



JPC FIRST QUARTER REPORT 2021/22

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VISION

Our vision is to provide Facility Management, Facility Development, Facilities Management, Property Asset Management and Outdoor Advertising services to maximize the social, economic and financial benefit to the City of Johannesburg (City) as well as to support the City's objectives in a cost-effective basis.

MISSION

JPC is an agent of the City of Johannesburg, mandated to maximize the value generated and financial return of the City's real estate portfolio and ensuring the efficiency of its real estate assets. Property Asset Management, Facility Management, Facilities Management, Property Development and Outdoor Advertising services, in full or in part, will be part of JPC's real estate portfolio. JPC supports the objectives of the City's strategic growth, financial planning and value development of the asset portfolio of the City.

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 First Quarter 2021/2022 Financial Year.

<p>Mr Sipho Mzobe</p>  <p>..... Acting Chief Financial Officer</p>	<p><u>18 November 2021</u></p> <p>Date of approval</p>
<p>Mrs Helen Botse</p>  <p>..... Chief Executive Officer</p>	<p><u>18 November 2021</u></p> <p>Date of approval</p>
<p>Mr Mooketsi Rabodila</p> <p>p.o. </p> <p>..... Chairperson of the Board</p>	<p><u>18 November 2021</u></p> <p>Date of approval</p>
<p>Ms. Lulama Ndlovu</p>  <p>..... Acting Executive Director: Economic Development</p>	<p><u>18 November 2021</u></p> <p>Date of approval</p>
<p>Cllr. Thomas Motokeng</p>  <p>..... Member of the Mayoral Committee</p>	<p><u>18 November 2021</u></p> <p>Date of approval</p>

Acronyms

Acronyms And Abbreviations

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

Acronyms And Abbreviations

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

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Section 1: Chairperson's Foreword



The first quarter report for the financial year 2021/22 reflects how the entity's' strategy, governance, performance and prospects unfolds with the intention of leading to the creation of value in the short, medium and long-term. The first quarter report outlines a synopsis of the organisational and financial performance and the period under review remains a challenging one because the entity is still dealing with reverberations of the organisational dysfunction that occurred in the previous financial year 2020/21.

Organisational Context

The organisational dysfunction was caused by these factors among others:

- ✓ **Organisational Instability:** JPC had four different CEOs at a given period that caused havoc, lack of focus and cohesion. These changes in leadership within short timeframe caused the destabilisation of the organisation and affected negatively on organisational performance. The current level of organisational performance is because of continual effect of the dysfunction within the entity.
- ✓ **Unfavourable and harmful working environment:** There were instances of intimidation directed at some employees which then had to be investigated thus defers focus from key matters.

These dynamics have amplified the diverse impact on the entity and as a result, it will take longer period to turnaround the organisation to its glorious state. Based on this, the entity has to put urgent reprioritised plans in place to ensure an improved organisational and financial performance. Furthermore, the strategic focus for the entity is on building organisational resilience and financial turnaround. The extent to which we manage our resources has become more critical than ever.

Business Overview

The entity has developed a business plan premised on the City's IDP and strategic objectives. The entity's business plan outlines corporate targets which assist in directing our business. The focus for the entity is to ensure job opportunities creation, Small, Medium and Micro Enterprises (SMME) support, Investment Attraction and while promoting economic development among other things. The business plan is reflective of its broader

alignment to City's approved 2021/26 IDP, City Strategic priorities and 2021/22 Service Delivery and Budget Implementation Plan (SDBIP), the GDS 2040.

The entity will continue to address its organisational dynamics, which influence the organisational and financial performance. One of the critical areas in steering the company towards achieving its objectives is understanding our customers and stakeholders' needs. The entity intends to engage its various stakeholders on an ongoing basis to address service delivery issues. JPC embraces the principles of good governance and initiatives to enhance revenue generation. The company is committed to conducting business with the highest standards of professional ethics, integrity and compliance with applicable legislation.

Financial Performance

The financial performance of the JPC for the first quarter illustrates a profit of R11 100 848. The profit is attributable to the consistency of the subsidy and low expenditure for the first quarter.

Given that we are in the first quarter, JPC will accelerate project delivery to meet the commitment that organisation made to the client departments and communities in the coming quarters.

Strategic Focus

Despite the current organisational performance, the Board is confident that in collaboration with management and all its stakeholders, the company will over an extended period overcome its challenges and will continue to uphold its service delivery imperatives. It is envisaged that in the coming quarters, there will be an improvement in respect of organisational performance and the capex spend.

The Board notes that there are specific strategic programmes that the company needed to gain traction in the short, to medium term to turn around the state service delivery to the better. This requires the mobilisation of resources with a specific focus on investment attraction, revenue generation and expedition of Capex project implementation.

The Board together with management will continue to explore strategies to continuously increase value creation for the benefits of the residents of COJ. The Board appreciates the continuous support and guidance received from the shareholder.

It is with the utmost humility that we acknowledge that the City has undergone unexpected changes triggered by the untimely passing of city's mayors within short period. JPC conveys its heartfelt condolences to their families, friends, the City of Johannesburg. We are forever grateful for their selfless contributions and the enhancement of service delivery within the City of Johannesburg.

I would like to express my gratitude to JPC family particularly the employees whose commitment and dedication to delivering on its mandate is incontestable.



p.p. Moeketsi Rabodila

Moeketsi Rabodila
Chairperson of the Board

Section 2: Chief Executive Officer's Overview



This first quarter report demonstrates JPC's organisational and financial performance and reveals the various challenges experienced within the entity over the past 18 months. These challenges are repercussions of the unprecedented organisational disturbance and instability that has hindered the entity's performance.

The organisational disturbance and instability originated from dynamics that occurred at three (3) different levels i.e.:

- ✓ **Organisational Level:** The entity's focus was suspended from strategic obligations and initiatives instead directed on addressing short-term matters including the turmoil caused the instability. This deferred focus was also triggered by the fact that the entity was led by 4 different CEO's who pursued different outcomes at given time during the previous financial year.
- ✓ **Leadership Level:** JPC has experienced a vacuum on the EXCO level i.e. stripped of three strategic staff members who had over 30 years key institutional knowledge. Furthermore, key staff in various departments have either resigned or passed away due to the Covid-19 pandemic.
- ✓ **Employee Level:** There has been an emotional destabilization of employees originating from incidents of staff intimidation and acts of violence. The situation is further aggravated by lack of team cohesion caused by leadership instability.

