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<b>Auditors</b>	:	Auditor-General of South Africa
<b>Company Secretary</b>	:	Vacant

## Vision

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

## Mission

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

## Values

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

- Professionalism
- Accountability
- Responsibility
- Customer Service
- Trust

**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 Executive Management;
- 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 1<sup>st</sup> Quarter 2020/2021 Financial Year.

<p><b>Mr Gavin Mothupi</b></p>  <p>Signature Acting Chief Financial Officer</p>	<p>2021/01/26</p> <p>Date of approval</p>
<p><b>Ms. Asanda Majova</b></p>  <p>Signature Acting Chief Executive Officer</p>	<p>2021   02   09</p> <p>Date of approval</p>
<p><b>Mr Caswell Rampheri</b></p>  <p>Signature Chairperson of Board</p>	<p>15/02/2021</p> <p>Date of approval</p>
<p><b>Cllr. Lawrence Khoza</b></p>  <p>Signature Member of the Mayoral Committee</p>	<p>23/02/2021</p> <p>Date of approval</p>

## Acronyms

### Acronyms And Abbreviations

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

## Acronyms And Abbreviations

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



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## Section 1: Chairperson's Foreward



*The period under review saw the City set the strategic tone and direction through the Mayoral Lekgotla that was held in December 2020. The Strategic direction undertaken by the City aims to drive economic recovery programmes, while implementing accelerated service delivery strategy which leverages off the lessons learnt from the City's COVID-19 response and incorporates its own set of pillars that seek to drive high impact outputs in well targeted regions and wards.*

*South Africa's continued job losses has impacted on the City and City's entities in a negative way. The City revenues are projected to continue declining in line with the contraction in the country's economy. We are called to be creative and extract value out of the human and asset capital that we possess as JPC, to exponentially increase our revenue generating capacity on the one hand. On the other hand, parsimoniousness should be the order of the day. Whilst the former has proved to be more difficult in this market, the latter should be embedded in everything we do. To be prudent means that we need to optimise the utilisation of the subsidies we receive and maximise the revenue we generate to enable us to deliver better and more services to our people. It also means that we spend wisely eliminating waste at all cost.*

*It is against this backdrop that continued support is sought from all the relevant stakeholders which include the shareholder, staff, the board, organised labour and the general public to ensure that the company achieves excellent results in the execution of its dual mandate (social and commercial).*

*I cannot overemphasise the critical need for JPC to live its values at this challenging time. The values are the glue that holds us together and guide our daily activities. We are required to live these values, which are:*

- Professionalism
- Accountability
- Responsibility
- Customer Service
- Trust

### Introduction

**D**uring the period under review, the Company has had to deal with negative media coverage and labour issues arising from the precautionary suspensions imposed on several members of Senior Management. The Board has mandated management to implement measures to deal with staff morale that would have resulted from these unfortunate events.

**W**hilst these events would have had a negative impact on the organisation, staff members are required to perform and continue to receive compensation for a job well done. Unlike many other South Africans that have lost their jobs on the one

hand or not been paid their full salaries/wages worth, JPC staff have received their full compensation including bonuses paid out during lockdown. This is a privilege that should not be underestimated and the appreciation should be expressed in dedication and high levels of productivity. There are no guarantees that this privilege will be sustained unless we all make an effort to sustain it. Staff members that have taken the role of provocateurs and orchestrators of intimidation and lawless should face disciplinary processes without fear or favour. The level of lawlessness by a few individuals at JPC has revealed a culture that goes against the values of the organisation. It cannot be allowed to continue and will be dealt with decisively.

**K**ey priorities for the Board undertake an urgent organisational review of the organisation in line with its resolution, to meet business objectives and key performance indicators in an extremely challenging environment. I implore each staff member to focus on their work, dedicating their time and energy on delivering critical services to the people of the City of Johannesburg.

### **Championing Sound Governance**

**S**ound corporate governance based on an ethical foundation remains the cornerstone of our efforts for a sustainable and successful organisation. We continue to work towards making JPC an ethical and accountable organisation.

**I**n the period under review, The Board has approved the 2019/20 Integrated Annual Report and Annual

Financial Statements, which then submitted to the Auditor General. The City hosted its first Virtual Governance Forum with focus on Municipal Entities (ME's). The Board benefitted from the assembly of great speakers including a presentation by the Executive Mayor on the role of the Boards. The key take-outs were that the Municipal Entities were created to efficiently and effectively provide municipal services. ME's are not departments of the Municipality but companies that are to be agile and more responsive to service delivery needs that a municipality would ordinarily provide.

**F**ollowing the workshop, events have emerged which gave rise to contradictions on the role of the City in the operations of the MEs. It is not ideal that this is left unattended as it would lead to unnecessary conflicts. Urgent works needs to be done to streamline processes and policies aligned to the applicable legislations. The smooth and harmonious working relationship between MEs and the City will go a long way to ensuring stability of entities which will in turn improve service delivery and performance .The City is encouraged to ensure consistency in how critical matters are dealt with.

### **Reconfiguring the Business Model**

**O**ur intercompany debt situation has been a perennial challenge throughout the years. Unless agreement is reached with user departments and is honoured, JPC would need to think if it worth undertaking works on behalf of the department. With the political will this matter can be resolved once and for all.

The signature Inner-City redevelopment projects requires a new model on implementation and financing to ensure these catalyst projects get off the ground. JPC or the City may be required to play an active role such as:

- Participating in the entire value chain with the awarded bidders and contributing some equity.
- Creating a fund in which international institutional funders with interest in social and affordable housing could invest capital that could be utilised by the winning bidders to unlock the inner city opportunities
- Packaging of these developments in a way that allows large funds to partner with the awarded bidder in unlocking these opportunities.

The slow take off of the Inner City project is not due to demand for the end-user product but is fundamentally a capital structuring and an investor mobilisation challenge. This is more so in view on the many other new projects that are to come up downstream. JPC would need to invest in securing skilled people in the market for this role and embed these capabilities in-house. This will obviate the need to utilise transactional advisors on a semi-permanent basis, saving JPC and the City money in the long run.

### **Organisational and Financial Performance**

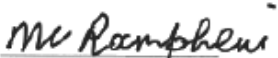
JPC was not insulated against the effects of the lockdown. Like other property and facilities entities whose business is physical work out in the open, the

lockdown had a severe impact on capital expenditure and other KPI that requires physical interaction. These included training programmes delays, inability to sign leases with vendors, and inner city project implementation as alluded to elsewhere in this report. Strategies have been devised to spend more capex in the next quarter. With the recent imposition of the adjusted Level 3 lockdown the trading environment would still be challenging but we should all work for a better result. To improve JPC's performance, staff have will need to do what they are employed to do and management should apply a tighter performance management regime.

JPC is committed to implementing the strategic priorities outlined during the Mayoral Lekgotla held in December 2020 while implementing measures to improve its organisational performance.

We are working on making strides to improve our organisational and financial performance in the coming quarters.

On behalf of the Board, I wish to express our sincere appreciation to the Member of the Mayoral Committee (MMC) for Economic Development, Cllr. Lawrence Khoza for his diligent oversight, guidance, and encouragement. Finally, I record my appreciation to my fellow directors for their wisdom, diligence, commitment and continued support.

  
Caswell Rampheri  
Chairman of the Board

## Section 2: Acting Chief Executive Officer's Foreward

The JPC mid-term report entails an overview of organisational performance over the first and second quarters of financial year 2020/21 and highlights of progress made in respects of JPC flagship projects. It gives me great pleasure to table JPC's mid-term report.

JPC is committed to implementing the strategic priorities outlined during the Mayoral Lekgotla held in December 2020 and will also strive to overcome the internal challenges that arose as result of the negative media coverages and internal disputes. Management, together with the Board remains committed to continue to work hard to boost staff morale, and to ensure staff can carry on with their duties without fear or victimization. Key priorities for the Board and management are to stabilise the organisation, to meet business objectives and key performance indicators in an extremely challenging environment.

### Organisational Performance:

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. 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 2020/21 midterm budget review to capacitate the critical vacancies that have been identified on JPC's structure.

Currently 1% of the overall Capex budget of R147.9million has been spent for the YTD. A turnaround strategy was implemented in November 2020 due to the delay in implementation of these projects. A new team took over, which was part of fast tracking the projects in order to meet our 20/21 financial year targets. Various contracts were advertised in December 2020 and evaluations are currently underway. The team has placed measures in place to fast-track the planning and appointments process to ensure that the capex spending taking place accordingly.

JPC has managed to obtain an investment attraction of **R1 86billion for Randburg Civic Precinct Development Project**, which resulted in a development facilitation fee amounting to **R27.9million** and Investment Spend in respect of Property Development Projects amounted to **R1480.5million** during the period under review. We are working on making strides to improve our organisational and financial performance in the coming quarters.

The forthcoming quarters, JPC's focus will continue to be on the following:

- attraction of investment on COJ property;
- Revenue generation;
- Capex Spend; and
- Project Development Projects.

Our focus for the next quarters is to ensure that those departments that did not meet their KPI's must implement rapid turn around strategies in order to achieve 75% targets for the third quarter and 100% for the fourth quarter on various Key Performance Indicators.

In conclusion, I am confident with a focused intervention, JPC will realise its strategic mandate. We can only achieve our ambition through the ongoing collaborative efforts of Board, Management team and JPC employees.

I want to thank the MMC and Board members and trust that through their oversight role and support will continue to accelerate JPC on a better excellence journey.



Asanda Majova  
Acting Chief Executive Officer

### Section 3: Acting Chief Financial Officer's Foreward

The midterm budget review for 2020/21 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 2021. 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 2020/21 midterm budget review to capacitate the critical vacancies that have been identified on JPC's structure. The insourcing of cleaning staff, which 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 would ordinarily have revolved around the Auditor General's annual external audit. The timeframe for MFMA audits have been revised by National Treasury due to the impact of Covid-19 and will conclude in quarter three.

For the YTD JPC has incurred a loss of R42.5million for the first two quarters of 2021. The loss is attributable to low revenue generation from third parties and significant increases in expenditure on cleaning and sanitisation. Given the current trends JPC is expected to incur further losses from quarter three onwards as expenditure on R&M is anticipated to increase from quarter three through to the conclusion of the financial year. Savings in excess of R10million 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 R41.8million; 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 R146million however; the improvement is undermined by the outflow of cash to settle accruals and operational expenditure in quarters one and two. This is illustrated on the statement of cashflows as cash from operating activities by the conclusion of quarter two is negative R 133 million after settling R220million of June 2020 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 2020 financial year-end. Collection of outstanding intercompany debt coupled with an increase in facilitation fees and a rise in commission



from the Portfolio will see JPC have enough cash to completely reverse the overdraft. It is improbable nor prudent for JPC to consider settling intercompany creditors and loans until the cash position of the entity has stabilised.

**T**he solvency ratio of JPC is 0.94:1 against the norm of 2:1 and is factually insolvent, whereby the financial statements indicate that there are insufficient assets to cover all liabilities. JPC remains commercially solvent due to its banking facilities that are available to the entity through the COJ's Group Treasury.

**C**urrently 1% of the overall Capex budget of R147.9million has been spent for the YTD. Projects are in their planning phases and appointments for the execution of CAPEX projects will be adjudicated in quarter three.

**F**rom the 1<sup>st</sup> of September 2020 JPC has taken occupation of Forum 1; however, Forum 2 remains vacant and has been classified as fruitless and wasteful from September until a tenant occupies the building or the lease is terminated. JPC has incurred R8 605 227 for the YTD in relation of office accommodation expenditure for floor space that has not been occupied. The Forum 2 lease will be expire on 31 August 2021 and the monthly rentals equates R988 613.81 excluding VAT but inclusive of operating costs (water, electricity, R&T, etc. The initial arrangement was for JDA to occupy Forum 2 but that deal did not proceed due to budgetary constraints. We are currently at an advance stage in terms of negotiating with the Private Office of the Executive Mayor for 200 – 300sqm of office space. Budget confirmation and signed SLA received from the client, JPC legal to conclude SLA. Practical occupation date is 01 May 2021.

**J**PC incurred irregular expenditure of R2 549 396 for fleet services for the YTD. However, the billing from Afrirent, the fleet service provider, is often delayed and the fleet expenditure is expected to increase significantly in coming quarter. Fleet services are an essential requirement for the operations of JPC and could not be discontinued under the existing contract that was entered into by the COJ. Subsequent to the 2020 financial year end, the Council of the COJMM approved the condonement of irregular expenditure related to fleet services. The condonement totals to R13 700 469 and condones all fleet expenditure for the 2018 and 2019 financial years.

**N**o additional deviations have been incurred in the second quarter of 2020/21 and those reported are a continuation of deviations previously disclosed. In terms of the MFMA, existing deviations are still required to be reported.

**T**he 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 2020/21 midterm budget review as well as the direction the COJ requires JPC to take for the financial years going forward. The annual AGSA audit will also conclude during quarter three with the outcomes of the audit being presented in the next quarterly report.



**Gavin Mothupi**  
**Acting Chief Financial Officer**

## Section 4: Overall Company Performance

This section of the report will then focus on the organisational performance in respect of corporate scorecard.





OVERVIEW OF THE ENTITY = TO BE UPDATED	
<ul style="list-style-type: none"> <li>✓ In the period under review the entity has reported a 1 % spend of Annual CAPEX budget.</li> <li>✓ Cash collections in excess of R160million was achieved for Q1 and Q2 of the 20/21 financial year.</li> <li>✓ The entity achieved 6 (33%) of its 18 due KPIs in the period under review.</li> <li>✓ JPC has achieved 12 (100%) of its 12 service delivery standards during the quarter under review.</li> <li>✓ During the quarter under review, the entity recorded a liquidity ratio of 0.85:1 and a solvency ratio of 0.94:1 against the City's benchmarks of 1:1 and 2:1 respectively.</li> </ul>	
Highlights	Lowlights
<ul style="list-style-type: none"> <li>✓ Investment Spend in respect of Property Development Projects amounted to <b>R148 506 576</b>.</li> <li>✓ JPC has managed to obtain an investment attraction of <b>R1 860 000 000</b> for Randburg Civic Precinct Development Project, which resulted in a development facilitation fee amounting to <b>R27 900 000</b>.</li> <li>✓ Intercompany debtors currently is <b>R186 000 000</b>.</li> <li>✓ <b>Thirty-one (31) properties</b> to the value of <b>R82 070 650</b> were taken on during the reporting period.</li> <li>✓ <b>R249 233247.25</b> Investment attraction/business facilitated within CoJ boundaries based on construction value on the ground over the two quarters (year-to date).</li> </ul>	<ul style="list-style-type: none"> <li>✓ JPC financials reflect a deficit of <b>R42 451 635</b>.</li> <li>✓ During the period under review, the entity had negative media coverage adversely affecting the entity's reputation and standing as a good corporate citizen.</li> <li>✓ There has been negative media coverage and this has affected the staff morale and also the smooth running of operational matters in the organisation.</li> <li>✓ As at mid-term the entity has reported a 1% spend of Annual CAPEX budget.</li> <li>✓ Repairs &amp; Maintenance is 99.07% below the YTD budget. This will increase towards the beginning of Q3 and Q4 as projects will be confirmed and undertaken by JPC for corporate buildings and COJ departments.</li> <li>✓ The 12 KPIs not met for the quarter are as follows: <ul style="list-style-type: none"> <li>• Job opportunity and creation</li> <li>• SMME's supported through property transactions</li> <li>• Leasing of shops and stalls located at various public transport facilities and traders markets owned by the City</li> <li>• Development / refurbishment public convenience</li> <li>• Release of properties for social and economic leases including servitudes and sales <ul style="list-style-type: none"> <li>• Implement training &amp; development initiatives to address competency gaps</li> </ul> </li> </ul> </li> </ul>

- Rapid and efficiency in filling of funded vacancy positions identified as strategic
- Income generated through property transactions
- Implementation of Outdoor Advertising
- Streamlining of disciplinary processes
- Spend of allocated capex
- Resolution of auditor general & internal audit findings

The JPC scorecard for the Period 1 July 2020 to 31<sup>st</sup> December 2020 reflects that the entity achieved 33% (6 of 18 targets due), and 66 % (12 of 18) of its targets not achieved. There are two KPIs, which are not due in this quarter under review: **KPI no 3.6:** Number of Inner City properties approved in council for release to the private sector and **KPI no: 5.4** Audit opinion.

**At this stage, only two KPIs are deemed to be at risk namely: KPI no 3.4** Development/Refurbishment of Public Conveniences and **KPI no 5.3** Spend of Allocated Capex


KPI	JPC Overall Performance			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Achieved	7	6		
Not Achieved	11	12		
KPI at Risk	2	2		
KPI not yet due	2	2		

	Target Exceeded
	Target Achieved
	Target not achieved
	Not yet due

## PRIORITY: ECONOMIC DEVELOPMENT

### 1.1. UNLOCKING INVESTMENTS THROUGH PROPERTY TRANSACTIONS & DEVELOPMENTS

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
<b>Target</b>	R625 million attraction	R625 million attraction	R625 million attraction	R625 million attraction	R2.5 billion attraction
<b>Actual</b>	R1 860 000 000 attraction	R0			R1 860 000 000 attraction

 **Target Exceeded:** Due to the conclusion and signing of the Agreement for Randburg Civic Development Project which is a roll over from the previous financial year.

## 1.2. INVESTMENT ATTRACTION / BUSINESS FACILITATED WITHIN COJ BOUNDARIES BASED ON CONSTRUCTION VALUE ON THE GROUND

	Quarter 1		Quarter 2		Quarter 3		Quarter 4		YTD	
<b>Target</b>	R62.5 million investment spend on projects	million	R62.5 million investment spend on projects	million	R62.5 million investment spend on projects	million	R62.5 investment spend on projects	investment	R250 million investment spend on projects	million
<b>Actual</b>	R100 726 671.25 investment spend on projects		R148 506 576.00 investment spend on projects						R249 233 247.25 investment spend on projects	



**Target Exceeded:** Due to the construction taking place in the Riverside View Mega Housing Project

## 2. JOB OPPORTUNITY AND CREATION

### 2.1. Job opportunities created

	Quarter 1		Quarter 2		Quarter 3		Quarter 4		YTD	
<b>Target</b>	250 Job Opportunities Created	Job	250 Job Opportunities Created	Job	250 Job Opportunities Created	Job	250 Job Opportunities Created	Job	1 000 Job Opportunities Created	Job
<b>Actual</b>	640 job opportunities created	Job	161 job opportunities created	Job					801 Job opportunities created	



**Target not Achieved:** Due to delays in finalising SLA's with CoJ departments

### 2.2. SMME'S SUPPORTED THROUGH PROPERTY TRANSACTIONS

	Quarter 1		Quarter 2		Quarter 3		Quarter 4		YTD	
<b>Target</b>	250 SMME's Supported	SMME's	250 SMME's Supported	SMME's	250 SMME's Supported	SMME's	250 SMME's Supported	SMME's	1000 SMME's Supported	SMME's
<b>Actual</b>	120 SMME's Supported	SMME's	152 SMME's Supported	SMME's					272 SMME's Supported	SMME's



**Target Not Achieved:** Due to the number projects not yet commenced in this quarter under review.



### 2.3. Payment of valid invoices within 30 days of invoice receipt date

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
<b>Target</b>	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
<b>Actual</b>	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



**Target Achieved:** Invoices paid within 30 days of invoice receipt date.

## 3. PRIORITY: ECONOMIC DEVELOPMENT

### 3.1 ASSET MANAGEMENT PLANS FORMULATED

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
<b>Target</b>	50 asset management plans concluded	50 asset management plans concluded	75 asset management plans concluded	75 asset management plans concluded	250 asset management plans concluded
<b>Actual</b>	50 asset management plans concluded	50 asset management plans concluded			100 asset management plans concluded



**Target Achieved**

### 3.2. NUMBER OF PROPERTIES ACQUIRED ON BEHALF OF THE CITY DEPARTMENTS AND ENTITIES

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
<b>Target</b>	Acquisition of 5 properties	Acquisition of 5 properties	Acquisition of 5 properties	Acquisition of 5 properties	20 Properties acquired
<b>Actual</b>	Acquisition of 31 properties	Acquisition of 4 properties			Acquisition of 35 properties



**Target Exceeded:** due to the number of properties approved for acquisition which were concluded in this quarter under review. Most of these acquisitions were initiated in the previous financial year and roll over due to the impact of Covid -19 hence the conclusion in this quarter. The achievement is in respect of the year to date performance.

### 3.3. Leasing of shops and stalls located at various public transport facilities and traders markets owned by the City

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
<b>Target</b>	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
<b>Actual</b>	0 leases of shops and stalls concluded	36 leases of shops and stalls concluded			36 leases of shops and stalls concluded



**Target Not Achieved:** processes were delayed and verification of traders has resumed. The target will be met in the following quarters.

### 3.4. DEVELOPMENT / REFURBISHMENT PUBLIC CONVENIENCES

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
<b>Target</b>	63 public conveniences completed	63 public conveniences completed	63 public conveniences completed	61 public conveniences completed	250 public conveniences
<b>Actual</b>	0 public conveniences completed	0 public conveniences completed			0 public conveniences completed



**Target Not Achieved:** This target was not achieved as the following tenders were advertised: RFQ-105 2020, RFQ-106 2020, RFQ-107 2020 were advertised on 10 December 2020 and construction is anticipated to start on 01 February 2021.

### 3.5 RELEASE OF 120 PROPERTIES FOR SOCIAL AND ECONOMIC LEASES INCLUDING SERVITUDES AND SALES

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
<b>Target</b>	30 properties Leased	30 properties leased	30 properties leased	30 properties Leased	120 properties leased
<b>Actual</b>	5 properties released	17 properties released			22 properties released



**Target Not Achieved:** Property transactions have been submitted for approval within the council structures and it is envisaged that the entity will obtain approval in the coming quarters.

### 3.6. NUMBER OF INNER CITY PROPERTIES APPROVED IN COUNCIL FOR RELEASE TO THE PRIVATE SECTOR

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
<b>Target</b>	Nil	Nil	10 Inner City properties awarded	10 Inner City properties awarded	20 Inner City properties awarded
<b>Actual</b>	Nil	Nil			0 Inner City properties awarded



**Target: Not due this Quarter**

## 4. PRIORITY: SUSTAINABLE SERVICE DELIVERY

### 4.1. IMPLEMENT TRAINING & DEVELOPMENT INITIATIVES TO ADDRESS COMPETENCY GAPS

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
<b>Target</b>	70	70	130	30	300 employees trained
<b>Actual</b>	32 employees trained	26 employees trained			68 employees trained



**Target Not Achieved:** Most Training interventions is scheduled to take place in the third quarter of this current financial year

#### 4.2. RAPID & EFFICIENCY IN FILLING OF FUNDED VACANCY POSITIONS IDENTIFIED AS STRATEGIC

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
<b>Target</b>	90% of all strategic vacancies filled within 90 days	90% of all strategic vacancies filled within 90 days	90% of all strategic vacancies filled within 90 days	90% of all strategic vacancies filled within 90 days	90% of all strategic vacancies filled within 90 days
<b>Actual</b>	0% of all strategic vacancies filled within 90 days	0% of all strategic vacancies filled within 90 days			0% of all strategic vacancies filled within 90 days



**Target Not Achieved:** During the period under review, only one vacancy was filled.

#### 4.3. STREAMLINING OF DISCIPLINARY PROCESSES

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
<b>Target</b>	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
<b>Actual</b>	0% Disciplinary cases to be concluded within 90 working days	0% Disciplinary cases to be concluded within 90 working days	-	-	0% Disciplinary cases to be concluded within 90 working days



**Target not achieved:** due to the postponements of one disciplinary hearing following a request for formal investigation report.

#### 4.4. OCCUPATIONAL SAFETY OF JPC EMPLOYEES

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
<b>Target</b>	0	0	0	0	0
<b>Actual</b>	0 fatalities	0 fatalities			0 fatalities



**Target Achieved**

## 5. PRIORITY: ECONOMIC DEVELOPMENT

### 5.1. INCOME GENERATED THROUGH PROPERTY TRANSACTIONS

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
<b>Target</b>	R50m income raised from leases and servitudes sales	R25m income raised from leases and servitudes sales	R25m income raised from leases and servitudes sales	R50 m income raised from leases and servitudes sales	R150m income raised from leases and servitudes sales
<b>Actual</b>	R22 326 942.00 income raised from leases and servitudes sales	R1 725 000.00 income raised from leases and servitudes sales			R24 051 942 income raised from leases and servitudes sales



**Target not achieved:** due to the factors below contribute to the under-performance by the portfolio:

- Delays in evaluations of 9 (nine) tenders due to interdependencies.
- Randburg Development Facilitation fee part payment of R1 725 000.00.

### 5.2. IMPLEMENTATION OF THE OUTDOOR ADVERTISING MASTERPLAN


	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
<b>Target</b>	5% implementation of the outdoor advertising masterplan	10% implementation of the outdoor advertising masterplan	10% implementation of the outdoor advertising masterplan	10% implementation of the outdoor advertising masterplan	35% implementation of the outdoor advertising masterplan
<b>Actual</b>	0% implementation of the outdoor advertising masterplan	0% implementation of the outdoor advertising masterplan			0% implementation of the outdoor advertising masterplan



**Target not Achieved:** due to the fact that the process to approve or exempt each site by the City in terms of the 2009 Outdoor Advertising Bylaws was not finalised by the end of September 2020.

### 5.3. SPEND OF ALLOCATED CAPEX

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
<b>Target</b>	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
<b>Actual</b>	1% spend on Capex projects	0% spend on Capex projects			1% spend on Capex projects

 **Target Not Achieved:** Most projects are still under the supply chain processes i.e. bid evaluations and adjudications. It is envisaged that this KPI will have an improvement in second & third quarter.


### 5.4. AUDIT OPINION

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
<b>Target</b>	Unqualified Audit outcome	Unqualified Audit outcome	Unqualified Audit outcome	Unqualified Audit outcome	Unqualified Audit outcome
<b>Actual</b>	Not Applicable	Unqualified Audit outcome	Not Applicable	Not Applicable	Unqualified Audit outcome

 **Target not yet due**

### 5.5. RESOLUTION OF AUDITOR GENERAL & INTERNAL AUDIT FINDINGS

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
<b>Target</b>	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
<b>Actual</b>	92 % resolution of External audit findings.	92 % resolution of External audit findings.			92 % resolution of External audit findings.

 **Target not achieved:** due to internal audits that are still to be finalised as result of being rolled over from the previous year.



## Section 5: Corporate Profile and Overview of the Entity

The City of Joburg Property Company SC 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 1710 employees based at the head office and depots who execute the strategy of the organisation. JPC derives its mandate from a signed service delivery agreement with its sole shareholder, the COJ. The core functions of JPC are as follows:

### 1. Asset Management

It aims to implement sound asset management practices, including access to new assets, sustainably and affordably. Articulated as

follows are the objectives:

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

### 2. Property Development

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



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

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

### 3. Facilities Management

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

### 4. Property Management

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

### 5. Outdoor Advertising

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

#### Competitive Landscape

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

JPC’s corporate strategy in alignment with the vision and mission of the Growth and

Development Strategy (GDS) 2040, the Integrated Development Plan (IDP), and the Mayoral Priorities. JPC recognises and emphasises its role as an economic and social property company to achieve positive developmental outcomes. JPC's strategic objectives are long-term plans that contribute

annually to the vision of the organisation through the annual target linked to the mayoral priorities.

