delivery, such as for roads.</p>
<p>2 Notarial Ties registered</p>	<p>To ensure that two or more private properties are tied together and regarded as one for development purposes</p>	<p>Development purposes</p>

Section 1.3: Informal Trading

The income collected per facility including advertising and promotions tabled below. Metro Mall and Bree Facilities have consistently been star performers followed by general income from advertising and promotions and Fleet Afrika, other facilities are doing just fine. Kliptown and Fordsburg performed well in the first quarter with a decline in collection in the second quarter. This situation should change in the near future once the leases are renewed.

NO	FACILITY NAME	INCOME COLLECTED	
		Q1	Q2
1	Metro Mall and Bree Taxi Rank	1 055 855	1 451 288
2	Advertising & Promotions	268 066	178 681
3	Fleet Africa	123 570	122 821
4	Kliptown Informal & Formal Shops	105 431	78 838
5	Streets Traders	74 436	53 748
6	Hillbrow	44 294	22 083
7	Various Formal Traders	17 000	16 000
8	Yeoville	46 530	58 858
9	Fordsburg	152 034	69 365
10	Bara & Formal Shops	11 038	14 134
11	Jeppe	7 090	8 555
12	Lenasia	8 760	6 920
13	Faraday Formal & Informal	9 234	7 904
14	Doornfontein	3 090	2 900
15	Rosebank	2 310	1 890
16	Big Ben	600	480
17	Kwa Mai Mai	1 494	2 176
18	Midrand	1 230	8 920
19	Diepsloot	-	-
20	Alexandra	-	-
TOTAL		1 932 062	2 105 560

The graphical picture depicts Metro Mall and Bree generating 55% of the income and 14% is derived from Advertising and Promotions and 6% is Fleet Afrika as presented in the pie chart below. Quarter 1 The other facilities



FORMALIZATION OF APPROXIMATELY 1930 OR MORE LEASES

It was projected that JPC will renew approximately 964 informal trading leases in the mid-term under review. This target has not been achieved, however the process to initiation the renewal of leases with the Traders that have been occupying the facilities on a month to month over the past 6 years has resumed. JPC has secured approval from the City Manager to grant the rights to use, control the capital asset in line with Municipal Asset Transfer Regulations of 2008 in the mid-term under review. The leases will be entered into for a period of 18 months of which this will apply to all other Traders to occupy the space in the future. A report has been prepared subsequent the CM's approval to secure EAC approval for the renewal of leases. It is envisaged that the actual rollout of the leases will take off in the 3rd quarter.

CREDIT CONTROL MEASURES

Stringent credit control measures were instituted in the period under review which were kick-started at Metro Mall and Bree Street transport facilities as these are the most strategic facilities that have a daily commuting population of approximately 800000 commuters. The credit control was intertwined with the roll out of law enforcement operations that involved JMPD, EMS, CRUM, CITY POWER and SAPS. The impact of this operation was an increase of the revenue collected by 24% in the month of October and 13% in November respectively.

Section 1.4: Property Development

Property Development Projects

Randburg Civic Precinct

The precinct is bordered by Jan Smuts, Selkirk street and measure 8.28 hectares. The precinct development will create a projected number of 3 000 jobs and includes a vibrant mixed use development of Retail, Public transport interchange facility, Clinic, Public Library with an anticipated development cost of R1, 813 billion within a 5 – 10 year period. At the end of the financial year 2018/19, the bidding process was underway, and the award will be concluded. In the period under review the award was made by the EAC on the 5th September 2019 with an investment value of R1.86 billion including VAT. The contract has been finalised.

Soweto Gateway

The property is located at Chris Hani Rd (previously known as Old Potch Rd) in Soweto and measures 30, 5 hectares. The development, which will result in 7 000 jobs, will include 3366 mixed income residential units, 1 389m² of Public open space, 121 008 m² of retail space, 16 827 m² of educational space with an anticipated development cost of R4 billion. Township establishment application was submitted to CoJ Planning for approval and the request for proposal for the development of the first portion of the site issued in the next reporting cycle. The Environmental Impact Assessment Report was submitted to GDARD. The

RFQ for the development and long-term lease of the site was released on the 4th December 2019 and will close on the 14th February 2020.

Riverside View

The development is located in Diepsloot and measures 270Ha. The development includes 10 414 Mixed income residential units, 2 Primary and Secondary Schools, Parks, walkways, Institutional Centre, Business sites as well as Recreational facilities at development cost of at R2 billion over 5 years. 2010 Social/Rental units completed and 2000 units under construction. Construction of 204 unites completed.



Southern Farms

These land parcels are located in the South of Johannesburg abutting Eikenhof and measure approximately 3 639 hectares (1578 hectares suitable for development). The development will include Public amenities, Housing, Commercial, Retail and industrial development at an anticipated development cost of R27 Billion of which R16 Billion will be privately funded. The R16 Billion investment is structured as follows:

- Contribution towards the establishment of the Southern Farms Stewardship Trust Fund R54m.
- Construction of Internal civil and electrical services in the development that will be handed over to Government/ Local Authority as assets - R1.5 billion.
- Acquisition and purchase of land for the City – R317.5m.
- Township establishment processes – R179.5m.
- Development of Commercial, Retail, Industrial and associated land uses – R3.8 Billion.
- Construction of top Structures for FLISP, Rental and Bonded housing – R10.1 Billion.

A public participation process was undertaken to ensure all CoJ stakeholders agree with regards to what the project seeks to achieve. The following are key outcomes from the PPP:

- All concerns, suggestions and issues raised during the public participation will be considered as the project planning for phase two of the project begins. However, most of the concerns raised were misplaced at this stage and will be dealt with during the town planning application stage.
- There will be continuous engagements with the departments, the community and all the parties affected by the project throughout the project.

- In line with the Council resolution of 31 October 2018 the public participation process has been concluded.
- For retail, industrial and commercial land development, there will be 35 years development lease agreements.
- Land used for public amenities will remain in City's ownership.
- The environmentally sensitive land will also be reverted back to the City.
- The only land that will be alienated is for housing properties. There will be a land release agreement with the turnkey developer to develop project area as a mega inclusionary housing project as per approved business plan attached. The developer will reimburse JPC the amounts upon registration of respective housing units into the name of the beneficiary.

The report on the outcome of the fulfilment of the conditions which forms part of stage 1 of the award and the recommendation for approval of stage 2 (which includes amongst other things the award of land) to be presented to EAC in January 2020.

Victoria Extension 4

The Bid Evaluation report was submitted to EAC and was referred back to the bid evaluation committee to address certain compliance related issued. The amended report is to be presented to EAC in January 2020.

	Project	Estimated Investment Value	Status as at 17 December 2020
1.	Erven 13, 14, 15 AND 16 Orlando Ekhaya	R800 million	RFP advertised on the 04 th December 2019 and closing on the 14 th February 2020
2.	Soweto Gateway – Portion 159 of the Farm Diepkloof 319 IQ	R3.2 billion	RFP advertised on the 04 th December 2019 and closing on the 14 th February 2020
3.	Watt Street Interchange	R1.1Billion	RFP advertised on the 04 th December 2019 and closing on the 14 th February 2020
4.	Portion 6 of Erf 277 Johannesburg	R20 million	RFP advertised on the 04 th December 2019 and closing on the 14 th February 2020
5.	Erven 346, 347, 348, 353, 354, 355 and 356 Johannesburg Rissik Street Post Office	R164 million	RFP advertised on the 15 th November 2019 and closed on the 31 st January 2020
6.	Erf 841 Kew	R25 million	RFP advertised on the 04 th December 2019 and closing on the 14 th February 2020
7.	Bara Corner Site	R100 million	RFP advertised on the 04 th December 2019 and closing on the 14 th February 2020
8.	Portion 4 of Erf 1226 Fairland	R200 million	RFP advertised on the 15 th November 2019 and closed on the 31 st January 2020

	Project	Estimated Investment Value	Status as at 17 December 2020
9.	Erf 11900 Orlando West	R50 million	RFP advertised on the 15 th November 2019 and closed on the 31 st January 2020
10.	Portion 246 and 247 of the Farm Braamfontein 53 IR	R500 million	RFP advertised on the 15 th November 2019 and closed on the 31 st January 2020
10.	Erf 198 and 199 Suideroord	R40 million	RFP advertised on the 15 th November 2019 and closed on the 31 st January 2020
11.	Portion 246 and 247 of the Farm Braamfontein werf	R260 million	RFP advertised on the 04 th December 2019 and closing on the 14 th February 2020

Section 1.5: Facilities Management

Current Situation

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

Services provided are of a project management nature, which includes:

- Finalisation of a list of priorities for buildings/facilities to be maintained and fitted out;
- Appointment of turnkey programme/project managers and finalisation of transactions up to payments and recovery from Departments.

DEPARTMENT	Q2 Target (a) Actual	Budget
Public Safety: EMS	SLA being circulated for signature and request for	R 45 423 000.00
Public Safety: JMPD	quotations for Project Managers has been advertised.	R38 551 000.00
Public Safety: Head Office	No work has commenced due to outstanding payments for works completed in previous financial years. The department debt stands at R59 Million.	R85 482 000.00
Community Development	SLA finalised Preliminary BOQ handed to Project Manager for confirmation and pricing.	R 70 000 000.00
Social Development	Bid Adjudication approval in January 2020. Community participation. Project to commence in Feb/Mar 2020	No Annexure List of facilities awaited received auditing quotes with Purchasing order to appoint.
Group Finance	Group Finance has not committed to requesting services during this quarter.	R 29 240 000.00
Health Department	Health Department has not committed to requesting services during this quarter.	R 15 000 000.00
Transport Department	Request for maintenance and facility refurbishment received. SLA in place – Addenda required for certain projects.	85 482 000.00
Economic Development Department	SLA, condition assessment and BOQ approved and signed off by JPC and DED	R 4 398 000.00
Housing Department	SLA in place. Planning complete.	R 80 000 000.00

JPC Planned Capex Projects: R 10 Million

Fordsburg Linear Market (Phase 2)

Region & Ward	Project Amount	Timelines	Project Status
Re-Designing and Construction of the Fordsburg Linear Market (Phase two) being the refurbishment of the public convenience. Additional roof and to ensure that the train restaurant area and the entire market also comply with the Environmental Health.	R10 Million	6 months	RFQ was advertised on 09.12.19 and closed on 13.12.19. Implementation starts Jan 2020
Public Conveniences New Public toilets JOHANNESBURG Ward F	Identification of sites in progress.	6 months	RFQ was been advertised 09.12.19 and closed on 13.12.19. Implementation starts Jan 2020
Metro Mall Taxi Rank, Shop Revitalisation & Waste Management Area JOHANNESBURG Ward F	R25 000 000.00	8 months	RFQ was been advertised 09.12.19 and closed on 13.12.19. Implementation starts Jan 2020
Upgrading of the Hillbrow Public Transport Facility & Taxi Rank JOHANNESBURG WARD F	R1 080 000.00	3 months	RFQ was been advertised 09.12.19 and closed on 13.12.19. Implementation starts Jan 2020

Section 1.6: Outdoor Advertising Portfolio

Mid Term Progress and Achievements

The revenue collected from outdoor advertising leases is R 26 944 069.66 against the budgeted revenue of R 55 million for the midterm ending December 2019. This under recovery is mainly due to a number of contracts being finalised by JPC where the City will be able to collect arrears and the 50% of the revenue from new lease agreements as approved by EAC. This process will be finalised by the end of February 2020 mainly due to the festive shutdowns, which has, at the time of reporting, also resulted in various invoices issued by JPC not being paid in time, as they are normally payable by not later than the 7th of the following month.

In light of declarations received, JPC obtained EAC approval for ten (10) media companies to finalize transitional lease agreements over a 36-month period. Four (4) of these companies are 100% black owned (two of the four being 100% black female owned). In this regard, JPC has already achieved 50% of its transformation target for the year to conclude at least eight (8) outdoor advertising with Majority Black-owned entities or SMME's that are at least Level 1 Contributors in terms of B-BBEE legislations.

Public Notice

The City issued a 60-day public notice to allow all property and media owners to declare their advertising assets erected on any land. The aim was to determine compliance and agree on a removal plan over a 36 months period as approved by Council. The Department of Development Planning (DDP) reported that fifty-four (54) media and property owners declared 19 965 advertising signs comprising of street furniture installation, street poles and various billboards and signs erected or attached to various assets across all land.

An Ad Hoc Committee has been set up comprising mainly of JPC's Contract Management Staff and a Legal representative, CoJ DDP, CoJ Group Legal Advisor, etc. This Committee has been approved by the City Manager as recommended by both the ED: DDP and CEO: JPC and will undertake due diligence and assess all declarations received and to recommend to the ED: DDP to grant approvals or exemption in terms of the 2009 By-laws as resolved by Council on the 14 March 2019.

Where a declaration that is not compliant with the principles of the Council's determination of the Transitional Period and or as per the notice issued such site shall be referred to the Group Legal Department for the implementation of consequences in terms of applicable law and as directed in the notice. This may include, inter alia, blacklisting of such declaring party with the National Treasury Database in order to bar them and their Directors from doing business with Government. The City shall

invoke the rates penalty for signs on private land and or remove such signs if it is situated on any public land.

The report and its recommendations shall be subject to an independent probity audit to ensure that the process undertaken and decisions made by the AD Hoc Committee can withstand public scrutiny and to instill confidence that all declarations received by the City were given fair and equitable treatment.

Illegal Advertising and decluttering

About 100 new advertising signs were erected (both on provincial and CoJ owned roads) after the public notice was issued particularly by certain unscrupulous media owners who want to take advantage of the transitional period approved by Council. To determine the extent of the problem of newly erected illegal advertising on CoJ's land in particular, JPC conducted site inspections which to date has confirmed over 70 CoJ owned sites were used without due regard to any applicable laws to build new advertising signs.

In some instances, only foundations were declared to the City and if this is left unattended, the City's efforts to declutter the urban landscape to increase the value of the portfolio and to drive JPC's strategic imperatives of modernising and ensuring that the ownership landscape of the sector is transformed in line with applicable B-BBEE law in order to grow SMME's across its value chain, will be frustrated and therefore a pipe dream. The perpetrators aim is to keep the City in court while entrenching the status quo of lawlessness and hegemony mainly by a few that will not embrace change and contribute to the government's transformation imperatives.

The matter remain compounded by lack of recourse or action from the City's By-laws enforcement units hence new signs are still being erected to date. These declarations should not have been accepted by the City as the aim of the transitional period was to deal with existing signs a at 14th March 2019 which was very clear to the effect that it applies to all affected parties who have advertising signs situated on CoJ land and any other land subject to full disclosure of all its advertising assets or portfolio including revenue not paid to the City (where applicable) irrespective of whether a contract existed or not.

The industry association has tried to intervene and assist with these illegality but however CoJ DDP as custodians of the By-laws and enforcement have yet produced a tangible plan to deal with this. This lack of action is adding onto the clutter in the City and severely reducing the value of pre-existing signs. The association has already advised the City that various industry players are keen on taking the transitional period to Court, a situation that remains untenable and will derail all efforts to assist some willing participant to address clutter unless drastic action is implemented and these illegal signs are removed.