The entity is currently in a rebuilding phase and the reality is that the planned interventions will yield expected results however more time required before the impact of thereof could be noticeable.

We have however during the period under review, held various staff engagements focusing on the strategic direction that the company would like to take as part of realignment for the future.

In realigning the entity, management has adopted an approach that will drive the following interventions as part of improving the organisational performance:

- ✓ Improving and Building relationship with COJ as the shareholder in order to ensure better collaboration and partnerships in respect of service delivery and rollout of property transactions.
- ✓ Reviewing and aligning the Strategic Register so that all risks issues are addressed and mitigated against.
- ✓ Introduction of tracking mechanisms as part of addressing all outstanding matters and ensuring achievement of deliverables.
- ✓ Focused approach in respect of Property Development projects and Capex Projects with the intention of fast-tracking implementation and unblocking delays or challenges.
- ✓ Organisational culture programme aimed at reengineering the corporate culture to foster aspects of team cohesion, skills development, learning and productivity.
- ✓ Fast –track recruitment initiatives to fill key strategic vacancies.
- ✓ Implement a robust stakeholder management initiative as part of changing the narrative that the entity does not address matters or issues affecting the stakeholders and understanding our customers and stakeholders needs.

Organisational Performance

As result of the repercussions of the organisational disturbance and instability, the entity's organisational performance is still at unsatisfactory level but it is envisioned that there will be an improvement in coming quarters as management together employees take strides to achieve its service delivery imperatives.

We will continue to move forward and improve on the company's performance, which currently sits at 13% by ensuring that we address leadership vacuum that currently exists, reviewing the organisational structure in line with the strategic direction whilst taking into account lessons learnt from the past.

Financial Performance

For the reporting period the entity reflects 0% in respect of CAPEX budget, however it should be noted that the SCM processes have started and expenditure for two projects have been committed and will be incurred in the first month of second quarter i.e. October.

To address JPC's old and existing financial woes the entity has reached out to the City's Group Finance and departments with the intention of exploring holistic solutions for the resolution of related party differences in respect of past and present works so that the long outstanding debts are recovered and disputes resolved. These engagements will yield positive outcomes for JPC in terms of revenue.

Way Forward

Management will also direct their attention in quarter two towards the AG audit outcome for the 2020/2021 financial year and begin preparation for a mid-term budget review processes.

The intention is to continue with regular employee engagements as part of ensuring line of sight and in which everyone understands their roles and contribution towards turning the organisation around.

I wish to thank the City and Board for their support to JPC as it continues to rebuild itself in the pursuit of excellence and service delivery. I would also like to express my sincere appreciation to our competent and dedicated management team and employees for their commitment and tireless efforts as we embark on the journey to make JPC the Incredible organisation it once was.



.....

Helen Botes
Chief Executive Officer

Section 3: Acting Chief Financial Officer's Foreword



The start of the 2022 financial year brings renewed hope and vigour to the organisation after a tumultuous 2021. The organisation is already showing the stability and capability that it was previously renowned for. This bodes well for what is to come for the remainder of the 2022 financial year.

As a demonstration of this renewed energy, the management of JPC has extended its stakeholder reach to assist and improve service delivery to and of the COJ by engaging in monthly meetings with each department. The intention of these meetings is to bridge gaps that had developed during the 2021 financial year as JPC became isolated from the COJ while being under scrutiny and review. The invitees to these meetings are members of both the finance and operational teams to ensure that holistic solutions are found for old and existing challenges. The meetings encompass the resolution of related party differences for past and present works to ensure that monies long outstanding can be recovered and disputes resolved. The meetings have also unlocked additional revenue for JPC as departments have come forward with their projects and priorities for the 2022 financial year.

From a Finance and Supply Chain Management perspective, the first quarters have been consumed with the conclusion of the 2021 financial year and the preparation of the subsequent AGSA audit. The JPC was able to meet the submission deadline for the annual financial statements and the annual report on 31 August 2021 thanks to the resolute determination of the teams involved. This is no mean feat considering the 5-month turnaround time from the conclusion of the 2020 financial year audit to the beginning of the 2021 external audit cycle.

At present JPC has a firm control over its demand management with supply chain driving specification, evaluation and adjudication committees on a weekly basis to ensure that there is sufficient oversight and compliance on legislated processes. The additional effect of this has been that projects for both JPC and the COJ are moving through the various committees at greater speed to meet service delivery needs of all stakeholders.

The financial performance of the JPC for the first quarter illustrates a profit of R11 100 848. The profit is attributable to the consistency of the subsidy and low expenditure for the first quarter. The business trend and cycle of the first quarter entails the settling of accruals from the previous financial year as well as planning and execution for the year ahead. It is due to this cycle that revenue and expenditure increases significantly from quarter three to the end of the financial year.

The financial position of JPC has marginally improved since the 2021 financial year-end with the current ratio improving to 0.93:1 and solvency to 0.99:1. The cash flows brought in by the subsidy coupled with low to moderate operational expenditure for the 2022 financial year has increased the sweeping account to positive R141.6 million by the end of Q1, and contributed to the improved in current and solvency ratios.

Management has calculated that the cash coverage ratio and at present is 3.2:1, implying that for every rand of expenditure, JPC has R3.20 to meet it. The ratio implies that JPC has sufficient cash reserves to begin settling intercompany debt on salaries that is in excess of R650 million; however, this will be done in a phased and progressive approach to ensure that the ratio stays within a range of 1.5:1 to 2:1.

JPC continues to incur irregular expenditure on fleet, as the contract with Afrivent, through the COJ, is ongoing. For the first quarter of 2022 the expenditure totals R2 512 143. The COJ has also appointed First National Bank Fleet Services as a fuel provider for the entire group and irregularly contracted on behalf of JPC with FNB Fleet Services; this has been taken into account in the disclosure of irregular expenditure. JPC has repeatedly queried this from the COJ GCSS and SCM with no clarity or response being received.

JPC incurred fruitless and wasteful expenditure on unoccupied office space in Forum 2, Braampark Office Park. The lease for Forum 2 expired at the end of August 2021 and only a portion of the floor space previously occupied was extended as the IT infrastructure for JPC's network remains in Forum 2. The infrastructure can only be moved once the server room and support infrastructure is installed in Forum 1. Upon completion of the migration of the JPC server-room and support infrastructure from Forum 2 the lease will be terminated.