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

## Section 6: 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, JPC is not only focused on the bottom line (profit-driven). As outlined in the Asset Transfer Regulations, JPC uses Council

land for basic municipal services and residual land utilised for social and commercial purposes.

JPC's corporate strategy is aligned to 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. The strategic priorities of the City are:



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 focusses on the following priorities:



JPC's is in alignment with the mayoral priorities and has the following long-term strategic objectives:

- Maximise social, economic and financial benefits to COJ
- Maximise the efficiency of the COJ property portfolio through transactions such as sale, leasing and acquisition;
- Enable socio-economic and spatial transformation;
- Create high-yielding property assets with sustainable income stream; and
- Enhance an aesthetic pleasing environment of the City's highways, embankments, street furniture through Outdoor Advertising while enhancing revenue.



## *Chapter 2: Governance*



## Section 1: Corporate Governance Statement

### Governing Principles

JPC's decision-making and administration complies with the MFMA, MSA, and the Companies Act. JPC has also voluntarily elected to follow King IV Report on Corporate Governance for South Africa, 2016 as it relates to best practices that pertain to corporate governance.

### Board Composition & Diversity

The Board composition complies with the Memorandum of Incorporation MOI. The Board of Directors comprises Mr. C Rampheri (Chairperson), Ms. Y Erasmus, Mr. T Harper, Mr. T Masemola, Mr. M Rabodila, Ms. A Ramakoaba, Ms. K Sithebe, Mr. V Ward, Ms. H Botes (Chief Executive Officer and Executive Director), and Mr. I Bhamjee (Chief Financial Officer and Executive Director).

JPC regards diversity on the Board of Directors as a significant part of sustainable operations, and a success factor that allows the company to reach its strategic goals. Diversity is part of a functional Board of Directors, which is able to work together and respond to the requirements set by the company's businesses and strategic goals, and to challenge the company's management in a proactive and constructive manner.

Appointment of Board Members is in terms of the Governance Policy. When selecting board members the shareholder has ensured that the Board of Directors wholly supports the development of JPC's current and future business operations.

Diversity on the Board of Directors is assessed from different points of view. For the composition JPC's Board of Directors, key factors are competence, with each board member supplementing one another, skills and experience in different business fields, management and operations in different development phases, as well as the personal characteristics of each member and lastly gender.

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 periodically assessed 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. No external advisers attended the meetings during the period under review.

### Role of the Board

The Board retained full control over the Company and remains accountable to the COJ, the sole shareholder, and its stakeholders, the citizens of Johannesburg. A service delivery agreement (SDA) concluded in accordance with the provisions of the MSA governs the



entity's relationship with the COJ. The Board provides quarterly, biannual and annual reports on its performance and service delivery to the COJ, as stipulated by the SDA, the MFMA and the MSA.

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

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

The Board is responsible for monitoring the activities of executive Management in JPC and for ensuring that decisions on material matters are considered. The Board approves all the terms of reference for its different

subcommittees, including special Committees tasked to deal with specific issues.

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

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

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

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

## Section 2: Board Committees

### Quarter 1 Board and Committee Composition & Meetings for the Period Under Review

Reference	JPC Board	Audit and Risk Committee	SEC, Transformation & REMCO	Transactions and Service Delivery
<b>Chairman</b>	Caswell Rampheri **	Trevor Harper	Vernon Ward	Sepheu Masemola
<b>Member</b>	Abigail Ramakoaba	Yolandi Erasmus	Abigail Ramakoaba	Khanya Sithebe
<b>Member</b>	Khanya Sithebe **	Bigboy Kekana	Khanya Sithebe	Moeketsi Rabodila
<b>Member</b>	Moeketsi Rabodila	Patrick Makape	Sepheu Masemola	Vernon Ward
<b>Member</b>	Sepheu Masemola**	Rachel Kalidas		Yolandi Erasmus
<b>Member</b>	Trevor Harper			
<b>Member</b>	Vernon Ward**			
<b>Member</b>	Yolandi Erasmus**			
<b>Member</b>	Helen Botes			
<b>Member</b>	Imraan Bhamjee			
<b>Standing Invitees</b>				
<b>Cosec</b>	Sharon Ramoetlo	Sharon Ramoetlo	Sharon Ramoetlo	Sharon Ramoetlo
<b>Invitee</b>	Sthembiso Mntungwa	Imraan Bhamjee	Ishmael Matlala	Sthembiso Mntungwa
<b>Invitee</b>	Brenda Jacobs	Sipho Mzobe	Brenda Jacobs	Brenda Jacobs
<b>Invitee</b>	Ishmael Matlala	Helen Botes	Helen Botes	Helen Botes
<b>Invitee</b>	Sipho Mzobe	Fanis Sardianos	Imraan Bhamjee	Imraan Bhamjee
<b>Invitee</b>	Tshepo Mokataka	Tshepo Mokataka	Fanis Sardianos	Fanis Sardianos
<b>Invitee</b>	Sipho Mbethe	Xolani Zicwele	Mukundi Maphangwa	Mukundi Maphangwa
<b>Invitee</b>	Fanis Sardianos	Mukundi Maphangwa	Charles Cilliers	Charles Cilliers
<b>Invitee</b>	Mukundi Maphangwa	Charles Cilliers		
<b>Invitee</b>	Charles Cilliers			

**2020 Board and Committee Meetings for period ending 31<sup>st</sup> December 2020**

<b>Meeting</b>	06-Aug-2020	12-Aug-20	27-Jul-20	30-Jul-20
<b>Meeting</b>	12-Aug-2020	26-Oct-2020	27-Oct-2020	22-Nov-2020
<b>Meeting</b>	18-Aug-2020			
<b>Meeting</b>	28-Oct-2020			
<b>Meeting</b>	27-11/2020			

\*Appointed as an interim ARC Member to ensure compliance with the MSA Regulations in terms of the composition of the ARC. Pending appointment documents from the shareholder.

\*\* Denotes special Meetings: *Chairpersons Quarterly (31.07.20), Shareholders Meetings (24.08.20), Mayoral Lekgotla's (29 & 30.10.20) & Group Audit (27.11.20) Committee Meetings*

## 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' emoluments are approved by the Shareholder. Non-Executive Directors' emoluments is comprised mainly of the attendance fee and NEDs are not entitled to any retainers in terms of the Governance Policy.

### DIRECTORS AND PRESCRIBED OFFICERS REMUNERATION

YTD Directors Payments: 31 <sup>st</sup> December 2020			
Name of Director	Meetings Attended YTD	Other Meetings YTD	Emoluments
Mr M Rabodila	7	-	R36 521.73
Mr C Rampheri	5	4	R79 046.51
Ms K Sithebe	9	1	R64 347.81
Mr S Masemola	9	1	R66 086.95
Ms Y Erasmus	9	1	R52 173.90
Mr V Ward	9	-	R57 391.29
Miss A Ramakoaba	6	-	R15 652.17
Mr T Harper	7	1	R66 086.94
<b>Totals</b>			<b>R437 307.30</b>

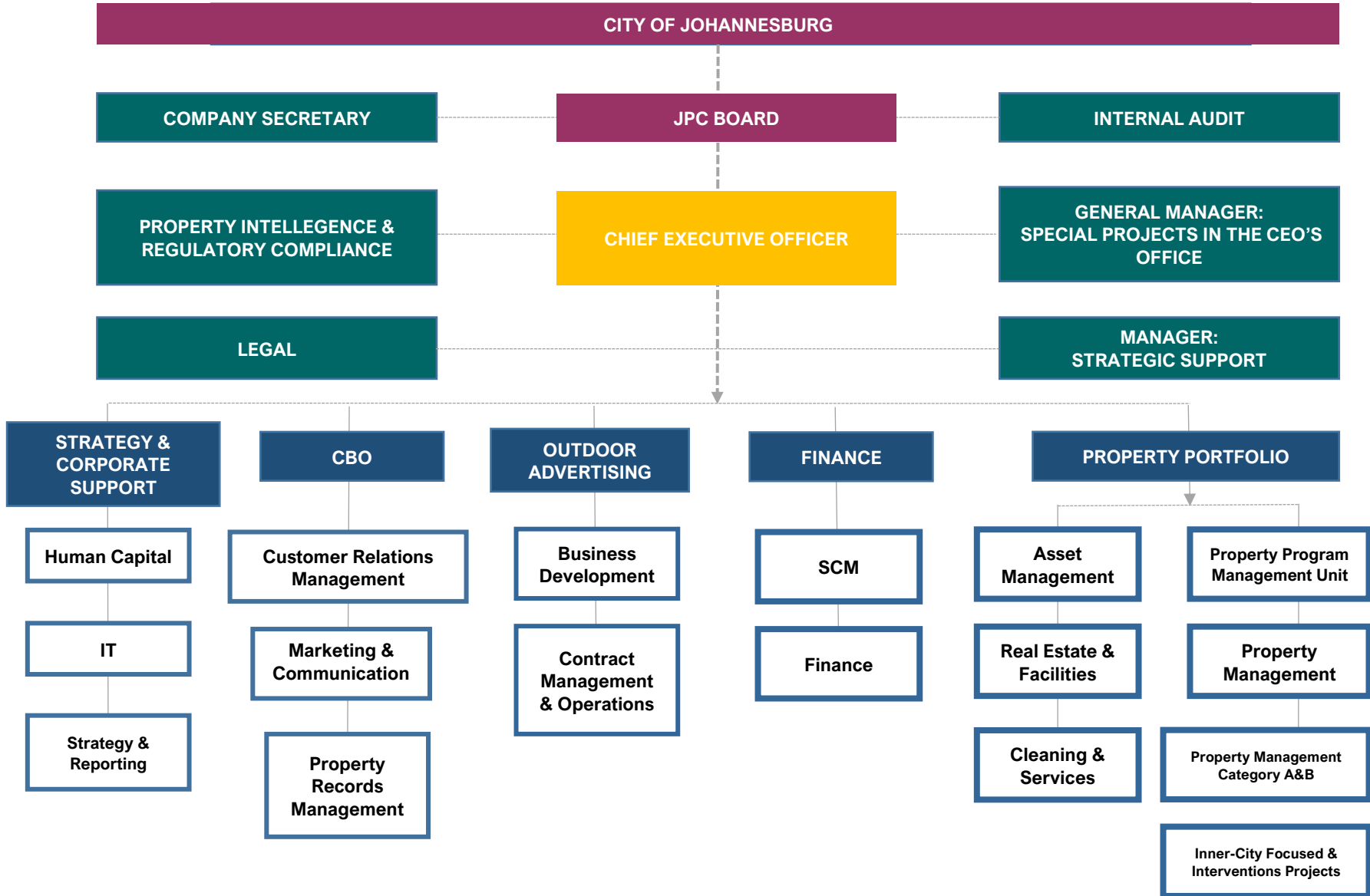
### INDEPENDENT AUDIT & RISK COMMITTEE MEMBERS

YTD Directors Payments as at 31 <sup>st</sup> December 2020		
Name of Independent Audit Committee Member	Meetings Attended YTD	Emoluments
Mr B Kekana	2	R 5 217.39
Ms R Kalidas	1	-
Mr L Makape (Independent)	1	-
<b>Totals</b>		R 5 217.39

The table below summarises the Executive Management remuneration for the second quarter of 2020/2021

YTD EXECUTIVE SALARIES AS AT 31 <sup>st</sup> DECEMBER 2020							
Name	BASIC SALARY	TRAVEL ALLOWANCE	LEAVE PAY	PERFORMANCE BONUS/13TH CHEQUE	GRATUITIES	COMPANY CONTRI.	TOTAL
<b>Botes HM</b>	R 1 126 000.00	R 104 166.65				R3 160.27	<b>R1 233 326.92</b>
<b>Ramoetlo MD</b>	R 500 955.68		R134 285.76			R123 860.96	<b>R759 102.40</b>
<b>Mzobe SG</b>	R 606 882.90	R 50 000.00				R139 889.13	<b>R796 772.03</b>
<b>Mokataka T</b>	R 661 355.85					R136 442.66	<b>R797 798.51</b>
<b>Mbethe ES</b>	R 735 524.50	R 37 592.50	R56 489.76			R131 417.49	<b>R961 024.25</b>
<b>Mtungwa SZ</b>	R 939 871.33					R196 918.12	<b>R1 136 789.45</b>
<b>Sardianos F</b>	R 939 871.21					R196 918.10	<b>R1 136 789.31</b>
<b>Bhamjee I</b>	R 911 530.31	R 40 000.00				R185 242.15	<b>R1 136 772.46</b>
<b>Totals</b>	<b>R 6 421 991.78</b>	<b>R 231 759.15</b>	<b>R190 775.52</b>	<b>R-</b>	<b>R-</b>	<b>R1 113 484.88</b>	<b>R7 958 375.33</b>

**Section 4: High Level Structure**



## 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 1 & 2

During the period under review, the entity has focused on the conclusion of the recruitment process for the Risk Manager Position. The suitable individual will commence his duties from 01<sup>st</sup> October 2020 and prioritise the following activities:

- Review and approval of 2020/21 Strategic Risk register, using 2019/20 risk management status as the baseline for the assessment.
- Review and approval of Operational risks which would be 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 will be also 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 status and progress on the 20/21 Risk Register will be reported on in the coming quarters.

## 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. Detailed activities of the Company Secretarial unit during the period under review are provided in the beginning sections of this Chapter.

## 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 General Manager appointed performs 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](mailto: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 three, JPC had completed the City's Corporate governance compliance checklist which informs the City's Compliance Register. JPC has 100% compliance in respect of corporate governance checklist. The following compliance process as prescribed by the Compliance Institute of South Africa (CISA) has been initiated:

- Phase 1: Compliance Risk identification-completed
- Phase 2: Compliance Risk measurement – completed
- Phase 3: Compliance Risk management- in progress
- Phase 4: Compliance Risk monitoring – in progress

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.

In the period under review, Board Members were provided with the declaration of interest forms for completion as part of the welcome/onboarding documents and most have submitted the declarations forms with one board member outstanding.



## *Chapter 3: Service Delivery & Performance*

## Section 1: Overall Company Performance

### Section 1.1: Asset Management

The portfolio of the City has a total value of R9, 318 billion and it comprises of 28 794 properties for the mid-term period ending 31 December 2020. The table below illustrates the high-level summary, which outlines the number of properties and value for each region.

REGION	VALUE %	NO. OF PROPERTIES	SUM OF VALUE
Region A	8%	1 747	R 758 540 478.28
Region B	17%	3 933	R 1 601 010 910.10
Region C	12%	2 349	R 1 117 590 161.38
Region D	9%	6 203	R 877 500 904.40
Region E	19%	4 689	R 1 727 566 364.18
Region F	16%	4 863	R 1 519 543 910.97
Region G	13%	4 520	R 1 168 826 538.12
Outside CoJ Boundaries	6%	490	R 547 881 446.01
<b>Grand Total</b>	<b>100%</b>	<b>28 794</b>	<b>R 9 318 460 713.44</b>

Table 1: High Level Portfolio Summary

Region D has the highest number of Council properties at 6 203, followed by Region F, which reflects 4 863 properties, Region E showing 4 689 properties, then by Region G at 4 520 properties, while Region B reflects 3 933 properties. Region C is the second lowest with 2 349 properties followed by Region A, which has the least number of properties at 1 747. A graphical outline of the summary portfolio of properties is outlined below.

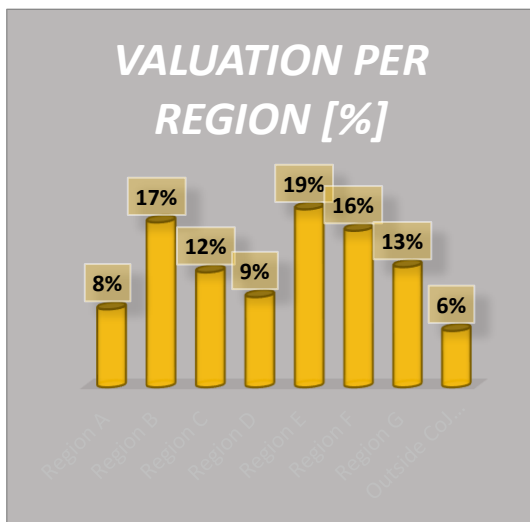


Figure 1: Summary per Region - % Value

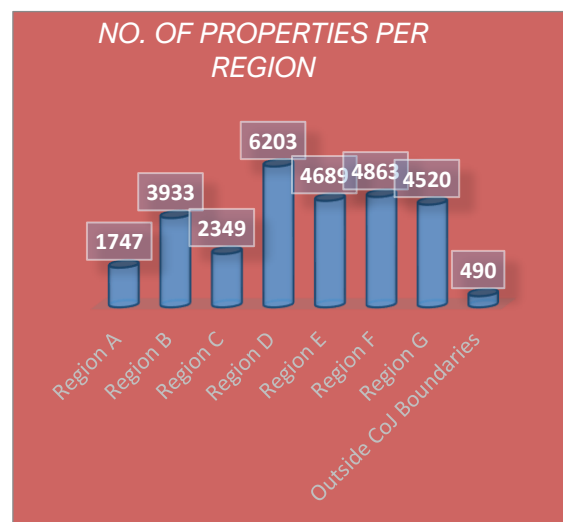


Figure 2: Summary per Region - Quantity

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, totalling 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 9%, 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 period of the 2020/2021 financial year.

### MONTHLY MOVEMENTS BY QUANTITY

Movement Category	JUL 2020	AUG 2020	SEP 2020	OCT 2020	NOV 2020	DEC 2020	TOTAL
Acquisitions	3	4	24	0	0	0	31
Disposals	-22	-8	-31	-20	-32	0	-113
Net Movement	-19	-4	-7	-20	-32	0	-82

Table 2: Movement Summary in Quantity

### MONTHLY MOVEMENTS BY VALUE

Movement Category	JUL 2020	AUG 2020	SEP 2020	OCT 2020	NOV 2020	DEC 2020	TOTAL
Acquisitions	R41 070 650	R35 900 00	R5 100 000	R0.00	R0.00	R0.00	R82 070 650
Disposals	-R90 945	-R20 750	-R393 440	-R599 250	-R561 860	R0.00	-R1 666 245
Total	R40 979 705	R35 879 250	R4 706 560	-R599 250	-R561 860	R0.00	R80 404 405

Table 3: Movement Summary in Value

### ACQUISITIONS

Thirty-one (31) properties to the value of R82 070 650.00 were taken on during the reporting period. These properties are situated in Region F and Region G and they are outlined as follows:

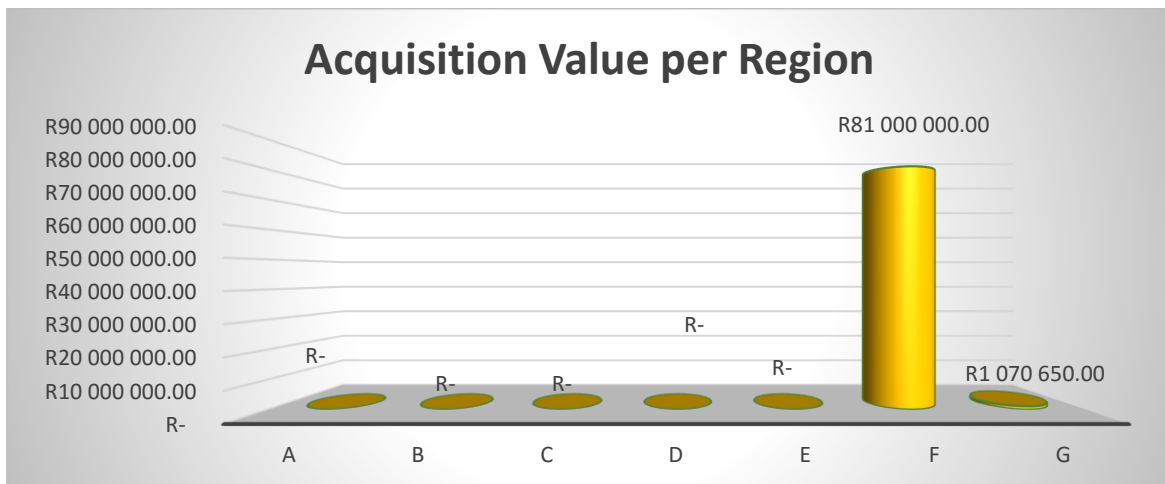


Figure 3: Acquisition Value per Region - Rand Value

- Twenty-five (25) vacant land parcels were acquired - twenty-four (24) vacant properties valued at R5 100 000.00 in Crosby and one (1) vacant property to the value of R1 070 650.00 in Unaville were acquired on behalf of the Housing Department for future housing development purposes.
- A building in Wolhuter, which is situated over four (4) properties to the value of R35 900 000.00 was acquired on behalf of the Housing Department. This building was acquired for decanting and rental purposes – they will be rented out to tenants that are currently residing at Temporary Emergency Accommodation (TEA's) and tenants that were evicted from other buildings.
- An industrial warehouse, which is situated over two (2) properties to the value of R40 000 000.00 was acquired on behalf of the Johannesburg Metro Police Department (JMPD). This warehouse was acquired to house vehicles that are impounded by JPMD law enforcement officers.

#### DISPOSALS

One hundred and thirteen (113) properties to the value of R1 666 245.00 were disposed of in the reporting period. These properties are situated in Regions A, B, D, E and G. The regional representation of the movements is outlined on the graph below.

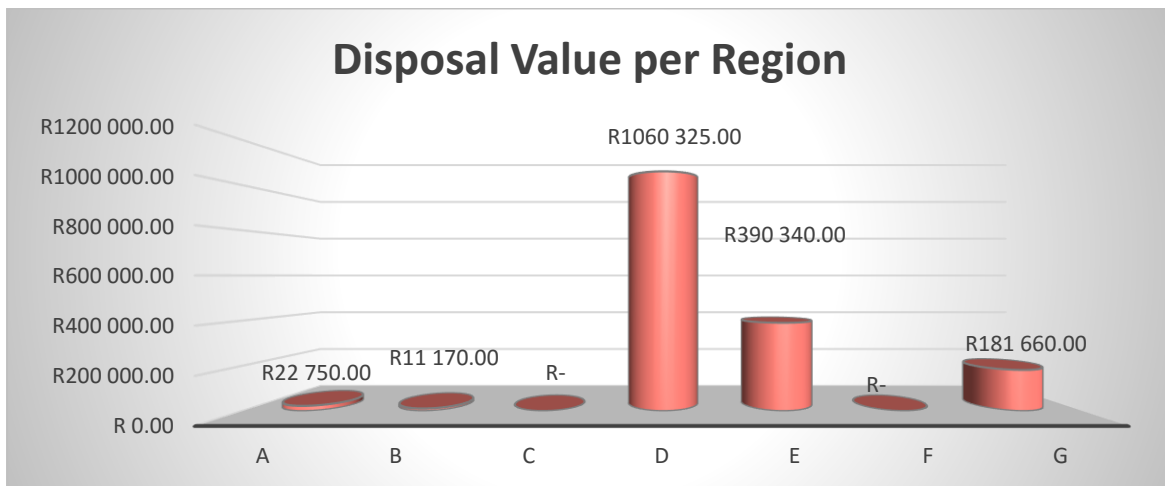


Figure 4: Disposal Value per Region - Rand Value

One (1) church to the value of R15 315.00 and eight (8) shops to the value of R25 920 were transferred to beneficiaries during the 1<sup>st</sup> quarter as part of the Land Regularisation Programme. One hundred and four (104) properties to the value of R1 625 010.00 relate to a transfer of residential homes to beneficiaries as part of the City's service delivery objectives.

#### Land Regularisation

One (1) church and eight (8) shops were transferred to entitled beneficiary in Region D in terms of the conversion of rights governed by the Conversion Act 81 of 1988.

#### Housing Conversions

One hundred and four (104) residential properties reported herewith were transferred to beneficiaries during the reporting period in fulfilment of the City's housing mandate as prescribed by the Housing Act. All of these properties are full title properties. These properties are situated in Regions A, B, D, E and G.

#### NET MOVEMENTS

This section provides indication of the impact of the movements on the value of the Asset Register. The reporting period shows a positive net movement of R80 404 405.00, which translates to an increase of 0.86% of the entire portfolio as outlined on the table below.

<b>ASSET REGISTER MOVEMENTS IN VALUE</b>			
<b>Month</b>	<b>Opening Balance</b>	<b>Movement</b>	<b>Closing Balance</b>
JUL 2020	R9 238 056 308.44	R40 979 705.00	R9 279 036 013.44
AUG 2020	R9 279 036 013.44	R35 879 250.00	R9 314 915 263.44
SEP 2020	R9 314 915 263.44	R4 706 560.00	R9 319 621 823.44
OCT 2020	R9 319 621 823.44	-R599 250.00	R9 319 022 573.44
NOV 2020	R9 319 022 573.44	-R561 860.00	R9 318 460 713.44
DEC 2020	R9 318 460 713.44	R0.00	R9 318 460 713.44
<b>NET MOVEMENT</b>		R80 404 405.00	
		<b>0.86%</b>	

Table 4: Asset Register Movements in value



## Section 1.2: Property Management Unit

The objective of the Department is to maximise the use of the City's Property Portfolio for social, economic, infrastructure development, management of Informal Traders operating on CoJ Markets and Transport facilities and generate revenue for the City. This is achieved through leases, sales, and granting of servitudes on Council owned properties. The Department is also responsible for the acquisition of small and strategic properties including real rights on behalf of Council for service delivery purposes. Property Management further ensures that holding costs for cleaning, security and maintenance are kept to the minimum whilst also mitigating the risk of vandalism and illegal occupation.

### FINALISED LEASES / SALES / SERVITUDES

The table below shows the leases, sales and servitudes concluded during the 2<sup>nd</sup> Quarter of 2020/21 financial year.

REGION	PROPERTY DESCRIPTION	SALES
D	Proposed Permanent Road Closure and Sale of Brittlewood, Leadwood and Knobwood Street Dhlamini	R1 240 000.00
<b>Total</b>		<b>R1 240 000.00</b>

REGION	PROPERTY DESCRIPTION	SALE/ ROAD CLOSURES	LEASE
G	Erf 1432 Orange Farm	R833 125.00	N/A
	Erf 8465 Orange Farm	R220 000.00	N/A
<b>TOTAL</b>		<b>R1 053 125.00</b>	

REGION	PROPERTY DESCRIPTION	SALE/ ROAD CLOSURES	LEASE PER MONTH
G	Erf 6899 Drieziek		R2 000.00
	Erf 2156 Orange Farm		R1 500.00
<b>TOTAL</b>			<b>R3 500.00</b>

REGION	PROPERTY DESCRIPTION	SALE/ ROAD CLOSURES	LEASE
B	Road Reserve Adjacent To Erf 603 Greenside Extension	N/A	R9 500.00
	A Portion Of Olympia Avenue & A Portion Of William Nicol Rd Reserve Adj To Erf 175 Glenadrienne (Previously Erven 99 Glenadrienne)	R1 190 000.00	N/A
	Cul De Sac On Tungsten Road Adjacent To Erf 329 Strijdompark Extension 17	N/A	R7 996.00
	The Service Lane Adjacent To Erf 223 Riverlea	R12 000.00	N/A
	Permanent Rd Closure & Alienation Of An nconstructed Ptn Of Ritter Street Rd Reserve To Adj Erf 545 Franklin Roosevelt Park	R500 000.00`	N/A
C	Ptn Of Road Reserve Adjacent To Erf 565 Strubensvallei Ext 4	R35 000.00	N/A
<b>Total</b>		<b>R1 737 000.00</b>	<b>R17 496.00</b>



## TRANSACTIONS APPROVED AT COUNCIL

The following transactions were submitted to Council for approval in terms of Section 14(2) of the Municipal Finance Management Act, 56 of 2003 during the period under review.