Plans for next Quarter/s to June 2020

One of the critical deliverable of the transitional period is to increase the revenue from the sector. In this regard, JPC has already initiated a process to obtain Council authority for the use of certain CoJ's sites for new business development projects, namely:

High value Advertising and digital advertising signs and street furniture in order to build public conveniences and other amenities. These are long-term projects but the tender will be advertised before end of June 2020 and awarding in the 2020/21 FY.

A tender for Taxi Ranks that are currently none contracted will be issued before the end of January 2020 for awarding this financial year.

All advertising signs declared and accepted by the City will be geo tagged by June 2020 to create a live mobi-digital platform, which media buyers can use to source advertising signs that the City has declared lawful for the transitional period. A MOU is envisaged to be finalized with media buyers to assist in buying legal media and support new entrants and SMME's to grow. Finalization and conclusion of transitional lease agreements by end of January 2020 for all approved EAC awards obtained to date. JPC will finalize a Financial Model for the Masterplan for approval by the JPC Board and or Council and this will incorporate various policies such as Green Energy Technology policy for digital signs in particular

Section 1.7: Special Projects

Community-Based Projects

Professional Work Services

JPC was tasked with Community Based Programme of projects (CBP). CBP Programme implementation is being staggered over multiple financial years and in accordance with a signed SLA between JPC and Group Strategy Policy Coordination and Relations (GSPCR). The first year saw the design process and initial stakeholder engagement processes being progressed to Stage 3. The current financial year comprised of advanced complementary work bringing the artistic and structural designs up to Stage 4.

The projects have had a significant progress in terms of the required professional work, to date seven (7) projects are awaiting approval by Council. In the process, an in-depth stakeholder engagement had been conducted to establish the needs of the communities, as well as to create awareness through respective Councillors in various Wards. Contained below is a summary of the programme of projects wherein professional work had been executed up to stage 4.

REGION	WARD	PROPOSED PROJECT	BUDGET	COMPLETION STATUS
F	67	Upgrading of Yeoville Library	R 25 028 429	Stage 4
F	118 / 65	Malvern Multi-Purpose Community Centre	R44 287 009	Stage 4
A	112	Noordwyk Sports Grounds	R 29 287 679	Stage 4
D	51	Zola Multi-Purpose Center	R 69 410 585	Stage 4
D	21	Development of Naledi Library	R 26 150 110	Stage 4
G	9	Lenasia Extension 13 Recreation Centre and Library	R61 370 200	Stage 4
G	119	Freedom Park Recreational Centre and Library	R47 789 443	Stage 4

Section 1 8: Inner City Property Development Projects

Phase One and Two

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

The JPC team discussed the Inner City Regeneration Programme and the progress witnessed to date on all applications. Further expressing the need to have an urgent intervention by the ITPC to streamline/'fast-track' applications. JPC has had numerous engagement sessions with the developers and other stakeholders in attempts to finalise the following:

- Development Leases,
- Project Programmes (which encompasses obtaining development rights, construction start and end date, etc.);
- Engaging CoJ Development Planning to spearhead a "Fast-Tracking Program/Steering Committee" in respect of the CoJ Inner City Property Release Programme;
- Decanting of properties and provision of Temporary Emergency Accommodation (TEA); and
- Strategic work packages, which developers will implement to meet Transformation/SMME targets (i.e. 30% SMME Target).

Various meetings have been held with Ward Councilors in order to inform them of progress achieved to date as well as to solicit their support and buy-in, as we acknowledge that they are critical stakeholders who must be kept abreast on all matters throughout the project. In addition to the regular meetings with developers and all stakeholders, a high-level Project Implementation Plan has been devised by JPC.

Phase 3

Progress was also seen in Phase 3 of the Inner City Regeneration Programme. The tender for the 70 Orange Grove Properties advertised on 30 April 2019, closed on 31st of July 2019 at 10h30 (Telkom time). Subsequently, on 14 August 2019, the CoJ City Manager approved the Bid Evaluation Committee Composition.

The Bid Evaluation Committee meetings took place from 19 August 2019 up to 30 August 2019 at the City of Joburg Property Company offices. Following a thorough bid evaluation adjudication by the Executive Adjudication Committee (EAC) convened from which the City Manager recommended 11 developments for approval and award.

The following properties have been recommended to the City Manager for award:

No.	RFP	Property Description	Number of Jobs Created	Dev Cost excl. Vat	JPC Facilitation Fee
1	33/2019	Erven 1, 3, 5 Orange Grove	14	R 11 040 168	R 125 808 (excl. VAT) However, the correct amount of R 165 603 has been noted.
2	34/2019	Erven 14, 17, 18, 19, 20, 21, 22, 23, 24, 26, 28 and 29 Orange Grove	156	R 125 229 918	R 1 451 331 (excl. VAT) However, the correct amount of R 1 878 448, 77 has been noted.
3	35/2019	Erven 31 and 32 Orange Grove	20	R 7 700 000	R 113 250 (excl. VAT) However, the correct amount of R 115 500 has been noted
4	36/2019	Erven 35, 36, 37, 39, 40 and 42 Orange Grove	80	R 46 328 033.26	R 684 650.74 (excl. VAT)
5	37/2019	Erven 45, 46, 47 And 48 Orange Grove.	50	R 39 000 167.00	R 451 986.00
6	38/2019	Erven 151, 152 And 153 Orange Grove.	50	R 27 487 000.00	R 323 700.00

No.	RFP	Property Description	Number of Jobs Created	Dev Cost excl. Vat	JPC Facilitation Fee
7	39/2019	Erven 201 and 202 Orange Grove.	4	R 3 557 321.00	R 53 359.82.00
8	40/2019	Erven 227, 228 and 229 Orange Grove.	9	R 6 673 525.00	R 75 308.00
9	41/2019	Erven 245, 247, 249, 251 and 253 Orange Grove	14	R 10 803 728	R 121 776 (excl. VAT) However, the correct amount of R 162 056 has been noted.
10	48/2019	Erven 326, 327, Rem/328, 329 Houghton Estate	106	R 18 946 122.00	R 284 191.83
11	49/2019	Erven 300, 301, 302, 303, 304, 305, 332, 333, 334, 335, 336 And 337 Houghton Estate	250	R 146 871 352.00	R 2 203 070.28
Total: 11 Developments			753	R 443 637 332	R 6 397 874,44

Draft development leases have been shared with the awarded developers, moreover, it is envisaged that following the necessary negotiations and discussions all lease agreements will be finalised by the end of Quarter 3.

Inner City Properties re-advertised

Major milestones have been achieved by the City through the Inner City Regeneration Programme, and in efforts to further collaborate with the Private sector in providing access to affordable housing and Student Accommodation to the citizens of the inner city, JPC has re-advertised seven (7) city-owned developments comprising of a mixture of seventeen (17) city-owned properties. The aforementioned properties were advertised on 01 November 2019 and the tender is scheduled to close on the 07th of February 2020.

RFP NO.	PROPERTY DESCRIPTION	ADVERTISED	READVERTISING & TENDER CLOSING DATE
49/2018 102/2019	Portion 1 & 2 of Erf 89; Erf 87 Fairview	Yes	Re-advertised in 04 November 2019 Tender Closing Date: 07 February 2020
93/2019	Request for proposals for the long term lease and development of Erven 903, 905 Orange Grove	Yes	Re-advertised in 04 November 2019 Tender Closing Date: 07 February 2020
94/2019	Request for proposals for the long term lease and development of Erven 929, 931 Orange Grove	Yes	Re-advertised in 04 November 2019 Tender Closing Date: 07 February 2020
95/2019	Request for proposals for the long term lease and development of Erven 935, 937 Orange Grove	Yes	Re-advertised in 04 November 2019 Tender Closing Date: 07 February 2020
96/2019	Request for proposals for the long term lease and development of Erven 938, 940, 941 Orange Grove	Yes	Re-advertised in 04 November 2019 Tender Closing Date: 07 February 2020
97/2019	Request for proposals for the long term lease and development of Erven 1168, 1169 Orange Grove	Yes	Re-advertised in 04 November 2019 Tender Closing Date: 07 February 2020
98/2019	Request for proposals for the long term lease and development of Erven 1656,1658,1660 Orange Grove	Yes	Re-advertised in 04 November 2019 Tender Closing Date: 07 February 2020

Section 1.9: Marketing & Communications

Announcements

City of Bilbao Applauds Inner City Regeneration Programme



The Mayor of the City of Bilbao, Juan María Aburto, and his team applauded JPC's Inner City Regeneration Programme presentation that took place at the Bus Factory yesterday.

The five-member Spanish delegation arrived in the City ...

News & Events

New JPC Vacancies Now Available

A batch of more than 20 vacancies were released and uploaded on the Intranet: Document Depository: Internal Vacancies. These vacancies were also communicated via the Internal Communications e-Mail medium. Should any of ...

[Read more](#)



Electronic Communication

Social media platforms continued to provide the leading coverage for articles and regularly gathered large retweets. The largest growth of a social media platform remains Twitter, which currently stands at 3261 followers that have been achieved through organic growth. Most projects promoted over the first half of the year have been calls to action, these are predominantly calls to action for developers and the largest response has been for the three projects: Inner City Regeneration Properties, Rissik Street Post Office and Ruimsig Stadium Sports Precinct.

The topic most discussed by selected members on the twitter platform of the public were Illegal Outdoor Advertising sites, especially in the light of the pending deadline of 30 September 2019. The media was receptive to sharing the deadline on declarations by companies that have illegal structures with their viewers and listeners. Marketing secured the following interviews for the company leading up to the deadline.

STATION	TYPE OF BROADCAST
ENCA Dan Moyane	TV Interview – mid-morning interview
Power FM	Interview – Late afternoon
Voice of Wits University	Mid-day

The spokesperson for all these interviews was **Fanis Sardianos, Executive Manager: Client Business Operations** and **Sipho Mbethe: Senior Manager: Outdoor Advertising Unit**.

The value of these interviews is reflected in the media analysis for the six months of this financial year.

Staff Talk and Getting To Know You Monthly Newsletters

Monthly editions of Staff Talk featuring JPC property development news and the CEO’s bi-annual staff engagement session were published during the period July to December. The Getting to Know You edition featuring staff profiles was published with participation from the JPC team.



Key to Statistics

It is said that a man who cares about his appearance will gain stature – he's displaying self-love. There's a sign of pure encouragement and it is Morgan's view on life.

On the day of this interview Morgan came in dressed in a Nigerian outfit which he designed himself. "There is beauty in this outfit. It has style and style is something you see without words," he says with pride.



Morgan says he enjoys going to the gym and listening to all genres of African music. His favourite artist is Mr. President. Morgan says he is a fan of many cuisines. Morgan is fond of live cooking, and he enjoys a whole dish of steak and starchy vegetables.

He is happily married and is a father to two sons and a daughter.

Born in the Maitland District in Limpopo, Morgan joined the City in 2006 as a General House Supervisor. Today he is a Property Ad-Administrator for Region B and works out of the Rosebank offices. The eldest of five children, Morgan says the CEO of Chubb is his best JPC development.

He could not resist as a boy to watch soccer and proudly remembers that he is a fan of the

Morgan's education includes Maitland High School, Maitland Business College, Bushbuck College and Pretoria College. His favourite sports are soccer, tennis, and basketball. Morgan's hobbies include reading, watching soccer, and listening to music. He is a fan of many cuisines and enjoys live cooking. Morgan is a father to two sons and a daughter.



...to be successful, you need to have a clear vision of what you want to achieve and a plan to get there. It's not just about working hard, it's about working smart. You need to know your strengths and weaknesses and use them to your advantage. You also need to be flexible and able to adapt to change. The most successful people are those who are always learning and growing. They are open to new ideas and are not afraid to take risks. They are also good at networking and building relationships. They are always looking for opportunities and are willing to go the extra mile. They are also good at managing their time and staying organized. They are always on top of their game and are always ready to take on whatever comes their way. They are always striving for excellence and are always looking for ways to improve themselves and their work. They are always positive and optimistic and are always looking for the silver lining in every situation. They are always grateful and appreciative of what they have and are always looking for ways to give back. They are always happy and content and are always looking for ways to bring joy to themselves and others. They are always successful and are always achieving their goals. They are always making a difference and are always leaving a positive impact on the world. They are always inspiring and motivating and are always leading by example. They are always the best and are always the ones who are making a difference. They are always the ones who are making a difference. They are always the ones who are making a difference.



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Corporate Social Initiative

July – Service Month: Featured month of service to citizens

August to November: The 'Bringing Back Dignity to a Girl Child', which was a staff driven sanitary pads campaign was launched during Women's month and ended in November. Staff and well-wishers donated generously to keep young girls in school. The target of 50 000 sanitary pads was achieved.

December: Bi-annual address by the CEO hosted a Staff Engagement Session on 6 December 2019 in Kliptown.

Section 1.10: Information Technology (IT)

The Information Technology Unit is best described as the backbone to the JPC business because of its wide-scale use of computers, internet and telecommunications systems. Information Technology supports in managing, manipulating, storing, regaining, sharing/communicating and transmitting small, as well as large amounts of information/data conveniently, effectively and safely whilst ensuring business continuity in-line with corporate goals.

Besides making work more efficient to achieve business goals, the IT Unit can also assist the business in creating job opportunities for people through SMME's supported.

INFORMATION TECHNOLOGY INITIATIVES

COJ SAP FIORI MODULE

CoJ SAP has implemented and granted network connection access for SAP Fiori Module to JPC Finance allowing domain access to enable making uploads and unbundling remotely.

SAP Fiori is a new User Experience (UX) for SAP software and applications. It provides a set of applications that are used in regular business functions like work approvals, financial apps, calculation apps and various self-service apps.

Section 1.11: Client Relations Management

Stakeholder Engagement Strategy

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

Stakeholder Engagements

Highlights or key interventions for the period – 1 October 2019 to 30 December 2019:

- Various site visits to identify illegally occupied and invaded properties and to apply for court interdicts;
- Vigorous programme to improve debt collection initiatives;
- Radio, media and television interviews on the proliferation of illegal outdoor advertising;
- Attended and presented to all relevant Section 79 committees on matters relating to JPC;
- Attended Petitions Standing Committee meetings and dealt with matters related to JPC;
- Focused on matters raised in Region B to enable efficient operations and to build effective relationships with councillors and to assist them with property related matters which the community have raised;
- Introduced Ward Councillor and Regional Director, escalation mechanisms with the office of the MMC Economic Development to ensure that all comments from Councillors and RD's were timeously attended to.
- Rental arrears and improved debtors collection is ongoing;

- 4 Diepsloot properties were transferred back to COJ from Developers in terms of the Township establishment requirements;
- 2 notices to vacate illegally occupied properties by schools in Ivory Park were issued;
- 1 notice to vacate issued to illegal tenant in Fourways which is required by JRA for road widening purposes.
- 29 lease agreements awaiting signatures for Ivory Park beneficiaries;
- Outdoor advertising engagement held in Region B;
- Site visits undertaken to Randburg Sports Ground with MMC;
- Briefing session held for Ruimsig Stadium Precinct which has been placed on tender; and
- Site inspections undertaken to Southern Farms portion where displaced people have hijacked a portion of the area earmarked for the development.