Looking ahead to quarter two, the AGSA will begin their fieldwork on the 2021 financial year audit with the final audit and management reports being issued by 30 November 2021. The midterm budget review will commence from October with final submission being due by the start of December 2021. Quarters two and three will also see significant strides in the utilisation of CAPEX budgets for the 2022 financial year as the SCM processes are due to conclude during quarter two for these projects.



Siphso Mzobe CA (SA)
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

In the period under review the entity, the entity has recorded the following:

- ✓ The entity achieved 2 (13%) of its 16 due KPIs in the period under review.
- ✓ The financial position of JPC has marginally improved since the 2021 financial year end with the current ratio improving to 0.93:1 from 0.85:1 at the year end and solvency to 0.99:1 against the City's norm of 2:1. The cash flows brought in by the subsidy coupled with low to moderate operational expenditure for the 2022 financial year has increased the sweeping account to positive R141.6 million by the end of Q1, and contributed to the improved in current and solvency ratios.

Highlights

- ✓ Forty-eight (48) properties to the value of R1 364 310.00 were disposed of in the reporting period. These properties are situated in Regions A, B, D, E and G. Forty-seven (47) relate to a transfer of residential homes to beneficiaries as part of the City's service delivery mandate for the provision of housing, while one (1) property to the value of R5 390.00 was transferred as part of the Land Regularisation Program.
- ✓ The BEE spend of 100% on all goods and services acquired by both JPC and Portfolio is an indication of JPC's commitment to transformation.

Lowlights

- ✓ In the quarter under review, the entity reflects and underspend of 0% for the Capex budget. Two projects have been committed and expenditure will be incurred in the beginning of the second quarter.
- ✓ JPC's liquidity ratio has improved to 0.93:1 from 0.85:1 at year-end, which is still below the City's norm of 1:1.

The JPC scorecard for the Period 1st July 2021 to 30th September 2021 reflects that the entity achieved 13% (2 of 16 targets due), and 87 % (14 of 16) of its targets not achieved.


KPI	JPC Overall Performance			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Achieved	2			
Not Achieved	14			
KPI at Risk	14			
KPI not yet due	1			

	Target Exceeded		Target not achieved
	Target Achieved		Not yet due

STRATEGIC PRIORITY: ECONOMIC DEVELOPMENT


1.1. UNLOCKING INVESTMENTS THROUGH PROPERTY TRANSACTIONS & DEVELOPMENTS

	Quarter 1		Quarter 2		Quarter 3		Quarter 4		YTD	
Target	R625	million	R625	million	R625	million	R625	million	R2.5	billion
	investment attracted/ business facilitated within COJ boundaries based on signed contract		investment attracted/ business facilitated within COJ boundaries based on signed contract		investment attracted/ business facilitated within COJ boundaries based on signed contract		investment attracted/ business facilitated within COJ boundaries based on signed contract		investment attracted/ business facilitated within COJ boundaries based on signed contract	
Actual	Zero investment at attracted/ business facilitated within COJ boundaries based on signed contract								Zero investment at attracted/ business facilitated within COJ boundaries based on signed contract	

 **Target Not Achieved:** The target was not met in the quarter under review because the related SCM processes for property transactions is underway as a result it is therefore anticipated that the release of these four properties in the second quarter will contribute to the achievement of the set targets. (Soweto Gateway – R3.2billion; Parkhurst Bowling Club – R180million; Bara Corner Site – R30million; Victoria extension – R630 million).


1.2. INVESTMENT SPEND WITHIN COJ BOUNDARIES BASED ON CONSTRUCTION VALUE ON THE GROUND

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	R162.5 million Investment spend on projects within COJ boundaries based on construction value on the ground.	R162.5 million Investment spend on projects within COJ boundaries based on construction value on the ground.	R162.5 million Investment spend on projects within COJ boundaries based on construction value on the ground.	R162.5 investment spend on projects within COJ boundaries based on construction value on the ground.	R650 million Investment spend on projects within COJ boundaries based on construction value on the ground.
Actual	R77 020 433.32 Investment spend on projects within COJ boundaries based on construction value on the ground.				R77 020 433.32 Investment spend on projects within COJ boundaries based on construction value on the ground.

 **Target Not Achieved:** Due to the fact that at this stage, construction spend was only in relation to Riverside Housing Project and in coming quarters construction will commence in other projects and as result there will be an increased improvement with regard to this KPI.

1.3. PROMOTE HIGH DENSITY & MIXED LAND USE IN INNER CITY NODES THROUGH THE RELEASE OF INNER CITY PROPERTIES APPROVED IN COUNCIL FOR RELEASE TO THE PRIVATE SECTOR

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	5 Inner City properties approved in council for release to the private sector	5 Inner City properties approved in council for release to the private sector	10 Inner City properties approved in council for release to the private sector	5 Inner City properties approved in council for release to the private sector	25 Inner City properties approved in council for release to the private sector
Actual	0 Inner City properties awarded				0 Inner City properties awarded

 **Target Not Achieved:** During the period under review, the focus for Inner City has been on the continuous monitoring of the Town Planning Applications of Inner City Rejuvenation Phase 1, 2

& 3 properties awarded for development so that construction could commence in coming quarters of the financial year. Secondly, due diligence and forensic investigations had to be conducted and finalised so that the City can thoroughly explore and identify options on how to release the privately owned buildings properties that have issues ranging from illegal connections to buildings owing rates and services which exceed the property value (i.e. by means of Declaratory Order, Expropriation, Sale in Execution, Abandonments, etc.). The next step involves the circulation of a Section 14(1) and Section 14(2) approval for release of these privately owned properties.

2. JOB OPPORTUNITY AND CREATION

2.1. Job opportunities created

	Quarter 1		Quarter 2		Quarter 3		Quarter 4		YTD	
Target	625	Job Opportunities Created	625	Job Opportunities Created	625	Job Opportunities Created	625	Job Opportunities Created	2500	Job Opportunities Created
Actual	144	Job opportunities created							144	Job opportunities created



Target Not Achieved: Due to fact that most property transactions are still in the SCM stage, this has affected the progress made in respect of this KPI. It is envisaged that the SCM stages will be finalised in the coming quarters as a result there will be an improvement in respect of performance of this KPI.