REGION	PROPERTY DESCRIPTION	SALE/ ROAD CLOSURES/ SERVITUDE	LEASE	SALE AMOUNT	LEASE AMOUNT
A	Lease of Erf 4783 Ivory Park Ext 6 for ECD purposes		Lease		R2 500
	Proposed Public Participation for the lease of Holding 7 Paulshof AH Ext 3 (Sports and Recreational)		Lease		R23 500
C	Alienation of Holding 290 Princess AH (Formerly a Ptn of Brown Road)	Sale		R510 000	
E	Temporary Road Closure and Lease of a Remainder Portion and Road Reserve on Aucamp Street adjacent to Erf 438, 439, 454, 526, 527, 536 and 537 and Bramley View Ext 11 for Security and Landscaping purposes		Lease		R10 500
	Proposed Public Participation for the lease of Ptns 94, 95 and 96 of Farm Klipfontein 58 IR (Sports and Recreational)		Lease		R56 561
	Proposed Public Participation for the lease of Erven 72, 73, 74, 75, 79 and 80 Linksfield (Sports and Recreational)		Lease		R153 605.60
F	Extension of Semi – Pedestrianised Fox Street (Between Eloff Street and Rissik Street) Johannesburg		Lease		R6 800
G	Alienation of Erf 6456 Eldorado Park Ext 6 (Community purposes)		Lease		R27 900
	Lease of Erf 4966 Lehae Ext 1 (Community purposes)		Lease		R2 058
	Lease of Erf 5624 Orange Farm Ext 2 (ECD purposes)		Lease		R1 500
<b>Sub Total</b>		<b>R510 000.00</b>			<b>R284 924.60</b>
<b>Total Amount</b>					<b>R794 924.60</b>

## ACQUISITIONS, LARGE SERVICE PROVIDERS & SERVITUDES TRANSACTIONS

Infrastructure development is essential in supporting the City's Service Delivery initiatives. The large service providers submit applications to the City to allow their services to run through City owned properties to construct infrastructure such as water, sanitation, roads and electricity.

The transactions below are at agreements signature stage to be finalised in the current financial year.

During the period under review, the following properties were acquired

PROPERTIES	MARKET VALUE	JPC'S 10% COMMISSION
Erven 918, 919, 930 and 931 City and Suburban Township	R2 600 000	R260 000
<b>TOTAL</b>	<b>R2 600 000</b>	<b>R260 000</b>

### LARGE SERVICE PROVIDERS

Infrastructure Development is essential in supporting the City's Service Delivery initiatives. The large service providers submit applications to the City to allow their services to run through City owned properties to construct infrastructure such as water, sanitation, roads and electricity.

Agreements were concluded in respect of the below transactions and conveyancers were appointed. Registration is pending.

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
5	Erf 11448 Pimville	R148 500.00	R37 125.00
6	Erf 6486 Orange Farm	R15 000.00	R3 750.00
7	Ptn 83 Farm Misgund 322 IQ	R250 000.00	R62 500.00
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
	<b>TOTAL</b>	<b>R2 399 473.00</b>	<b>R599 868.25</b>

### PROPERTIES IDENTIFIED BY PIKITUP FOR THE PROVISION OF RECYCLING AND WASTE MANAGEMENT

Ptn 1 Erf 15747 Orange Farm X4	Erven 4923 & 4924 Far East Bank
Erf 1066 Rabie Ridge	Erf 1658 Riverlea X3
Erven 386 & 387 Protea north	Ptn 34 Farm Klipfontein 203IQ
Erf 1036 Klipspruit West	Erf 257 Mapetla
Erf 3410 Lenasia South	Erf 1070 Rabie Ridge
	Erf 1064 Rabie Ridge



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## MUNICIPAL ACQUISITIONS

This Unit is providing a very critical service by allocating properties to the City and its Entities for the provision of basic municipal services and housing acquiring small land parcels, property rights and protecting infrastructure that enable the City of Johannesburg Municipality and its MOE's to provide basic municipal services to its citizens in the form of water, sewer services, electricity and roads. During the period under review, the following registration of servitudes was realised.

## CHALLENGES

Bellow is a list of challenges that have made it impossible for the unit to finalise transactions timeously and meet financial targets set:

- Conveyancers delaying in registration of servitudes due to lost title deeds and or documents being rejected by the Deeds office.
- Difference in financial years between the City and the large services applicants.
- Disagreements between property owners in giving consent for the management of portions of sanitary lanes adjacent to their properties.
- Sense of entitlement by some of the property owners who bought the properties with the portions of the lanes enclosed within their property boundaries.
- Delays in scheduling of committees in order for reports to be tabled

## Section 1.3: Informal Trading

JPC is embarking on a huge drive to turn around the Informal Trading sector and this is limited to Markets and not street trading. JPC is visioning a City that will develop markets of the future to create ***DIGNIFIED, CLEAN AND SIMPLE WORLD CLASS FACILITIES.***

### INCOME COLLECTION

For the mid-term under review JPC has been able to collect R994 265 for the Stalls and Shops that are occupied by Traders. The table below depicts the summary of the income collected per month of which the collection levels have reduced when compared to the previous period of the midterm. The main contributing factor to the reduction of the revenue is the Covid-19 pandemic as most of the Traders are still recovering from the lockdown. It is clear that the pandemic is still with us as at 2<sup>nd</sup> December the Premier of Gauteng in his speech indicated that Gauteng is bracing itself for an intervention team in preparation for a possible COVID-19 infection surge.

FACILITY NAME	TOTAL FOR QUARTER 2
Metro Mall Informal & Formal Shops	R212 377
Advertising & Promotions	R50 406
Fleet Africa	R26 818
Kliptown Informal & Formal Shops	R64 472
Streets Traders	R55 843
Hillbrow	R22 480
Yeoville	R13 431
Fordsburg	R47 230
Bara & Formal Shops	R9 294
Jeppe	R2 052
Lenasia	R1 200
Faraday Formal & Informal Shops	R9 318
Big Ben	R120
Kwa Mai Mai	R766
Midrand	4 674
<b>TOTALS</b>	<b>R520 482</b>

## LEASING OF SHOPS AND STALLS LOCATED AT VARIOUS PUBLIC TRANSPORT FACILITIES

It was projected that JPC will renew approximately 964 informal trading leases in the mid-term under review. Even though the target is not achieved, 37 leases have been signed in the midterm under review when compared to the same period in the previous midterm. This is indicative of the right step in the right direction in the midst of all prevailing challenges. Below is a summary of traders verified during the quarter under review.

FACILITY NAME	NUMBER OF TRADERS VERIFIED
FLEET AFRICA	26
HILLBROW	40
KWA MAI MAI	192
HOEK STREET 1	30
HOEK STREET 2	20
<b>TOTAL</b>	<b>308</b>

The table below provides a summary that depicts the number of EAC reports that have been prepared in this quarter under review which are ready to be presented at EAC in quarter 3.

FACILITY NAME	NUMBER OF TRADERS VERIFIED
Fleet Africa	9
Hillbrow	27
Metro Mall Block B	63
Metro Mall Block C	67
Kwa Mai Mai	179
Hoek 1	21
<b>TOTAL</b>	<b>366</b>

Various notices to vacate have been prepared to be handed over to Traders to vacate the stalls due to non-compliance with Visa conditions.

FACILITY NAME	NUMBER OF TRADERS TO BE ISSUED WITH NOTICES TO VACATE
Fordsburg	3
Metro Mall Block B	1
Metro Mall Block C	4
Fleet Africa	5
<b>TOTAL</b>	<b>13</b>

## HIGHLIGHTS & ACHIEVEMENTS

- Signing of 37 leases with Traders in the following facilities
  - 21 leases signed: Jeppe Transport and Market facility;
  - 16 leases signed: Fordsburg Market
- Verification of 192 Traders at the most complex and difficult Kwa Mai-Mai Market;
- Opening of and reallocation of 50 Traders to the recently refurbished Hoek Street 1 and 2 Linear Market;
- Verification of 39 Traders at Hillbrow Market;
- Verification of 26 Traders at Fleet Africa;
- A survey was conducted in collaboration with DED;
  - 41 Traders who are predominantly foreign nationals that have been operating illegally based at Cnr Main and William Nicol Bryanston, a City owned wedge property earmarked for development.

**Figure a: During the signing of the leases with Traders (Jeppe & Fordsburg)**

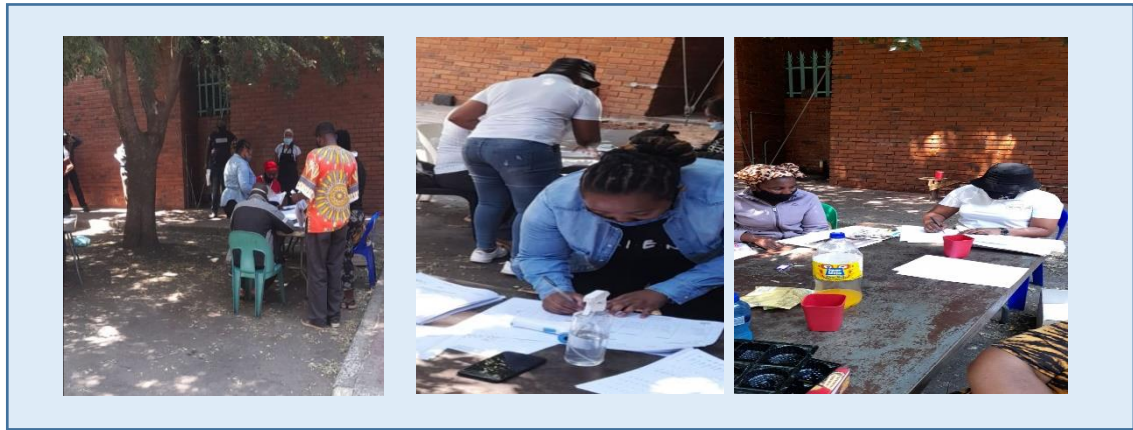
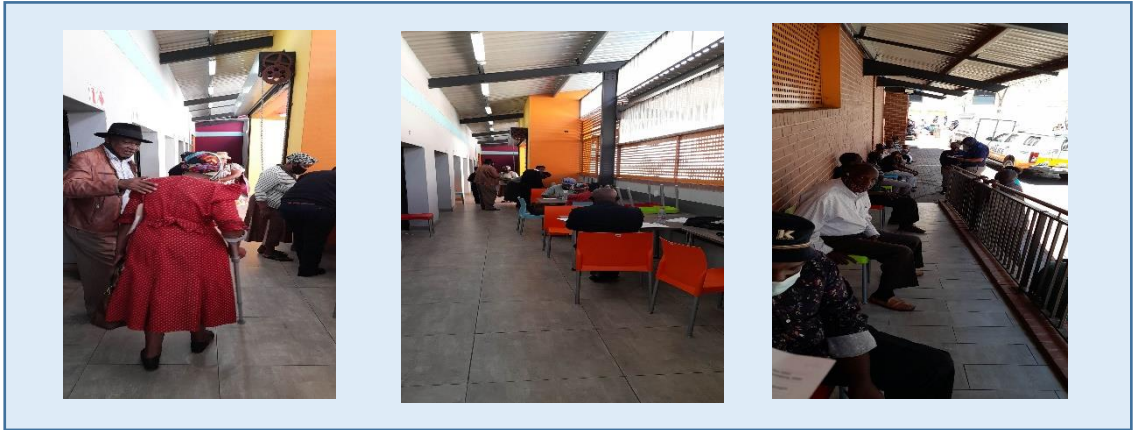


**Figure b: Meeting in progress to brief Traders about the verification (Kwa Mai-Mai Market)**





**Figure c: Opening, reallocation and verification of Hoek Street 1 Linear Market Traders. Hnr Cllr Xaba, JMPD, Committee Members and Trader Organisations being part of the process.**





## CHALLENGES

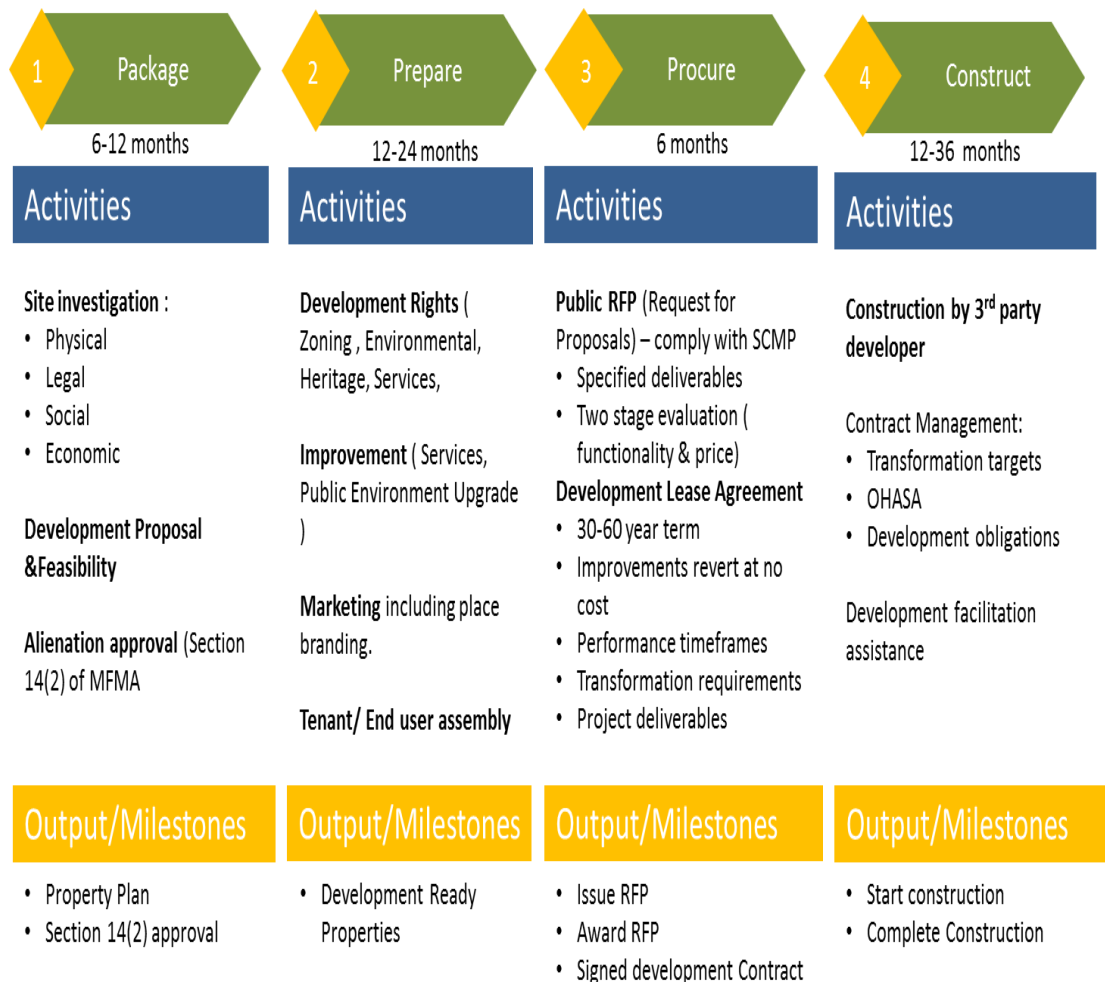
The Unit has been grappling with challenges that are influencing its ability to generate revenue, secure and maintain the facilities. These are some of the key challenges;

- Inadequate capacity to secure and maintain the cleanliness of the facilities.
- Lack of repairs and maintenance of the facilities by Transportation Department.
- Ageing of some of the Markets and Transport Facilities
- Competition amongst Informal Traders and Taxi Operators for the space to operate.
- Covid 19 pandemic limiting the ability of Traders to trade
- Some resistance and lack of willingness to enter into leases by some of the Traders
- Sense of entitlement by some of the Traders who wants to claim family inheritance of the municipal stalls. A prevalent phenomenon in some of the Markets.
- Subletting of Trader stalls
- The intended imminent takeover of the management of certain aspects of Transport Facilities by Taxi Associations.
- Delays towards the approval of EAC minutes.
- Traders trading without compliant Visa conditions.

## Section 1.4: Property Program Management Unit

The Property Program Management Unit prepares land parcels for development purposes in line with the land strategy by sweating the asset to create social and economic returns for the City. Projects are being managed to ensure a “pipeline” of development projects which will deliver a smooth and reliable flow of development and development returns.

The unit employs a four-stage development facilitation process to improve land assets in terms of which land is first and prepared for development by JPC, and development is undertaken by third-party developers procured in terms of the MFMA. Development is based on a long-term development lease in terms of which the entire development reverts to the CoJ at no cost at the end of the lease period.



## PROPERTY DEVELOPMENT PROJECTS

### JABULANI HOUSING

The development is located along Jabulani CBD, Erf 2332 Jabulani ext. Estimated development cost is R117million. The upmarket units are located in high-rise apartment complexes with good security and landscaped gardens.

The following progress has been made to date:

- Development of 4200 residential units
- 2890 units have been completed and handed over.
- Jabulani Development Company (JabDevCo) has managed to secure electricity for the development of 1310 Community Residential Units (CRU) in partnership with the Gauteng Department of Human Settlement.



### RIVERSIDE VIEW MEGA HOUSING DEVELOPMENT (DIEPSLOOT PHASE 1)

The Project is located directly north of Steyn City, West of Riversands Incubation Hub along William Nicol Drive. Because the site is prominently located between the lower income area of Diepsloot and the prestigious high-income area of Dainfern, a unique opportunity exists to integrate Diepsloot with Johannesburg.

All Subsidised Residential Units will be transferred to third party beneficiaries, nominated by CoJ. The total residential yield of 10 414 residential units will be delivered, which is expected to be completed 2022. Estimated development cost is R2 billion.

The total housing mix consists of 3113 Single residential GAP/FLISP UNITS, 4332 high density walk up RDP units and 2969 high density walk up Rental units.

The following progress has been made to date:

- 2692 Single residential FLISP completed.
- 457 Multi-storey RDP units completed.
- 2612 Multi-storey RDP units completed.
- 256 Single residential FLISP currently under construction.
- 1000 Multi-storey RDP units currently under construction (to be handed over to COJ and GDHS by February 2021).



### **Soweto GATEWAY**

The development is located on Chris Hani Road, west of N1 highway in Diepkloof. It is directly adjacent to and east of Chris Hani Baragwaneth Hospital Precinct. The total project area approximately 30.5 hectare and the estimated development cost is R4billion.

Total development Yield consists of the following:

- |  |                        |
|--|------------------------|
| • 3366 mixed income residential units, | • Medical facilities   |
| • Public open space,                   | • Hotel/ conference    |
| • Retail space                         | • Community facilities |
| • Education space                      | • Commercial           |
|  | • Light industrial     |



The following progress has been to date:

- Property Plans complete.
- Public Participation complete.
- Section 14(2) approval obtained.
- Submission of Township Establishment application and Environmental Impact Assessment.
- RFP advertised on 4 December 2019, bids were evaluated on 14 May 2020 and three bids were received and evaluated. The report is pending finalisation due to a supply chain issue not being concluded. It is expected that the BEC will conclude this matter before mid-December after which, a probity will be carried out by Internal Audit.

### **SOUTHERN FARMS**

Southern Farms is located south of the existing suburbs of Naturena, west of Kibler Park, east of Lenasia and Lehae as is abutted by the N1 and N12 National Highways. The Southern Farms project area including the privately-owned land parcels located to the east of the N1 highway, is approximately 3 997 hectares in size.

Of the total project area, approximately 2902 hectares is undevelopable due to environmental sensitivities, heritage, major road reserves (PWV 5 and K-routes) of which the majority will form part of the Biodiversity Conservation Area, representing approximately 73% of the total project area. A rather small portion of the total project area which is approximately 27% of the total project area of 1 094 hectares, is considered suitable for development.



Total Housing Yield consists of the following;

- 15 092 Fully subsidized housing units (RDP multi-storey).
- 2953 Social rental housing units (multi-storey).
- 16508 FLISP units
- 115 HA – Commercial
- 178 HA – Light industry
- 110 HA – Social and community facilities



The progress to date is as follows:

- Section 14(2) approval obtained.
- Final Precinct Plan complete.
- Land availability Agreement approval was initially approved, the item has been referred back to submit requested information.
- Public Participation is currently in progress.
- Extension of the City's Urban Edge and amendment Urban Development Framework is currently in progress.

### **SERVICED SITES PROGRAMME**

JPC, in conjunction with the Department of Housing has embarked on a rapid land release programme, to make available serviced sites in the Southern Farms Integrated development. This is in line with the Gauteng Premier's pronouncement to make available 60 000 serviced sites with emphasis on the south of Johannesburg. This ultimately helps the city as it alleviates the pressure to deliver houses.

The development agent for this project Valumax / Safdev, has made available to JPC all studies undertaken, a feasibility study, a precinct plan, a status quo report, an environmental management plan and the housing typologies that can be accomplished at Southern Farms, however, JPC is requiring an independent review of these studies and plans as well as the typologies and mix together with incorporating site and services as, ultimately in the interest of the City, there has to be the right balance in order to make the project feasibility.

Taking this into account, there has to be an assessment of the Rapid Land Release process, interrogation of the numbers, review of key documents, insight into what the ideal mix and yields should be, which will inform what can be optimally achieved, without adversely affecting the development feasibility, and the viability of the project.

In light of this, JPC is in the process of finalising the RFP to go out to the public for Program Management to execute the above scope of works for Southern Farms Services sites program. The challenge has been getting the appointed committee to sit to conclude this matter due to the instability at JPC currently. Budget for this work has already been allocated for in the 2020/2021 financial year.

#### **PATERSON PARK: PHASE 1**

The development is located between Paterson Road to the south, Louis Road to the north, Orange Grove to the east and Norwood to the west. The central portion of the precinct is developed with a well-established park, with a portion of the park accommodating the newly established, but undeveloped, low density residential township of Victoria Extension 3. The total project area approximately 3.5 hectare and the estimated development cost is **R550million**.

Total development yield consists of the following:

- Development of 744 mixed income residential development in support of the Corridors of Freedom.

The progress to date is as follows:

- Property Plans complete.
- Section 14(2) approval obtained.
- Urban Design Framework complete.
- Rezoning application approved.
- Bulk Services installed.
- Town Planning application is currently in progress.
- Awaiting Heritage approvals.





### **MOOKI STREET PRECINCT**

The Mooki Street Precinct is located within the City of Johannesburg Region D administrative boundary. The following facilities are located:

- The Orlando Stadium;
- The South African Police Services – Orlando Police Station;
- The Orlando Train Station;
- The Ubuntu Kraal Development;
- The Hector Pietersen Memorial and Vilakazi Street Node.

The area is well served by a network of various forms of public transport – namely the Metro Rail Station as well as the two BRT stations to the north and south of the Precinct.

The objective of the development includes the following:

- A mixed-use precinct development to create both job and economic opportunities and address the previous apartheid spatial planning practice while stimulating private development.
- Densify the area by providing walk-ups.
- Create safe zone around the precinct area not only in terms of pedestrian access but also in terms of promoting public safety.

The progress to date is as follows:

- Property Plans complete.
- Section 14(2) approval obtained.



#### **OFFICE SPACE OPTIMISATION PROJECT (OSO)**

- 9 years 11 months, and PPP reports have been recommended to Council by MAYCOM.
- 9 years 11 months reports have been sent to national and provincial Treasury for comments.
- The lead department for the above submissions to treasury is CoJ Group Finance.
- An RFP for transactional advisors is being prepared and will be advertised.
- All user departments in the Metro Centre have been profiled in terms of space requirements and a high level decanting plan has been compiled.

#### **OFFICE SPACE OPTIMISATION PROGRAMME**

CoJ Office Optimisation Program (OSO) intends to leverage the delivery of the Council offices to:

- Establish a rational framework for municipal offices and service delivery;
- Use investment in council offices to catalyse the revitalization of the transport nodes.
- Build wealth for the CoJ and its citizens by developing city owned office accommodation as an asset for future sustainability.

The following regional offices were identified in accordance with the rational spatial framework, which supports the City's spatial planning policies and informed by the City's Transit Oriented development Principles:

REGION	LOCATION
Region A	Midrand Station Precinct
Region B	Randburg Civic Precinct
Region C	Existing Roodepoort Civic
Region D	Existing Jabulani Civic Precinct
Region E	Watt Street Interchange
Region F	Metro Centre Precinct Turffontein Precinct
Region G	Orange Farm

On the 25<sup>th</sup> July 2013, the Mayoral Committee resolved that the Office Space Optimisation Programme including the locations earmarked for the regional offices be approved. The above regional precincts will be developed in accordance with standardised mixed use precinct model.

#### OS REGION A: MIDRAND PRECINCT

The development site is located within Midrand adjacent to Grand Central Airport, the Midrand Gautrain and Gallagher Convention Centre. The site is accessible through the Pretoria Main Street and relatively good access to the N1. The total project area approximately 4.3 hectares and the estimated development cost is **R1billion**.

This is a of mixed use development comprising of mixed income residential, 5500m<sup>2</sup> of council offices, refurbishment of informal traders stalls and taxi rank in line with the Office Space Optimisation Programme.



The progress to date is as follows:

- Property Plans complete.
- Public Participation complete.
- Section 14(2) approval obtained.
- Development Framework complete
- Rezoning application submitted and circulated
- Development Agreement to be signed is in progress.
- Relocation of temporary taxi holding area is in progress.
- The RFP for the long-term lease and development of the site for development to be released in around February 2021.

#### **OS REGION B: RANDBURG PRECINCT**

OSO Randburg precinct is located corner Jan Smuts, Selkirk and Braamfischer in Randburg. This is a mixed use development comprising of mixed income residential, 5500m<sup>2</sup> of council offices, refurbishment of informal traders stalls and taxi rank. The total project area approximately 8.28 hectare and the estimated development cost is **R1.86billion**.

Total Housing Yield consists of the following;

- The developer to construct 5 500m<sup>2</sup> green star rated Region B offices
- Library
- Clinic



- Refurbishment of the Randburg Taxi Rank
- Refurbishment of the Randburg Informal Traders Stalls
- 2 333 mixed income residential development (rental stock)



The progress to date is as follows:

- Property Plans complete.
- Public Participation complete.
- Section 14(2) approval obtained.
- Development rights obtained
- Bulk contributions paid
- Structural assessment completed
- Long term (50 years) development lease approved.