Regional Stakeholder Engagements

6 Months July to December 2019

Region	Weekly Open Day Pilot	RVSD	Ward Councillor Forum (WCF)	Councillors Meetings	Meetings / Site Visits Depts /	Site Visits / Meetings Other	Site Visits for Transactions / queries	Site Visits projects and	A Re Sebeliseng & Other Cleaning Exercises	S14(2)	Circulations to RD's & Ward Councillors	Petitions Site Visits / Round Table Meetings
A	15	2	1	0	0	0	7	0	0	4		0
B	22	7	2	2	1	3	7	2	3	17		0
C	0	3	3	0	4	3	17	0	0	7		0
D	0	0	0	0	4	4	16	0	0	0		0
E	0	0	0	0	0	0	0	0	0	0		0
F	20	4	1	0	1	0	0	0	2	6		2
G	28	4	1	0	0	14	7	0	1	7		1
TOTAL	85	20	8	2	10	24	54	2	6	41		3



Region	Meeting	Date	Target Audience	Subject Matter
ALL	Economic Growth Section 79 Committee	22 August 2019	Political representatives and senior administrative executives from departments and entities under the Economic Growth Cluster	Transactions Reports to be tabled at Council for approval
ALL	Mayoral Committee	22 August 2019	Executive Mayor, MMC's and senior administrative executives from departments and entities	Land Audit
ALL	Human and Social Development cluster	03 September 2019	Senior administrative executives from departments and entities under the Human and Social Development cluster	EMT structural assessment on the Metro Centre
A	Visible Service Delivery Meeting	20 October 2019	Regional Director and senior officials from the region departments and entities	State of the Region
A	Visible Service Delivery Meeting	22 November 2019	Regional Director and senior officials from the region departments and entities	State of the Region

Operations Management

- Submitted 40 reports to Council for approval to enable property managers to expedite and/or conclude property transactions for acquisitions, sales, leases, temporary road closures, public participation, development leases and servitudes. The reports submitted in September 2019 were not tabled as Council did not convene and the reports were deferred to October 2019 therefore 39 are repeated in 2nd quarter and 1 further report added. This was beyond the control of JPC;
- Introduced and managed the Paperless Environment Project within JPC;
- With the introduction of the new Executive Mayor and the swearing in of the Members of the Mayoral Committee, CBO will need to focus on induction and building relationships with the administrative staff and chairpersons appointed to the various committees that JPC report to.



Client Services

Client Services Unit (CSU) attended to 1924 walk-in clients for Quarter 1 & Quarter 2 of the 2019-2020 financial year.

Category	Service	Q1	Q2	YTD	% of Transactions
		Total Walk In Clients	Total Walk In Clients	Total Walk In Clients	
A	Follow-Up Enquiries	166	117	283	14.71%
B	New Enquiries	1020	611	1631	84.77%
C	Ward Councillors	6	4	10	0.52%
	Total	1192	732	1924	100.00%

JPC Performance Service Standards

Core Service	Service Level Standard Target	Q1 Actual Total	Q2 Actual Total (Exc. Dec)	Total YTD	Variance as at November	Variance explanation	Mitigations
KPI 1.1 Response in acknowledgement of requests, enquiries and complaints	Within 1 day of logged call	874	594	1468	0%	Not applicable	Not applicable
KPI 1.2 Provision of answers and/or results related to the receipt of the requests and enquiries regarding properties	Within 3 days of logged call	874	594	1468	0%	Not applicable	Not applicable
KPI 1.3 The performance of emergency work for JPC managed facilities	Within 1 day of logged call	95	131	226	0%	Not applicable	Not applicable
KPI 1.4 Performance of minor works on facilities managed by JPC	Within 2 days of logged call	208	129	337	0%	Not applicable	Not applicable
KPI 1.5 Performance of major works on facilities managed by JPC	Within 5 days of logged call	5	11	16	0%	Not applicable	Not applicable
KPI 1.6 Complete the sale or lease and registration of servitudes of Council owned land	Within 6 months after Council approval in terms of Section 14(2) of the Municipal Finance Management Act	0	0	0	0%	Not applicable	Not applicable
KPI 1.7 Tender placed after Council approval and CoJ Executive Adjudication Committee	Within 4 months of CoJ Executive	0	17	17	0%	Not applicable	Not applicable



Core Service	Service Level Standard Target	Q1 Actual Total	Q2 Actual Total (Exc. Dec)	Total YTD	Variance as at November	Variance explanation	Mitigations
KPI 1.8	Adjudication Committee approval Within 60 days of application and budget confirmation	0	0	0	0%	Not applicable	Not applicable
KPI 1.9	Internal allocation of land and buildings to City Departments and Entities (PTOB : Permission to occupy and build and lease office space from third parties) Performance of surveys on the condition of all plant and equipment in order to allow the assessment of the required repairs and maintenance of facilities managed by JPC	48	48	96	0%	Not applicable	Not applicable
KPI 1.10	Response to general enquiries at client services counter	399	264	663	0%	Not applicable	Not applicable
KPI 1.11	Response to enquiries regarding transactions in pipeline	743	551	1294	0%	Not applicable	Not applicable
KPI 1.12	Response to applicants/interest to lease or acquire (formal applications) land and/or buildings	15 of 41 = 37%	19 of 73 = 73%	34 of 67 = 51%	49%	Some enquiries require in-depth investigations, interrogation, and dependencies on COJ departments,	Ongoing monitoring and reminders to departments, entities and clients whom JPC has requested further information and/or clarity



Core Service	Service Level Standard Target	Q1 Actual Total	Q2 Actual Total (Exc. Dec)	Total YTD	Variance as at November	Variance explanation	Mitigations
						entities, site visits or other spheres of government which result in delays in turnaround times	from in order to determine the way forward



CHAPTER FOUR: HUMAN RESOURCES & ORGAISATION MANAGEMENT

Section 1: Human Resource and Organizational Management

The Human Capital Management revised their Strategy, approved by JPC Board on 28 June 2019, taking into account the following strategic focus areas.

- Aligning the HR strategy to the JPC Strategy, IDP and the Mayoral Priorities by positioning JPC as Employer of Choice.
- The HR Strategy serves as a vehicle to facilitate transformation from a human capital perspective and ensure that JPC has a workforce that is fit for purpose and productive.
- To focus on areas outlined that contributes to the JPC mandate.

The envisaged success of the strategic objectives will be achieved through the HR Implementation Plan, focusing on the following:

- Organisational Development;
- Revised HR Policies;
- Talent Management;
- Training and Development;
- Performance Management and Productivity levels;
- Skills Audit;
- Employee Relations to intensify the turn-around times on disciplinary cases;
- Employee Wellness and
- SAP Upgrade Project

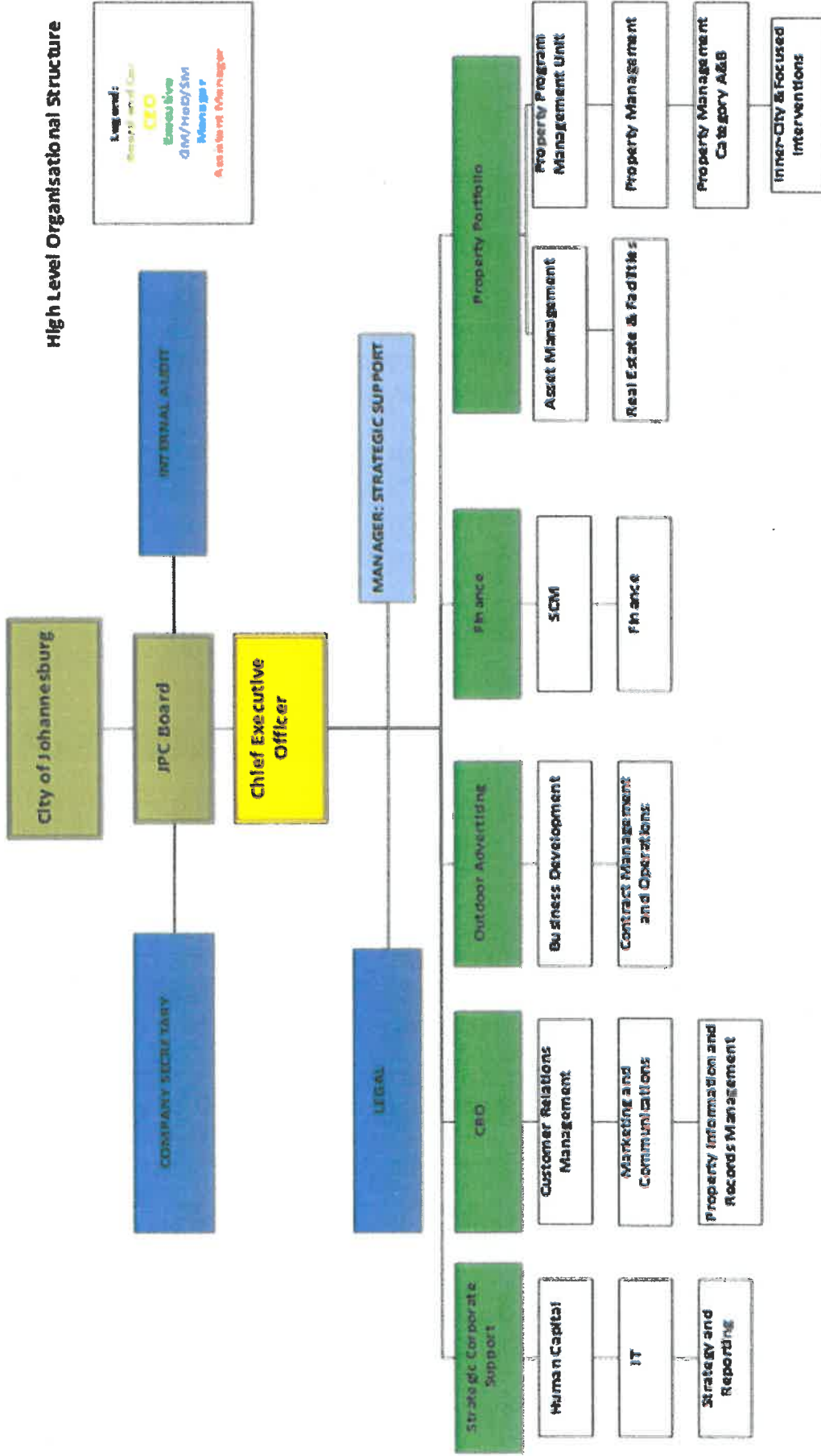
Organisational Development/Tweaked Structures

The JPC Board approved the Tweaked High Level Design on 28 June 2019 based on the following factors:

- Ensuring optimal use of resources at our disposal and deployment of critical and scarce resources within core functions that will add value to attained the financial turnaround strategy;
- Improving operational excellence and efficiencies;
- Decreasing the high vacancy rate;
- Removing duplication of functions in order to be cost effective whilst improving JPC's financial proposition.

HR embarked on a consultative process with line management to review their current departmental structures and minor structural changes were proposed, critical vacancies were identified and certain positions that were vacant for longer than 2-3 years have been delimited as a result of non-relevancy to current business priorities. Employees were also reassured of no job losses which gave them comfort and trust in the process.

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



Progress to Date

Management embarked on a drive to consult employees on the changes made as a result of a tweaked organisational structure. The engagement sessions focused on the key principles in terms how the tweaked structure impacts employees and how they will be confirmed in their roles according to the tweaked organisational structure. The following priority action plans have been achieved:

- All Lower level structures have been successfully uploaded on SAP
- Assigned each employee to the correct position as per the tweaked structure
- Confirmation letters in the tweaked structure issued to employees
- Review the report to accommodate changes made on the lower level structures
- Critical vacancies have been identified and advertised
- Property Intelligence structure not approved yet
- Cleaning Services structure not approved yet
- Review and Update Job Descriptions in line with positions on the tweaked structure
- New Job profiles sent to the Grading Team at the City for evaluation.

HR Policy Implementation

JPC Board approved eleven (11) reviewed Human Resources policies, subject to an audit review process conducted and policies be reviewed every two years or when required. It is important to highlight that these reviewed policies mainly focused on the following aspects:

- Legislative compliances
- Aligned to the City's Group Human Capital Management policies;
- Applicability and relevance to JPC's context and requirements;
- Changes to be incorporated in terms of HR best practices;
- An assessment of barriers that need to addressed a successful implementation;
- Employee Engagement Sessions were conducted from **08th to 23rd July 2019** and employees showed a positive reception to the HR Policy Workshop Sessions.

The sessions created awareness on where the business is and how employees need to change their mind set in terms of the way of working. Employee buy-in was pivotal in acknowledging that their daily duties affected the overall productivity of the organisation and how the current business structure is expected to increase in terms of the organisation's revenue.

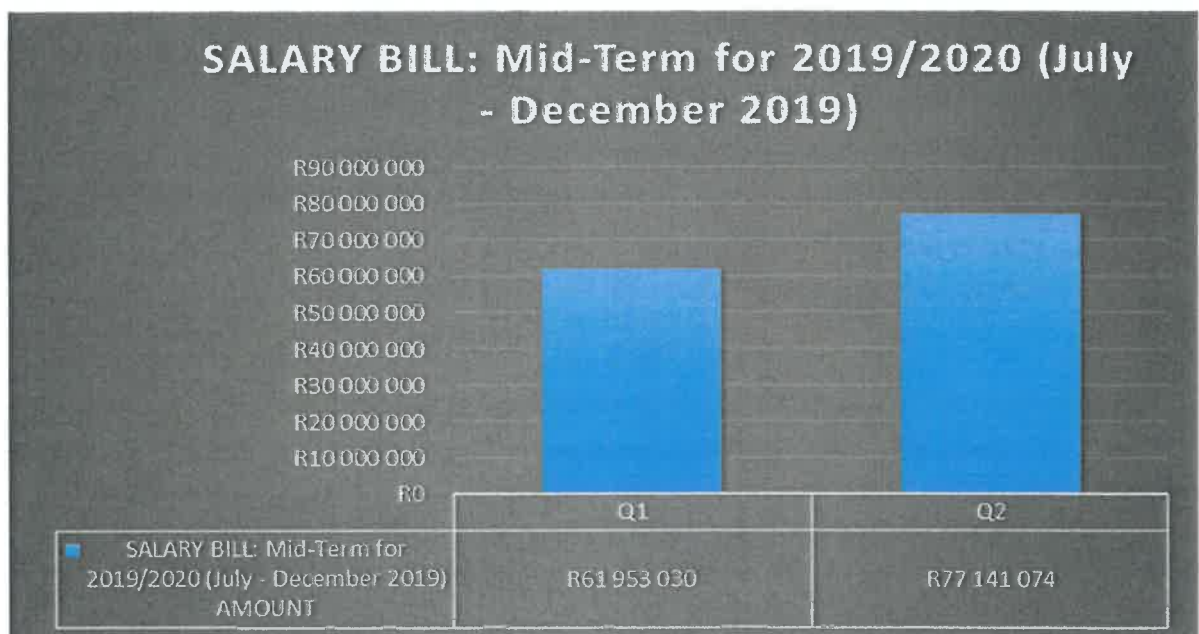
Section 2: Employee Remuneration and Cost Including Executives

In the period under review, the salary expenses were within the budgeted amount and the table below indicates the all-inclusive remuneration packages.