2.2. SMME'S SUPPORTED THROUGH PROPERTY TRANSACTIONS

	Quarter 1		Quarter 2		Quarter 3		Quarter 4		YTD	
Target	375	SMME's supported	375	SMME's supported	375	SMME's supported	375	SMME's supported	1500	SMME's supported
Actual	46	SMME's supported							46	SMME's supported



Target not achieved: Due to the number of projects that has not yet commenced in this quarter under review. It is envisaged that the SCM processes will be finalised and the projects will commence in the second and third quarters.

3. PRIORITY: FINANCIAL SUSTAINABILITY

3.1 ASSET MANAGEMENT PLANS FORMULATED

	Quarter 1		Quarter 2		Quarter 3		Quarter 4		YTD	
Target	70	asset management plans formulated	70	asset management plans formulated	70	asset management plans formulated	70	asset management plans formulated	280	asset management plans formulated
Actual	70	asset management plans formulated							70	asset management plans formulated



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	
Target	Acquisition of 5 properties	Acquisition of 5 properties	Acquisition of 5 properties	Acquisition of 5 properties	Acquisition of 5 properties	Acquisition of 5 properties	Acquisition of 5 properties	Acquisition of 5 properties	20	Properties acquired
Actual	Acquisition of 1 properties								Acquisition of 1 properties	



Target Not Achieved: Due to the fact that only one property was acquired in the period under review and other transactions will be concluded in the coming quarters

3.3. Leasing / Lease renewal 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	
Target	475 shops and stalls leases concluded	475 shops and stalls leases concluded	475 shops and stalls leases concluded	475 shops and stalls leases concluded	475 shops and stalls leases concluded	475 shops and stalls leases concluded	475 shops and stalls leases concluded	475 shops and stalls leases concluded	1900	shops and stalls leases concluded
Actual	0 shops and stalls leases concluded								0	shops and stalls leases concluded



Target Not Achieved: Only 100 EAC reports were presented to EAC committee, which rejected by EAC citing the newly council approved Informal Trading draft policy, which JPC must apply, going forward. EAC is no longer the platform for approval of such reports. Furthermore, the process of verification of traders was halted as JPC was directed to involve the Department of Economic Development, as in terms of the approved Informal Trading policy, the department is responsible for formalization and regulation of Informal trading stalls. JPC is currently in the

process of engaging the policy to have a better perspective of the provisions. Informal Trading Unit will however continue with the verification exercise of Traders so that we can have an inventory of all the occupants to be ready and enter into leases by the time the policy is implemented.

3.4. DEVELOPMENT / REFURBISHMENT PUBLIC CONVENIENCES

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	20 public conveniences refurbished/developed	20 public conveniences refurbished/developed	20 public conveniences refurbished/developed	20 public conveniences refurbished/developed	80 public conveniences refurbished/developed
Actual	0 public conveniences refurbished/developed				0 public conveniences refurbished/developed



Target Not Achieved: This target was not achieved as there JPC's capex was reduced significantly and No budget is allocated as a result the project will not be implemented in the financial year unless funds are allocated during the budget adjustment

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

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	30 properties released on social and economic leases including servitudes and sales	30 properties released on social and economic leases including servitudes and sales	30 properties released on social and economic leases including servitudes and sales	30 properties released on social and economic leases including servitudes and sales	120 properties released on social and economic leases including servitudes and sales
Actual	0 properties released on social and economic leases including servitudes and sales				0 properties released on social and economic leases including servitudes and sales



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.

4. PRIORITY: GOOD GOVERNANCE

4.1. IMPLEMENT TRAINING & DEVELOPMENT INITIATIVES TO ADDRESS COMPETENCY GAPS

	Quarter 1		Quarter 2		Quarter 3		Quarter 4		YTD	
Target	140	employees trained	140	employees trained	140	employees trained	140	employees trained	560	employees trained
Actual	37	employees trained							37	employees trained



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

4.2. OCCUPATIONAL HEALTH & SAFETY

	Quarter 1		Quarter 2		Quarter 3		Quarter 4		YTD	
Target	1% in respect of disabling injury frequency rate		1% in respect of disabling injury frequency rate		1% in respect of disabling injury frequency rate		1% in respect of disabling injury frequency rate		1% in respect of disabling injury frequency rate	
Actual	1 % in respect of disabling injury frequency rate								1% in respect of disabling injury frequency rate	



Target Achieved

5. PRIORITY: FINANCIAL SUSTAINABILITY

5.1. INCOME GENERATED THROUGH PROPERTY TRANSACTIONS

	Quarter 1		Quarter 2		Quarter 3		Quarter 4		YTD	
Target	R32.5m	Income raised from leases and servitudes sales	R32.5m	Income raised from leases and servitudes sales	R32.5m	Income raised from leases and servitudes sales	R32.5m	Income raised from leases and servitudes sales	R130m	income raised from leases and servitudes sales
Actual	R27 896 904.61	Income raised from leases and servitudes sales							R27 896 904.61	Income raised from leases and servitudes sales



Target Not Achieved: Lease renewals are still underway and will be concluded in the coming quarters.

5.2. IMPLEMENTATION OF THE OUTDOOR ADVERTISING MASTERPLAN

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	5% implementation of the outdoor advertising masterplan	5% implementation of the outdoor advertising masterplan	10% implementation of the outdoor advertising masterplan	15% implementation of the outdoor advertising masterplan	35% implementation of the outdoor advertising masterplan
Actual	0% Implementation of the outdoor advertising masterplan				0% Implementation of the outdoor advertising masterplan



Target Not Achieved: JPC did not achieve the 5% implementation of the masterplan in this quarter under review. However, the City finalised the assessment of existing advertising signs that were declared as per public notice that was issued in September 2019. In light of this and pending approval by Council to extend the transitional period, JPC will be able to conclude short terms lease agreements in order to collect the 50% of turnover from existing signs on CoJ's sites to give effect to the Council resolutions of the 14th March 2019.

5.3. SPEND OF ALLOCATED CAPEX

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	20% spend on allocated Capex	30% spend on allocated Capex	35% spend on allocated Capex	15% spend on allocated Capex	100% spend on allocated Capex
Actual	0% spend on Capex projects				0% spend on Capex projects



Target Not Achieved: Most projects are still under the supply chain processes i.e. bid evaluations and adjudications. Quarters two and three will also see significant strides in the utilisation of CAPEX budgets for the 2022 financial year as the SCM processes are due to conclude during quarter two for these projects.

5.4. AUDIT OPINION

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	N/A	Unqualified Audit outcome	N/A	N/A	Unqualified Audit outcome
Actual	Not Applicable				Not Due this Quarter.