#### OSO HEAD OFFICE: METRO CENTRE PRECINCT

OSO Head Office : Metro Centre Precinct is bordered by De Korte Street in the South; Loveday street on the West; Joubert Street on the East and Hoofd Street on the North.

This is a mixed-use transit oriented development comprising of council chamber, CoJ offices, Retail, government and private sector offices, residential and a piazza in line with the Office Space Optimisation Programme. The total project area approximately 12 hectares and the estimated development cost is **R5billion**.

The progress to date is as follows:

- **Phase 1 A:** Construction of the Council Chamber and Piazza Completed in 2018.
- **Phase 1 B:** The refurbishment of Metro Centre and Office Space Optimisation Program.
  - The relocation plan and financial model was completed.

- Property Plan and Baseline document is 90% complete and we anticipate to have the baseline document completed by November 2020.
- The Private Public Partnership report was approved.
- RFQ for the development of a Transaction Advisor in compliance with the Treasury regulations is in progress.
- The Town Planning application related into the required land rights for the development of the Metro Centre Precinct was submitted in September 2020.



### OS REGION C: ROODEPOORT CIVIC PRECINCT

The property consists of a mixed use development in the CBD of Roodepoort CBD and extends in a northerly direction along the railway line and Main Reef Road. The total project area approximately 6.4 hectares and the estimated development cost is **R1billion**.

Total Housing Yield consists of the following:

- The developer to construct 5 500m<sup>2</sup> Region C offices.
- Refurbishment of the Taxi Rank.
- Refurbishment of the Informal Traders Stalls.

The progress to date is as follows:

- Property Plans complete.
- Public Participation complete.
- Section 14(2) approval obtained.
- Town Planning applications in progress.



#### **OS REGION D: OSO JABULANI PRECINCT**

OSO Jabulani precinct is located corner Koma and Bolani Street in Jabulani. The total project area approximately 5.306 hectares and the estimated development cost is **R1.billion.**

Total Housing Yield consists of the following:

- 10 000 m<sup>2</sup> mixed income residential
- 18 000m<sup>2</sup> of offices
- 5500m<sup>2</sup> of council offices
- 5500m<sup>2</sup> of retail
- Clinic
- Library
- Refurbishment of informal traders stalls.

The progress to date is as follows:

- Property Plans complete.
- Public Participation complete.
- Section 14(2) approval in progress.
- Town Planning applications in progress.
- RFP (Long term development lease) to be advertised in February 2021.





### OS Region E: OSO Watt Street Interchange Precinct

OSO Watt Street Interchange is bounded by North Street in the North, South Street in the south, Fourth Street in the West and in the east it is bounded by Old Pretoria Main road. The total project area approximately 2.7 hectares and the estimated development cost is **R 1.billion**.

Total Housing Yield consists of the following:

- Mixed income residential.
- 5500m<sup>2</sup> of council offices.
- Refurbishment of informal traders stalls.
- Refurbishment of taxi rank.

The progress to date is as follows:

- Property Plans complete.
- Public Participation complete.
- Section 14(2) complete.
- Rezoning approval obtained.
- Bulk Contribution paid.
- Relocation of temporary taxi holding area in progress.
- RFP (Long-term development lease) evaluation in progress.





#### **OS Region F: OSO Turffontein Civic Precinct**

The property consists mostly of vacant land adjacent to the Rand Stadium and Pioneer Park. The site is also in close proximity of the Turffontein Race Course and Wemmer Pan and owned by the City of Johannesburg in Region F. Vehicular access to the site can be obtained from the N17 Freeway, Mooi and Diagonal Street out of the Johannesburg CBD and Wemmer Pan Road. The total project area approximately 4.7 hectares and the estimated development cost is **R 800million**.

Total Housing Yield consists of the following:

- Mixed income residential.
- 5500m<sup>2</sup> of council offices.
- Refurbishment of informal traders stalls.
- Refurbishment of taxi rank.

The progress to date is as follows:

- Property Plans complete.
- Public Participation complete.
- Section 14(2) awaiting approval.



### OS REGION G: OSO ORANGE FARM CIVIC PRECINCT

The property is located south of Stretford Station and Eyethu Mall in Orange Farm. The total project area approximately 4.6 hectares and the estimated development cost is **R800million**.

Total Housing Yield consists of the following:

- Mixed income residential
- 5500m<sup>2</sup> of council offices
- Refurbishment of informal traders stalls.
- Refurbishment of taxi rank.

The progress to date is as follows:

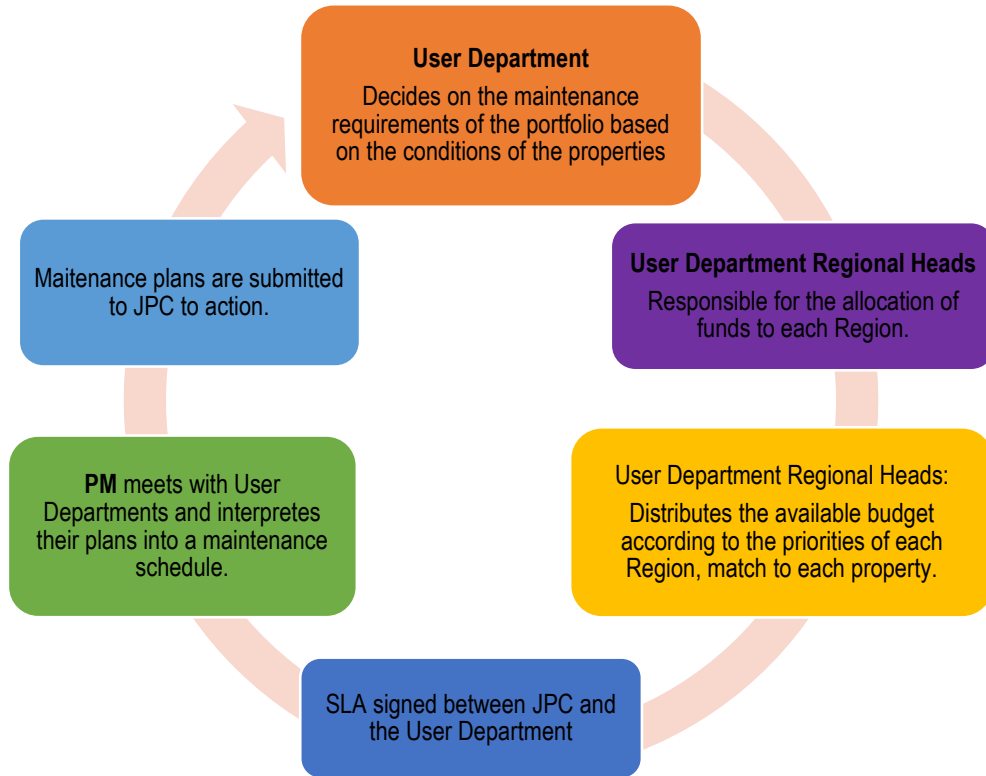
- Property Plans complete.
- Public Participation in progress.
- Section 14(2) in progress.





**INTERNAL FOCUSED PROJECTS**

JPC is responsible for the management function and oversees all City-owned buildings, public conveniences (public ablutions) and taxi facilities. The Unit is focused on providing effective, efficient and quality management of building construction and maintenance services to the City of Johannesburg.



**PROGRESS TO DATE**

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.

Repair and maintenance have taken place through emergencies projects undertaken in the 2<sup>nd</sup> Quarter of the 2020-2021 Financial year. JPC has finalised SLA's with various departments and Framework orders have been submitted in order to also able to implement the Prioritized Planned maintenance.

## DEPARTMENT OF ECONOMIC DEVELOPMENT: PLANNED PRIORITY PROJECTS

On **21 October 2020**, JPC signed the SLA with Department of Economic Development (DED) to do Repairs & Maintenance of their facilities and any other works on an as when required. JPC received an allocated budget of **R10 958 000.00** for provision of repairs and maintenance services for DED facilities and to be utilised as per signed planned maintenance plan by DED.

## DEPARTMENT OF TRANSPORT: PLANNED PRIORITY PROJECTS

On **03 November 2020**, JPC signed an SLA with Department of Transport to do Repairs & Maintenance of their facilities and any other works on an as when required.

JPC received an allocated budget of **R12 617 700, 00** for provision of repairs and maintenance services for Department of Transport facilities and to be utilised as per signed planned maintenance plan by the department.

## METRO BUS: PLANNED PRIORITY PROJECTS

Metro Bus has not requested JPC to do the maintenance of their facilities in 2020/2021 Financial year, JPC have scheduled a meeting to discuss the way forward. The main focus is on Space Optimisation in this current financial year. Metrobus have confirmed that they will be moving to Forum 1 of Braampark by the end of the 2<sup>nd</sup> quarter. The RFP will be issued for the refurbishment of the offices.

## PUBLIC SAFETY DEPARTMENT: PLANNED PRIORITY PROJECTS

On **12 November 2020**, JPC signed and SLA with Public Safety Department to do Repairs & Maintenance of their facilities and any other works on an as when required.

JPC received an allocated budget of **R81 600 000, 00** for provision of repairs and maintenance services for Public Safety Department facilities and to be utilised as per signed planned maintenance plan by department.

The allocated budget breakdown is as follows: **R81 600 000, 00:**

- **EMS Budget : R 31 600 000.00**
- **JMPD Budget: R 37 000 000.00**
- **PUBLIC SAFETY Head Office: Budget: R 13 000 000.00**

## **SOCIAL DEVELOPMENT DEPARTMENT: PLANNED PRIORITY PROJECTS**

### **BUDGET PER PROJECT TO BE CONFIRMED**

On **23 November 2020**, JPC signed an SLA with Social Development Department to do Repairs & Maintenance of their facilities and any other works on an as when required.

JPC received an allocated budget of **R10 894 000, 00** for provision of repairs and maintenance services for Social Development Department facilities and to be utilised as per signed planned maintenance plan by department.

## **HOUSING DEPARTMENT: PUBLIC HOUSING STOCK MANAGEMENT: PRIORITY PROJECTS**

There is an existing Service Level Agreement between The Department of Housing's Public Housing Stock Management (PHSM) and City of Joburg Property Company, on the developments of the Temporary Emergency Accommodations (TEA) in the Inner City.

Procurement processes for the two Developments Projects at Jeppestown and Moffatview, were finalized in the past financial year 2019/2020. Two professional consultants appointed to carry out the professional services in preparation for the developments of the TEAs and plans thereof have been submitted to the Council's Planning Department for approval.

Process to procure professional services for the studies and preparations of the Farm 278 Langlaagte, 3<sup>rd</sup> Avenue Wynberg and Kaserne are also in process. Reports and RFPs are prepared, and will be going to Bid Specification Committee by October 2020.

There is a signed SLA in place between the two Departments and a schedule of 10 planned development projects was submitted to JPC with allocated budget of **R90 000 000, 00** for various project.

## **REPAIRS, MAINTENANCE AND PLANNED PROJECTS**

As in December 2020, there is still no official instruction from the Department of Housing for the renewal of their Repairs and Maintenance Service Level Agreement (SLA) with JPC. No SLA in place between the two Departments and planned maintenance schedule not submitted to JPC. No procurement processes done, no Framework Orders for the Department's Repairs and Maintenance and Minor Upgrades.

## DEPARTMENT OF HEALTH: PLANNED PRIORITY PROJECTS

On **23 November 2020**, JPC signed an SLA with Department of health to do Repairs & Maintenance of their facilities and any other works on an as when required.

JPC received an allocated budget of **R24 831 000, 00** for provision of repairs and maintenance services for Department of health facilities and to be utilised as per signed planned maintenance plan by department.

## DEPARTMENT OF REVENUE AND FINANCE: PLANNED PRIORITY PROJECTS

Department of Revenue and Finance have a Repairs and Maintenance Service Level Agreement (SLA) with JPC and is valid until **30 June 2021**. Planned maintenance schedules submitted to JPC and no Framework Orders for the Department's Repairs and Maintenance and Minor Upgrades.

JPC received an allocated budget of **R14 000 000, 00** for provision of repairs and maintenance services for Department of Revenue and Finance facilities and to be utilised as per signed planned maintenance plan by department.



## Section 1.5: Corporate Real Estate & Facilities Management

### LEASING & BUILDING MANAGEMENT UNIT

#### STATUS OF CORPORATE REAL ESTATE LEASE AGREEMENTS

The following lease agreements have expired and are in the process of being renewed.

Facility Name	User Department	Responsible Department	Comments
Halfway House Library	Community Development	User Department	Lease on Month-to-month. JPC to facilitate in securing a tern lease.
Central Park – 16 <sup>th</sup> Road	Community Development	User Department	Lease on Month-to-month. JPC to facilitate in securing a tern lease.
222 Smith Street	Housing Department	User Department	EAC has granted authority to enter into a lease renewal in July 2020.
Malvern Library	Community Development	User Department	Lease on Month-to-month.
Yarona Shopping Centre	Community Development	User Department	Lease expired July 2020. Lease on Month-to-month.
66 Jorissen Place	Pikitup	JPC	Report is currently at EAC for consideration.

#### FOCUS FOR THE NEXT QUARTER

##### LEASES AGREEMENTS

One lease agreement ending December 2020 has been negotiated with the landlord for possible renewal of the lease agreement. Additional office space requirement from the Department of Health at Alphen Square North.

##### PROJECTS

- Joburg water souring of office space and fit-out;
- MTC Office fit-out

##### CLEANING SERVICES UNIT: ACHIEVEMENTS

The Department of Employment and Labour issued guidelines for employees to deal with COVID-19 at workplaces, that the Employer should adhere with the COVID-19 requirements to ensure that the facilities occupied by employees does comply.

The panel contract period ended on 30 September 2020. A new tender was advertised on 30 October 2020 and currently is under evaluations for the provision of the following services:

- Daily maintenance of sanitisation of frequently touched areas.
- Deep cleaning and sanitisation
- Fogging

At the various City of Joburg Corporate buildings and any other facilities of the city. All eighty (80) Service Providers on the panel were allocated building to execute the abovementioned services.

However; there are other facilities which were not deep cleaned and fogged during the quarter 1 period, due to challenges in obtaining a valid Purchase Order (PO) from Transport and there was no budget confirmation to appoint Services Providers.

The following facilities were not deep cleaned and fogged during Q1, which will be for Q2.

- All Taxi Ranks and Markets
- Public Convenience's (PC's)

Plan to ensure that the above facilities are deep cleaned and fogged

- Transport has been notified in writing that they must provide JPC with a letter to confirm budget availability.
- Transport will be perused to provide JPC with a valid Purchase Order (PO) to enable appointment of Service Providers to execute the work.
- Transport have confirmed on Friday the 25<sup>th</sup> September 2020, that they are working on the issue of creating the PO, the process is now with Finance and Procurement for finalisation.
- JPC will schedule a meeting with Transport ED before Friday the 2 October 2020 to ensure that this matter is expedited.

## CHALLENGES AND MITIGATIONS

CHALLENGES	MITIGATIONS
No Supervisors in the portfolio	Role profile has been drafted and will submitted for approval and advertisement. Approximately 7 Supervisors will be considered for appointment.
Insufficient cleaning equipment	Budget allocation of R25 mil will be requested during the Mid-term budget review process.
No relievers when cleaning staff are going on maternity leave, elderd who are over the age of 60 years, no replacement on death of staff, no	Consider appointing more cleaning staff. Alternatively, the Public Conveniences (PC's) cleaning staff should be



CHALLENGES	MITIGATIONS
relievers also when staff has tested positive or are sick	requested to assist or be transferred to the cleaning services department permanently.
Taxi Ranks needs to be deep cleaned and sanitised, struggling to obtain the Purchase Order (PO) from Transport	Matter has been escalated to Transport in writing
Insufficient PPE's for the cleaning staff	PPE's has been procured and the safety boots were received on the 22 September 2020, distribution has commenced.  The overalls, the appointed Service Providers have committed to deliver by mid October 2020
Working hour's challenges	A concerted effort will be undertaken to insource additional staff as they are required to work 24/7. The cleaning staff working hours should be discussed at LLF

#### STAKEHOLDERS OPERATING 24/7 (WEEKENDS/NIGHT SHIFTS)

- JMPD
- EMS
- GROUP FINANCE: CALL CENTRES
- BUS RAPID TRANSIT (BRT)
- TAXI RANDES & MARKETS

#### PLANNED MAINTENANCE

PROJECT NAME	QUARTER 1 ACHIEVEMENTS	FOCUS FOR QUARTER 2
1. Roodepoort Repairs and Maintenance	a) Contractors on-site b) SMMEs status: 12 appointed	a) Snag listing and Site handover. The project got delayed by disruptions due to SMMEs demands. b) Appoint additional 8 SMMEs. c) Estimated Completion date: 12 February 2021.
2. Jabulani Repairs and Maintenance	a) Contractor on-site b) SMMEs status: 11 appointed	a) Snag listing and Site handover. The project got delayed by disruptions due to SMMEs demands. b) Appoint additional 3 SMMEs. c) Estimated completion date: 12 February 2021.

PROJECT NAME	QUARTER 1 ACHIEVEMENTS	FOCUS FOR QUARTER 2
3. Ennerdale Repairs and Maintenance	a) Tenders closed on the 18 <sup>th</sup> September 2020 b) Overwhelming number of Bidders responded	a) Evaluation, adjudication and award of tender
4. Randburg Repairs and Maintenance	a) Tender closed on the 17 <sup>th</sup> September 2020 b) Overwhelming number of Bidders responded	a) Evaluation, adjudication and award of tender
5. Metro Mall Repairs and Maintenance	a) Tender closed on 18 <sup>th</sup> September 2020 b) Overwhelming number of Bidders responded	a) Evaluation and Adjudication of Tenders
6. Technical Teams' Tools of Trade	a) R10 m set aside for all Trades: Plumbers; Electricians; Welders; Carpenters; Builders	a) Procurement of Tools of Trade

## Section 1.6: Outdoor Advertising Portfolio

### Summary of progress on the implementation of the Transitional Period/Masterplan

JPC obtained EAC conditional approvals for transitional agreements to be concluded subject to approval by the City in terms of the By-laws and other applicable law of site/s to be retained and or phased out up to March 2022.

In light of this, a revenue target of R 150million was determined based on projections made by JPC from its lease register. The City is yet to complete the process of assessing all declared sites (in excess of 20 000) which will ensure that JPC is able to collect 50% of turnover from existing signs on CoJ's sites. Unfortunately, no new agreement could be concluded in the period under review pending the finalisation of this process by the City as the regulator of outdoor advertising across all land in the City.

While this process is being finalised by the City, illegality is growing exponentially and this defeats the purpose of the transitional period which would have afforded the City an opportunity to phase out illegality while preparing new sites for development and finalising a new By-law and a policy framework to better manage and regulate the sector.

The process of phasing out illegal signs means that revenue will start an upward trajectory after 2022 when it is hoped that a number of these signs shall have made way for new business development. The 50% penalty fees was meant to cushion the City's revenue from the portfolio while these challenges are being resolved. In a nutshell, JPC's performance from the portfolio has its biggest dependency on the City providing the necessary decisions to give effect to contracting in terms of the City's Executive Adjudication Committee (EAC) resolutions.

These new leases remain pending and unfortunately the period granted by Council to deal with the portfolio is fast approaching its end date in March 2022, that is, approximately less than 15 months from end of the mid-term under review.

Unfortunately it has become evident that revenue targets must be reviewed in light of these delays outside of JPC's control and this will add to a revenue deficit and therefore impacting on its other operational requirements.

### **Plans for next Quarter**

One of the critical deliverable of the masterplan is to increase the revenue from the sector and effect transformation of the sector. JPC will be able to finalize agreements as were approved by the EAC and to collect rentals up to March 2022 where after all signs must be removed and contracted upon with each party upon receipt of the necessary approvals from the City as the regulator.

Secondly, JPC will expedite issuing of various calls for proposals for certain long term projects to give effect to the implementation of the masterplan (new business development). Through this, JPC hopes to improve its performance in the next two quarters to June 2021. This process experienced delays and unfortunately these tenders couldn't be issued in 2020 as JPC remain committed to ensuring that potential bidders are provided enough time to present quality proposals that are futuristic in a nature and will contribute towards achievement of the City's SMME response programme in light of the impact of COVID 19,

achievement of green goals and smart city initiatives.

Also, JPC will be appointing suitable professionals to prepare certain new CoJ's sites for new business development particularly street furniture, digital advertising signs and other high value signs identified in the masterplan.

Upon approval by Council, all CoJ's sites shall be made available through a competitive bidding process only after approval or exemption by the City in terms of the By-laws has been obtained as well by JPC. This will ensure that advertising hoardings/structures can be erected as soon as awards have been made by the EAC thereby also assisting SMME's with limited knowledge and skills in having to invest none existed resources to obtain necessary approvals/exemption from the City in terms of the By-laws to implement these new initiatives within a short space of time.

While the City has recognized the potential of the portfolio in terms of revenue generating, it remain under resourced compared with other cities in the country. Analyst estimate that about 47% of the total national spent on out of home media is in Johannesburg. Outdoor Advertising requires that it be elevated as a Mayoral priority project to ensure that the two Departments tasked with its management are able to seek means and ways of developing a common vision and a seamless process to improve responsiveness and efficiencies. This will ensure that the respective political principals exercise appropriate oversight on the distinctive performance of each Department.

## Section 1.7: Inner City Property Development Projects

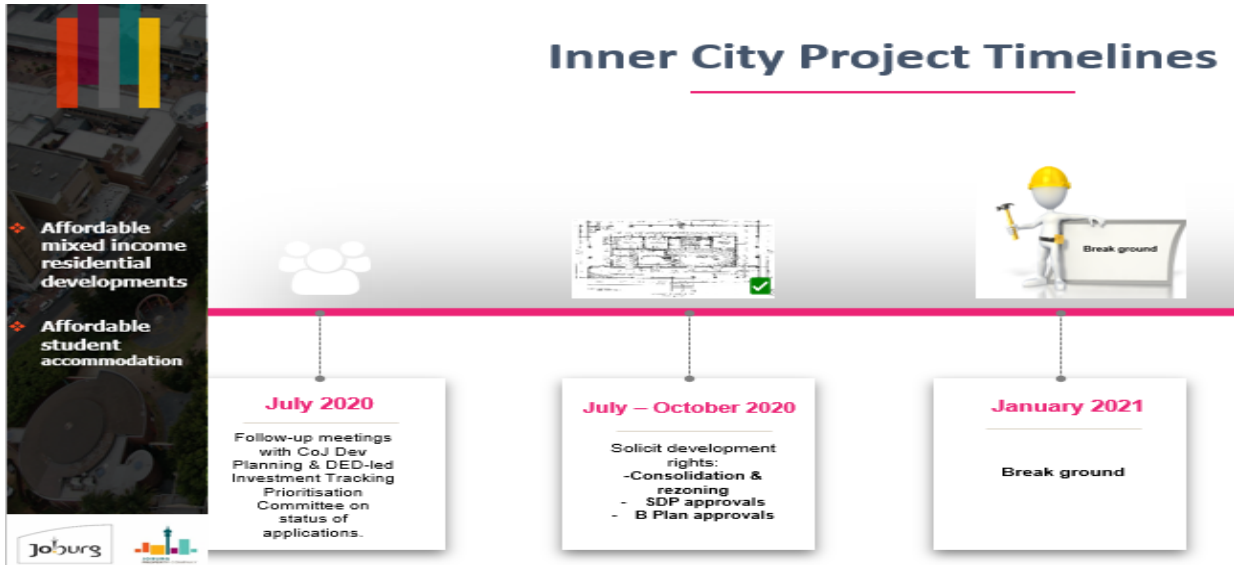
The Inner City rejuvenation programme has been established with the intention of building an inclusive society with an enhanced quality of life for the residents of the Inner City. To-date, no less than 147 properties (grouped into 38 development opportunities) have been awarded, mostly to 100% black, women-owned and managed companies, each with Level 1 BBB-EE accreditation. Moreover, the total Project Investment Value is forecasted at R30bn creating approximately 12 136 jobs and equally empowering and creating strategic work packages to meet the 30 % Transformation/SMME target, a monumental milestone for the City of Joburg.

### Phase One, Two and Three

As we slowly emerge from the Covid-19 pandemic and the consequent Lockdown levels and restrictions, developers and their teams have continued to direct their efforts towards ensuring that their respective development applications are assessed and ultimately approved by the City. Moreover, in keeping with timelines committed in the previous quarter, there has been numerous efforts initiated to ensure the overall progress of the Inner City Rejuvenation Programme.

In August and September 2020, respectively, Interactive virtual sessions were held with developers and their respective professional teams. These virtual sessions were hosted jointly by JPC, Development Planning, the DED Investment Prioritisation and Tracking Committee, amongst others, to ensure the approval of the SDPs and Building Plans in line with the development intent of each project.

More of these sessions will be held in which the developers' professional teams will be afforded the opportunity to engage with the City's relevant departments (i.e. City Transformation , JRA, Joburg Water, City Power, et. al) to ultimately unlock the bottlenecks. Moreover, the virtual sessions are contributing towards ensuring that the Inner City Project Timelines highlighted below are met:



**\*Break ground target delayed due to interdependency Department awaiting approval of various building and site development plans. It is envisaged that the approvals will be finalised in the coming quarter and break ground will follow thereafter.**

### Phase 4 and 5 Acquisition of privately owned properties

187 privately owned properties have been identified in the Inner City and earmarked for possible acquisition, moreover, a block-by-block approach is outlined as a suitable strategy to undertake development within the city, ultimately creating a safer city and building cohesive communities.

Shortly before the national Lockdown was declared, site visits were conducted by the Inner City team to assess the overall condition of the properties (pictures attached as **Annexure A**). These site visits will continue once the Lockdown restrictions are removed.

Furthermore, it is envisaged that a report will be compiled and tabled to the City's committees for approval, below is the provisional schedule:

Schedule for Report submissions	
Committee Meeting	Date
Economic Growth Technical Cluster	October 2021
Economic Growth Sub Mayoral	October 2021
Mayoral	November 2021
Section 79	February 2022

### Development of Affordable Student Accommodation

Over recent years there's been an unprecedented growth in the demand for free higher education and equally for Affordable Student Accommodation. In November 2017, Council took a resolution regarding Affordable Student Accommodation and the City has since committed to refurbish at least 10% of all bad buildings converting them into liveable, quality, affordable Student Accommodation.

Since the inception of the Inner City Rejuvenation Programme 12 developments consisting of various properties have been awarded for the development of Affordable Student Accommodation. Since award, all developers have been engaged and are in the process of obtaining development rights for their respective developments. Furthermore, developers are also in the process of obtaining Letters of interest from the Universities of Johannesburg and Witwatersrand (amongst other stakeholders) for accreditation of the proposed student accommodation facilities.

Below are artistic impressions of some of the Student Accommodation developments:



Yeoville Student Village



**Albertina Sisulu & Nugget Street**



**Erf 554 Goud & Pritchard Street**



**Nugget & Fox Street**



**Nugget & Helen Joseph Street**



**Goud & Pritchard Street**



**Nugget Street**



**Mooi & Kerk Street**



**Albertina Sisulu & Goud Street**



**Section 1.8: Communications and Marketing**

JPC experienced more media coverage for the first half of this financial year than that previously received by the JPC. The coverage moved from beyond COVID-19 to staff issues, property rental issues and the City's economic cluster. The organisation's publicity was predominantly negative during the period, there were a number of broadcasts on radio and television. To communicate property related projects would have been futile as these would have been drowned in this publicity. In Q3 the approach will be a focus on informal markets, the Inner City and the Johannesburg International Transport Interchange (JITI) which will be managed by the Joburg Property Company.