SALARY BILL: MID-TERM REPORT FOR 2019/2020 (JULY 2019 TO DECEMBER 2019)	
MONTH	AMOUNT
Jul-19	R 19 911 802.81
Aug-19	R 21 222 980.42
Sep-19	R 20 818 246.93
Oct-19	R 20 671 257.00
Nov-19	R 35 305 164.00
Dec-19	R 21 164 653.00
Total	R139 094 104

During the period under review, the implementation of the annual cost-of-living increase of 6.5% effected 01st July 2019 to all qualifying employees as per the Salary and Wage Collective Agreement. Annual Bonuses (13th Cheque) were also paid out to all qualifying employees in November 2019.

The graph below indicates the monthly salary expenses from Q1 and Q2 (July to **December 2019**). The monthly salary bill trend is consistent, however, during August it slightly increased due to higher leave encashment applications.



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

The monthly salary bill trend is mostly consistent; however, during November 2019 it peaked due to the payment of annual bonuses (13th Cheque). The total salary expenses for the Mid-Term amounted to **R 77 141 074.00**.

Overtime Costs for Mid-Term period for 2019/2020: (July to December 2019)

Overtime expenditure consists of services rendered to the public by JPC in respect of public convenience facilities. The goal is to reduce the overtime costs by 5-10% during this financial year (2019/2020), but due to the continued shortages of staff through retirements, death and resignations there is a constant need for employees to work overtime during weekends.

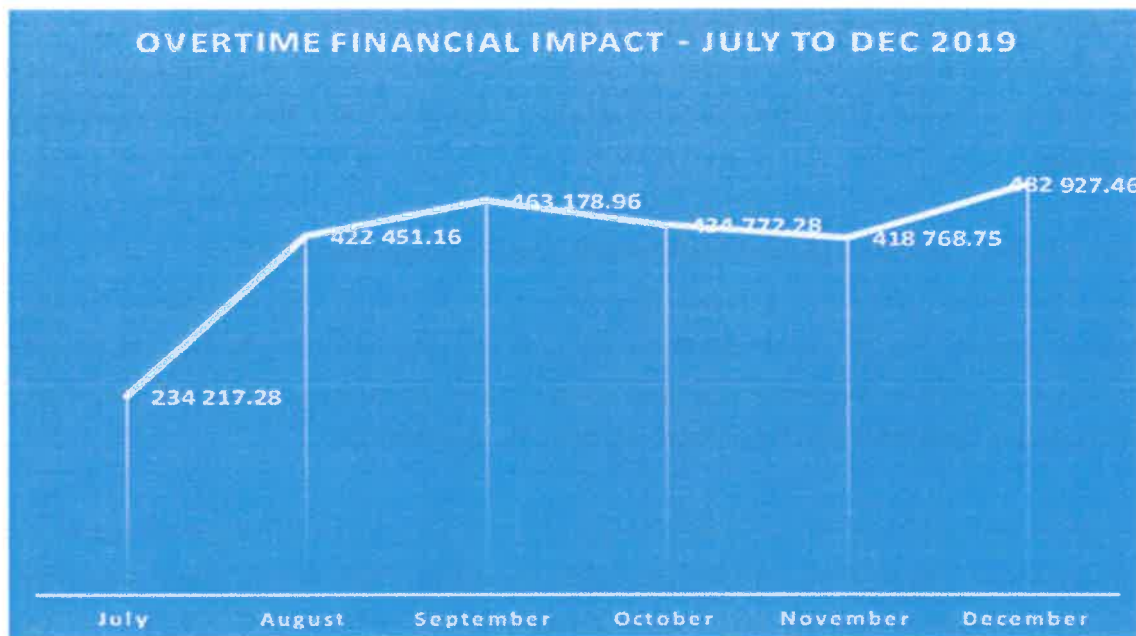
JPC also takes into cognisance that the insourcing project of Cleaners across the city will reduce the Overtime bill in time. Though in the short time there is a high number of deaths within this function which obviously lowers the pace of improvement in terms of reducing overtime as planned. The cleaners have undergone a Health Assessment before commencement of employment and the high death rate is a concerning factor to be flagged as a risk which must be investigated in terms of the Wellness Agenda in Q3 and Q4 of this financial year.

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

OVERTIME BILL: MID-TERM REVIEW 2019/2020 (JULY - DECEMBER 2019)

MONTH	Total Staff Working Overtime	Total Hours Claimed	Overtime Financial Impact
Jul-19	98	3044	234 217.28
Aug-19	95	2865.4	422 451.16
Sep-19	101	2459	463 178.96
Oct-19	96	2951	434 772.28
Nov-19	93	2841	418 768.75
Dec-19	104	3080	482 927.46
TOTALS	<u>587</u>	<u>17239</u>	<u>2 456 315.89</u>

The table above shows the overtime total costs of R 2 456 315.89 incurred for the Mid-term, total staff required to work overtime and total number of hours claimed. The total budget spend on overtime thus far equates to R2 456 315. 89. The public convenience facilities' operating model requires that employees work overtime during weekends thus resulting in overtime expenses.



The graph above displays the monthly expenditure in respect of overtime costs from July to December 2019. In July 2019 the cost is low and a spike is reflected from August to September 2019. There was a slight reduction of cost as a result of the insourcing project in October 2019 and November 2019. In comparison to all the previous months, there is also a spike in December 2019 due to compulsory festive leave as most employees are taking leave in compliance to the leave management policy. The employer has to make provision for overtime worked in that period especially where services are required for public convenience.

The overtime expenses emanates Public Convenience which provides Cleaning Services for all the public toilets situated across all regions within the City of Joburg, operating seven (7) days a week and services are rendered to the public. There were also other core business projects that required employees to render services and thus a spike of overtime cost in December 2019. This has resulted into the overtime costs incurred as employees are required to work overtime during weekends.

JPC will continue to manage and maintain overtime expenses effectively with an aim of reducing the overtime costs.

Section 3: Key Vacancies

Subsequent to the approval of the reviewed and tweaked organisational structure by the JPC Board on 28th June 2019, HCM has conducted engagement sessions with EXCO team members to identify critical and strategic vacancies to be filled in alignment to the business strategy and core mandate. In the period under review, fifty seven (57) critical and strategic vacancies have been advertised and some

were circulated internally in light of giving permanent employees an opportunity to apply for their own development and growth purposes. The table below indicates the number of positions advertised per department and the status thereof.

Department	Portfolio	Vacancies	Number of vacancies
Property Management		• GM: Corporate Real Estate and Facilities	4
		• GM : Property Management Category A&B	
		• GM: Property Management	
		• GM: Property Programme Management Unit	
		• Senior Manager: Planned Maintenance and Operations	5
		• Senior Manager : Leasing and Building Management	
		• Senior Manager: Cleaning Services	
		• Senior Manager: Property Programme Management Unit	
		• Manager: Markets and Transport Facilities	1
		• Manager Strategic Support , Reporting and Monitoring	1
Client Business Operations		• Project Managers	2
		• Assistant Manager: Markets and Transport Facilities	2
		• Project Administrators	10
		• Manager: Business Operations	1
		• Assistant Manager: Business Operations	2
		• Assistant Manager: Case Management	2
Finance /SCM		• Administrators	18
		• Receptionists	2
Office of the CEO		• Committee Officer	2
		• Strategic Operational Manager	1
		• General Manager Legal	1
Strategic Corporate Support		• Company Secretary	1
		• Employee Relations and Wellness	1
		• Executive Manager: Strategic Corporate Support	1
Total			57

Positions between Job level 11 to 6 were advertised and these comprise of Middle Management, Junior Management, Semi-skilled and Elementary levels. Positions at Job level 5 to 3 comprises of Top and Senior Management positions that were also advertised internally and externally concurrently due to the landscape of the business changing and some skills have to be attracted externally.

Staff Movements

Occupational Levels	MALE				FEMALE				Foreign Nationals		TOTAL
	A	C	I	W	A	C	I	W	M	F	
Top Management	0	0	0	0	0	0	0	0	0	0	0
Senior Management	0	1	0	0	0	0	1	0	0	0	2
Professionally qualified and mid-management	0	0	0	0	0	0	0	0	0	0	0
Jun. Management, Superintendents and Skilled Technical	2	0	0	0	0	0	0	0	0	0	2
Semi-skilled / Administration	7	0	0	0	1	1	0	0	0	0	9
Unskilled and defined decision making	1	0	0	1	1	0	0	0	0	0	3
Total Permanent Staff	10	1	0	1	2	1	1	0	0	0	16
Temporary Employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	10	1	0	1	2	1	1	0	0	0	16

Terminations: It is reported during this period under review (July – December 2019) **sixteen (16)** terminations were actioned the table above illustrates the terminations realised inclusive of temporarily employed employees as per occupational levels, race and gender. The terminations mainly consisted of early retirements due to natural attrition.

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



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

Retirement: Two (2) employee retired, in terms of his pension fund rule. This confirms that JPC has an ageing workforce hence succession planning has been a key focus area to ensure successors for business continuation.

Early Retirement: Eight (8) employees retired early, in terms of this pension fund rule. This indicates that Employees are feeling the strain of workload pressure due to unfilled vacancies and is felt more by the employees who are ageing.

Resignation: Two (2) employees resigned mainly in lieu of better career opportunities and remuneration compensation within the job market.

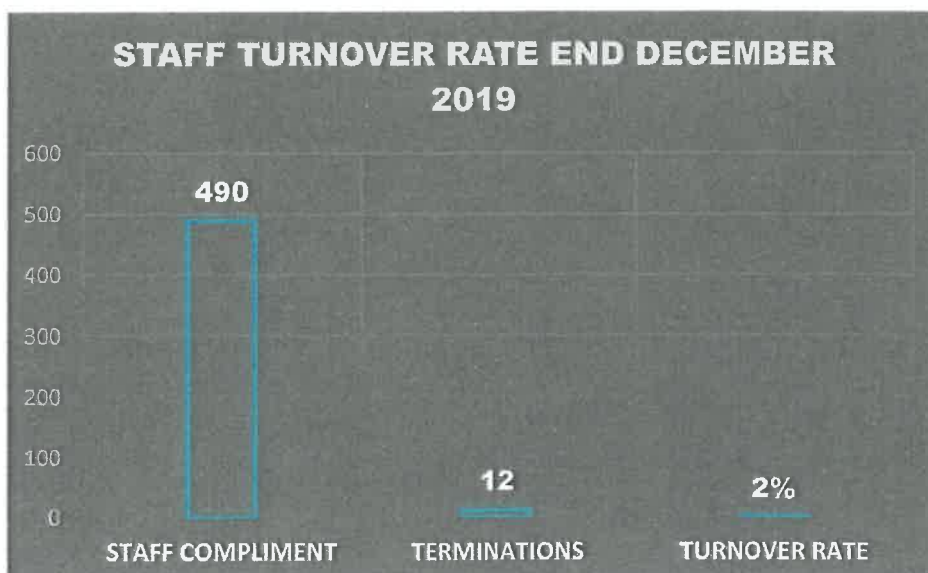
Retrenchment: One (1) employee was retrenched.

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

Contracts: No temporary contracts expired.

The impact of the termination rate realised contributes to the under capacitation within key business areas and where positions are extremely critical, the business has advertised the positions in this quarter to ensure that the gaps are closed.

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



The graph above shows staff turnover of 2% which is at an acceptable level taking into consideration that a healthy turnover rate is between 5% and 10%. The 2% staff turnover rate is at an acceptable level and it has been a trend that the organisation experiences employees who stay longer in the employ of JPC. This indicative that JPC is fair and consistent when it comes to compensation benefits available for their employees.

Section 4: Employment Equity

The total JPC EE demographics excluding the newly appointed employees is 490 of which 474 employees are permanent and 16 are temporary staff as at **31st December 2019**.

Occupational Levels	MALE				FEMALE				Foreign Nationals		TOTAL
	A	C	I	W	A	C	I	W	M	F	
Top Management	1	0	1	1	0	1	0	0	0	0	4
Senior Management	1	0	0	0	1	0	0	0	0	0	2
Professionally qualified and mid-management	18	0	5	4	20	2	2	6	0	0	57
Jun. Management, Superintendents and Skilled Technical	98	6	6	9	77	16	2	1	1	0	215
Semi-skilled / Administration	71	7	1	1	6	2	0	0	0	0	88
Unskilled and defined decision making	44	2	0	1	47	14	0	0	0	0	108
Total Permanent Staff	233	15	13	16	151	35	4	7	1	0	474
Temporary Employees	3	0	1	0	9	1	2	0	0	0	16
GRAND TOTAL	236	15	14	16	160	36	6	7	1	0	490

The Employment Equity and Skills Development committee will conduct the qualitative and quantitative analysis of the all-inclusive workforce, EE targets, racial representation, gender to develop the new EE Action Plan. This exercise is aimed at identifying gaps in order to proceed with the implementation plan and achieving set targets for Persons with Disabilities.

Establishment of the Employment Equity and Skills Development Committee

The process of electing the new Employment Equity and Skills Development (EESD) Committee commenced and was concluded end of October 2019. The election process has been reviewed in consultation with management and organised Labour as a result of the company insourcing of 1232 new employees which changes the demographics of JPC.

The proposal was that an awareness initiative be conducted on Employment Equity Act with the emphasis of its role in the workplace. This initiative will further assist in enhancing the employee’s knowledge and understanding of the diversity and inclusion issues that needs to be addressed which inform employees of the calibre of employees/ members to serve in the committee and when the nomination process takes the right calibre of employees to be considered for nomination purposes.

JPC fully supports the principles of employment equity and is committed to the principles of equity, anti-discrimination and diversity as enshrined in the Constitution of the Republic of South Africa and the Employment Equity Act (EEA) No 55 of 1998. The period of the plan is aligned to Group Employment Equity Plan 2019 to 2024.

The EE targets for 2019 to 2024 based on the Provincial Economic Active Demographic Population (EADP) are as follows:

	MALE %	FEMALE %	TOTAL %
Africans	45.3	35.7	81.0
Coloureds	1.3	1.3	2.6
Indians	1.9	1.0	2.9
Whites	7.4	6.1	13.5
Disability			0%

Section 5: Skills Development and Skills assessment for lower levels staff

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

JPC currently requires a combination of core technical and behavioral competencies and other specialized competencies, knowledge and experience to carry out its core mandate.

The company's strategic focus is to ensure that its employees are empowered by giving them an opportunity to upgrade their skills and competency levels as part of the training needs analysis to create

a balance between the organizational and individual needs. Therefore, the Individual Learning Plan (ILP) programme has already been initiated in order to identify the competency gaps associated with each function.

The ILP programme will assist HCM and Line departments to formulate a Learning and Development Strategy plan to address the identified gaps in line with the organisational competencies towards the achievement of employee's career goals and organisational performance enhancement. This initiative encourages a focused approach to each employee's learning training/developmental needs and help employees to enhance their job skills and become more effective and productive.

A structured approach for developmental interventions of cleaning services staff will be adopted to ensure alignment to JPC strategy and core mandate. The implementation of training interventions and Subsidised education will be informed by the ILP outcomes, which will be finalised in the next quarter.

Training interventions reported for this period under review

The training interventions conducted in this period (**July to December 2019**) included SCM/Finance to address Functional/Technical competencies in line with and organizational compliance training cluster and empower employees to meet the National Treasury minimum competency requirements and diligently perform their operational duties.