Target not yet due

5.5. RESOLUTION OF AUDITOR GENERAL & INTERNAL AUDIT FINDINGS

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	100% resolution of AG and Internal audit findings	100% resolution of AG and Internal audit findings	100% resolution of AG and Internal audit findings	100% resolution of AG and Internal audit findings	100% resolution of AG and Internal audit findings
Actual	94 % resolution of AG and Internal audit findings				94 % resolution of AG and Internal audit findings



Target Not Achieved: 16 AG audit findings have been resolved with one outstanding that relates to office space. JPC incurred fruitless and wasteful expenditure on unoccupied office space in Forum 2, Braampark Office Park. The lease for Forum 2 expired at the end of August 2021 and only a portion of the floor space previously occupied was extended as the IT Infrastructure for JPC's network remains in Forum 2. The infrastructure can only be moved once the server room and support infrastructure is installed in Forum 1. Upon completion of the migration of the JPC server-room and support infrastructure from Forum 2 the lease will be terminated.

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 1660 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.

Section 6: Strategic Objectives

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:

STRATEGIC PRIORITIES

1. Good governance
2. Financial sustainability
3. Integrated human settlements
4. Sustainable service delivery
5. Job opportunity and creation
6. Safer city
7. Active and engage citizenry
8. Economic development
9. Sustainable development
10. Smart City
11. Minimizing the impact of COVID (and future pandemics)
12. Eradicating Gender Based Violence against children

STRATEGIC PROGRAMMES

1. Accelerated and visible service delivery and reintroduce co-production in the delivery of basic services.
2. Improve and strengthen financial position.
3. Impact the housing market including the integration, development and maintenance hostels and flats.
4. A safer City by reintroducing ward-based policing (Joburg 10+) and effective by-law enforcement.
5. Job opportunities and creation.
6. Development of support of SMME.
7. Community Based Planning and enhanced community engagement, including Mayoral izimbizo.
8. Manage displaced communities and homelessness.
9. Combat drug and substance abuse.
10. Combat corruption, fraud and maladministration.
11. Combat illegal land invasion and promote regulated land use.
12. Formalisation of informal settlements and accelerated rapid land release.

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:

MAYORAL 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. Moeketsi Rabodila (Chairperson), Ms. Seipati Moichela, Ms. Tryphina Mopal, Mr. Xola Lingani, Mr. Jake Letsapa, Mr. Slingsby Mda, Ms. Dina Maja-Masilo, Mr. Solomon Mngomezulu, Ms. Pinkie Numa, Ms. Kululwa Muthwa, Ms. Mapule Mngomezulu, Ms. Helen Botes (Chief Executive Officer and Executive Director), and Mr. Imraan Bhamjee (Chief Financial Officer and Executive Director). Due to Mr. Bhamjee, ill health Mr. Sipho Mzobe has been appointed Acting Chief Financial Officer in the interim.

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.

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 Committee, and
- Remuneration and Human Resource Committee (REMCO), Transformation, Social and Ethics Committee (SEC).

Section 2: Board Committees

Reference	JPC BOARD	AUDIT AND RISK COMMITTEE	SEC, TRANSFORMATION & REMCO	TRANSACTIONS & SERVICE DELIVERY
Chairman	Moeketsi Rabodilla	Silingsby Mda	Seipati Moichelela	Kululwa Muthwa
Member	Seipati Moichelela	Dina Maja-Masilo	Tryphina Mopai	Jake Letsapa
Member	Mapule Mngomezulu	Bigboy Kekana	Pinkie Numa	Xola Lingani
Member	Tryphina Mopai	Patrick Makape	Mapule Mngomezulu	Solomon Mngomezulu
Member	Xola Lingani	Nosipho Makhanya	Kululwa Muthwa	Dina Maja-Masilo
Member	Jake Letsapa			Pinkie Numa
Member	Silingsby Mda			
Member	Dina Maja-Masilo			
Member	Solomon Mngomezulu			
Member	Pinkie Numa			
Member	Kululwa Muthwa			
Member	Helen Botes			
Acting Cosec	Gontse Dlamini	Gontse Dlamini	Gontse Dlamini	Gontse Dlamini
Invitee	Sipho Mzobe	Helen Botes	Helen Botes	Helen Botes
Invitee	Musah Makhunga	Sipho Mzobe	Sipho Mzobe	Tshepo Mokataka
Invitee	Sizeka Tshabalala	Musah Makhunga	Musah Makhunga	Sipho Mzobe
Invitee	Tshepo Mokataka	Tshepo Mokataka	Brenda Jacobs	Sizeka Tshabalala
Invitee	Sipho Mbethe	Sifiso Mabizela	Mukundi Maphangwa	Sipho Mbethe
Invitee	Mukundi Maphangwa	Mukundi Maphangwa	Pat Telela	Pat Telela
Invitee	Pat Telela	Pat Telela		Mukundi Maphangwa

BOARD AND COMMITTEE MEETINGS FOR PERIOD ENDING 30 SEPTEMBER 2021

Meeting	27 July 2021 (Ordinary)	19 July 2021 (Ordinary)	07 July 2021 (Special)	20 July 2021 (Ordinary)
Meeting	13 August 2021 (Special)	22 July 2021 (Special)	15 July 2021 (Ordinary)	
Meeting	23 August 2021 (Special)	24 August 2021 (Special AFS)		
Meeting	31 August 2021 (Special AFS)			

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: 30 th September 2021			
NAME OF DIRECTOR	MEETINGS ATTENDED YTD	OTHER MEETINGS YTD	EMOLUMENTS
Mr M Rabodila	4	3	R68 870
Ms T Mopal	5		R36 521
Mr J Letsapa	4		R48 435
Mr S Mda	7	2	R78 261
Ms K Muthwa	6		R52 174
Ms M Mngomezulu	4		R15 652
Ms P Numa	6		R20 870
Ms S Maja-Masilo	7		R52 174
Ms S Moichelo	4	2	R50 435
Mr S Mngomezulu	5		R48 522
Mr X Lingani	3		R54 000
Mr M Rabodila	4	3	R68 870
Totals			R594 784