Q2 2020	TOPIC	MEDIA COVERAGE
October	The content was predominantly about the rental of Braampark and corruption.	Print had a value of R1,537,331, Broadcast had coverage of R756,410 and online R871, 805.  This was a significant increase from the previous month and quarter. All the publicity was negative.
November	Media clips for the Joburg Property Company increased from 55 to 88 clips and there was a significant increase in broadcast. The most topical issues were the Kwa MaiMai Traders strike to Metro Centre followed by the swimming pool in Ivory Park that the MMC Community Development attributed to JPC not sourcing service providers.	Print value dropped marginally to R1,280, 522. Broadcast had a significant decreased from the previous year of R246,938 and the online rose to R2,580, 126.  The publicity was predominantly negative



The increase was also about the CoJ's Economic Development Cluster with regards to the Government of Local Unity's statements on the suspension of five JPC employees.

## SOCIAL MEDIA AND THE WEBSITE

In the light of the publicity surrounding the JPC most of the social media posts focused on sharing and highlighting posts on City entities. This continued to experience a growth in followers and retweets of areas of interest. IT will migrate the account to a Business Facebook page as the limit of 5000 friends has been reached, in the last two month this has been streamlined a number of times such as cleaning up the base and removing blocked users to allow for new requests.

The statistics reflect that LinkedIn is the fastest growing platform for the JPC followed by Twitter which continues to be consistent in its organic growth rate for the JPC based on the City and its entities shared tweets.

PLATFORM	NUMBERS		
	Q4 2019	Q1 2020	Q2 2020
Facebook	4,971 Friends	5,000 Friends	5,000 Friends
Instagram	318 Followers	339 Followers	347 Followers
LinkedIn	291 Contacts	2,343 Contacts	2,387 Contacts
Twitter	3,944 Followers	4,021 Followers	4,108 Followers

## STAKEHOLDER ACTIVITIES

JPC participated in the Region G Stakeholder Engagement held in Orange Farm, the JPC team exhibited and engaged with the local residents who attended the launch of Joburg 10+ as well as the regional Imbizo. The processes infographic was shared as a handout and the prospectus to showcase the work done by the company. Client Business Operations received in excess of 100 visitors who had queries. The engagement was led by the Acting CEO, Mr Eldred Mtaner.



Team JPC at Region G Imbizo in Orange Farm



a world class African city



On December 4, 2020 there was an industry City engagement in the property industry between the Women's Property Network and the City of Johannesburg. It addressed issues of migration, wealth creation and also encouraging women to participate by investing in the City. This is the second and last engagement with the organisation this year and the role of the JPC was to facilitate. While an initiative between the two entities the JPC assisted by facilitating this.

In the month of August Women's month was observed by the JPC through addressing issue of Women in Property at a South African Women In Construction and Built Environment webinar on the 10<sup>th</sup> of August and on the 12<sup>th</sup> with the Women Property Network to encourage opportunities in the City of Johannesburg. Ms Helen Botes was a panellist who discussed opportunities that were available at the JPC – this was hosted by the SAWIC. The forum on the 12<sup>th</sup> was organised by the JPC in conjunction with the City of Johannesburg's Group Communications. Both forums were well attended and the feed remains available.

## MEDIA UPDATES

- ❖ The JPC intended to comment on Kwa MaiMai, however in the absence of any recent work since 2017 the story was deferred during Heritage month and will be communicated in Q2 or when the public convenience facilities once those are handed over for usage a media story will be communicated. On 30 September there will be a tenant verification audit at the facility. This was communicated to the team on 22 September 2020. The march to Metro Centre was carried across all media platforms, the City and the JPC were afforded the opportunity to respond to a print article, despite a short response time.
- ❖ Fordsburg Square phase two and Metro Mall facilities on Bree Street completed in Q1. The story will be a part of a message on informal markets and the encouragement of small business during Q3.
- ❖ The Johannesburg International Transport Interchange. The marketing of the launch will be handled by the CoJ Department of Transport (DoT), Johannesburg Development Agency, CoJ Group Communications and the Joburg Property Company's Marketing teams meet to discuss the project and the marketing of it going forward. Initially it was anticipated that this would be during Q2, however as the planning continues it is anticipated this will be in Q3 with practical completion scheduled for 31 March 2021. There are regular steering committee meetings that the JPC Informal Markets team and DOT. JPC Marketing attend in preparation for the post launch facilities management. Department of Transport is availing the budget for the launch.

## INTERNAL NEWSLETTER

The JPC Internal newsletter will be distributed on Monday 14 December 2020 before staff leave for the Festive Season. It will be distributed electronically. This will be the first newsletter developed since the June 2020 Staff Talk.

## INTERNAL EVENTS

There were no internal events in the second quarter of 2020/2021 as social distancing remained a challenge hence the bi-annual CEO's motivation speech was not hosted in Q2.

JPC employees were urged to come dressed on traditional attire on the day before the Heritage Day public Holiday on September 23, 2020. This event was hosted Braampark in the open courtyard and the Jerusalema Challenge was hosted. The purpose of the engagement was to foster social cohesion in the organisation.



**Jerusalema Challenge Winners**



**Best Dressed Traditional Outfit**

## CSI

COVID-19 Level 1 started on Monday 21 September and schools reconvened for exam season. In 2021 when schools open in the new year the distribution of sanitary pads will be arranged with the two participating schools.

Blood shortage in Gauteng. The SANBS started a drive to raise the levels of blood available to areas in Gauteng and Kwa-Zulu Natal. The JPC heeded the call and worked with SANBS to raise the awareness of the drive in the City of Johannesburg. The request was shared with Group Communications and Marketing who shared it on their platforms with regional directors.

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

NO.	DESCRIPTION	TASK	OUTCOMES
170	Circulations	Loaded onto PIMS from the various departments and entities	Enables Property Managers to track work in progress and timeously request valuation reports to prepare reports for the committee cycle
9	Site inspection forms	Loaded site inspection forms onto PIMS from the Property Administrators	Enables all JPC users to access key information on properties visited in order to enable effective decision making and to implement interventions timeously where required
970	Comments Received	Loaded onto PIMS from the various departments and entities	Enables Property Managers to track work in progress and timeously request valuation reports to prepare reports for the committee cycle
15	Valuations	Loaded onto PIMS	Enables Property Managers to track work in progress timeously, to prepare reports
1 164	Total Number of documents scanned	Loaded into PIMS/TRIM	To enable users to track their work progress
8 400	Mailing	Dispatch of mail and invoices	Income generation

## CLIENT SERVICING

The service standards of JPC represent the minimum acceptable performance that we promise clients. CSU is confident that we will not only meet the minimum standards but also exceed the level of the service expectation, which we provide to our stakeholders.

JPC did not receive any Walk-in due to the measures taken in the prevention of the spreading of COVID-19 since lockdown started. JPC offices – CSU are closed due to the National lockdown from 26 March 2020 - until further notice for walk-in clients visiting Client Servicing Unit for enquiries. Therefore, the reason for the decrease of numbers on walk-in clients and general enquiries. Enquiries were attended to telephonically and by email working remotely. Due to Covid-19 and to give effect to the risk based approach Client Business Operations, as a support department, rendered services to core departments working from home from level 5 to Level 3. From Level 3 staff started returning to the office on a rotational basis to adhere to social distancing and on a risk based approach. Extensive training and adjustment was required to render services remotely at short notice and to find innovative ways to ensure optimal performance, which continues. As lockdown eases and the economy opens for business the number of enquiries has started to increase though with the current increase in infections requires strict adherence to the risk based approach. Currently Client Servicing Unit are providing remote services via email and telephone with no walk in clients permitted from lockdown until further notice.

## Section 1.9: Information Technology Unit (IT)

Joburg Property Company (SOC) Ltd Information Technology can be termed as a backbone to JPC business because of wide-scale use of computers, internet and telecommunications systems. Information Technology support in managing, manipulating, storing, regaining, sharing/communicating and transmitting small as well as large amount of information/data conveniently, effectively and safely ensuring business continuity in-line with corporate goals. Besides making work easier to achieve business goals, IT sector can also assist the business in creating job opportunities for people through SMME's.

### **IT STRATEGIC/OPERATIONAL CHALLENGES**

#### **INFORMATION COMMUNICATION AND TECHNOLOGY (ICT) REQUIREMENTS TO FIT OUT BRAAMPARK FORUM ONE WITH ICT INFRASTRUCTURE**

The request for the approval of the Bill of Quantities (BOQ) for Information Communication and Technology (ICT) requirements to fit out Braampark Forum One with turnkey ICT infrastructure for relocation of JPC Head Office via the newly appointed IT panel, POP: 12/2020, still waiting for approval which has affected IT projects and service delivery to the business including IT Key/Priority programmes in relation to JPC Scorecard 2020/21.

#### **IT STRATEGIC/OPERATIONAL MITIGATION PLAN FOR ICT IN FORUM ONE**

A network link between Forum One and Forum Two was established, a point-to-point 200MB wireless link was installed from Forum 2 to Forum 1, as to create a hybrid network solution for the JPC infrastructure network connectivity.

#### **IT STRATEGIC/OPERATIONAL MITIGATION ACTIONS**

Legal Department dealing with this matter and has prepared a supplementary memorandum to the JPC Management as to address some of the documents that were required by Management prior to award a service provider, only upon receiving the approval, IT can commence with planned projects as to render service delivery to the business, as the current ICT infrastructure is ageing or/and unable to cope with business requirements/demands.

#### **IT STRATEGIC/OPERATIONAL HIGHLIGHTS/ACTIVITIES AS FROM 1 JULY – 31 DECEMBER 2020 REPORT FOR 2020/21 FYR**

#### **IT POLICIES APPROVED BY BOARD**

According to Principle 12 of King IV, the purpose of IT Governance is “to support the organisation to set and achieve its objectives.”

In King IV, there is a great emphasis on organisational Boards taking on a more hands-on approach. This includes periodically carrying out formal reviews of the competence of the organisation's IT function. The Board is tasked with the approval and overseeing of the technology and information policy of the company. The overseeing of these policies, according to King IV, should be in relation to the:

- Integration of people, technologies, information and processes across the organisation
- Integration of technology and information risks into organisation-wide risk management
- Arrangements for business resilience
- Proactive monitoring of intelligence to identify and respond to incidents, including cyber-attacks and adverse social media events,
- Ethical and responsible use of technology and information
- Compliance with relevant laws

Internally governance oversight is provided by EXCO with the operational accountability of governance matters residing with the Head of department. In line with the King IV Code (practices under principle 12), and the JPC IT Governance framework which states that policies should be reviewed biennially, the following IT policies have been reviewed and approved by the Board:-



Policy	Approval Date	Status	Policy Risks, Gaps and Financial Implications	Plans to Review	Anticipated Date of Completion	Policy Reviewed and Approved by Board date
JPC Backup And Restore Policy	02/05/2018	Valid	None	Yes	05/2019	Audit and Risk Committee 12 August 2020 and Board 18 August 2020
JPC DRP Plan 2019 2020	02/05/2018	Valid	None	Yes	05/2019	Audit and Risk Committee 12 August 2020 and Board 18 August 2020
JPC Firewall Management Policy	02/05/2018	Valid	None	Yes	05/2019	Audit and Risk Committee 12 August 2020 and Board 18 August 2020
JPC ICT Governance Framework	02/05/2018	Valid	None	Yes	05/2019	Audit and Risk Committee 12 August 2020 and Board 18 August 2020
JPC IT Security Baseline Policy	02/05/2018	Valid	None	Yes	05/2019	Audit and Risk Committee 12 August 2020 and Board 18 August 2020
JPC IT Security Policy	02/05/2018	Valid	None	Yes	05/2019	Audit and Risk Committee 12 August 2020 and Board 18 August 2020
JPC IT Strategic Plan 2020	02/05/2018	Valid	None	Yes	05/2019	Audit and Risk Committee 12 August 2020 and Board 18 August 2020
PC Patch Management Policy	02/05/2018	Valid	None	Yes	05/2019	Audit and Risk Committee 12 August 2020 and Board 18 August 2020
JPC User Account Management Policy	02/05/2018	Valid	None	Yes	05/2019	Audit and Risk Committee 12 August 2020 and Board 18 August 2020
JPC User Change Management Policy	02/05/2018	Valid	None	Yes	05/2019	Audit and Risk Committee 12 August 2020 and Board 18 August 2020

### **SAP HR Employee Self-Service (ESS) SYSTEM CONFIGURED FOR JPC**

SAP HR Employee Self-Service (ESS) provides JPC Employees with access to view pay-slips and IRP5 tax certificates, apply for leave and update personal details. ESS is a web enabled tool used to update own data by the employees themselves. To implement LEAVE REQUEST & APPROVAL, ESS is required. The system automatically determines the approver responsible and lists the name in the Web application.

JPC IT was part of the:-

- Testing strategy plan as to determine whether ESS system can be accessed from JPC and that Employees can view their pay-slips;
- Deploy the SAP ESS Uniform Resource Locator (url) to internet explorer for easy access;
- Collaborated with CoJ SAP Team for JPC user creation and
- Process Documentation Guide on SAP ESS.

### **IMPLEMENT USER SYNCHRONIZATION BETWEEN JPC AND COJ ON MS TEAMS**

Microsoft Teams (MS TEAMS) is a proprietary business communication platform developed by Microsoft, as part of the Microsoft 365 family of products. Teams is a chat-based collaboration tool that provides global, remote, and dispersed teams with the ability to work together and share information via a common space, also fully integrated with many other Office 365 services, such as Skype, SharePoint and Exchange.

### **JPC IT**

- Setup Active Directory synchronization between JPC and COJ for user synchronization
- Verification of logging credentials, JPC email address and Active Directory password on Teams.

## Section 1.10: Client Relations Management

During the period under review the following highlights or key interventions took place.

### HIGHLIGHTS OR KEY INTERVENTIONS

- Various site inspections undertaken to identify or verify the current occupants, the condition of properties, illegally occupied and invaded properties to appraise core on the status of the property;
- Vigorous programmes/project-based initiatives have been instituted to turn around stakeholder activities. Stakeholder consultants have been redeployed to take on multiple regions to expedite interfaces with COJ Councillors, Tenants, Regional committees, and the Community at large;
- Attended and presented to Section 79 committees on matters relating to JPC;
- 3 Petitions were closed at the Petitions Standing Committee. 20 transactional reports for leasing, alienation, property development and public participation processed in line with Priority 7 which speaks to enhancing financial sustainability through income generation via property transactions;
- Participated in the Mayoral launch of Joburg10+; and
- Active in the KleenaJoburg and Accelerated Service Delivery initiatives.

### **JOBURG10PLUS LAUNCH IN ORANGE FARM, REGION G**

The pilot launch of the #Joburg10Plus, a ward-based Community Policing programme by the Executive Mayor Geoff Makhubo at the Chris Hani Stadium in Orange Farm, Region G on 2 December 2020 will result in 10 Metro Police Officers assigned to each wards in the City to curb land invasion, overcrowded nodes and violence against women and children. The launch of the Land Invasion Unit, Rapid Response Unit and the Ward Based Policing Model is primary tools to root out corruption and crime. The key intention behind this programme is to showcase how the City will strive to take back the streets and work with communities and residents to create safer neighbourhoods and improved economies. The programme also included business engagements, sectoral meetings, a walkabout and an imbizo.



## SUMMARY OF KEY ISSUES, AREAS OF INTEREST AND KEY ISSUES RAISED BY STAKEHOLDERS

### KEY ISSUES / AREAS OF INTERESTS

- ❖ The strategic direction of the organization
- ❖ The performance of the Department
- ❖ Accountability
- ❖ Leadership stability

These are the transacting departments, we rely on them for information on the status of their transactions

This is the department that receives enquiries from external stakeholders (Regional Directors, MMC's office, Ward Councillors and the General Public). CSU responds informs the public amongst others about the processes to be followed to dispose of the Council Properties. Where there are complex and long outstanding issues, they are sent to Case Management to be resolved.

- ❖ Obtain feedback on perceived service quality
- ❖ Participate in WCF and RVSD meetings as a platform to present the organizations programmes and projects to demonstrate commitment to gauging and responding to their needs and concerns
- ❖ Address service offering matters
- ❖ Low levels of trust in our ability to deliver services reliably
- ❖ Poor communication
- ❖ Declining performance levels

### LINKING SALIENT ISSUES TO EMERGING RISKS

- ❖ **Salient stakeholder matters requiring attention are those issues that have a potential to impact on the business, and are of importance to the stakeholders and that require immediate intervention: SALIENT ISSUES**

- ❖ **Lack or poor maintenance of Council facilities**

- ❖ **Transparency and accountability with regards to property transactions**

- ❖ **Addressing and responding to issues and concerns timeously and providing holistic and responsive accounts to fundamental issues in light of the limited resources**

- ❖ **Ineffective and poor communication with stakeholders**

- ❖ **Long turnaround times to queries raised by the Councillors, MMC's office and the general public**

### REGIONAL STAKEHOLDER ENGAGEMENTS

Detailed below is a summary of the number of Regional Visible Service Delivery (RVSD's), Ward Councillors' Forums (WCF) and the Regional JOC meetings that have taken place from July to December 2020.

Region	RVSD	Monthly Councillor Forum (WCF)	Kleena Joburg & War on Potholes	Regional JOC	Joburg 10+ Launch	MMC Development Planning Regional Tour (17 Nov 2020)
A	1	0	0	0	0	0
B	4	2	5	0	0	0
C	2	3	0	0	0	0
D	1	0	0	0	1	1
E	3	3	0	1	0	0
F	1	2	0	0	0	0
G		0	0	0	0	0
<b>Total</b>	<b>12</b>	<b>10</b>	<b>5</b>	<b>1</b>	<b>1</b>	<b>1</b>

### PRESENTATIONS MADE DURING PERIOD UNDER REVIEW

REGION	MEETING	DATE	TARGET AUDIENCE	SUBJECT MATTER	RESOLUTION PROGRESS
A	RVSD	29 October 2020	CoJ departments, other MOE's, CRUM	State of the Region Report	No matters arising
B	WCF	10 September 2020	CoJ departments, other MOE's, CRUM, Councillors	Reporting and identifying Delivery issues	Next meeting we need to report on Capex Projects
C	RVSD	09 November 2020	CoJ departments, other MOE's, CRUM	Service Delivery Issues	
E	WCF meeting	15 September 2020	CoJ departments, other MOE's, CRUM, Councillors	Reporting and identifying Delivery issues	
F	WCF meeting	10 September 2020	CoJ departments, other MOE's, CRUM	Reporting and identifying Delivery issues	A report that responded to the issues was sent.
G	Joburg 10+	02 December 2020	The Community of Region G, CoJ departments, other MOE's, CRUM, Councillors	Launching the Regional 10+	
<b>Total</b>	<b>6</b>				

### CANCELLED AND/OR POSTPONED MEETINGS

REGION	MEETING	DATE	REASON FOR CANCELLATION
A	WCF	27 November 2020	Connectivity challenges
	RVSD/JOC	10 December 2020	No reasons given
		17 December 2020	
B	WCF	02 December 2020	MMC and RD to attend the Mayoral Joburg 10+ Launch

D	WCF	08 December 2020	Caucus Meeting (scheduled Council meeting on 10 December 2020) New date: 22 January 2021
E	RJOC	29 December 2020	JPC and other departments on Christmas break
<b>Total</b>	<b>03</b>		

### JPC Performance Standards

JPC reports on a monthly basis to the COJ on all service standards based on information and evidence received from the various contributing departments. A deviation was submitted to the COJ to amend the service standards due to operating requirements, alignment to operational processes and taking cognisance of circumstances beyond the control of JPC and external dependencies.

JPC PERFORMANCE SERVICE STANDARDS								
KPI	Core Service	Service Level Standard Target	Q1 Actual Total	Q2 Actual Total	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	695	655	1350	1350	0%	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	0	5	5	5	0%	Not applicable
KPI 1.3	The performance of emergency work for JPC managed facilities	Within 1 day of logged call	137	114	251	251	0%	Not applicable
KPI 1.4	Performance of minor works on facilities managed by JPC	Within 2 days of logged call	48	43	91	91	0%	Not applicable
KPI 1.5	Performance of major works on facilities managed by JPC	Within 5 days of logged call	28	3	31	31	0%	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	0%	Not applicable
KPI 1.7	Tender placed after Council approval and CoJ Executive Adjudication Committee	Within 4 months of CoJ Executive Adjudication Committee approval	0	0	0	0	0%	Not applicable
KPI 1.8	Internal allocation of land and buildings to City Departments and Entities (PTOB : Permission to occupy and build and lease office space from third parties)	Within 60 days of application and budget confirmation	0	0	0	0	0%	Not applicable
KPI 1.9	Performance of surveys on the condition of all plant and Equipment in order to allow the assessment of the required repairs and maintenance of facilities managed by JPC	Quarterly	46	45	91*	88*	3%*	Condition based assessments were only conducted on 12 of the 15 corporate buildings due to unforeseen circumstances beyond the control of JPC
KPI 1.10	Response to general enquiries at client services counter	Within 24 hours of logged call	0	0	0	0	0%	Not applicable
KPI 1.11	Response to enquiries regarding transactions in pipeline	Within 24 hours of logged call	0	0	0	0	0%	Not applicable
KPI 1.12	Response to applicants/interest to lease or acquire (formal applications) land and/or buildings	Within 30 days of application	10 of 10 = 100%	34 of 34 = 100%	44 of 44 = 100%	44 of 44 = 100%	0%	Not applicable

15 corporate building are managed by JPC though for December 2020 only 12 condition based assessments were completed resulting in 80% performance for the month and 97% for the Mid-year.



## Section 1.11: Property Intelligence

The Unit has made some strides during the third quarter of the 2019/2020 financial year after its inception. The progress made was stifled during the 4<sup>th</sup> quarter of the same financial year due to the National Lockdown that resulted in the core function of the Unit being difficult to carry out. Site visits could not be carried out and the recoveries on outstanding leases were also affected as the lessees raised economic challenges to honour the recovery agreements. These challenges are still evident during this reporting period.

The strategic direction of the Property Intelligence and Regulatory Compliance is to facilitate compliance with all relevant pieces of legislation including City of Johannesburg By Laws within all JPC managed properties and facilities. Furthermore, the Unit intends to Strengthen and maintain internal and external stakeholder relations to ensure that its objectives are realised.

Due to the challenges experienced intelligence gathering interventions are an integral part of law enforcement and compliance facilitations were carried out at a minimal rate. However, some stakeholder relations have been developed during this reporting period in order to ensure the effective delivery of the Unit's mandate.

### **THE PROPERTY INTELLIGENCE AND REGULATORY COMPLIANCE**

The Unit has conducted intelligence gathering exercise at the JPC managed properties within Region A during this reporting period. The focus was mainly on the properties that are considered hot spots in terms of outstanding rentals, compliance and safety.

Site visits were conducted at the following properties indicated below and various public health contraventions were found to be existing at these properties. Some of the contraventions poses health and safety risk to the occupiers.

#### **REMAINDER OF ERF 1074 RABIE RIDGE AND PORTION 10 OF ERF 1074 RABIE RIDGE**

There are six businesses operational at the property.

##### **The Liquor store (Teddy's Liquor)**

The liquor store was found to be dilapidated and extremely dirty, electrical wires are hanging from the walls and the ceiling is hanging with a bulge that poses a risk of falling down. The fire extinguisher was last serviced in 2013. The occupier of the liquor store is exercising an unlawful occupation without a lease. The liquor licence provides for the sale of liquor only and does not provide for consumption, however the premises are used in contravention of the licence as patrons were found on site consuming alcohol.

There are signs of alteration of the property from the original structure. The confirmation on Whether the provisions of the **National Building Regulations and Building Standards Act 103 of 1977** and any other relevant pieces of legislation have been complied with was not received at the time of reporting. The information will advise on the issues and/contraventions and what should be done to ensure compliance and rectify the status.



### **The Butchery (Meat Boss Butchery)**

The butchery was not operational at the time of the visit. In terms of the public health bylaws, the use of the container requires the City's Consent. It could not be confirmed whether there is a lease in place for the use of the premises or not. This exercise will be completed.

### **Pampoentjies Creche**

The structure is made of Asbestos and it is extremely dilapidated. Save to say that the lease has expired, it also presents some material defects and does not seem legitimate. There have not been any payments made towards the occupation of the premises. There

is also an upholstery business taking place within the crèche premises which also, should the lease be valid and legitimate, would render contravention of the lease agreement. The lives and safety of the children and users of these premises are at risk due to the state of the Asbestos and requires the provisions of the **Occupational Health and Safety Act No 85 of 1993 read with the Asbestos Regulations of 2001** to be invoked.

### **Vrolike Vinkies Creche**

The structure is made of Asbestos and is dilapidated. Save to say that the lease has expired, it also presents some material defects and does not seem legitimate. There have not been any payments made towards the occupation of the premises. No documentation was provided by the crèche to confirm registration with Early Child Development and follow up with the relevant department has been done however no response have been received at the time of the reporting. The lives and safety of the children and users of these premises are at risk due to the state of the Asbestos and requires the provisions of the Occupational Health and Safety Act No 85 of 1993 read with the Asbestos Regulations of 2001 to be invoked.

### New Apostolic Church

The structure is made of Asbestos and it is also not in good condition and poses a health a risk. The provisions of the Occupational Health and Safety Act No 85 of 1993 read with the Asbestos Regulations of 2001 must be invoked. The lessee have a valid lease agreement and is up to date with the agreed lease payments.

### ERF 706 RABIE RIDGE

This property has a number of businesses and it could be considered as a small shopping complex. It has a supermarket, four (4) ATMs absa, Capitec and Standard bank, Nedbank) surgery and some other shops /places were closed.

The supermarket, (Viva Supermarket) was closed down due to contraventions of the public health by laws and **Regulations Governing the Hygiene Requirements for Food Premises, the Transport of Food and Related matters No R 638 of 22 June 2018 (GN No 41730)** and a prohibition notice for handling food has been served on the tenant.



It was found that the walk-in fridge inside the supermarket is converted into a bedroom.



The confirmation on whether the provisions of the National Building Regulations and Building Standards Act 103 of 1977 and any other relevant pieces of legislation have been complied with when the structures at the property were constructed was not received at the time of reporting. The information will advise on the issues and/contraventions and what should be done to ensure compliance and rectify the status.

### Erf 3822 IVORY PARK EXTNSION 6 (EKUTHULENI CHRECHE)

The premises requires maintenance as per the provisions of the Public Health by- Laws. There is unsafe partitioning of classrooms that requires to be fixed. The fire extinguisher was last serviced in May 2018. The surrounding are well kept.