Training Cluster	Course/Programme conducted	No. of people trained
Critical & legislative compliance	Municipal Finance Management Programme	15
Functional/Technical	SAPOA –Property Development Programme	2
Total		17

The following prioritised competencies have been sourced from the accredited service providers and educational institutions, and are scheduled for implementation in the third quarter. These training interventions are subject to continuous review to meet the core organisational competencies.

Core Competencies	Functional/Technical competencies
Project Management for Built Environment	Project Management
Assets Management	Contract Management
Property Management	Technical skills assessment (Artisanship Programme)
Contract Management	Basic assessment: Maintenance & Repairs employees
Facilities Management	Executive Leadership Development Programmes
Outdoor Advertising	Municipal finance Management Programme
Building/Property Condition Assessment	Technical Report Writing
Building Services	Stakeholder Relations Management

Learner ships and Graduates Internship Programme

The Services SETA has approved funding to through the accredited agency to roll out the Learner ships and Internships as part of the initiative to create meaningful opportunities to the Community, and for Graduates to gain practical work based experience and competencies that will aid interns and learners with capabilities for future employment opportunities.

This initiative further supports the President’s call for employers to help out with efforts of tackling the growing rate of youth unemployment. A total number of nineteen (19) Learners and seventy (70) Graduates will commence with their Work- Integrated Learning and Internship programmes effective January 2020 as budgeted by the Services SETA.

Focused Action Plan - Training Implementation

A training calendar will be issued in Jan 2020 to structure all confirmed training interventions according to the proposed training. The following interventions have been sourced and are scheduled for Q3 and Q4 period:

Course Name	Targeted Employees	Estimated No.
Contract Management	Employees who work with all sorts of contracts in business units	10
Project Management	Project Managers , Project Administrators and Coordinators	20
Performance Management	Senior/Middle Managers and newly appointed Supervisors	25
Coaching skills for managers	Senior and Middle Managers	20
Diversity Management	All employees	20
Stakeholder Management	All Administrators	20
Building Conditions Assessment	Property Administrators	20

Training Intervention for Technical & Maintenance Staff	Targeted No. of Employees
ARPL ASSESSMENTS ALL TRADES:	30 X GENERAL WORKERS
Plumbing, Painting, Carpentry, Mechanical Welding, Electrical, Bricklaying, Plastering and Tiling	20 X ARTISAN SUPPORT
Basic Technical Training	GENERAL WORKERS
Plumbing, Painting, Carpentry, Mechanical Welding, Electrical, Bricklaying, Plastering and Tiling	(Facilities Maintenance and Repairs) Numbers will be informed by the assessment report
Pre- Trade Test Training	ARTISAN SUPPORT Numbers will be informed by the assessment report
Painting, Plumbing, Carpentry, Electrical, Welding, Bricklaying, Tiling and Plastering	
Trade Test	ARTISAN SUPPORT

Training Intervention for Technical & Maintenance Staff	Targeted No. of Employees
Painting, Plumbing, Carpentry Electrical, Mechanical Welding, Bricklaying, Tiling and Plastering	
Handyman course/training (multi- skilling programme)	10 X GENERAL WORKERS 10 X ARTISAN SUPPORT
Supervisory skills (leading team to high performance)	20 X ARTISANS
Project Management	15 X SUPERINTENDENTS
Solar and Gas Geyser Installation and Maintenance	15 X ARTISANS
Built-in cupboards Installation and Partitioning	
Drain Installation and Maintenance	20 X SUPERINTENDENTS
Wall Paper Installation	
Dry Walling	
Electrical Installations	6 X OPERATIONS MANAGERS
Wall-doors and Window frames Glazing	
Occupational Health and Safety	
Air-conditioning (Maintenance and Repairs)	
Refresher Course on :	15 X ARTISANS
Mechanical Welding, Painting, Plumbing , Carpentry, Electrical, Bricklaying , Tiling and Plastering	

Section 6: Performance Management

Performance contracting for the CEO and directs reports have been finalised 2019/2020 financial year. The cascading of the scorecards targets for the next level, senior managers will be finalised in January 2020.

Section 7: Disciplinary Matters and Outcomes

Disciplinary Matters

One (1) employee facing charges relating to misconduct disciplinary hearing in progress.

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

External Disputes

Case Description	Outcome
185 Unfair Labour Practice	The matter was dismissed at the CCMA as the employee referred the matter at the incorrect forum instead of the Bargaining Council.
185 Unfair Labour Practice	Conciliation held and the outcome indicated that matter was not resolved. The complainant has proceeded and referred the matter for arbitration. An Award certificate has been issued and matter concluded.

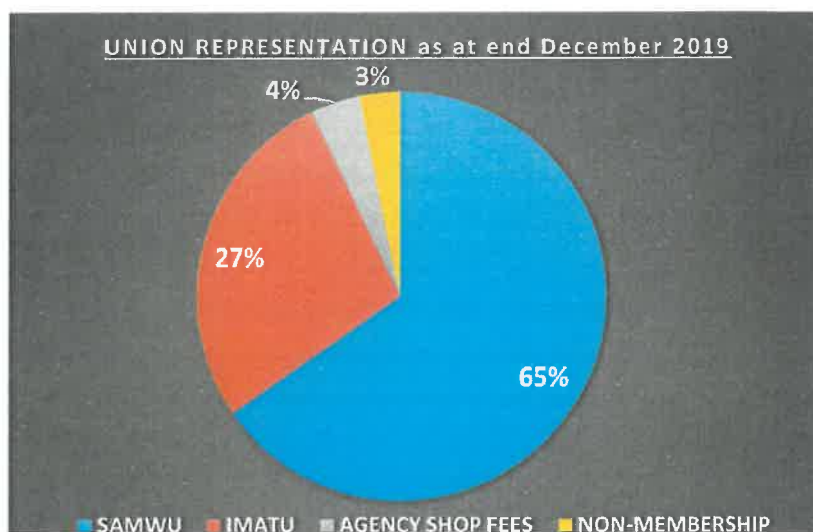
185 Unfair Labour Practice

Conciliation has not been held, employee has proceeded and referred the matter to the High Court and case has been dismissed. The employee has referred the matter back Bargaining Council for conciliation.

Only 2 matters have been to the external dispute resolution mechanism at SALGBC and the outcome is indicated above. One matter was referred to the CCMA which was deemed as an incorrect forum.

Section 8: Union Representation

JPC is highly unionised thus requires a structured, stabilised and sound labour relationship with organised labour to ensure a harmonious working environment.



The union representation and membership graph above shows that from a staff complement of 506 employees including temporary staff, 65% belongs to SAMWU, 27% belongs to IMATU and 4% fall within the Agency shop fees. The remaining 3% does not belong to a union, however mostly consist of temporary employees.

National Salary negotiations

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

Section 9: Absenteeism

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

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

Section 10: Employee Wellness

The City of Joburg Property Company (JPC) seeks to have high levels of employee engagement to ensure higher business performance, reduced staff turnover and increased efficiency linked to healthy and engaged employees.

A Staff Engagement Session was held on 06th December and it was aimed at providing a platform where greater employee engagement is highly desirable in terms of both personal well-being and staff satisfaction as this influences on JPC's productivity and the bottom line.

The theme for this engagement session was **"Your Health is your Wealth" and Living Healthy is a must** and addressing the importance of living healthy and ensure that the wellbeing for JPC employees is a prioritised wellness agenda.

The CEO's address to all employees including the insourced cleaners who now form part of JPC's staff complement created a good ambience for employees to relax and understand the business agenda in terms of health and wellness.

JPC Staff from Orange Grove volunteered to sing and dance "MASKANDI" at the event to show off their other talent to all staff. Traditional dances were facilitated by the MC to engage all staff and also show diversity of culture within the organisation in supporting Healthy Living.

Section 11: Leave and Productivity Management

Leave Provision: Mid-Term period (July to December 2019)

The leave liability amount based on the annual leave balances as at end December 2019 amounts to R14 885 880. The leave liability amount indicates a decrease in comparison to the previous months. The slight decrease relates to employees utilising their annual leave during the festive season.

Q2 Leave Provision: July - December 2019

MONTH	LEAVE DAYS	AMOUNT
Jul-19	8 211	R 15 996 617
Aug-19	8 419	R 16 763 039
Sep-19	8 086	R 17 821 837
Oct-19	8 288	R 16 025 014
Nov-19	8 616	R 29 060 006
Dec-19	7614	R 14 885 880
	<u>R 24 716</u>	<u>R 110 552 393</u>

Leave Encashment for the Mid-Term review: (July to December 2019)

The leave encashment applications were implemented in line with the principle that, "An employee is only allowed to sell once in a financial year and up to a maximum of 10 days" as per the Leave Management policy provision. In addition, prior to the encashment application an employee is required to utilise their 16-days of their compulsory leave.

Leave Encashment: Mid-Term 2019/2020

MONTH	LEAVE DAYS	AMOUNT
01-Jul	197	320 155
01-Aug	367	614 749
01-Sep	87	137 825
01-Oct	142	229 850
01-Nov	20	141 163
01-Dec	789	920 216
Totals	1602	R 2 363 958

Employees' encashed 1602 non-compulsory LEAVE days at total costs of **R 2 363 958**.

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

PENSION FUND MEMBERSHIP	TOTAL	REMARKS
EJoburg Retirement Fund	395	Defined Contributions
City of Joburg Pension Fund	50	Defined Benefits
Municipal Employee Pension Fund	7	Defined Contributions
Municipal Gratuity Pension Fund	7	Defined Contributions
Joint Municipal Workers Pension Fund	1	Defined Benefits
Non-Membership	13	Not compulsory
TOTAL	473	-

The table above demonstrates the membership distribution of JPC to the accredited pension funds. This condition is compulsory to all JPC employees with the exception of the Chief Executive Officer and temporary employees. In terms of the salary and wage collective agreement, the pension fund condition ordinarily increases by virtue of the salary increase of 6.5% and related linked benefits.

The Accredited Medical Aid Schemes as at July – December 2019

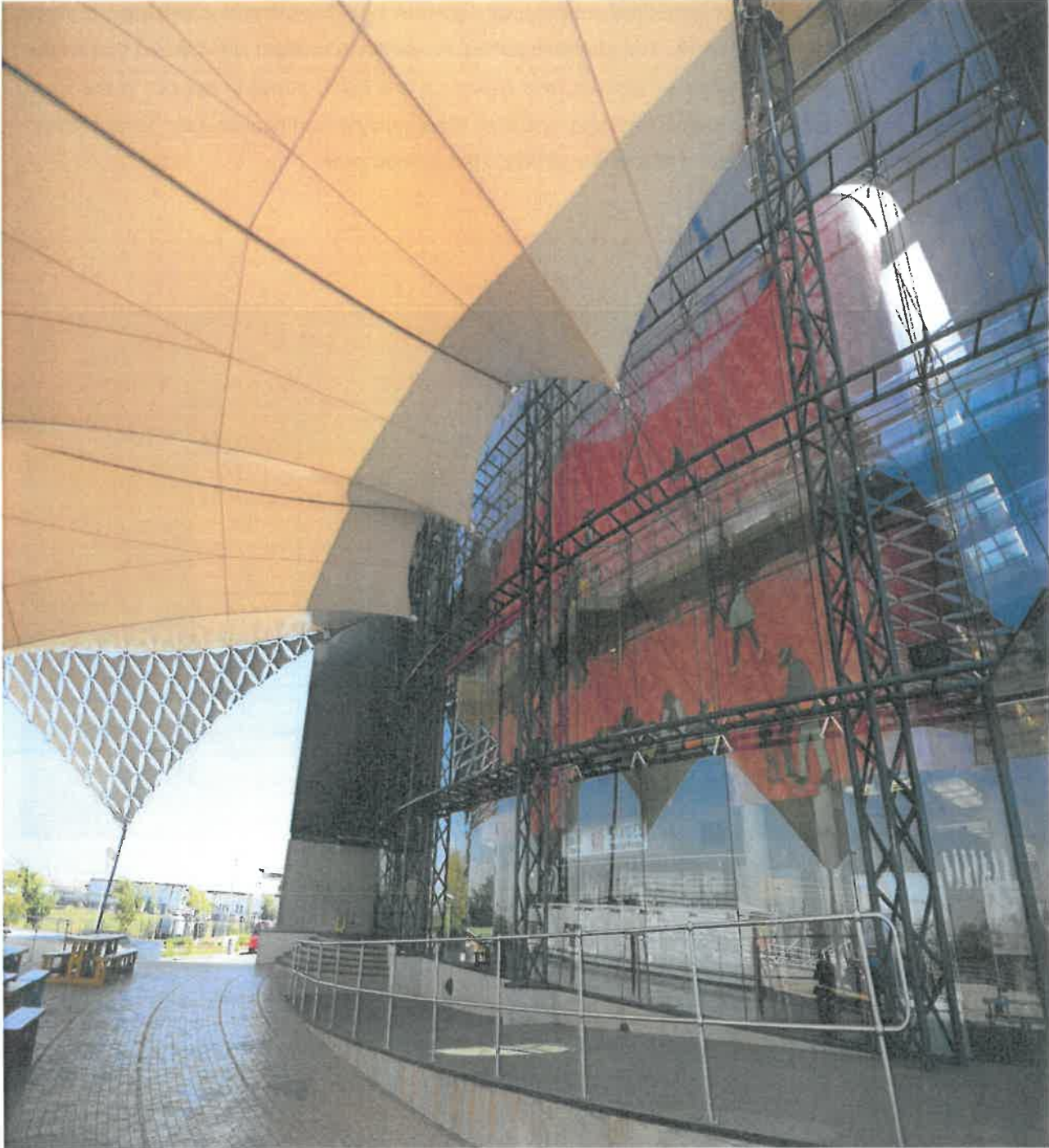
MEDICAL AID SCHEME	MEMBERSHIP
BONITAS	127
DISCOVERY	17
HOSMED	60
KEYHEALTH	12
LA HEALTH	110
SAMWUMED	88
TOTAL MEMBERSHIP	414

The table above specifies the accredited medical aid schemes and membership distribution to each scheme as at end December 2019. The provision set out in relation to medical aid, it states that for the duration of the salary and wage agreement, and based on the 60/40 principle set out in the Main Collective Agreement, the current maximum medical aid employer contribution rate to accredited medical schemes increased to **R4 492.35** for **2019/2020 financial year**.

Absenteeism: Mid-Term Review (July - December 2019)

DEPARTMENT	PERIOD	Number of Staff taken Sick leave	Total Sick Days Taken	% Absenteeism
Office of the CEO	July - December 2019	3	14	0.02%
Finance & SCM	July - December 2020	25	187	0.28%
Information Technology	July - December 2021	0	0	0.00%
Client Business Operations	July - December 2022	29	144	0.21%
Corporate Services	July - December 2023	8	35	0.05%
Outdoor Advertising	July - December 2024	4	16	0.02%
Portfolio Management	July - December 2025	207	1480	2.18%
TOTALS	Mid-term	276	1876	2.76%

The table above illustrates the absenteeism rate per departments. In contrast to the norm of 1.5%, JPC shows a high absenteeism rate of **2.76% at 1876 sick** leave days in Q2. This serves as a reflection that JPC has a sick workforce, as most illnesses are a result of dread and chronic diseases. Wellness interventions are a key focus area. Although the organisation is faced with a high absenteeism rate, HCM has put contingency plans in place by consulting with line in order to manage such and reduce the absenteeism rate to increase the productivity levels within the organisation. To ensure the organisation meets its strategic and operations objectives.