INDEPENDENT AUDIT & RISK COMMITTEE MEMBERS

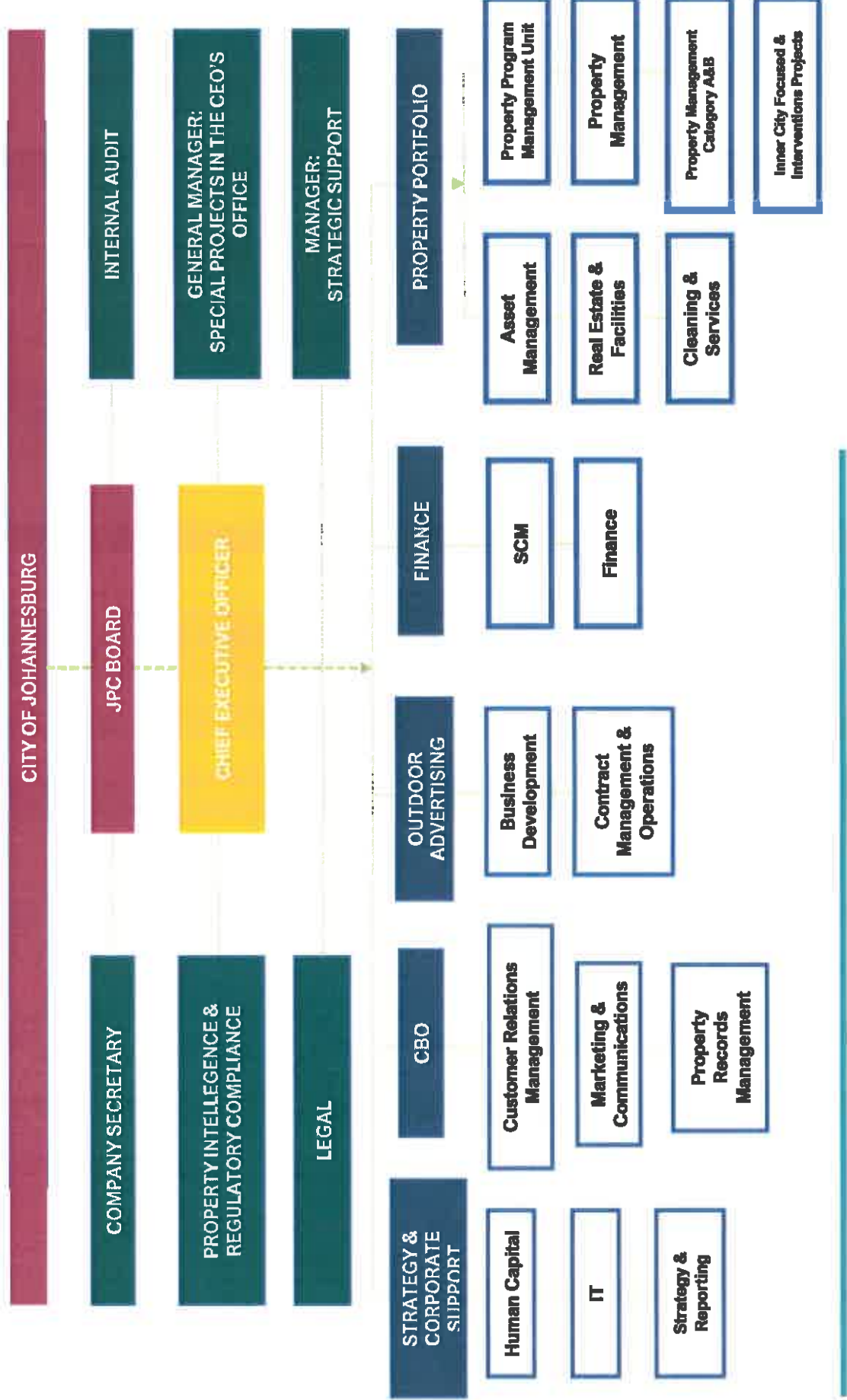
YTD DIRECTORS PAYMENTS AS AT 30 th September 2021		
NAME OF INDEPENDENT AUDIT COMMITTEE MEMBER	MEETINGS ATTENDED YTD	EMOLUMENTS
Mr B Kekana	3	R5 217
Ms N Makhanya	3	R10 435
Totals		R15 652

The table below summarises the Executive Management remuneration for the first quarter of 2021/2022.

YTD EXECUTIVE SALARIES AS AT 30 th SEPTEMBER 2021							
Name	BASIC SALARY	TRAVEL ALLOWANCE	HOUSING SUBSIDY / ALLOWANCE	ACTING ALLOWANCE	FINAL LEAVE PAY	COMPANY CONTRI.	TOTAL
Botes HM	675 000.00	62 499.99	-	-		7 781.37	745 281.36
Mbethe ES	432 966.24	22 555.50	2 723.31	-		82 612.93	591 071.10
Bhamjee I	478 516.74	24 000.00	-	-		102 610.43	605 127.17
*Sardianos F	165 305.42	-	-	-	393 272.33	36 416.57	594 994.32
Makhunga M	371 522.25	24 000.00	-	13 834.78		85 421.69	494 778.72
Mzobe SG	364 129.74	30 000.00	2 723.31	41 504.34		84 664.94	523 022.33
Tshabalala S	366 437.49	30 000.00	-	41 504.34		85 871.68	579 151.91
Mokataka T	395 867.25	-	-	-		85 295.48	481 162.73
Jacobs B	340 345.23	-	2 893.53	-		78 234.45	421 473.21
Mabizela S	212 247.00	-	-	25 469.64		50 154.75	287 871.39
Totals	3 802 337.36	193 055.49	8 340.15	122 313.10	393 272.33	699 064.29	5 323 934.24