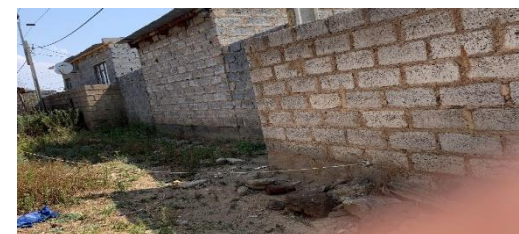


The lease agreement has expired more than 5 years ago and the tenant wishes to continue utilising the premises. The outstanding amount in arrears is over R4000, 00 and there is an intention to pay off the arrears. As at 23 September 2020 the tenant has paid R2 300, 00 towards the arrears. A commitment has been made for a further R2 300, 00 on or before the 31 OCTOBER 2020. Once a certain figure on the total outstanding amount is established, the tenant will be advised to ensure full recovery of the arrear amount.

**Erf 4804/ Ivory Park Extension 6 (Moses Spiritual United Church)**

There is a lease for the property to be used as a church, however in addition to the Church building, the property comprise of 6 rooms that are used as accommodation. This is in contravention of the lease agreement. Upon interviewing one of the occupiers, it was established that rental amount of R800, 00 is payable to the lessee through the son who act as a care taker at the property. The legitimacy of the electricity connection is still to be verified.

The confirmation on whether the provisions of the National Building Regulations and Building Standards Act 103 of 1977 and any other relevant pieces of legislation have been complied with when the structures at the property were constructed was not received at the time of reporting. The information will advise on the issues and/contraventions and what should be done to ensure compliance and rectify the status. Once received the matter will be addressed further.



### **Erf 12016 Ivory Park Extension 10 (Full Choice Apostolic Church)**

The lease agreement is valid and expires in 2021. The yard is unclean and three (3) shacks have been constructed on site and two families stay in the shacks. There is an informal business of selling chicken feet and intestines. The lessee is in arrears for period of not less than 5 months. A commitment has been made to make part payment on or before 30 September 2020 towards arrears.

The confirmation on whether the provisions of the National Building Regulations and Building Standards Act 103 of 1977 and any other relevant pieces of legislation have been complied with when the structures at the property were constructed was not received at the time of reporting. The information will advise on the issues and/contraventions and what should be done to ensure compliance and rectify the status.

### **ANALYSIS AND INTERVENTIONS**

One matter that has been referred to the South African Police Service in the 2<sup>nd</sup> quarter of 2019/2020 is still under investigations which are at an advanced stage. Follow ups with the SAPS continues.

### **REGULATORY COMPLIANCE**

The unit has completed the Framework that would provide the overall plan as guided by the relevant pieces of legislations on the roll out of the department's mandate in supporting the JPC core departments. The framework is also aimed in ensuring that compliance with relevant policies and procedures is not compromised. This will support JPC's risk management and mitigation plans. The Framework will be circulated during the 2<sup>nd</sup> quarter for inputs, adoption and approval

### **STATUS ON MULTIYEAR MATTERS**

The following matters were dealt with during the 2019/2020 financial year and are still being addressed for resolution.

#### **Erf 11709 Meadowlands**

The fully-fledged and operational Early Childhood Development centre wherein the occupier has no lease and the centre is reported to have been operational for over 40 years. It's been recommended that the property be considered for re circulation or for repurposing, result of which will assists on the possible solution of the matter. This option has been highlighted to the relevant JPC departments. Status remains as at 24 September 2020.

## CBO AND PROPERTY MANAGEMENT HOTSPOTS

Below is the schedule of the Region G Hotspots

PROPERTY DESCRIPTION	STATUS
<b>ERF 6932 ORANGE FARM</b>	<p>Client has made a total of R8000 towards the debt, which stands at R55 308.30 as at 24/02/2020</p> <p><b>Status has not changed as at 24 September 2020</b></p>
<b>ERF 5084 ORANGE FARM EXT. 2</b>	<p>The lessee was in arrears of R71 572.23 and has reneged from the contract for over 36 months An arrangement was reached with the lessee – R7000 paid on 21/02/2020. And from 31 March 2020 – 31 November 2020 an amount of R11 600 monthly for the debt to be cleared.</p> <p><b>Status has not changed as at 24 September 2020</b></p>
<b>ERF 2896 ORANGE FARM – TEBOGO HOME</b>	<p>The lessee has not paid the rentals due for over 36 months and is in arrears of more than R52 425.91. The matter has been handed over to external attorneys to collect outstanding arrears to which the lessee reneged from the initial agreement. From 31 March 2020 – 31 May 2020, an amount of R3000 will be paid. End of June R33 000 was not paid and <b>legal department has been advised to proceed and launch default judgement application.</b></p>
<b>ERF 6166 KANANA PARK</b>	<p>The Church have been advised that the property will be placed on tender and engagements with Property management are that they should align the notice period to the tender process, so that by the time the award is made, the Church gears up for vacating.</p> <p><b>Matter closed.</b></p>





## Chapter 4: Human Resources & Organisational Management

## Section 1: Human Resource and Organisational Management

### Overview and Highlights:

The Human Capital Management section provides a synopsis of the initiatives implemented aligned to JPC's HR agenda, and focuses on the organisation's strategic objectives as outlined in the HR Strategy. The HR Strategy has been approved for a 3-year period, from 2018 to 2021. The long-term objective is to position JPC as an employer of choice, by creating a workplace that is healthy, productive and exciting to its current workforce, and at the same time appeals to prospective employees.

The business success of any organisation is underpinned by the Human Capital Factor, and at JPC our return on investment is measured in terms of 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.
- An HR Strategy that serves as a vehicle for facilitating transformation from a human capital perspective, and ensure that JPC has a workforce that is fit for purpose and productive.
- Aligning focus areas in order to contribute to the JPC mandate.

The highlights of the period under review are as follows:

- *Internal Audit* – The Audit Report findings and Management Comments have been submitted to Internal Audit in preparation for AG.
- *Adherence to COVID-19 Protocols* – The overall infection rate has dropped from Q1 to Q2. Employees appear more conscious of the impact and effects of the pandemic, and have shown progressive behavioural adjustments to the new norms.
- *Recruitment* – The Risk and Compliance Manager position has been filled during this period.
- *13<sup>th</sup> Cheques* – Employees have received their 13<sup>th</sup> cheques during November 2020, in line with their terms and conditions of employment.
- *Training and Development* – Fifteen (15) employees completed the MFMA programme conducted at Wits University, as part of the National Treasury minimum competency requirements.
- *Annual Employee Verification*: During October and November 2020, the HCM department conducted the yearly employee verification exercise in line with the audit procedure requirements. Not all employees participated in the process due to some being off on special leave.

## Declaration of Interest

In terms of the Code of Conduct/Ethics, all employees are required to disclose any personal interest that may bring conflict, or even perceived conflict between the interests of the organisation and that of an employee.

The declaration of private interest is conducted as follows:

- at the beginning of each financial year,
- as when new employees are signed on, and
- when employees enter into new areas of interest that may warrant a disclosure of interest to the organisation.

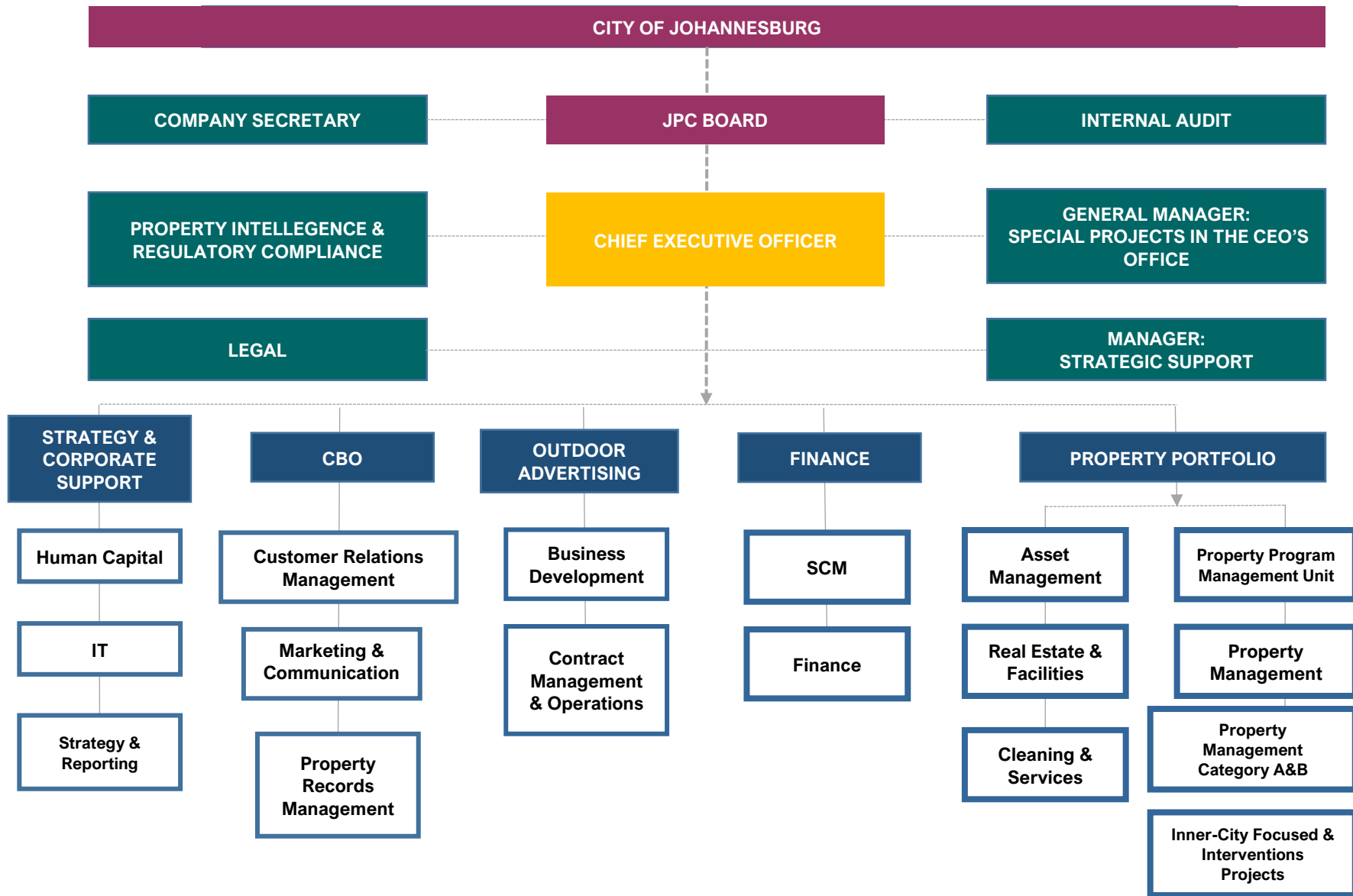
The table below indicates compliance and the submission of declaration forms per the various departments:

Department	Number of Submissions
1. Office of the CEO	9
2. Finance	23
3. Client Business Operations	43
4. Outdoor Advertising	4
5. Strategic Corporate Support	18
6. Asset Management	1
7. PPMU	8
8. Inner City	2
9. Portfolio Management Category A&B	9
10. Property Management	2
11. Informal Trading	24
12. Facilities Management	137
13. Cleaning Services	546
<b>TOTAL</b>	<b>826</b>

Due to the COVID-19 risk adjusted plan, more than 40% of the staff compliment is still not back at work to limit the spread of COVID-19 and some employees work from home due to the following reasons:

- Employees who are 60 years and above
- Employees with co-morbidities
- Employees who are pregnant
- Employees who are based in high COVID-19 working sites

Therefore, only 826 submissions were received out of 1714 employees, and only 20 employees declared their personal interests.



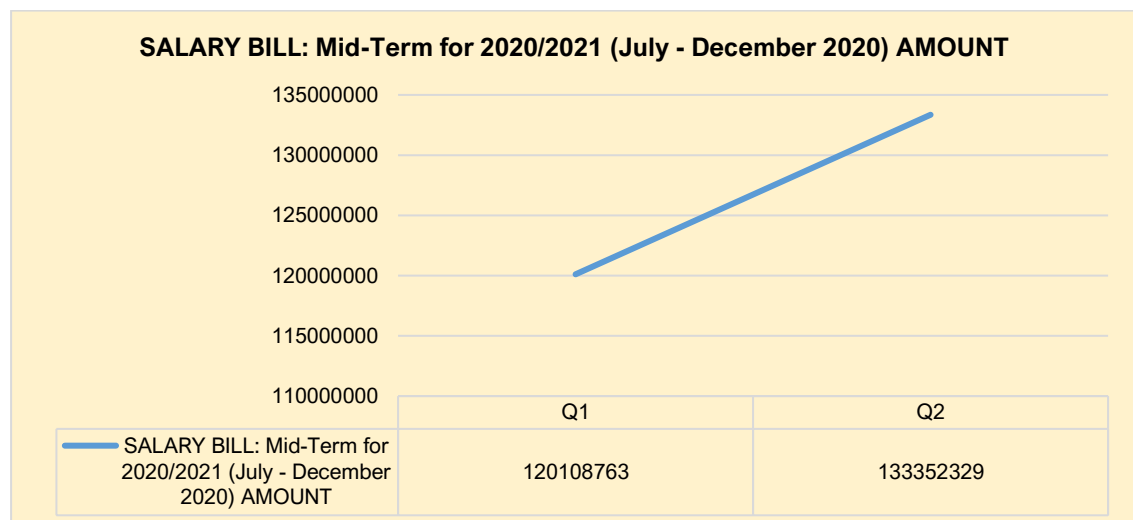
## Section 2: Employee Remuneration and Cost Including Executives

In Mid-term (Q2) the salary expenses were within the budgeted amount and the table below indicates the all-inclusive remuneration packages from 1 July 2020 to December 2020:

<b>SALARY BILL: Mid Term for 2020/2021 (July - December 2020)</b>	
<b>MONTH</b>	<b>AMOUNT</b>
Jul-20	R34 554 359
Aug-20	R39 800 830
Sep-20	R45 753 574
Oct-20	R37 799 546
Nov-20	R55 385 232
Dec-20	R40 167 552
<b>Total</b>	<b><u>R253 461 092</u></b>

During this period under review, the implementation of the annual cost-of-living increase of 6.25% was effected from 01<sup>st</sup> July 2020 to all qualifying employees as per the Salary and Wage Collective Agreement. Annual Bonuses (13th Cheque) were also paid out to all qualifying employees, for cleaners it happened in September which was their 1 year service anniversary and for all other JPC employee it was paid in November 2020 as per the conditions of services.

The graph below indicates the monthly salary expenses from Q1 to Q2 (July to December 2020)

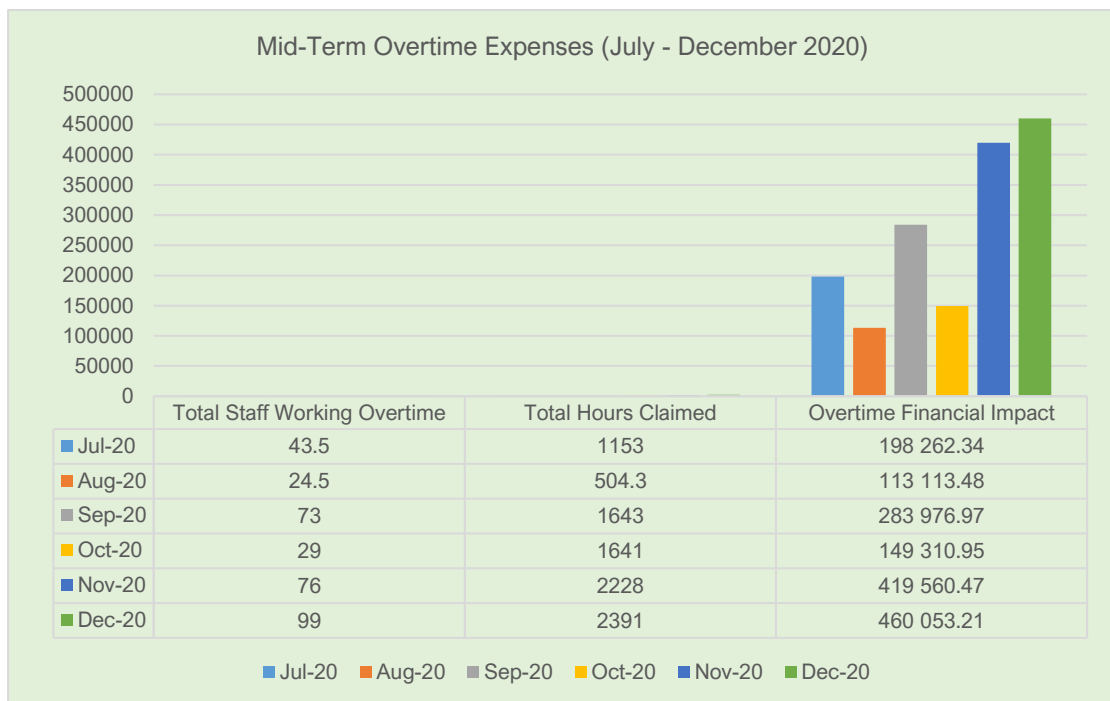


The monthly salary bill trend varies from month to month as a result of the effects of Covid-19 which impacted on the number of employees actively at work on sites where essential services are rendered. This saw a rise in overtime costs between August and October. Payment of bonuses both in September for the cleaners and November for JPC also caused a peak on the salary bill. The total salary expenses for the Mid-Term amounted to **R 13 335 2329**.

**Overtime Costs for Mid-Term period for 2020/2021: (July to December 2020)**

Overtime expenditure consists of services rendered to the public by JPC in respect of public convenience facilities and various essential services sites. The goal is to reduce the overtime costs during this financial year (2020/2021), but due to the continued shortages of staff through retirements, death, resignations and the work from home ruling for employees with comorbidities due to Corona Virus pandemic, there is a constant need for employees to work overtime during weekends and to also do night shifts.

The table below indicates overtime expenditure: (July to December 2020)



The above graph illustrates the overtime total cost incurred for Mid-term, total staff required to work overtime and total number of hours claimed. The total amount spent in the second quarter for overtime is **R 1 028 925** worked by an average of **68** employees on a monthly basis. The public convenience facilities’ operating model requires that employees work overtime during weekends thus resulting in overtime expenses.



In August 2020 the cost was low then it peaked in September in terms of hours and the number of employees that worked overtime, in November and December it shows a further spike as well due to higher volumes of public facilities being operational again.

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.

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

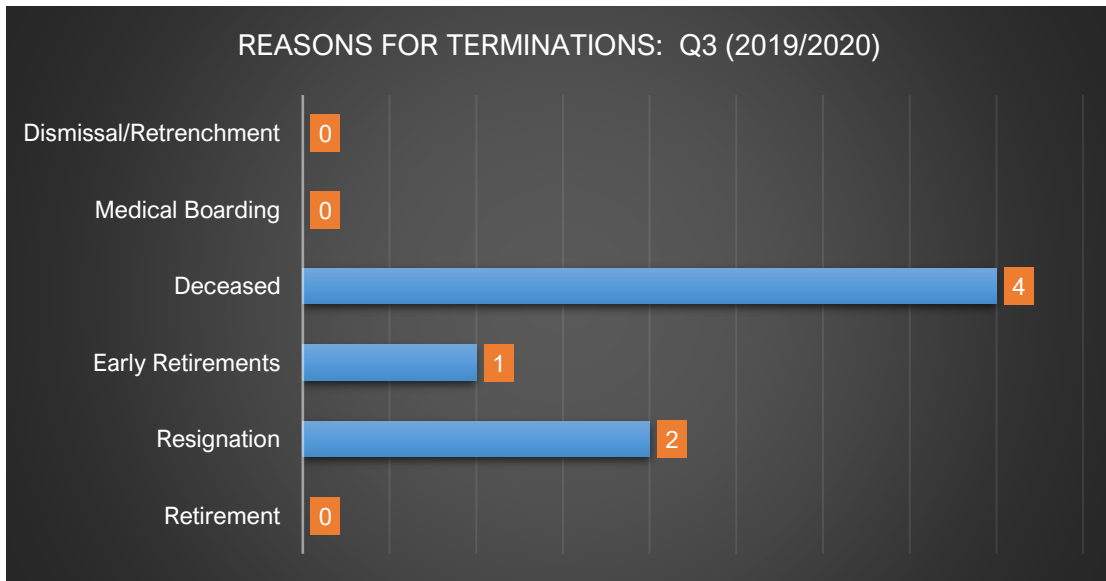
### Staff Movements:

**Terminations:** It is reported during this period under review (July – December 2020) seven (7) terminations were actioned.

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

The table above illustrates the terminations realised inclusive of temporarily employed employees as per occupational levels, race and gender. The terminations mainly consisted of fatalities.

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

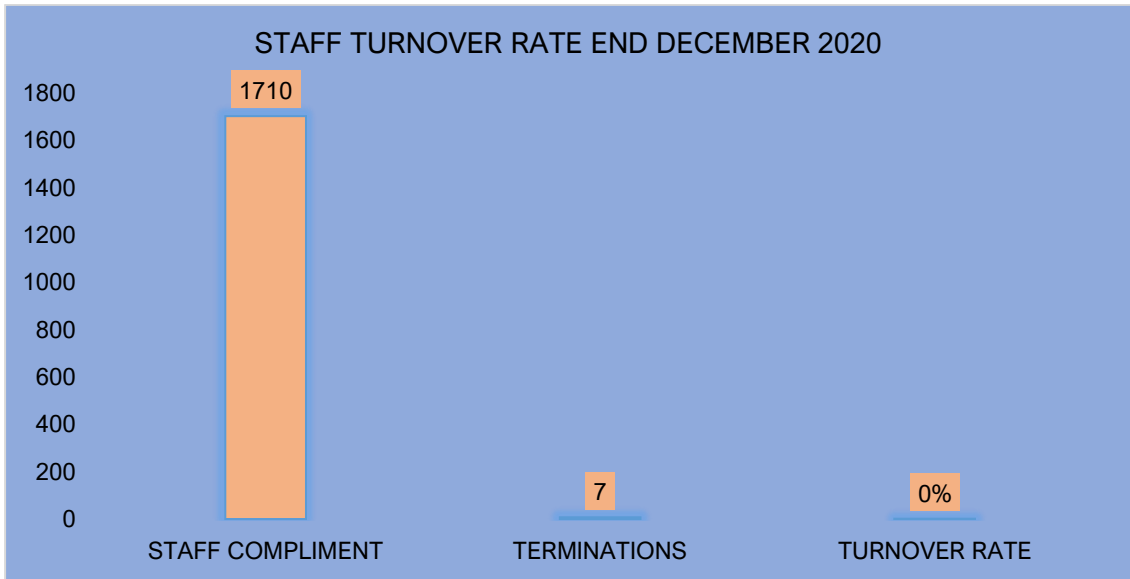


The diagram above indicates the reason for terminations realised during this period under review (July-Dec 2020).

- **Retirement:** No retirements.
- **Early Retirement:** One (1) employee retired early, in terms of his 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:** No retrenchments/dismissal.
- **Medical Boarding:** No employees were medically boarded
- **Deceased:** Four (4) employees passed away due to natural causes.

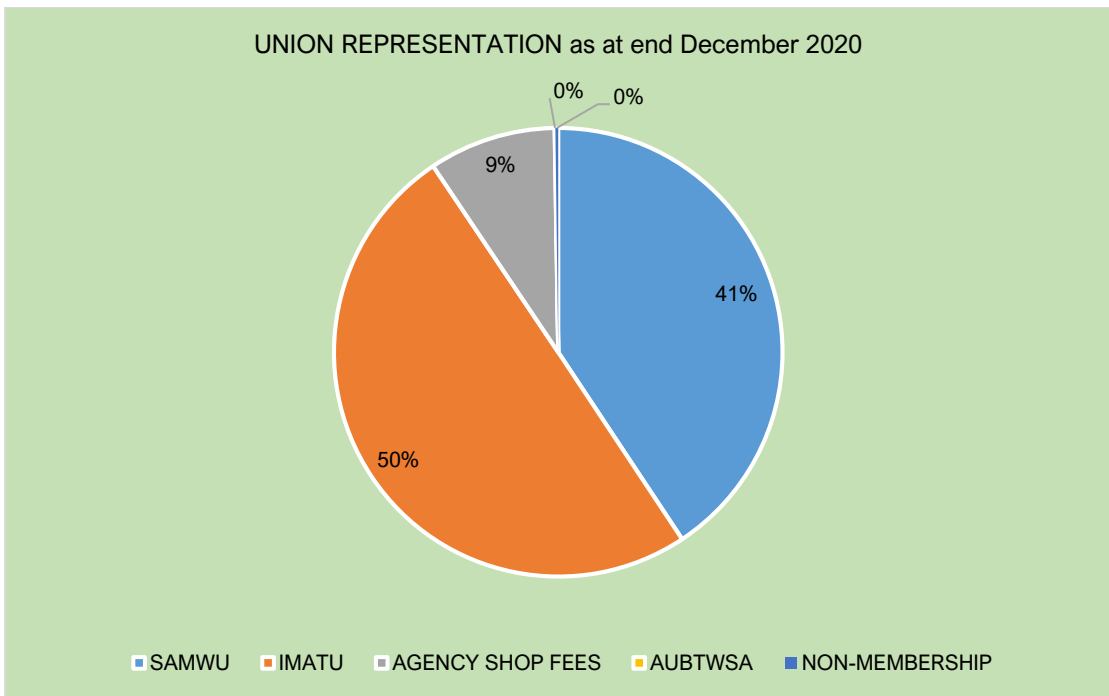
The impact of the termination rate realised contributes to the under capacitation within key business areas. Human Capital Management in consultation with Management identified key critical positions to be filled within core business areas in line with the Talent Acquisition policy. The Recruitment process was initiated in the second quarter of the 2019/2020 financial year (October 2019); however, it was halted due to the Covid-19 pandemic, which saw the country being placed under lockdown with stringent regulations.

**Staff Turnover for this period under review: (July – December 2020)**



The graph above shows staff turnover of 0% which is at an acceptable level taking into consideration that a healthy turnover rate is between 5% and 10%

It has been a trend that the organisation experiences employees who stay longer in the employ of JPC. This is indicative that JPC is fair and consistent when it comes to compensation and benefits available for their employees.



The union representation and membership graph above shows that from a staff compliment of 1710 employees including temporary staff, 41% belongs to SAMWU, 50% belongs to IMATU and 9% fall within the Agency shop fees.

### Section 3: Key Vacancies

Subsequent to the Board request in Q1, regarding the critical positions that were advertised and not yet filled, the Heads of department were further requested to review their current critical vacancies, as part of the motivation for approval of funding. This takes into account that the previous critical vacancies were deferred due to the COVID-19 lockdown.

The total number of vacant positions is four-hundred-and-thirty-one (431) according to the current organisational structure, as at November 2020, of which the two hundred and six (206) are funded. However, due to the current financial circumstances of the organisation, these vacancies will be prioritised accordingly.

The following two (2) positions were advertised internally and externally in October 2020, as a result of resignations. The recruitment and selection process has not been concluded due to incorrect processes not being followed to appoint the Company Secretary, and subsequently the Acting Manager Employee Relations and Wellness had left the company and the Acting CEO has changed, however we will proceed with the temporary appointment of the Company Secretary, whilst the advertisement for a permanent company secretary is advertised.