CHAPTER FIVE: FINANCIAL PERFORMANCE

Section 1: Statement of Financial Position and high-level notes

PART A –

JPC Statement of Financial Position	NOTE	ACTUAL	ACTUAL
	REF	DECEMBER 2019	DECEMBER 2018
ASSETS			
NON-CURRENT ASSETS		72 546 044	51 833 991
Property, plant and equipment	1	37 006 779	36 105 638
Land	2	487 200	487 200
Building	3	684 364	959 978
Prepayment - Non-current	4	325 373	465 997
Deposits	5	173 897	165 144
Deferred Tax Asset	6	33 868 431	13 650 033
CURRENT ASSETS		249 971 542	487 355 602
Trade and other receivables	7	377 772	152 682
Cash and cash equivalents	8	2 000	2 000
SARS	9	6 693 421	10 511 013
Amounts due from shareholder	10	5 730 823	10 878 011
Trade Debtors	11	237 167 525	465 811 896
		322 517 586	539 189 592

JPC BALANCE SHEET

	NOTE REF	ACTUAL DECEMBER 2019	ACTUAL DECEMBER 2018
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Issued Capital	12	1 000	1 000
Shareholders Equity	12	5 141 721	5 141 721
Retained Profit / (Loss)	13	13 111 120	(81 671 914)
Opening Balance		(13 243 432)	(57 270 217)
Prior period Profit / (Loss)		32 838 686	(5 186 027)
Profit / (Loss) - Current period		(6 484 134)	(19 215 670)
		18 253 841	(76 529 193)
NON - CURRENT LIABILITIES		8 923 381	8 149 644
Deferred Tax Liability	14	2 763 325	2 497 679
Finance Lease Liability	15	6 160 056	5 651 965
CURRENT LIABILITIES		295 340 363	607 569 141
Trade and other payables	16	1 457 630	1 687 983
Accruals	17	6 991 310	20 744 638
Provision for Leave Pay	18	19 182 383	19 085 366
Finance Lease Liability	19	3 724 251	3 289 106
Straight-lining of operating leases	20	7 265 138	8 817 129
Post-retirement Medical Aid Provision	21	825 667	794 039
Provision for EXCO Bonuses	22	2 412 991	2 461 185
Intercompany Creditor	23	94 190 444	67 182 496
Sweeping Account	24	159 290 550	483 507 200
		322 517 586	539 189 592

Notes

1. Property, plant and equipment and Intangible Assets are measured at the lower of cost or carrying amount.
2. Land is measured at the lower of cost or carrying amount.
3. Building is measured at the lower of cost or carrying amount.
4. Amounts included in non-current portion of the prepayments are Bayette Consulting for R171 128 and R154 245 for software licenses.
5. Electricity deposits with Eskom for the Baragwanath informal trading facility and the Lenasia facilities management buildings.
6. Deferred tax has been calculated to account for movements in the balance sheet.
7. Amounts included in trade receivables are prepayments of R292 208 and the current portion of the prepayment made to Bayette Consulting for professional services relating to the leasing of the new office accommodation is R85 564.
8. Relates to cash and cash equivalents.
9. Refund due from SARS for income tax assessments from 2012/13 to present of R6 693 421.
10. Represents the Portfolio loan account with JPC.
11. Debtors comprises of three categories. Related parties indicates monies outstanding from intercompany transactions. Staff debtors relate to personnel that have signed an acknowledgement of debt. Third parties refers to external clients.
12. Relates to Share Capital and Shareholders' Equity. There have been no changes in share capital.
13. Relates to Retained Earnings that have accumulated from the surpluses and losses in previous financial years.
14. Deferred tax is calculated annually at financial year end.
15. This relates to the long term portion of the finance lease liability which is payable within two to five years and is in respect of copiers and IT infrastructure.
16. Trade and other payables consists of VAT payable to SARS.
17. Relates to trade accruals for 2018/19.
18. Relates to Leave Pay Provision calculated per the SAP payroll for the period ended December 2019.
19. This is the short term portion of the finance lease liability which is payable within one year.
20. GRAP 13 adjustment for the straight-lining of operating leases.
21. Provision on Post-retirement Medical Aid raised based on 2018/19 Actuarial Valuation Report in respect of personnel that qualify for the benefit.
22. Relates to provision for EXCO bonuses for the 2018/19 financial year.
23. Relates to the loan account with GCSS and Group Finance for salaries.
24. Sweeping account overdraft with COJ: Group Treasury

EARNINGS AND RESERVES

	84 627	
	162	79 252 616
Retained Income - Prior Year	49 781 058	42 087 100
Current Period Surplus/(Deficit)	34 846 104	37 165 517
To End Prior Month Surplus/(Deficit)	30 482 294	33 602 421
Current Month Surplus/(Deficit)	4 363 810	3 563 096
	84 627	

CAPITAL AND RESERVES

	162	79 252 616
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NON CURRENT LIABILITIES

	-	-
Prepaid Income - Outdoor Advertising	12 -	-

CURRENT LIABILITIES

		224 556	
	326		244 112 598
Trade and Other Payables			
STB COJ Loan Account - Bank Sweeping	6	186 353 338	201 163 617
COJ Portfolio - VAT Claim/Payable Account	4		-
Accruals	13	9 718 639	3 055 334
Receipts In Advance - Rentals	14	12 701 317	13 363 114
Deposits Received: Tenants	15	13 225 864	14 301 929
JPC Portfolio Loan Account	16	-	9 346 189
Property Portfolio Loan: MOE's	17	64 647	389 896
Prepaid - Deposit received on land sales	19	457 276	457 276
Creditor (Solar Steert Names)	20	1 944 008	1 944 008
Creditor (Khulu Outdoor)	21	91 237	91 237
Unallocated Debtor Receipts	22	-	-
		309 183	
	488		323 365 215

Notes

1. Debtors balance as per age analysis.
2. This relates to rental accommodation of Councillors, Community Participation Projects. It was agreed with COJ that the JPC Portfolio will pay for the monthly rentals for the office space and in turn the City will refund Portfolio for expenses incurred.
3. Land sales transferred from COJ to Clients but the full purchase price has not been paid, follow ups were made by Credit Control when the clients did not respond/pay the outstanding balance they were handed over to the Legal Team.
4. The VAT generated by the Portfolio is declared to the COJ each month. The VAT is consolidated in the COJ's VAT return, which is in turn submitted to the SA Revenue Services.
5. The COJ STD Bank account reflects the sweeping of cumulative funds between the COJ Portfolio Bank Account to the COJ Treasury account, currently COJ Departments are delaying payments for work done and as a result the bank is in overdraft.
6. The amount reflects Tenant deposits held in the COJ Tenant Deposit Account including interest as well as payments received for the Rissik Post Office insurance claims.
7. Capital expenditure incurred and not yet paid from the COJ to date is R13 726 301.42. An amount of R102 706 172.12 still has to be paid from the COJ for the financial year ended 30 June 2018. The budget allocated for the year amounts to R110 080 000.00 for the year 2019/2020.
8. This item reflects Accruals raised as at 30 June 2019 yet to be paid.
9. This item reflects rental paid in advance for the next 30 years by RMB properties which is allocated on a straight line basis, 16 years still remaining on the contract.
10. The amount reflects Tenant Deposits held and Rissik Post Office Insurance paid in the COJ Portfolio Trust account excluding interest earned.
11. The JPC Loan account reflects the commissions due to JPC, 25% on Rentals, 10% on Land Sales and 10% on Capex Projects, and includes amounts received and paid on behalf of the COJ Portfolio. Offsetting in this regard was not taken into account thus JPC owes the Portfolio.
12. The Property Portfolio Loan account reflects amounts due to MOE's based on the income received and expenses paid on their behalf. MOE's Rentals are paid into JPC Main Account and are normally paid over to MOE's the following month.
13. Payments received from Solar Street names, no contract exists thus amounts are due and payable to clients.
14. Payments received from Khulu Outdoor, no contract exists thus amounts are due and payable to clients.
15. Unallocated receipts received in the JPC Portfolio Bank Account, amounts cannot be allocated due to insufficient information for example lease agreements, unclear transaction description.



NOTE	ACTUAL		APPROVED BUDGET		VARIANCE BETWEEN ACTUAL AND APPROVED BUDGET		FULL YEAR APPROVED BUDGET
	REF	YTD	YTD	YTD	YTD	YTD	
INCOME							
1		259 992 000	259 992 000		-		519 984 000
2		6 772 461	3 176 898		3 595 563		6 353 796
		20 464 485	32 568 600		(12 104 115)		65 137 200
3		9 842 352	15 318 600		(5 476 248)		30 637 200
4		7 122 133	13 750 002		(6 627 869)		27 500 004
5		3 500 000	3 499 998		1.98		6 999 996
6		-	12 499 998		(12 499 998)		24 999 996
7		-	21 930 000		(21 930 000)		43 860 000
8		279 199	-		279 199		-
9		1 400 832	5 499 997		(4 099 164)		10 999 993
10		74 073	-		-		-
11		-	1 584 498		(1 584 498)		3 168 996
		288 983 050	337 251 991		(48 343 014)		674 503 981
		TOTAL INCOME					



NOTE	ACTUAL		APPROVED BUDGET		VARIANCE BETWEEN ACTUAL AND APPROVED BUDGET		FULL YEAR APPROVED BUDGET
	REF	YTD	YTD	YTD	YTD	YTD	
EXPENDITURE							
	12		752 947	1 162 000	409 053		2 324 000
	13		93 939 200	98 583 866	4 644 666		197 167 732
	14		11 870 441	13 430 249	1 559 808		26 860 498
	15		5 922 820	44 747 502	38 824 682		89 495 004
	16		132 933 963	145 444 606	12 510 643		290 889 211
	17		3 204 646	9 709 255	6 504 609		19 418 510
	18		158 347	264 015	105 668		528 030
	19		7 695 187	19 350 000	11 654 813		38 700 000
	20		6 145 645	4 560 498	(1 585 147)		9 120 996
	21		5 303	-	(5 303)		-
			262 628 498	337 251 991	74 623 493		674 503 981

SA Normal Tax

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SURPLUS / (DEFICIT)	26 354 552	-	(26 354 552)	-
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NOTES

1. Subsidy provided to JPC for the 2019/20 financial year.
2. Internal recoveries relates to management fees for R&M and CAPEX projects undertaken on behalf of the COJ and its departments.
3. The COJ Rental Collection Commission, Servitudes and Rates & Taxes is 35.75% below the budget, this is in line with rental collections in Portfolio. There is currently an undertaking to renew leases, this will increase the amount of revenue Portfolio can collect and the commission receivable by JPC.
4. The Commission on Outdoor Advertising is 48.20% below the budget, this is in alignment with collections in Portfolio.
5. Relates to Asset under Management fee for the administration of the COJ's assets.
6. Relates to Facilitation Fees for the Inner City. No facilitation fees have materialised for the year to date.
7. Relates to Development Facilitation Fees. No facilitation fees have materialised for the year to date.
8. Ad hoc fees relate to services provided by JPC to City Power and Johannesburg Water for property acquisitions.
9. Cell Mast is 74.53% below the budget, the revenue is generated in line with the contract.
10. Interest received relates to the acquisition of a property that generated interest in the trust account of the transferring attorney.
11. No interest received to date.
12. Directors' emoluments and expenditure is 35.20% below the budget. This is in line with the number of meetings scheduled for the YTD.
13. Operational expenditure is 4.71% below the YTD budget. Cost management measures have been implemented to manage expenditure. The budget has also been reviewed and an increase for office accommodation has been requested.
14. Contracted expenditure is 11.61% below the budget. These are the fixed costs of JPC which relate to cleaning and fleet services
15. Repairs & Maintenance is 86.67% below the YTD budget. This is in alignment with the demand management plan for JPC currently in place. The expenditure is expected to increase in quarters three and four.
16. Salary expenditure is 8.60% below the budget. This is due to critical vacancy posts within the entity.
17. Professional services are 66.99% below the budget.
18. Travel is 40.02% below the budget as travel is limited to operational requirements.
19. Interest on the overdraft is 60.23% below the allocated budget as cash collections have improved resulting in stagnant interest charges.
20. Depreciation is 34.76% above the budget. This is in line with the fixed asset register.
21. Disposal of computer equipment and furniture & fittings took place during September 2019

Section 2: Portfolio Statement of Financial Performance

NOTE REF	ACTUAL YTD	BUDGET		VARIANCE		APPROVED BUDGET
		2019/2020	2019/2020	YTD	2018/2019	
<u>INCOME / BILLINGS</u>						
1	39 860 892	49 965 950	-10 105 058		99 931 900	
2	1 465 923	1 670 550	-204 627		3 341 100	
3	12 701	7 142 000	-7 129 299		14 284 000	
4	-	-	-		-	
5	19 856 986	55 000 000	-35 143 014		110 000 000	
6	-	28 107 500	-28 107 500		56 215 000	
TOTAL INCOME		61 196 502	141 886 000	-80 689 498	283 772 000	

Notes

1. COJ Rentals: The overall revenue anticipated from the rentals collection is 20% below the targeted YTD budget. Delays in the approval of reports by EAC has resulted in the lease renewal period being longer than the average 3 months it takes for a lease to be renewed. Delays in council approvals for potential new leases has also stifled income received from the rental of facilities and equipment.
2. This item reflects interest charged on overdue tenant accounts. The interest generated on the debtor's accounts 12% below the targeted YTD budget. Interest charged on vacated properties reversed as a result of the lease audit and continuous site inspections.
3. Other income is derived from servitude rights and income billed for services rendered on behalf of COJ Department. Income derived from servitude is 99.8% below YTD budget.
4. No Bad Debts recovered in the financial year 2019/20 FY.
5. Income derived from outdoor advertising and promotions, 64% below YTD Budget. The reason for none achievement of the revenue target from outdoor advertising leases is mainly due to a number of advertising contracts that have lapsed where the City is no longer collecting any revenue. This income is dependent on lifting of suspension relating to the implementation of the by-laws pending finalization of legal action by various role-players (the industry, OHMSA, SAPOA, etc.) challenging various aspects of the by-law.
6. No Gains or loss on Disposal of Assets in the 2019/20 FY.
7. Contacted Services: Business Advisory PM is 34% below budget. These are Portfolio Fixed costs and overall contracted services.
 - a. No expenditure recorded in the month of November 2019.
 - b. Contracted Services: Business Valuator is 74% below YTD budget.
 - c. "Contracted services: Cleaning - expenditure incurred on the provision of cleaning services is 83% below YTD. Statutory increments yet to be implemented as per government gazette.
8. Repairs and maintenance of buildings is 94% below the YTD budget. The expenditure relates to the maintenance of the council owned buildings and properties to maximise profitability through a maintenance plan repairs and maintenance is in line with spending plans.
 - a. No expenditure recorded in the month of November 2019.
 - b. Repairs and maintenance of Lifts is 87% below the YTD budget. The expenditure relates to the maintenance of the council owned buildings and properties to maximise profitability through a maintenance plan repairs and maintenance is in line with spending plans.
9. No expenditure recorded in the month of December 2019.
10. General Expenses: Electricity supply- expenditure incurred municipal charges is 84% below YTD budget.
11. No expenditure recorded in the month of December 2019.