**This table includes remuneration for EXCO members who resigned*

Section 4: High Level Structure



Section 5: Risk Management

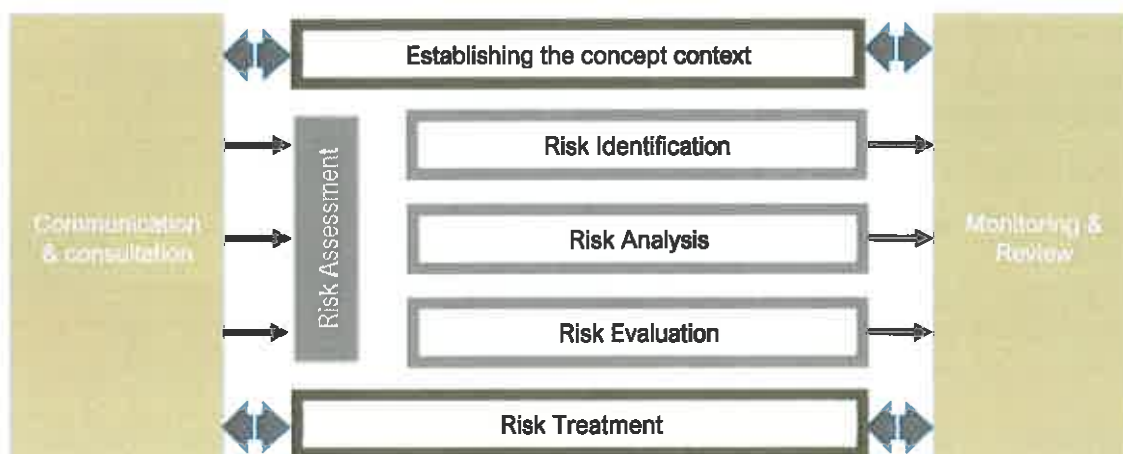
Every year the Board of Directors approves the key risk, which are likely to have the most material impact on the company's ability to achieve its predetermined objectives.

The JPC policy and framework on Risk Management are aligned to the CoJ group policies, ISO 31000 and the King Code of Corporate Governance. Management identifies monitors and reports on progress made on the strategic risks to the Audit and Risk Committee on a quarterly basis.

This Committee is mandated to oversee the Risk Management function in order to ensure that there is an effective system of risk management in place within the company. During the 2020/21 financial year, the JPC Executive Management Team identified a total of 16 strategic risks and the risk profile comprised of a range of categories including Financial, Service Delivery, Human Capital, Governance and ICT risk, majority of which were rated high to very high residual.

A Management risk assessment workshop for the 2021/22 financial year is still being conducted and the results of the assessment will be presented to the Audit and Risk Committee and the Board for approval during quarter 2.

JPC monitors its quarterly performance against the approved 2020/21 Strategic Risk Register, and measures improvements according to the number of action plans implemented by Management.



The 2020/21 Strategic Risks, as captured below:

STRATEGIC RISK REGISTER

No	Risk Description	Risk name	Inherent rating	Residual rating
1	Document Storage and Security	Very high	Very high	1
2	Perceived to be trading insolvency and inability to generate revenue	Very high	Medium	2
3	Occupation of buildings that are not OHASA compliant	Very high	High	3
4	Erosion of the City-owned land and property asset base	Very high	Medium	4
5	Inadequate maintenance of property	Very high	High	5
6	Financial viability of cleaner insourcing and prevalent unhygienic conditions prevailing at buildings - noncompliance to OHASA Regulations - In ability to provide efficient management of the Function	Very high	High	6
7	Fraud and corruption	Very high	Medium	7
8	Inadequate Contract Management	Very high	High	8
9	Inadequate ICT delivery	Very high	Medium	9
10	Inadequate of security control	Very high	High	10
11	Covid 19	Very high	High	11
12	Inability to attract investment	High	Medium	12
13	Organisational Infrastructure not aligned to the strategic objectives	High	Medium	13
14	High vacancy rates	High	Medium	14
15	Non-compliance with legislation, policies and procedures	High	Low	15
16	Inadequate internal and external stakeholder management and brand reputation	Medium	Low	16

IMPACT	5 Critical	Low 5	Moderate 10	High 15	Very High 20	Very High 25
	4 Major	Low 4	Moderate 8	High 12	High 16	Very High 20
	3 Moderate	Low 3	Moderate 6	Moderate 9	High 12	High 15
	2 Minor	Low 2	Low 4	Moderate 6	Moderate 8	Moderate 10
	1 Rare	Low 1	Low 2	Low 3	Low 4	Low 5
LIKELIHOOD	1 Rare	2 Unlikely	3 Possible	4 Likely	5 Almost Certain	

Other key activities that were undertaken during the current financial year was a Risk Management Workshop with management, development of departmental operational risk registers as well as project risk registers based on the strategic and service delivery important of projects to the Company.

DESCRIPTION OF RISKS	RISK MITIGATION	RISK IMPLICATIONS
<p>Perceived to be trading insolvency and inability to generate revenue</p>	<ul style="list-style-type: none"> Implementation of the masterplan by June 2021 as it depends on the City finalising the new By law Implementation of the Financial Turnaround Strategy (i.e. Growth of outdoor income; increasing land sales, land acquisitions, property development, property management and repairs & maintenance for other depts.). Implementation of Facilities Management Strategy (high revenue commission stream) Timely renewal of leases so that revenue generation can be enhanced as per the pipeline transactions. Formalisation of traders leases and collection of market related rentals. Budget to be requested for all new projects e.g. Inner City projects, any new facility JPC takes over. Increase projects that can generate facilitation fees in line with CFO list of departments that can be approached for additional work (CAPEX projects) prior to or at inception. Period commencing renewal of leases to be revised in order to allow for timeous renewal-management to consider 18 months prior to expiration date. Period commencing renewal of leases to be revised in order to allow for timeous renewal-management to consider 18 months prior to expiration date. 1. Implementation of Facilities Management Strategy (high revenue commission stream) 2. All Outdoor Advertising new agreement to empower the City to remove illegal signs without a court order 3. Implementation of Outdoor Advertising Masterplan 	<p>Medium-term</p>
<p>Occupation of building not OHASA compliant</p>	<ul style="list-style-type: none"> 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 in line with service level standard Letters issued to entities and departments that are occupying buildings not OHASA compliant. 	<p>Medium to Long-term</p>
<p>Inability to attract investment</p>	<ul style="list-style-type: none"> Tracking and control of transactions through the committee system. Land preparation limited by budget Council approval obtained in terms of exemption provisions of the current 2009 By-laws (Section 8.(1) (J)) for JPC to implement certain aspects of the Masterplan such as high value advertising precincts and sites and street furniture pending finalisation of the current legal challenges facing the new Outdoor Advertising By-laws. Checklist showing adherence to legislative requirements 	<p>Long-term</p>
<p>Erosion of the City-owned land and property asset</p>	<ul style="list-style-type: none"> Implementation of facilities management strategy Employ and develop the necessary skills and resources for the portfolios (subject to City providing funding for the employment of additional resources). Approval and implementation of Land Strategy. Lease renewals process to be started timeously and at least 6 months before the contract ends to provide sufficient time for tender process. 	<p>Long-term</p>
<p>Inadequate maintenance of property</p>	<ul style="list-style-type: none"> Implement a comprehensive facilities management plan of all properties of the City. Facilities management plan to be informed by needs analysis/condition assessments Bi-annual inspection of properties allocated to departments and entities to ensure that the properties are well maintained. If not request the Managing Director or Executive Director to repair the property. If not satisfactory response is received, escalate the issue to the City Manager. 	<p>Medium-term</p>