POSITION	DEPARTMENT
1. Company Secretary	Office of the CEO
2. Manager Employee Relations and Wellness	Strategic Corporate Support

## Section 4: Employment Equity

The total JPC EE demographics of the permanent workforce, is 1710 as at December 2020.

Occupational Levels	MALE				FEMALE				Foreign Nationals		TOTAL
	A	C	I	W	A	C	I	W	M	F	
Top Management	2	0	1	1	0	1	0	0	0	0	5
Senior Management	11	0	1	1	7	1	1	0	0	0	22
Professionally qualified and mid-management	20	1	6	4	23	2	2	6	0	0	64
Jun. Management, Superintendents and Skilled Technical	96	6	6	9	74	16	2	1	1	0	211
Semi-skilled / Administration	8	0	0	0	77	7	1	1	0	0	94
Unskilled and defined decision making	345	2	0	1	944	19	0	0	0	0	1311
<b>Total Permanent Staff</b>	<b>482</b>	<b>9</b>	<b>14</b>	<b>16</b>	<b>1125</b>	<b>46</b>	<b>6</b>	<b>8</b>	<b>1</b>	<b>0</b>	<b>1707</b>
Temporary Employees	1	0	0	0	2	0	0	0	0	0	3
<b>GRAND TOTAL</b>	<b>483</b>	<b>9</b>	<b>14</b>	<b>16</b>	<b>1127</b>	<b>46</b>	<b>6</b>	<b>8</b>	<b>1</b>	<b>0</b>	<b>1710</b>

The above demographics reflect the incremental improvements made in terms of female representation within the middle management and lower levels. Although, in terms of the racial representations, there are still improvements to be realised, particularly in the senior management levels.

The EE analysis indicates that JPC still has challenges in attracting people with disabilities at management levels. It is imperative for the organisation to continuously review barriers that could impede on the achievement of the EE targets.

### Racial and Gender Split Per Population Groups & The Gap Analysis in relation to the Provincial Economic Active Demographic Population (PEADP) Targets as at December 2020

JPC continues to put measures in place to improve gender equality and equal representation in terms of gender and race. The EE targets for 2019 to 2024 based on the PEADP are as follows:

**Provincial Economic Active Demographic Population (PEADP):**

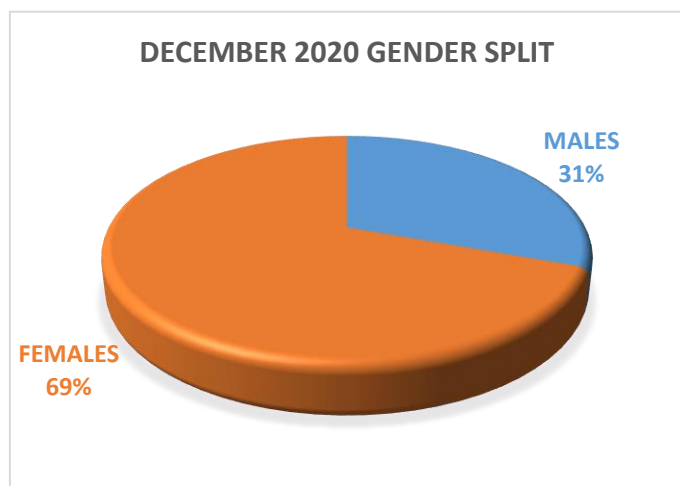
	MALE %	FEMALE %	TOTAL %
<b>Africans</b>	45.3	35.7	81.0
<b>Coloureds</b>	1.3	1.3	2.6
<b>Indians</b>	1.9	1.0	2.9
<b>Whites</b>	7.4	6.1	13.5
<b>Disability</b>			<b>2%</b>

**Racial Split Per Population Groups in Line with Economic Active Demographic Population:**

Racial Split - December 2020	Target	Actual	Current Numerical
<b>AFRICAN</b>	81%	94%	1611
<b>COLOURED</b>	3%	3%	55
<b>INDIAN</b>	3%	1%	20
<b>WHITE</b>	14%	5%	24
<b>TOTAL</b>			<b>1710</b>

The tables above indicate the under-representation of Indian and White race categories, in terms of racial split against the PEADP targets. Furthermore, People living with Disabilities are not presented. The representation in terms of the percentages of People Living with Disabilities at JPC is yet to be determined. It anticipated that this exercise will be conducted in Q3 through the collection and data analysis process.

**Gender Split:**



The table above depicts a significant change in gender representation, as a result of the previous appointments at management, administrative and the general worker levels. JPC has recorded 69% of female representation, with the majority of staff being at the lower levels.



## Section 5: Skills Development

### Training Implemented Plan for the Period Under Review:

In light of the COVID-19 pandemic a mixed mode approach was adopted to accommodate employees and to ensure their safety, and adherence to the regulations.

The following interventions were successfully implemented during Q1 and Q2 under COVID-19 lockdown. Virtual and smaller group platforms were utilised which allowed employees to attend training both at the office and whilst working from home.

Programme/ Course	Number of Beneficiaries
COVID19 webinars	9
COVID-19 Awareness Workshops ( in-house)	23
Municipal Finance Management Programme	25
Green Building Convention	1
<b>TOTAL</b>	<b>58</b>

The above programmes were implemented to achieve the following objectives:

- To create awareness and capacitate the management team on current COVID-19 regulations and its impact on employees in the workplace, as well as, the types of measures that can be implemented to support employees in coping with the changes brought on by the pandemic.
- To create COVID-19 awareness to all Health and Safety representatives (First Aiders, Firefighters Reps, Safety Officers), with the intention for all OHS reps to assist management in conducting COVID19 awareness workshops in their respective work areas. This was to ensure that all employees returning to work are aware of the safety and behavioural protocols to curb spread of the virus.

The competencies required for Legislative Compliance were prioritised and interventions implemented to capacitate newly appointed employees at management levels. According to the National Treasury Guidelines, it is mandatory for employees at all levels within Finance and Supply Chain Management to meet these requirements.

### Learnerships and Graduate Internship Programme:

The interns returned to work on 09 November 2020 to allow to them proceed with their internship developmental activities, in consultation with their mentors. As part of the precautionary measures to curb the spread of the virus, interns were inducted on the COVID-19 protocols, and provided with masks and sanitisers.

Due to the national lockdown, HCM submitted a motivation to the Services SETA requesting a five-month extension of the Internship Programme, to mitigate the loss of time for implementation and successful completion of the programme. The extension was approved by Services SETA, and the programme will terminate on 30 June 2021.

### **Business Plan Targets (Training and Development)**

The total number of employees that benefitted from the training and development initiatives conducted during Q1 and Q2 is 58 employees. The implementation of the Training Master Plan interventions has commenced, and is now at the procurement phase, once completed, the training initiatives will be rolled out.

The following interventions will be implemented in Q3:

<b>INTERVENTIONS</b>	<b>TARGETED BENEFICIARIES</b>
1. First Aid Level 1	First Aiders
2. First Aid Level 2	First Aiders
3. Fire Fighting training	Fire Fighting Representatives
4. SHE Representative training	SHE Reps
5. Assessments for All Trades: Plumbing, Painting, Carpentry, Mechanical Welding, Electrical, Bricklaying, Plastering and Tiling.	General Workers & Artisans Support
6. Basic Technical Maintenance Training: Plumbing, Painting, Carpentry, Mechanical Welding, Electrical, Bricklaying, Plastering and Tiling.	General Workers Artisan Support
7. Trade Test Preparation Training: Painting, Plumbing, Carpentry, Electrical, Welding, Bricklaying, Tiling and Plastering.	Artisan Support
8. Trade Test: Painting, Plumbing, Carpentry, Electrical, Mechanical Welding, Bricklaying, Tiling and Plastering.	Artisan Support

Furthermore, the procurement and process of short online programmes has been finalised, and the service provider has been appointed to provide training on the following programmes:

PROGRAMMES	TARGETED BENEFICIARIES
1. Writing for Government	General & Senior Managers, Middle and Assistant Managers, Operations Managers and Regional Supervisors/Superintendents.
2. Ethics in the Public Service (Compulsory course)	General & Senior Managers, Middle and Assistant Managers, Operations Managers and Supervisors/Superintendents, Administrators.
3. Introduction to Financial Management and Budgeting	Finance Officials, EXCO, General & Senior Managers, Middle and Assistant Managers and Operations Managers
4. Generally Recognised Accounting Practice (GRAP)	Executive Managers, Finance and Supply Chain Managers and Procurement Officers.
5. Introduction to Leading Change. Introduction to Strategic Planning and Management.	Chief Executive Officer, Executive Managers, General Managers, Senior Managers, Managers and Assistant Managers.
6. Policy and Procedure on Incapacity Leave and Ill-Health Retirement.	HR Staff, All Managers and Assistant Managers/Supervisors responsible for supervising staff.

Submission of Individual Learning Plans (ILP's) is currently in progress, this will give an indication of the programmes that employees will enrol for. The online learning is aimed at upgrading employee skills, at the office, or when at home, without being in a group set up. This approach assists with adhering to COVID-19 protocols. E-learning programmes will run from January to April 2021.

## Section 6: Performance Management

Performance contracting for the CEO and directs reports are currently being reviewed for mid-term reporting.

## Section 7: Disciplinary Matters and Outcomes

There were no formal disciplinary hearings held during the period.

### DISPUTES

CASE DESCRIPTION	OUTCOME
Two (2) Conciliations were held for referrals of unfair dismissal and unfair labour practice.	Awaiting notice of set down for arbitration from the South African Local Government Bargaining Council (SALGBC).
Two (2) unfair dismissal arbitrations were set down.	One is part heard and will continue on 22 <sup>nd</sup> October 2020 and for the other, a jurisdictional ruling was made in favour of the JPC.
<i>In limine</i> condonation application	Awaiting outcome from the SALGBC.
Five (5) employees were placed on precautionary suspension.	Investigation is still in progress.

Matters that were set down at the South African Local Government Bargaining Council. (SALGBC) and the outcomes for the period are as follows:

1. The JPC raised a jurisdictional point *in limine* for lack of jurisdiction and was successful.
2. A condonation application for the late referral of a constructive dismissal matter was argued on 25<sup>th</sup> September 2020. The Bargaining Council will deliver its ruling within 14 days.
3. One arbitration for an alleged unfair dismissal as a result of a section 189 dismissal is part heard and is set down for 22<sup>nd</sup> October 2020.
4. Two conciliations were heard and the JPC is awaiting notices of set down for arbitration from the Bargaining Council.

## Section 8: Leave and Productivity Management

### Leave Provision: Mid-tem period (July - December 2020)

The leave liability amount based on the annual leave balances as at end December 2020 amounts to **42 639 668**. The leave liability amount indicates a slight decrease in comparison to the previous month. The decrease relates to the a large number of employees from the leaning section encashing their leave days in December.

*The table below illustrates the monthly leave liability amounts: (Jul-December 2020)*

Q2 Mid-Term Leave Provision: July - December 2020		
MONTH	LEAVE DAYS	AMOUNT
Jul-20	9 603	R22 064 326
Aug-20	10 242	R24 987 066
Sep-20	11 032	R27 059 410
Oct-20	11 533	R28 012 335
Nov-20	38 976	R43 766 951
Dec-20	36 676	R42 639 668
	<b>118 061</b>	<b>R188 529 756</b>

### Leave Encashment for Mid-term review: (July- December 2020)

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

*The table below illustrates the monthly leave encashment: (Jul-Dec 2020)*

Leave Encashment: Mid-Term 2020/2021 (Oct - Dec 2020)		
MONTH	LEAVE DAYS	AMOUNT
Jul-20	0	R0
Aug-20	0	R0
Sep-20	241	R421 795.44
Oct-20	314	R612 521.04
Nov-20	2614	R1 054 558.56
Dec-20	5720	R3 241 836.32
<b>Totals</b>	<b>8648</b>	<b>R5 330 711</b>

The table above indicates the monthly leave encashment during mid-term. In the second quarter employees' encashed a number of **8648** non-compulsory days at total costs of **R 4 908 915.92**. The Cleaning services department is the one that is responsible for the rise in leave encashment, between November and December the numbers peaked immensely as employees were trying to substantiate for the festive period since they were paid their 13<sup>th</sup> cheques in Q1 (September 2020).

**Absenteeism: Mid-Term Review period (July – December 2020) - Table to be updated**

DEPARTMENT	PERIOD	Number of Staff taken Sick leave	Total Sick Days Taken	% Absenteeism
Office of the CEO	July - December 2020	4	13	<b>0.03%</b>
Finance & SCM	July - December 2020	1	7	<b>0.02%</b>
Client Business Operations	July - December 2020	39	175	<b>0.41%</b>
Corporate Services	July - December 2020	10	42	<b>0.10%</b>
Outdoor Advertising	July - December 2020	0	0	<b>0.00%</b>
Portfolio Management	July - December 2020	27	132	<b>0.31%</b>
Cleaning Services	July - December 2020	91	239	<b>0.56%</b>
<b>TOTALS</b>	<b>Mid-term</b>	<b>172</b>	<b>608</b>	<b>1.44%</b>

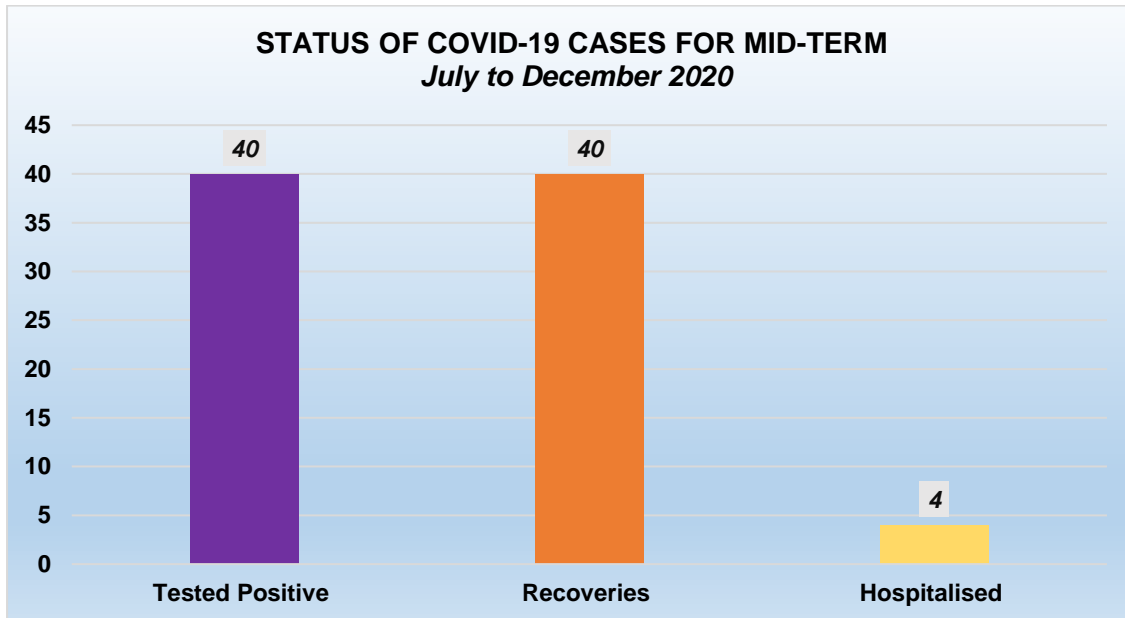
The table above illustrates the absenteeism rate per department. In contrast to the norm of 1.5%, JPC shows a high a manageable rate of **1.44% at 608 sick** leave days in the Mid-Term. This is attributed to the employment of professional Occupational Health Nurses which was effected with the Covid-19 pandemic outbreak.

The absenteeism rate has also show a decline as employees are working on a rotational basis and those who are aging (60+) are still working from home.

## Section 9: Employee Wellness

### Management of COVID-19

The graph below is indicative of the status of COVID-19 cases experienced in the mid-term (July to December 2020):



- *Positive Cases:* 40 employees tested positive.
- *Recoveries:* 40 employees have recovered.
- *Hospital Admissions:* 4 employees were hospitalised.

Employees who tested positive, received regular telephonic counselling and were provided with health tips from qualified professional health nurses, while recovering at home. Fortunately, there have been no deaths during the period under review.

The recovery rate is an indicator that the risk of the virus spread is well managed by the organisation through the precautionary measures taken by employees through adherence to compliance regulations.

Over the last month there has been two (2) positive cases, which reflects JPC's commitment to ensuring that employees remain aware of COVID-19 risks. These employees who have come into contact with individuals who have contracted the virus were placed under quarantine, but these employees tested negative.



### Status of Health Declarations

Seven-hundred-and-two (702) employees have disclosed their underlying health conditions, which may render them at high risk to contracting the corona virus. Line managers were advised to manage the risks associated with these employees, by allowing those who can work from home to continue to do so, and ensure that the necessary protective arrangements are made for those who cannot work from home. Three-hundred-and-seventy-six (376) employees have confirmed that they do not suffer from any disease.

### Counselling Sessions (EAP)

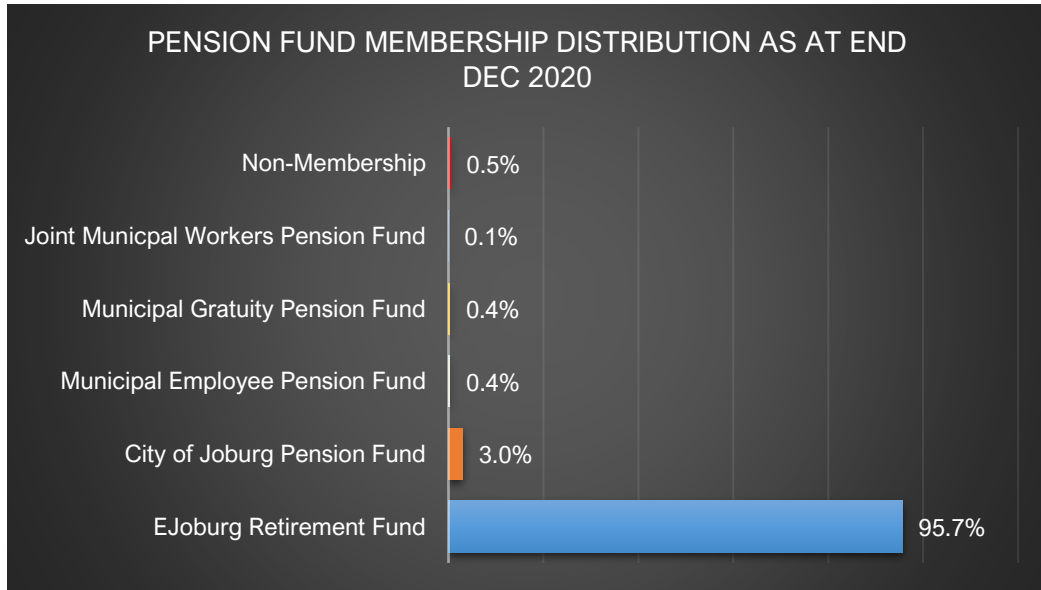
We currently have seven (7) employees undergoing counselling sessions, through the Occupational/Professional Nurses for various psycho-social issues, all the contributing factors stems from home/society. One (1) employee was referred for institutionalisation for short-term intervention.

## Section 10: Employee Benefits

The table below indicates the pension funds membership distribution as at end December 2020:

PENSION FUND MEMBERSHIP	TOTAL	REMARKS
EJoburg Retirement Fund	1636	Defined Contributions
City of Joburg Pension Fund	52	Defined Benefits
Municipal Employee Pension Fund	7	Defined Contributions
Municipal Gratuity Pension Fund	6	Defined Contributions
Joint Municipal Workers Pension Fund	1	Defined Benefits
Non-Membership	8	Not compulsory
<b>TOTAL</b>	<b>1710</b>	

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, temporary employees and employees on partial medical boarding. *In terms of the salary and wage collective agreement, the pension fund condition ordinarily increases by virtue of the salary increase of 6.25% and related linked benefits.*



The graph above reflects the membership percentages for each fund, E-Joburg being the highest as it is the mandatory fund to all new employees. All other pension funds have employees with long service history with COJ.

**The Accredited Medical Aid Schemes membership distribution as at end December 2020 is as follows:**

MEDICAL AID SCHEME	MEMBERSHIP
BONITAS	251
DISCOVERY	17
HOSMED	75
KEYHEALTH	90
LA HEALTH	228
SAMWUMED	114
<b>TOTAL MEMBERSHIP</b>	<b>775</b>

The table above specifies the accredited medical aid schemes and membership distribution to each scheme as at end December 2020. 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 773.12** for **2020/2021** financial year.



## Chapter 5: Financial Performance

## Section 1: Statement of Financial Position

### STATEMENT OF FINANCIAL POSITION FOR JPC FOR THE PERIOD ENDED 31 DECEMBER 2020

Assets	Note	2021	2020	Variance
<b>Current assets</b>		<b>519 679 813</b>	<b>680 492 122</b>	<b>-160 812 309</b>
Cash and cash equivalents	<u>1</u>	2 000	2 000	-
Receivables from exchange transactions	<u>2</u>	510 534 971	671 225 308	-160 690 336
Loans to shareholder	<u>3</u>	8 967 250	8 960 950	6 300
Receivables from non-exchange transactions	<u>4</u>	2 939	2 939	-
Prepayments	<u>5</u>	172 653	300 926	-128 273
<b>Non-current assets</b>		<b>57 572 236</b>	<b>60 770 111</b>	<b>-3 197 876</b>
Property, plant and equipment	<u>6</u>	16 962 328	20 017 879	-3 055 551
Intangible assets	<u>7</u>	13 747 853	13 890 178	-142 325
Prepayment	<u>8</u>	24 447	24 447	-
Deposits	<u>9</u>	182 092	182 092	-
Deferred Tax Asset	<u>10</u>	19 797 289	19 797 289	-
Current tax receivable	<u>11</u>	6 858 227	6 858 227	-
<b>Total Assets</b>		<b>577 252 049</b>	<b>741 262 234</b>	<b>-160 812 309</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>		<b>613 648 090</b>	<b>735 206 640</b>	<b>-121 558 550</b>
Payables from exchange transactions	<u>12</u>	87 620 639	339 964 272	-252 343 633
Finance lease obligation	<u>13</u>	1 586 612	4 183 102	-2 596 490
Loans from shareholder	<u>14</u>	509 431 079	372 074 506	137 356 573
Provisions	<u>15</u>	3 096 951	3 096 951	-
Income received in advance	<u>16</u>	-	3 975 000	-3 975 000
Operating lease liability	<u>17</u>	11 912 809	11 912 809	-
<b>Non-Current Liabilities</b>		<b>1 233 120</b>	<b>1 233 120</b>	<b>-</b>
Finance lease obligation	<u>13</u>	547 120	547 120	-
Employee benefit obligation	<u>18</u>	686 000	686 000	-
<b>Total liabilities</b>		<b>614 881 211</b>	<b>736 439 761</b>	<b>-121 558 550</b>
<b>Net Assets</b>		<b>-37 629 162</b>	<b>4 822 473</b>	<b>-42 451 635</b>
<b>Share Capital</b>	<u>19</u>	<b>5 142 721</b>	<b>5 142 721</b>	<b>-</b>
<b>Accumulated Surplus/(Deficit)</b>	<u>20</u>	<b>-42 771 883</b>	<b>-320 248</b>	<b>-42 451 635</b>

## High Level Notes:

1. The petty cash float is maintained at R2 000 every month.
2. Debtors comprises of two categories: related parties and third parties. Related parties indicates monies outstanding from intercompany transactions. Third parties refers to external clients. JPC received R180 million in Q1 from related party debtors.
3. Represents the COJ: Portfolio loan account with JPC.
4. Staff debtors relate to personnel that have signed an acknowledgement of debt. During April the Board approved the write off for delinquent staff debtors.
5. Prepayments relate to the amortisation of software licenses over the duration of the usage terms and conditions; as well as office accommodation for the amortisation of expenditure related to the acquisition of the Forum 2 lease.
6. Property, plant and equipment is measured at the lower of cost or carrying amount. The useful life of fixed assets has been extended due to their good condition.
7. Intangible assets comprise of computer software that has been procured and internally generated. No impairment is required for the 2019/20 financial year.
8. Prepayments relate to the amortisation of software licenses over the duration of the usage terms and conditions; as well as office accommodation for the amortisation of expenditure related to the acquisition of the Forum 2 lease.
9. Electricity deposits with Eskom for the Baragwanath informal trading facility and the Lenasia facilities management buildings.
10. Deferred tax has been calculated to account for movements in the balance sheet.
11. Refund due from SARS for income tax assessments from 2012/13 to present.
12. Consists of current liabilities that will become due and payable in the next 12 months. These liabilities include VAT, accruals, related party accruals, etc. JPC has had a significant reduction in payables in Q1 as majority of the accruals for the 2020 financial year were paid.
13. This is the short term portion of the finance lease liability which is payable within one year.
14. Relates to loan accounts payable between JPC and various COJ departments for the sweeping account and administration of the payroll.
15. Relates to provision for EXCO bonuses for the 2019/20 financial year.
16. Commission related to the acquisition of property for the COJMM Department of Housing was raised and received in the 2020 financial year; however the transaction only materialised subsequent to the financial year end.
17. GRAP 13 adjustment for the straight lining of operating leases over the lease duration of office accommodation buildings.
18. Provision on Post-retirement Medical Aid raised based on 2019/20 actuarial valuation report in respect of personnel that qualify for the benefit.
19. There are no changes to the share capital of JPC in the current financial year.
20. The accumulated surpluses and losses from previous and current financial year.