12. Advertising, Publicity and Marketing- expenditure incurred municipal charges is 90% below YTD budget.
13. No expenditure recorded in the month of December 2019.
14. No expenditure recorded in the month of December 2019.
15. Internal Recoveries: JPC Commission is currently 45% below YTD budget indicating the security expenses are within budget. Delay in the conclusion of new leases, lease renewals, servitude registrations and land sales has resulted in the drop in commission payable to JPC.
16. Internal Recoveries: Internal Charges Core- security still remains at 96% Below YTD budget in the month of December 2019.
17. No expenditure recorded in the month of December 2019.

Section 3: Cash Flow Statement

Statement of Cashflow for the City of Joburg Property Company SOC Ltd

Quarter-ended: 31 December 2019

	2019/20	2018/19
Cash flows from operating activities		
Rendering of services	234 345 212	252 024 886
Subsidies	259 992 000	509 336 000
Interest Income	-	-
	494 337 212	761 360 886
Payments		
Employee costs	-133 686 910	-279 212 480
Suppliers	-270 328 353	-304 303 554
Finance costs	-7 695 187	-30 860 286
Taxes on surpluses	-	6 271 594
	-411 710 450	-608 104 726
Net cash flows from operating activities	82 626 762	153 256 160
Cash flows from investing activities		
Purchase of PPE	-53 766	-1 674 711
Proceeds/(Loss) on disposal of PPE	-	-
Purchase of intangible assets	-	-325 289

Payment of deposits	-	-
Net cash flows from investing activities	-53 766	-2 000 000
Cash flows from financing activities		
Net movement of shareholders loan	-78 896 291	-144 722 870
Finance lease payments	-3 676 705	-6 533 290
Net cash flows from financing activities	-82 572 996	-151 256 160
Net increase/(decrease) in cash and cash equivalents	-	-
Cash and cash equivalents at 01 July 2019	2 000	2 000
Cash and cash equivalents at 31 December 2019	2 000	2 000

Section 4: Capital Projects & Expenditure

Project No	JSIP No	Details	Total 2019-20 Budget	YTD Actuals	Variance	%
1	2669	Computer Equipment - New Computer Upgrades	1 000 000	-	1 000 000	0%
2	4142	Erf 43-46 Victoria Ext 3(Paterson Park Node) VICTORIA EXT.3 E Regional	11 000 000	9 767 046	1 232 954	89%
3	2290	FMMU - Public Conveniences New Public toilets JOHANNESBURG	5 000 000	824 784	4 175 216	16%
4	6358	Metromall Taxi Rank Shop Revitalisation and Waste Management Area Redesign	25 000 000	-	25 000 000	0%
5	4184	Office Space Optimisation Program New Precinct Redevelopment JOHANNESBURG F City Wide	25 000 000	1 395 341	23 604 659	6%
6	2284	Revamping of the Informal Trading Stalls within the Inner City Renewal Operational Capex JOHANNESBURG F Ward	10 000 000	-	10 000 000	0%
7	2507	Sandown Extension 49 Erf 575RE Renewal Building Alterations SANDOWN EXT.49 E	30 000 000	-	30 000 000	0%
8	2632	Upgrading of the Hillbrow Public Transport Facility and taxi rank upgrade JOHANNESBURG F Ward	1 080 000	-	1 080 000	0%
9	4180	Watt Street Inter-change New Housing Development WYNBERG E Regional	2 000 000	1 739 130	260 870	87%
TOTAL			110 080 000	13 726 301	96 353 699	12%

Section 5: Ratios Analysis

PART A - JPC

LIQUIDITY RATIO

JPC is currently owed R237.1 million from trade and intercompany debtors with cash collections in excess of R200 million being achieved in the first two quarters. JPC has a current ratio of 0.85:1 as compared to the norm of 1:1, the ratio remains stagnant around this benchmark as cash was utilised in the first two quarters to settle accruals from the June 2019 financial year-end. The result of which is the sweeping account currently reflecting as negative R159.2million. It is neither improbable nor prudent for JPC to consider settling intercompany creditors and loans until the cash position of the entity has stabilised. However, the cash position is improving as collections have increased during the 2019/20 financial year with the influx of intercompany and related party receipts

DEBTORS COLLECTION PERIOD

JPC has debtors' collection ratio of 84 days for 3rd party/external debtors. Collection of third party debtors have declined due to the timing difference for the receipt of cell mast income and facilitation fees. The debtors' collection ratio for intercompany and related party debtors is 160 days. The decline in the intercompany debtors' collection ratio is due to the timing differences in the collection of intercompany debtors and non-payment by COJ departments and other MOE's.

SOLVENCY RATIO

JPC has a solvency ratio of 1.04:1 against the norm of 2:1 and is factually solvent, whereby the financial statements indicate that there are sufficient assets to cover all liabilities. The change in solvency in the past 6 months is due to increases in profitability as R&M expenditure has been un-utilised for the first two quarters of the financial year; this is expected to change by quarter three as approvals for R&M are received from the COJ and its departments. JPC anticipates to continue its trend of profitability from 2018/19 as facilitation fees from the Inner City and Orange Grove rejuvenation projects will be accounted for, when the transactions materialise, in quarter 4.

COST COVERAGE RATIO

Due to the negative cash flow of JPC, the cost coverage ratio is negative 3.73:1. However, the ratio is not a true reflection of JPC's operational expenditure as R&M related to and expensed by the COJ is paid for by JPC and offset against internal recoveries revenue. Cash has also been used to pay for accruals related to the 2018/19 financial year. Year-on-year the ratio has improved from negative 8.1:1 for the similar reporting period in December 2018.

CREDITORS PAYMENT CYCLE

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

PART B - COJ-JPC Portfolio

LIQUIDITY RATIO

CoJ-JPC Portfolio has current ratio of 1.36:1 as compared to the norm of 2:1, with a negative cash flow of R186.3 million for the period under review as compared to the negative cash flow of R201 million for the same period in the 2018/19 financial year. Intercompany debtors currently owe Portfolio R142.2million. This accounts for 46% of the total assets of Portfolio. The financial risk posed to JPC is substantial as the non-recovery of the outstanding debt has a negative impact on the cash position and liquidity. Average monthly collection is between R9m – R12m that is sufficient to cover average monthly expenditure.

CASH COLLECTION RATE

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

Portfolio's cash collection rate is currently at 8%. The collection rate excludes debt owing from other debtors.

SOLVENCY RATIO

CoJ-JPC Portfolio has a solvency ratio of 1.38:1 against the norm of 2:1 and is currently solvent. The CoJ-JPC Portfolio Financials indicate that there are sufficient assets to cover all liabilities despite not meeting the ratio norm.

DEBTORS COLLECTION PERIOD

CoJ-JPC Portfolio collection period is 26 days as compared to the industry norm of 60 days and this takes into account debtors, which are deemed irrecoverable. A bad debts report was prepared, submitted to Core Accounting weekly follow-ups on the said report are performed, as it has to be presented to Mayoral Committee for approval.

COST COVERAGE RATIO

Portfolio has a cost coverage ratio of negative 42.4:1. This is due to a negative sweeping account balance of R186.3million and average monthly expenditure being R4.4 million. The Portfolio predominantly utilises its cash for CAPEX spend and recovery from the COJ is dependent on the completion and verification of the projects.

CREDITORS PAYMENT CYCLE

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

Section 6: Supply Chain Management and BBBEEE

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

The SCM Policy ascribes to a procurement system which:

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

PORTFOLIO

There is nothing to report for Q2

JPC

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

NO	Contract Name	Amount	Description	Reasons
3.	Eurefin pty ltd	R 678 890.12 per month vat inclusive R 8146681.44 annual vat inclusive	Lease Agreement at Eureka House	Deviation: Reg. 36(1)(a)(v) The City Department/s is currently residing and offering municipal service to the public in this building. The Deviation in terms of Reg 36 (1)(a)(v) to extend the current lease agreement between JPC and the Landlord is to facilitate the finalization of the office space optimization programme (OSOP) between the COJ and JPC
4.	CEZ Investments CC	R 316 300.14 per month vat inclusive R 3795601.68 annual vat inclusive	Lease Agreement. Teljoy House	Deviation: Reg. 36(1)(a)(v) The City Department/s is currently residing and offering municipal service to the public in this building. The Deviation in terms of Reg 36 (1)(a)(v) to extend the current lease agreement between JPC and the Landlord is to facilitate the finalization of the office space optimization programme (OSOP) between the COJ and JPC
5.	6 Plein Street CC	R 797 865.24 per month vat inclusive R 9574382.88 annual vat inclusive	Lease agreement CJ Cronje Building	Deviation: Reg. 36(1)(a)(v) The City Department/s is currently residing and offering municipal service to the public in this building. The Deviation in terms of Reg 36 (1)(a)(v) to extend the current lease agreement between JPC and the Landlord is to facilitate the finalization of the office space optimization programme (OSOP) between the COJ and JPC
6.	Orion Property (OFM)	R 462 803.25 per month vat inclusive R 5553639.00 annual vat inclusive	Lease Agreement ACA Krans	Deviation: Reg. 36(1)(a)(v) The JPC is currently residing and offering municipal service to the public in this building. The Deviation in terms of Reg 36 (1) (a) (v) to extend the current lease agreement between JPC and the Landlord is to facilitate the finalization of the Office Space Optimization Programme (OSOP) between the COJ and JPC.
7.	Herman and Romans	R 1 055 315.67 per month vat inclusive R 12 663 788.04 annual vat inclusive	Lease Agreement	Deviation: Reg. 36(1)(a)(v) The JPC is currently residing and offering municipal service to the public in this building. The Deviation in terms of Reg 36 (1) (a) (v) to extend the current lease agreement between JPC and the Landlord is to facilitate the finalization of the Office Space Optimization Program (OSOP) between the COJ and JPC. The City Of Johannesburg has extended all the above Property Leases for a period of three Years. The above deviations for Corporate Buildings and have been approved by the Executive Adjudication Committee for the City of Johannesburg.
8.	Sanlam I	R216715.45 per month vat inclusive. R26012585.40 annual vat inclusive	Lease Agreement	Deviation: Reg. 36(1)(a)(v) The JPC is currently residing and offering municipal service to the public in this building. The Deviation in terms of Reg 36 (1) (a) (v) to extend the current lease agreement between

NO	Contract Name	Amount	Description	Reasons
9.	Mutodo	R 2 454 165.24 per month vat inclusive R29449982.88 per annual vat inclusive	Lease Agreement	<p>Deviation: Reg. 36(1)(a)(v)</p> <p>The JPC is currently residing and offering municipal service to the public in this building.</p> <p>The Deviation in terms of Reg 36 (1) (a) (v) to extend the current lease agreement between JPC and the Landlord is to facilitate the finalization of the Office Space Optimization Program (OSOP) between the COJ and JPC.</p> <p>The City Of Johannesburg has extended all the above Property Leases for a period of three Years.</p> <p>The above deviations for Corporate Buildings and have been approved by the Executive Adjudication Committee for the City of Johannesburg.</p>
10	Abzubix	R 1 347 538.33 per month vat inclusive R16 170 459.96 per annual vat inclusive	Lease Agreement	<p>Deviation: Reg. 36(1)(a)(v)</p> <p>The JPC is currently residing and offering municipal service to the public in this building.</p> <p>The Deviation in terms of Reg 36 (1) (a) (v) to extend the current lease agreement between JPC and the Landlord is to facilitate the finalization of the Office Space Optimization Program (OSOP) between the COJ and JPC.</p> <p>The City Of Johannesburg has extended all the above Property Leases for a period of three Years.</p> <p>The above deviations for Corporate Buildings and have been approved by the Executive Adjudication Committee for the City of Johannesburg.</p>
11	Nesher 03.4A.5A	R19 423.37 per month vat inclusive 233080.44 annual vat inclusive	Lease Agreement	<p>Deviation: Reg. 36(1)(a)(v)</p> <p>The JPC is currently residing and offering municipal service to the public in this building.</p> <p>The Deviation in terms of Reg 36 (1) (a) (v) to extend the current lease agreement between JPC and the Landlord is to facilitate the finalization of the Office Space Optimization Program (OSOP) between the COJ and JPC.</p> <p>The City Of Johannesburg has extended all the above Property Leases for a period of three Years.</p> <p>The above deviations for Corporate Buildings and have been approved by the Executive Adjudication Committee for the City of Johannesburg.</p>

NO	Contract Name	Amount	Description	Reasons
12	Alchemy 45A	R22273.32 per month vat inclusive.R26729.84 annual vat inclusive	Lease Agreement	<p>Deviation: Reg. 36(1)(a)(v)</p> <p>The JPC is currently residing and offering municipal service to the public in this building.</p> <p>The Deviation in terms of Reg 36 (1) (a) (v) to extend the current lease agreement between JPC and the Landlord is to facilitate the finalization of the Office Space Optimization Program (OSOP) between the COJ and JPC.</p> <p>The City Of Johannesburg has extended all the above Property Leases for a period of three Years.</p> <p>The above deviations for Corporate Buildings and have been approved by the Executive Adjudication Committee for the City of Johannesburg.</p>
13	Redefine - Horizonview	R55 665.96 per month vat inclusive. R 667991.52 annual vat inclusive	Lease Agreement	<p>Deviation: Reg. 36(1)(a)(v)</p> <p>The JPC is currently residing and offering municipal service to the public in this building.</p> <p>The Deviation in terms of Reg 36 (1) (a) (v) to extend the current lease agreement between JPC and the Landlord is to facilitate the finalization of the Office Space Optimization Program (OSOP) between the COJ and JPC.</p> <p>The City Of Johannesburg has extended all the above Property Leases for a period of three Years.</p> <p>The above deviations for Corporate Buildings and have been approved by the Executive Adjudication Committee for the City of Johannesburg.</p>
14	Blend Property	R 87801.73 per month vat inclusive. R1 053 620.76 annual vat inclusive	Lease Agreement	<p>Deviation: Reg. 36(1)(a)(v)</p> <p>The JPC is currently residing and offering municipal service to the public in this building.</p> <p>The Deviation in terms of Reg 36 (1) (a) (v) to extend the current lease agreement between JPC and the Landlord is to facilitate the finalization of the Office Space Optimization Program (OSOP) between the COJ and JPC.</p> <p>The City Of Johannesburg has extended all the above Property Leases for a period of three Years.</p> <p>The above deviations for Corporate Buildings and have been approved by the Executive Adjudication Committee for the City of Johannesburg.</p>

NO	Contract Name	Amount	Description	Reasons
15	Accelerate	R14792.90 per month vat inclusive. R 177 514.76 per annual vat inclusive	Lease Agreement	<p>Deviation: Reg. 36(1)(a)(v)</p> <p>The JPC is currently residing and offering municipal service to the public in this building.</p> <p>The Deviation in terms of Reg 36 (1) (a) (v) to extend the current Agreement between JPC and the Landlord is to facilitate the finalization of the Office Space Optimization Program (OSOP) between the COJ and JPC.</p> <p>The City Of Johannesburg has extended all the above Property Leases for a period of three Years.</p> <p>The above deviations for Corporate Buildings and have been approved by the Executive Adjudication Committee for the City of Johannesburg.</p>
16	Vividend	R17963.18 per month vat inclusive. R 215558.16 annual vat inclusive	Lease Agreement	<p>Deviation: Reg. 36(1)(a)(v)</p> <p>The JPC is currently residing and offering municipal service to the public in this building.</p> <p>The Deviation in terms of Reg 36 (1) (a) (v) to extend the current lease agreement between JPC and the Landlord is to facilitate the finalization of the Office Space Optimization Program (OSOP) between the COJ and JPC.</p> <p>The City Of Johannesburg has extended all the above Property Leases for a period of three Years.</p> <p>The above deviations for Corporate Buildings and have been approved by the Executive Adjudication Committee for the City of Johannesburg.</p>
17	Sizanai	R85995.52 per month vat inclusive. R1031946.24 annual vat inclusive	Lease Agreement	<p>Deviation: Reg. 36(1)(a)(v)</p> <p>The JPC is currently residing and offering municipal service to the public in this building.</p> <p>The Deviation in terms of Reg 36 (1) (a) (v) to extend the current lease agreement between JPC and the Landlord is to facilitate the finalization of the Office Space Optimization Program (OSOP) between the COJ and JPC.</p> <p>The City Of Johannesburg has extended all the above Property Leases for a period of three Years.</p> <p>The above deviations for Corporate Buildings and have been approved by the Executive Adjudication Committee for the City of Johannesburg.</p>
18	Fedsure	R73797.40 per month vat inclusive R885568.80 annual vat inclusive	Lease Agreement	<p>Deviation: Reg. 36(1)(a)(v)</p>

NO	Contract Name	Amount	Description	Reasons
19	Killarney library	R18269.15 per month vat inclusive R219229.80 annual vat inclusive	Lease Agreement	<p>Deviation: Reg. 36(1)(a)(v)</p> <p>The JPC is currently residing and offering municipal service to the public in this building.</p> <p>The Deviation in terms of Reg 36 (1) (a) (v) to extend the current lease agreement between JPC and the Landlord is to facilitate the finalization of the Office Space Optimization Program (OSOP) between the COJ and JPC.</p> <p>The City Of Johannesburg has extended all the above Property Leases for a period of three Years.</p> <p>The above deviations for Corporate Buildings and have been approved by the Executive Adjudication Committee for the City of Johannesburg.</p>
20	NESHER 06.07	R239 104.12 per month vat inclusive R	Lease Agreement	<p>Deviation: Reg. 36(1)(a)(v)</p> <p>The JPC is currently residing and offering municipal service to the public in this building.</p> <p>The Deviation in terms of Reg 36 (1) (a) (v) to extend the current lease agreement between JPC and the Landlord is to facilitate the finalization of the Office Space Optimization Program (OSOP) between the COJ and JPC.</p> <p>The City Of Johannesburg has extended all the above Property Leases for a period of three Years.</p> <p>The above deviations for Corporate Buildings and have been approved by the Executive Adjudication Committee for the City of Johannesburg.</p>
21	Malvern Plaza	R 20 503.51 per month vat inclusive. R246042.12 annual vat inclusive	Lease Agreement	<p>Deviation: Reg. 36(1)(a)(v)</p> <p>The JPC is currently residing and offering municipal service to the public in this building.</p> <p>The Deviation in terms of Reg 36 (1) (a) (v) to extend the current lease agreement between JPC and the Landlord is to facilitate the finalization of the Office Space Optimization Program (OSOP) between the COJ and JPC.</p> <p>The City Of Johannesburg has extended all the above Property Leases for a period of three years.</p> <p>The above deviations for Corporate Buildings and have been approved by the Executive Adjudication Committee for the City of Johannesburg.</p>

NO	Contract Name	Amount	Description	Reasons
22	Alchemy 45B	R71975.53 per month vat inclusive. R863706.36 annual vat inclusive	Lease Agreement	<p>Deviation: Reg. 36(1)(a)(v)</p> <p>The JPC is currently residing and offering municipal service to the public in this building.</p> <p>The Deviation in terms of Reg 36 (1) (a) (v) to extend the current lease agreement between JPC and the Landlord is to facilitate the finalization of the Office Space Optimization Program (OSOP) between the COJ and JPC.</p> <p>The City Of Johannesburg has extended all the above Property Leases for a period of three Years.</p> <p>The above deviations for Corporate Buildings and have been approved by the Executive Adjudication Committee for the City of Johannesburg.</p>
23	Telkom	R 212443.68 per month vat inclusive.R2549324.1 6 annual inclusive.	Utility Bill	<p>Deviation: Reg. 36(1)(a)(v)</p> <p>The JPC is currently residing and offering municipal service to the public in this building.</p> <p>The Deviation in terms of Reg 36 (1) (a) (v) to extend the current lease agreement between JPC and the Landlord is to facilitate the finalization of the Office Space Optimization Program (OSOP) between the COJ and JPC.</p> <p>The City Of Johannesburg has extended all the above Property Leases for a period of three years.</p> <p>The above deviations for Corporate Buildings and have been approved by the Executive Adjudication Committee for the City of Johannesburg.</p>
24	Document Warehouse	R 23 963.59 per month vat inclusive. R287563.08 annual vat inclusive	Document storage	<p>Deviation: Reg. 36(1)(v)</p> <p>All the data and documentation that by law are to be kept in terms of the National Archives Act are stored with Document warehouse. In line with the City intentions to Centralise core services, the contract with Document warehouse continued pending the City Central data document management system.</p>
25	MDA	R +-32627.51 per month vat inclusive. R+- 3188495.40 annual vat inclusive		<p>Deviation: Reg. 36(1)(v)</p> <p>While awaiting the finalization of the implementation of SAP throughout the City, the IT platform provided by NICOR is required and no other service provider can provide this platform as NICOR tailor made this platform for JPC. The current contract with NICOR will only expire upon the implementation of SAP.</p>
26	Fidelity	R20677.00 per month vat inclusive. R248124.00 annual vat inclusive	Parking	Deviation Reg.36(1)(v)

NO	Contract Name	Amount	Description	Reasons
27	Dalitso Business Enterprise	R +-608 919.80per month vat inclusive. R+/- 7 307 037.60 vat inclusive annual	Rental	Deviation: Reg. 36(1)(v) JPC utilized Dalitso Services through deviation pending regulation consent from the COJ Regulation 32 Consent to utilize Dalitso was authorized by the COJ JPC used Dalitso Services through deviation
28	Schindler lifts	R+-236687.76 per month including vat. R+- 236 687.76 annual	Lifts	Deviation Reg .36 Sole Provider

City Portfolio

There are no deviations.

Payment within 30 days

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

B-BBEE spend as a percentage of the COJ Portfolio

	Q2	Rand Value	Q2	Rand Value	Q2	Rand Value	Q2	Rand Value
B-BEE as % of OPEX	100.00%	R 5 101 546.24	100.00%	R 5 101 546.24	100.00%		100.00%	R 5 101 546.24
	100.00%	R 17 169 788.50	100.00%	R 17 169 788.50	100.00%		100.00%	R 17 169 788.50

B-BBEE spend as a percentage of the JPC

	Q2	Rand Value	Q2	Rand Value	Q2	Rand Value	Q2	Rand Value
B-BEE as % of OPEX	92%	R 123 820 049	92%	R 123 820 049	92%	R 123 820 049	92%	R 123 820 049
	100%	-	100%	-	100%	-	100%	-

Section 7: Fruitless and Wasteful Expenditure

During the financial year, SARS conducted a VAT audit for the 2015 and 2017 financial years. SARS re-assessed VAT submissions for the period March, April, May and June 2015 periods as well as December 2017 and raised penalties and interest based on their reassessment amounting to R2 689 339. The penalties and interest arose from the transfer of rental contracts to JPC from the COJ during the integration in 2013/14. The contracts are authorized and contracted for and on behalf of the COJ but are budgeted for and paid by the JPC.

SARS refused to acknowledge the relationship between JPC and the COJ and treats both entities as separate entities as opposed to holding and subsidiary companies. Input VAT deductions for rental invoices have been disallowed due to the reassessment. A means to object the finding is currently under review by Rain Chartered Accountants, JPC's tax consultants. Further to this JPC is currently enquiring with SARS about obtaining a special ruling that will align to the accounting practices prescribed in GRAP 109 (Accounting by principals and agents) and the tax practices of JPC to prevent further reassessments for JPC pertaining to COJ expenditure.

Section 8: Pending Litigations and Possible Liabilities

JPC Entity

- None
- City Portfolio
- Legal action brought by JPC on behalf of COJ
- Legal action brought against brought against the COJ and/or against JPC on behalf of the COJ
- Issued summonses on behalf of the COJ for arrear payments:

Section 9: Insurance Claims against / to JPC

JPC Entity

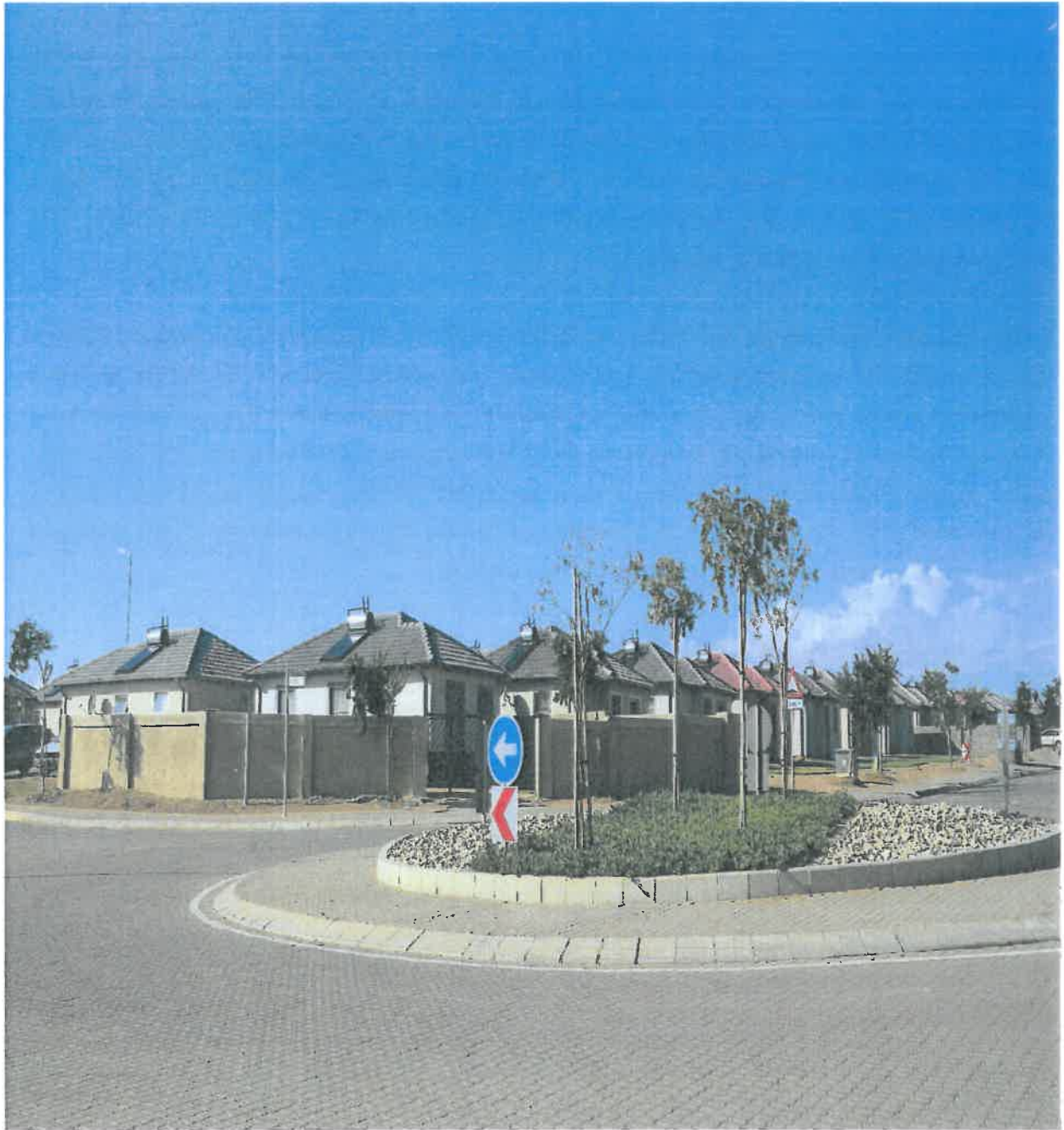
None

City Portfolio

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

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

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



CHAPTER SIX: INTERNAL AND EXTERNAL AUDIT FINDINGS

Section 1: Results of Internal Audit

The three year rolling internal audit plan is reviewed and approved annually by the Audit and Risk Committee (ARC) after taking into account both strategic and operation risks of the entity. The amended structure of JPC was approved by board in June 2019. It was the intention of JPC to move from a fully outsourced internal audit function to a co-sourced model.

JPC re-called the City's Acting Group Chief Audit Executive, to be full time resource looking after internal audit function of JPC. This was to resolve the concerns raised by both management and ARC members with regards to the fully outsourced model. The approval of the three year rolling plan is scheduled to be done in January 2020 and all planned audit will be executed via the co-sourced model led by General Manager: Internal Audit. JPC is confident that the full internal audit plan will be executed.

Section 2: Progress on the Resolution of Internal Findings

The report issued by the internal auditors did not indicate audit findings that required JPC to resolve. The previous 47 audit findings that were raised by the City were resolved in the course of the previous financial year. All findings older than 60 days will be included in the Operation Clean Audit (OPCA) report, which will be presented at Executive Committee meeting, ARC and submitted to the City for further scrutiny. JPC does not have any unresolved internal audit finding to include in the OPCA report.

Section 3: Liaison with External Audit

The Auditor General of South Africa (AGSA) finalised the 2018/19 audit and issued their audit and management report letter on 30 November 2019. The AGSA findings indicated that the financial statements presented were fair in all material respects, including the financial position of the City of Joburg Property Company (SOC) Ltd as at 30 June 2019 and its financial performance and cash flows for the specified year that ended. No material findings identified the usefulness and reliability of the reported performance information. There were three instances of non-compliance where key legislation was concerned, as set out in the general notice issued in terms of the Public Audit Act.

The three non-compliance issues identified by AGSA were as follows:

- Material Misstatement in the annual financial statement, which arose from the calculation error on straight lining of operating leases. The issue was resolved prior to finalising of the audit, hence the conclusion on fair presentation as stated above. AGSA audit report issued to JPC indicates a "clean audit" for a third consecutive time.
- Consequence management finding relating to steps not taken to investigate allegations made in a timely manner. This relating to investigations done by Group Forensic Investigation Services (GFIS). JPC is off the opinion that this finding belong to the City and not JPC's audit report as it is an issue outside JPC's control.
- Non-compliance with SCM, as one service provider was erroneously not included in the panel.

There were also other important issues that AGSA raised which has been included in the OPCA report.

Section 4: State of the Internal Controls

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