## Section 2: Statement of Financial Performance

### STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 31 DECEMBER 2020

	Note	Actual	Budget	Year-to-date Variance	Annual Budget
<b>Revenue</b>					
<b>Revenue from non-exchange transactions</b>		<b>345 807 850</b>	<b>399 083 122</b>	<b>53 275 271</b>	<b>798 166 243</b>
COJ - Subsidies received	<u>1</u>	298 114 500	298 114 622	122	596 229 243
Cleaning service recoveries	<u>2</u>	47 693 350	100 968 500	53 275 150	201 937 000
<b>Revenue from exchange transactions</b>		<b>26 844 721</b>	<b>85 235 500</b>	<b>58 390 779</b>	<b>170 471 000</b>
Management Fees	<u>2</u>	2 164 598	-	-2 164 598	-
Commission on Portfolio Rentals	<u>3</u>	7 699 905	31 024 500	23 324 595	62 049 000
Commission on Outdoor Advertising	<u>4</u>	3 905 533	8 625 000	4 719 467	17 250 000
Commission on Property Acquisition	<u>5</u>	3 975 000	-	-3 975 000	-
Assets Under Management Fees	<u>6</u>	3 500 000	3 500 000	-	7 000 000
Facilitation Fees - Inner City	<u>7</u>	-	15 000 000	15 000 000	30 000 000
Facilitation fees	<u>8</u>	1 500 000	21 289 000	19 789 000	42 578 000
Ad hoc Fees	<u>9</u>	96 200	-	-96 200	-
Cell Mast	<u>10</u>	4 003 486	5 797 000	1 793 514	11 594 000
<b>Other income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Interest received	<u>11</u>	-	-	-	-
<b>Total Revenue</b>		<b>372 652 571</b>	<b>484 318 622</b>	<b>111 666 050</b>	<b>968 637 243</b>
<b>Expenditure</b>					
Board of directors fees and expenses	<u>12</u>	528 317	1 400 000	871 683	2 800 000
Office operational expenses	<u>13</u>	154 240 742	176 195 482	21 954 739	352 390 963
Contracted expenses	<u>14</u>	6 611 039	13 431 000	6 819 961	26 862 000
Cleaning materials	<u>15</u>	2 446 511	15 739 000	13 292 489	31 478 000
Repairs & Maintenance	<u>16</u>	424 036	45 772 500	45 348 464	91 545 000
Salaries	<u>17</u>	242 867 489	205 095 580	-37 771 909	410 191 160
Travel	<u>18</u>	-	269 000	269 000	538 000
Interest Paid	<u>19</u>	3 189 281	19 350 000	16 160 719	38 700 000
Depreciation	<u>20</u>	4 796 791	7 066 060	2 269 269	14 132 120
Loss on disposal of assets	<u>21</u>	-	-	-	-
<b>Total expenditure</b>		<b>415 104 207</b>	<b>484 318 622</b>	<b>69 214 415</b>	<b>968 637 243</b>
<b>(Deficit)/surplus before taxation</b>		<b>-42 451 635</b>	<b>-</b>	<b>42 451 635</b>	<b>-</b>
<b>Taxation</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net (Deficit)/Surplus</b>		<b>-42 451 635</b>	<b>-</b>	<b>42 451 635</b>	<b>-</b>



## High Level Notes:

1. Subsidy provided to JPC for the 2020/21 financial year.
2. Internal recoveries relates to management fees for the insourcing of cleaning services, 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 75.18% 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 54.72% below the budget, this is in alignment with collections in Portfolio.
5. Recognition of revenue for income received in advance from the 2020 financial year with regards to Erf 180 Wolhuter.
6. Relates to Asset Under Management fee for the administration of the COJ's assets.
7. Relates to Facilitation Fees for the Inner City rejuvenation. For the YTD only one transaction has transpired.
8. Relates to development facilitation fees. For the YTD no transactions have transpired.
9. Ad hoc fees relate to services provided by JPC to City Power and Johannesburg Water for property acquisitions.
10. Cell Mast is in line with the contract signed between JPC and Altivex.
11. No interest has accrued to JPC in Q1 as the bank account remains in overdraft.
12. Directors' emoluments and expenditure is 62.26% below the budget. This is in line with the number of meetings scheduled for the YTD.
13. Operational expenditure is 12.46% below the YTD budget. Cost management measures have been implemented to manage expenditure. Operational expenditure increased significantly in Q2 due to cpsts related to deep cleaning and sanitisation.
14. Contracted expenditure is 50.78% below the budget. Contracted expenditure is expected to increase significantly from Q3 onwards as services for internal and external audit are utilised.
15. Bulk cleaning materials have been procured in Q2 as materials were last procured in bulk in Q4 of the 2020 financial year.
16. Repairs & Maintenance is 99.07% below the YTD budget. This will increase towards the beginning of Q3 and Q4 as projects will be confirmed and undertaken by JPC for corporate buildings and COJ departments.
17. Salary expenditure is 18.42% above the budget. Cleaning staff were paid their 13<sup>th</sup> cheques in Q1 and JPC staff received their 13<sup>th</sup> cheques in November, this significantly increased the quarterly expenditure for employee costs.
18. No travel expenditure has been incurred for the YTD.
19. Interest on the overdraft has decreased significantly as the overdraft has decreased due to collection of monies from related party debtors.
20. Depreciation is 32.12% below the budget. This is in line with the fixed asset register.
21. No assets were disposed in Q2.



### Section 3: Cash Flow Statement

	2021	2020
<b>Cash flows from operating activities</b>		
Rendering of services	231 253 408	-67 601 856
Subsidies	298 114 500	648 507 528
Interest Income	-	74 073
	<b>529 367 908</b>	<b>580 979 745</b>
<b>Payments</b>		
Employee costs	-242 867 489	-379 350 059
Suppliers	-416 465 990	-200 584 801
Finance costs	-3 189 281	-18 175 219
Taxes on surpluses	-	-
	<b>-662 522 760</b>	<b>-598 110 079</b>
<b>Net cash flows from operating activities</b>	<b>-133 154 852</b>	<b>-17 130 334</b>
<b>Cash flows from investing activities</b>		
Purchase of PPE	-	-944 775
Proceeds/(Loss) on disposal of PPE	-	-
Purchase of intangible assets	-	-35 036
Payment of deposits	-	-
<b>Net cash flows from investing activities</b>	<b>-</b>	<b>-979 811</b>
<b>Cash flows from financing activities</b>		
Net movement of shareholder loan	135 751 343	25 511 098
Finance lease payments	-2 596 491	-7 400 953
<b>Net cash flows from financing activities</b>	<b>133 154 852</b>	<b>18 110 145</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at 01 July 2020</b>	<b>2 000</b>	<b>2 000</b>
<b>Cash and cash equivalents at 31 December 2020</b>	<b>2 000</b>	<b>2 000</b>

	NOTE REF	ACTUAL Dec-20	ACTUAL Dec-19	VARIANCE
<b>ASSETS</b>		-	-	
<b>NON-CURRENT ASSETS</b>		-	-	-
Prepayment - Outdoor Advertising commission - JPC	9	-	-	-
<b>CURRENT ASSETS</b>		<b>390 053 701</b>	<b>305 712 443</b>	<b>84 341 258</b>
Trade and other receivables		286 040 605	242 240 244	43 800 361
Debtors - Rentals	1	147 571 530	148 897 807	(1 326 277)
Doubtful Debts - Move Provision	1	(47 655 156)	(47 655 156)	-
Debtors - Other: COJ	2	17 637 989	8 773 343	8 864 647
Debtors - Land Sales	3	281 993	303 172	(21 179)
COJ Portfolio - VAT Claim/Payable Account	4	12 638 113	233 244	-
COJ Departments Debtors	5	11 278 995	11 278 995	-
JPC Portfolio Loan Account	16	13 355 201	5 715 496	7 639 705
Capital Expenditure: Current Year	10	1 872 356	11 987 171	(10 114 815)
Capital Expenditure: Prior Year	10	129 059 583	102 706 172	26 353 411
Cash and cash equivalents		<b>104 013 097</b>	<b>63 472 199</b>	<b>40 540 897</b>
STD/ABSA COJ Loan Account - Bank Sweeping	6	-	-	-
STD/ ABSA Bank: JRA Portfolio Account	7	84 184 767	44 844 984	39 339 783
STD/ABSA Bank - Tenant Deposit Account	8	19 828 329	18 627 215	1 201 114
		<b>390 053 701</b>	<b>305 712 443</b>	<b>84 341 258</b>

## EQUITY AND LIABILITIES

### EARNINGS AND RESERVES

	<b>83 537 668</b>	<b>81 156 117</b>	<b>2 381 551</b>
Retained Income - Prior Year	55 525 681	50 713 524	4 812 156
Current Period Surplus/(Deficit)	28 011 987	30 442 592	(2 430 605)
To End Prior Month Surplus/(Deficit)	22 487 847	24 358 083	(1 870 236)
Current Month Surplus/(Deficit)	5 524 140	6 084 510	(560 369)

### CAPITAL AND RESERVES

	<b>83 537 668</b>	<b>81 156 117</b>	<b>2 381 551</b>
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### NON CURRENT LIABILITIES

	-	-	-
Prepaid Income - Outdoor Advertising	-	-	-

### CURRENT LIABILITIES

	<b>306 516 034</b>	<b>224 556 326</b>	<b>81 959 708</b>
Trade and Other Payables			
STB COJ Loan Account - Bank Sweeping	275 234 571	186 353 338	88 881 233
COJ Portfolio - VAT Claim/Payable Account	-		
Accruals	5 411 795	9 718 639	(4 306 844)
Receipts In Advance - Rentals	12 013 611	12 701 317	(687 706)
Deposits Received: Tenants	11 291 284	13 225 864	(1 934 580)
JPC Portfolio Loan Account	-	-	(12 701 317)
Property Portfolio Loan: MOE's	180 845	64 647	(13 045 020)
Prepaid - Deposit received on land sales	348 683	457 276	284 035
Creditor (Solar Street Names)	1 944 008	1 944 008	1 486 732
Creditor (Khulu Outdoor)	91 237	91 237	(1 852 770)
Unallocated Debtor Receipts	-	-	
	<b>390 053 701</b>	<b>305 712 443</b>	<b>84 341 258</b>

## High Level 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. COJ Departments Debtors as follows: COJ GSPRC: R11 278 995. Community Based Projects.
6. 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.
8. 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.
10. This Item reflects Capital expenditure. An amount of R129 059 583.19 still has to be paid from the CoJ for the financial year ended 30 June 2020. The budget allocated for the year amounts to R147 980 655 for the year 2020/2021
13. This item reflects accruals raised, R5 411 795 is still to be paid.
14. This item reflects rental paid in advance for the next 30 years by RMB properties which is allocated on a straight line basis, 15 years still remaining on the contract.
15. The amount reflects Tenant Deposits held and Rissik Post Office Insurance paid in the COJ Portfolio Trust account excluding interest earned.
16. 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.
17. 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.
20. Payments received from Solar Street names, no contract exists thus amounts are due and payable to clients.
21. Payments received from Khulu Outdoor, no contract exists thus amounts are due and payable to clients.
22. Unallocated receipts received in the JPC Portfolio Bank Account, amounts cannot be allocated due to insufficient information for example lease agreements, unclear transaction description.

	NOTE	ACTUAL YTD 2020/21	BUDGET YTD 2020/21	VARIANCE YTD 2020/21	APPROVED BUDGET 2020/21
<b>INCOME / BILLINGS</b>					
Rent of Facilities and Equipment	1	28 063 146	43 803 333	-15 740 188	105 128 000
Interest Received - Arrear Debtors	2	1 503 795	1 464 583	39 212	3 515 000
Other Income	3	-450 500	5 000 000	-5 450 500	12 000 000
Recoveries: Bad Debts - COJ	4	-	-	-	-
Outdoor Advertising - COJ	5	12 161 414	62 500 000	-50 338 586	150 000 000
Gains on Disposal of Assets	6	-	13 750 000	-13 750 000	33 000 000
<b>TOTAL INCOME</b>		<b>126 517 917</b>	<b>-85 240 061</b>	<b>303 643 000.00</b>	<b>303 643 000</b>

	NOTE	ACTUAL YTD 2019/2020	BUDGET YTD 2019/2020	VARIANCE YTD	APPROVED BUDGET 2019/2020
<b>EXPENDITURE</b>					
Contacted Services: Business Advisory PM	7a	-	3 246 759.17	3 246 759.17	7 792 222
Contacted Services: Business Advisory Research	7b	-	5 793 747.50	5 793 747.50	13 904 994
Contacted Services: Business Advisory Valuer	7c	96 315.00	1 096 160.00	999 845.00	2 630 784
RM: Buildings	8	423 387.99	26 977 083.33	63 538 000.00	64 745 000
Bad and Doubtful Debts	9	-	877 916.67	877 916.67	2 107 000
Advertising, Publicity and Marketing	11	-	1 300 000.00	1 300 000.00	3 120 000
General Expenses: Assessment Rates	10	289 973.78	2 079 166.67	1 789 192.89	4 990 000
General Expenses: Refuse Removal	10	-	2 566 666.67	2 566 666.67	6 160 000
General Expenses: Sundries	10	-	1 091 666.67	1 091 666.67	2 620 000
Internal Recoveries: JPC Commission	12	12 467 469.71	35 957 916.67	23 490 446.96	86 299 000
Internal Recoveries: Internal Charges Core- security	13a.	-	15 535 416.67	15 535 416.67	37 285 000
Internal Recoveries: Internal Charges Legal	13b.	-11 277.83	3 018 333.33	3 029 611.16	7 244 000
Internal Recoveries: Internal Charges Cleaning	14	-	17 339 166.67	17 339 166.67	41 614 000
Depreciation: Other Assets	15	-	221 250.00	221 250.00	531 000
<b>TOTAL EXPENDITURE</b>		<b>13 265 868.65</b>	<b>117 101 250</b>	<b>120 229 658</b>	<b>281 043 000</b>
<b>SURPLUS / (DEFICIT)</b>		<b>28 011 987</b>	<b>9 416 667</b>	<b>18 595 320</b>	<b>22 600 000</b>

## High Level Notes:

1. COJ Rentals: The overall revenue anticipated from the rentals collection is **35.9%** below the targeted 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. This item reflects interest charged on overdue tenant accounts. The interest generated on the debtor's accounts 14% above the targeted budget.
2. This item reflects interest charged on overdue tenant accounts. The interest generated on the debtor's accounts **52.7% above** the targeted budget.
3. Other income is derived from servitude rights and income billed for services rendered on behalf of COJ Department. Income derived from servitude is **109% below** the budget. No income recognised for the month of September 2020.
4. No income recognised for the month of November 2020.
5. Income derived from outdoor advertising and promotions, **80.5% below the 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 revenue as the advertising signs are illegal. This process is pending approval of sites ready in terms of the 2009 Outdoor Advertising By-Laws to give effect to short term contracting that will allow the City to collect 502% revenue share from each sign that exist as part of a phased out process to 14 March 2022 as per Council approval of the transitional period.
6. No income recognised for the month of November 2020.
- 7a. Contacted Services: Business Advisory PM no expenditure this month.
- 7b. Contacted Services: Business Advisory PM no expenditure this month.
- 7c. Contacted Services: Business Advisory Valuer, this item reflects a **savings of 91.2%** against the TD budget.
- 8a. Repairs and maintenance of buildings expenditure is 98.4% below YTD budget.
9. No expenditure recorded in the financial.
10. General Expenses: Assessment Rates, Refuse Removal, Electricity supply- expenditure incurred municipal charges is 86.1% below YTD budget.
11. Advertising, Publicity and Marketing- no expenditure.
12. Internal Recoveries: JPC Commission indicates a saving of 74% against the 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.
- 13a Internal Recoveries: Internal Charges Core- security no expenditure this month
- 13b Internal Recoveries: Internal Charges Core- legal charges indicates **100.5% below YTD**.
14. Internal Recoveries: Internal Charges Core- cleaning insourcing no expenditure this month.
15. No expenditure recorded in the financial year.

## Section 4: Capital Projects & Expenditure

Project No	JSIP No	Details	Total 2020-21 Budget	YTD Actuals	Variance	%
1	2669	Computer Equipment - New Computer Upgrades	8 100 000	-	8 100 000	0%
2	4142	Erf 43-46 Victoria Ext 3(Paterson Park Node) VICTORIA EXT.3 E Regional	5 000 000	-	5 000 000	0%
3	2290	FMMU - Public Conveniences New Public toilets JOHANNESBURG	25 000 000	769 584	24 230 416	3%
4	6358	Marlboro Station Project Land Preparation	500 000	-	500 000	0%
5	4184	Metromall Taxi Rank Shop Revitalisation and Waste Management Area Redesign	20 000 000	-	20 000 000	0%
6	2284	Office Space Optimisation Program New Precinct Redevelopment JOHANNESBURG F City Wide	71 880 655	-	71 880 655	0%
8	2632	Park Central Facility Upgrade and Packaging Renewal Building Alterations JOHANNESBURG F Ward	2 500 000	-	2 500 000	0%
9	4180	Revamping of the Informal Trading Stalls within the Inner City Renewal Operational Capex JOHANNESBURG F Ward	15 000 000	1 102 772	13 897 228	7%
			<b>147 980 655</b>	<b>1 872 356</b>	<b>146 108 299</b>	<b>1%</b>



## Section 5: Ratios Analysis

### PART A - JPC

#### LIQUIDITY RATIO

JPC is currently owed R510.5 million from trade and intercompany debtors with cash collections in excess of R160 million being achieved for Q1 and Q2 of the 2021 financial year. 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 quarter to settle accruals from the June 2020 financial year-end and to account for employee costs related to the insourcing of cleaning. The result of which is the sweeping account currently reflecting as negative R41.7million. It is improbable nor prudent for JPC to consider settling intercompany creditors and loans until the cash position of the entity has stabilised. However, the cash position will improve as collections from related parties will increase throughout the 2020/21 financial year. Further to this, JPC will recover employee costs from the COJ's departments for cleaning services provided from September 2019; this will increase the liquidity and solvency of JPC.

#### DEBTORS COLLECTION PERIOD

JPC has debtors' collection ratio in excess of two years for 3<sup>rd</sup> party/external debtors. Collection of third party debtors have declined significantly due to the timing difference for the receipt of cell mast income and the non-recovery of facilitation fees for the 2019 and 2020 financial years. The debtors' collection ratio for intercompany and related party debtors is 325 days. 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 0.94:1 against the norm of 2:1 and is factually insolvent, whereby the financial statements indicate that there are insufficient assets to cover all liabilities. The solvency position improved due to profits from the 2019 and 2020 financial years, however, the position is still vulnerable to fluctuations, as expenditure raised will have to be matched and exceeded by revenue generated in the coming quarters.

#### COST COVERAGE RATIO

Due to the negative cash flow of JPC, the cost coverage ratio is negative 1.22:1. 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. Cash has also been used to pay for accruals related to the 2020/21 financial year.

#### CREDITORS PAYMENT CYCLE

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

## **PART B - CoJ-JPC Portfolio**

### **LIQUIDITY RATIO**

CoJ-JPC Portfolio has current ratio of 1:1 as compared to the norm of 2:1, with a negative cash flow of R248 million for the period under review as compared to a positive cash flow of R275 million for the same period in the 2020/21 financial year. Intercompany debtors currently owe Portfolio R186million. This accounts for 44.5% 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 27%. The collection rate excludes debt owing from other debtors.

### **SOLVENCY RATIO**

CoJ-JPC Portfolio has a solvency ratio of 1.25:1 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 102 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 49:1. This is due to a negative sweeping account balance of R275million and average monthly expenditure being R5.4million. 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 BBBEE

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

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

Framework Act and other Codes promulgated thereunder in the Government Gazette.

### Deviations

#### JPC Entity

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

#### 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.

## Section 7: Fruitless and Wasteful Expenditure

DESCRIPTION					CORRECTIVE MEASURES			
UNAUTHORISED EXPENDITURE	IRREGULAR EXPENDITURE	FRUITLESS & WASTEFUL EXPENDITURE	ESTIMATED AMOUNT	CATEGORY		DISCIPLINARY ACTION	CRIMINAL CHARGE	OTHER
None	None	Yes	R8 605 227	Rental		None	N/A	N/A
None	Yes	No	R2 549 396	Fleet		None	N/A	N/A

During the 2019 financial year audit the Audit General of South Africa (AGSA) found that five of the six floors in Forum 1 were unutilised, with only Group Governance in occupation of the 6th floor. The AGSA considered rental and parking less the recovery for rental from Group Governance to conclude on an amount that should be declared and disclosed by JPC as fruitless and wasteful expenditure for the unutilised floor space for the 2019 financial year. Using a similar assumption for the calculation of fruitless and wasteful expenditure, JPC has incurred R8 605 227 for the YTD. From the 1<sup>st</sup> of September 2020 JPC has taken occupation of Forum 1; however, Forum 2 remains vacant and has been classified as fruitless and wasteful from September until a tenant occupies the building or the lease is terminated.

JPC incurred R2 549 396 for fleet services for the YTD. However, the billing from Afrirent, the fleet service provider, is often delayed and the fleet expenditure is expected to increase significantly in coming month. Fleet services are an essential requirement for the operations of JPC and could not be discontinued under the existing contract that was entered into by the COJ. Subsequent to the 2020 financial year end, the Council of the COJMM approved the condonement of irregular expenditure related to fleet services. The condonement totals to R13 700 469 and condones all fleet expenditure for the 2018 and 2019 financial years.

## 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 & 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 6: Internal & External Audit Outcome*

## Section 1: Results of Internal Audit

The Internal Audit Unit for the mid-year period starting July 2020 to 31st December 2020 included the following activities:

- Progress made on the implementation of the internal audit coverage plan for 2020/21 financial year.
- Progress made by management in addressing the issues raised by both internal audit and the Auditor General.

### MANDATE OF THE INTERNAL AUDIT UNIT

The mandate of Internal Audit Unit is to provide an independent and objective assurance on the adequacy, effectiveness and efficiency of the systems of internal controls that have been designed and implemented by management in the various departments of JPC; to ensure that the associated inherent risks are mitigated to acceptable levels, thereby enabling the achievement of JPC's strategic objectives. It is responsible, therefore, for the performance of risk based internal audit projects as approved by the Audit and Risk Committee of JPC.

The internal audit function carries out its functions as required in terms of the Municipal Finance Management Act, the Municipal Systems Act for the audit of performance information as well as the approved Internal Audit Charter. By performing its functions effectively and reporting to the Audit and Risk Committee, Internal Audit Function enables the Committee to exercise its legislative mandate that of independent oversight and advisories to the Accounting Officer, Board and Council.

### MANAGEMENT RESPONSIBILITY

Management is responsible for the establishment and maintenance of an effective system of internal control and governance to ensure:

- Adherence to management policies for all aspects of the business;
- Safeguard of assets
- Prevention and detection of fraud and error, and
- Accuracy and completeness of accounting records
- Providing human resources that will enable deliver you key performance areas, like finance and other strategic positions that have been vacant for long.

Management is further responsible to ensure that internal controls are adequate, effective, efficient, and consistently applied and that JCPZ complies with applicable laws and regulations.



## INTERNAL AUDIT PERFORMANCE

Internal Audit uses a risk-based audit approach in developing its audit coverage plan and in the performance of its audits.

## USE OF RESOURCES

The internal audit unit consist of the two official being General Manager and the Administrator. The acting General Manager was seconded to JPC on 29 October 2020. JPC co-source the execution of its audit plan to auditing service providers. Currently there is the appointed panel of service providers that is being used to assist with the execution of the internal audit plan which comprises of 15 service providers. The service providers are appointed on a quotation basis and advertised for 10 working days.

## PERFORMANCE AGAINST 2018/19 INTERNAL AUDIT PLAN

The annual internal audit plan for 2020/21 and three year rolling plan was not prepared in quarter four (4) of the previous financial year as per the norm. This was due to the strategic risk register that was not yet reviewed at year end and which is the basis of the annual internal audit plan. The risk register has since been reviewed and approved by the Audit and Risk Committee on 26 October 2020.

Furthermore, the acting General Manager: Internal Audit resumed duties at Johannesburg Property Company on 29 October 2020 and accordingly prepared the audit plan for quarter 2. Eight (8) audits which includes three (3) probity were proposed and duly approved by the Audit and Risk Committee. These audits are currently underway. The audit plan for the remaining six (6) months has been prepared and is envisioned to be presented to the Audit and Risk Committee at the next meeting in January 2021 for approval.


At the beginning of the quarter, there were eleven (11) audits that were still in progress from the previous quarter. nine (9) of these audits were finalised in the quarter under review and one (1) is deferred due to the non-availability of sufficient audit to process. The client is currently collating audit evidence. One (1) audit is in the finalization stage. Key issues raised from the completed audits were discussed with management and action plans agreed upon.

Follow up audits on outstanding findings by both Internal Audit and the Auditor General are regularly conducted to monitor progress made on the implementation of audit recommendations. Fourteen (14) findings were registered on the schedule of significant findings from the audits that were concluded during the quarter under review. These findings will be followed up on a continuous basis until they are resolved. ***Please refer to annexure 1 for schedule of open findings***

In terms of the Auditor General Findings, there were no outstanding issues during the period under review. The regularity audit for 2019/20 financial year is ongoing and will be finalised in February 2021.

## PERFORMANCE AGAINST 2020/21 INTERNAL AUDIT PLAN





The below table illustrates the audits performed by internal audit for the six months period ending 31 December 2020, status and the level of assurance thereof:-

# of planned audits	Auditable area	Timing as per plan	Status	Assurance Level	
				Design	Implementation
1.	Financial statement review	August 2020	Completed		
2.	Use of panel	March 2020	Audit at finalization stage.		
3.	Supply Chain Management	April 2020	Completed		
4.	Anti-Fraud and Corruption	May 2020	Completed		
5.	Related parties	July 2020	Completed		
6.	Strategic Human Resources	February 2020	Completed		
7.	Human Resources Management	April 2020	Completed		
8.	Revenue Management	April 2020	Completed		
9.	Stakeholder Management	February 2020	Audit at execution	Deferred	Deferred
10.	Information Technology	May 2020	Completed		
11.	Probity – IT panel of service providers		Completed		

AUDITS PLANNED FOR QUARTER 2					
12.	OHASA Audit	November 2020	Planning Phase	In Progress	In Progress
13.	Compliance with Covid 19 regulations	November 2020	Planning Phase	In Progress	In Progress
14.	Security Services	November 2020	Planning Phase	In Progress	In Progress
15.	Recruitment	November 2020	Planning Phase	In Progress	In Progress
16.	Audit of Predetermined objectives	November 2020	Execution Stage	In Progress	In Progress
17.	Probity (3)	Upon finalisation of the SCM process	Awaiting finalisation of the SCM processes	In Progress	In Progress

At the end of each audit, internal audit express their opinion on the overall internal control adequacy and effectiveness. The following is the description of the assurance levels provided above.

Adequacy and effectiveness assessment:

<b>Adequate/Effective</b> 	<b>Adequate/Partially effective</b> 	<b>Partially Adequate / Effective</b> 	<b>Inadequate/Ineffective</b> 
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Description	Definition
Adequate	The control is adequate to provide reasonable assurance that the activity will achieve its objectives (because risks that could have a significant impact on the activity achieving its objectives are now unlikely to have a significant impact once the action plan is implemented).
Partially Adequate	Control is partially adequate; i.e. it partially provides reasonable assurance that the activity will achieve its objectives (because some risks that could have a significant impact on the activity achieving its objectives are still likely to have a significant impact).
Inadequate	The control is not adequate to provide reasonable assurance that the activity will achieve its objectives. (Because risks that could have a significant impact on the activity achieving its objectives are still likely to have a significant impact).

Description	Definition
Effective	The control is implemented and functioning as intended; i.e. it provides reasonable assurance that the activity will achieve its objectives (because risks that could have a significant impact on the activity achieving its objectives are now unlikely to have a significant impact).
Partially Effective	The control is partially implemented and partially functioning as intended; i.e. it partially provides reasonable assurance that the activity will achieve its objectives (because some risks that could have a significant impact on the activity achieving its objectives are still likely to have a significant impact).
Ineffective	The control has not been implemented, i.e. it does not provide reasonable assurance that the activity will achieve its objectives.

Description	TOTAL PROJECTS	STATUS				
		Not yet started	Planning Phase	Execution Phase	Reporting	Completed
Process Audits	15	0	4	1	1	9
ICT Audits	1	0	0	1	0	1
Ad Hoc	0	0	0	0	0	0
Probity	3	3	0	0	0	0
<b>Total</b>	<b>20</b>	<b>3</b>	<b>4</b>	<b>1</b>	<b>1</b>	<b>10</b>
<b>Progress - %</b>	<b>100%</b>	<b>15%</b>	<b>21%</b>	<b>5%</b>	<b>5%</b>	<b>50%</b>