DESCRIPTION OF RISKS	RISK MITIGATION	RISK IMPLICATIONS
<p>Repairs on leased properties to be effected by the leasees and their condition regularly inspected.</p> <ul style="list-style-type: none"> a. Identify performance objectives, targets and outcomes. b. Create work plans. c. Assess performance to identify skills gaps. d. Conduct a training and development plans. e. Implement training and development plans. <p>Fill scarce skills in line with approved budget for critical vacancies.</p> <p>JPC will start paying new staff once budget is allocated by COJ.</p> <p>Letter to be submitted to City Manager advising on the impact of the insourcing project on JPC and the greater COJ: Regularise job descriptions and evaluate to determine correct rate of pay for cleaners.</p> <p>Management to allocate cleaning supervisors</p>	<p>Financial viability of cleaner insourcing and prevalent unhygienic conditions prevailing at buildings</p>	<p>Medium to Long-term</p>
<p>Non-compliance with legislation, policies and procedures</p>	<ul style="list-style-type: none"> • Monitor changes in labour and statutory laws, and ensure adherence. • Perform a regulatory compliance review by internal auditors • Quarterly reporting on JPC compliance checklist • Conducting awareness workshop annually • Reviewing all the policies annually • Update JPC Compliance Management Framework which is aligned to the City Wide Compliance Management Framework • Consequences management to be implemented 	<p>Medium-term</p>
<p>Fraud and corruption</p>	<ul style="list-style-type: none"> • Implementation of ER based on consequence management measures 	<p>Long-term</p>
<p>Inability to attract investment</p>	<ul style="list-style-type: none"> • PPP implementation/Investment summit 	<p>Long-term</p>
<p>Inadequate Contract Management</p>	<ul style="list-style-type: none"> • Budget to be secured for Legal Services to appoint dedicated Contract Management officials. • Portfolio management will appoint dedicated staff to manage and monitor new and current leases of facilities. 	<p>Short-medium term</p>
<p>Inadequate ICT delivery</p>	<ul style="list-style-type: none"> • JPC is part of the COJ SAP4 HANA single platform integration. 	<p>Medium-long term</p>
<p>Inadequate internal and external stakeholder</p>	<ul style="list-style-type: none"> • Implementation of business processes and systems integration (link the JPC Call Centre to PIMS, TRIM) which will improve the tracking and monitoring of stakeholder and client enquiries 	<p>Short-medium term</p>

DESCRIPTION OF RISKS	RISK MITIGATION	RISK IMPLICATIONS
<p>management and brand reputation</p> <p>inadequate of security control</p>	<ul style="list-style-type: none"> Develop Security guard access control protocol for JPC buildings and sign SLA with Service Provider Implementation of ICT infrastructure , the current status of the project is awaiting signatures for approval of the finance lease Assess CCTV and access control requirements for JPC and budget for funding 	<p>Medium-long term</p>
<p>Covid 19 related negative impact</p>	<ul style="list-style-type: none"> Ongoing COVID 19 Employee education and Awareness campaigns needed. Implementation of the LRA and DC policies in JPC to enforce compliance with Regulation protocol. Support from EXCO in dealing with non-compliant employees regarding the practice of and observation of COVID 19 protocol. 	<p>Medium-long term</p>
<p>High vacancy rates</p>	<ul style="list-style-type: none"> Source funding COJ for filling vacancies. Intensify skills development initiatives. Training plans to be implemented and complimented by individual learning plans. 	<p>Short-medium term</p>
<p>Document Storage and Security</p>	<ul style="list-style-type: none"> Management in process of updating record management policies and construction of storage and security space SCM to open new record office 	<p>Medium-long term</p>
<p>Organisational infrastructure not aligned to the strategic objectives</p>	<ul style="list-style-type: none"> Intensify skills development initiatives. Training plans to be implemented and complimented by individual learning plans. Implement succession-planning policy. Fill critical vacancies in line with budget. Implementation of a change management framework. Employees not complying with JPC code of conduct and other policies to undergo a disciplinary cases. Disciplinary cases to be completed within 90 working days Outcome of the disciplinary cases to be reviewed and gaps identified dealt with immediately to ensure that future cases are improved. All employees to be informed about the outcome of all disciplinary cases to increase awareness and tolerate level for non-compliance with the aim of deterring other employees. Recognise employees who are high performers to encourage them. Promote high performing individuals 	<p>Medium-term</p>

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

JPC has zero tolerance towards fraud and corruption and related irregularities. This is in accordance with the JPC Anti-Fraud Policy. This Policy is compliant with the Prevention and Combating of Corrupt Activities Act, 2004, and its related regulations. It is also aligned to the anti-fraud policy of the shareholder.

In line with the policy, JPC has a Fraud and Corruption Committee (FRACC). The Committee is responsible for facilitating investigations into allegations of fraud and corruption. This committee was intended to address and deal with the call reports, which the JPC used to receive from the anonymous outsourced fraud hotline of the CoJ. Deloitte and Touché used to run the hotline.

The CoJ insourced the operation of the fraud hotline and set up Group Forensic and Investigation Services (GFIS). In terms of a Council resolution, the GFIS is responsible for investigating all allegations of fraud and corruption within the CoJ and its entities. With the advent of GFIS and termination of the Deloitte and Touché contract with the CoJ, call report containing allegations of fraud and corruption about the JPC ceased.

However, when the JPC receives allegations of fraud and corruption, the allegations are tabled at FRACC. This does not take place regularly because the JPC does not receive tip-offs or allegations. Invariably complainants approach GFIS. GFIS would request information from the JPC, to investigate reports of alleged fraud and corruption, GFIS receives about JPC. The JPC itself does not undertake such an investigation, once GFIS has received allegations.

Upon conclusion of the investigation, the GFIS would render an investigation Report to the JPC for consideration of the recommendations.

For the quarter under review, the JPC has not received any allegations of fraud and corruption.

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.

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 city requested City of Johannesburg's core departments and Owned entities to identify all the regulatory requirements that are applicable to their business units/entities. The process was finalised and completed during the fourth quarter. The compliance risk management plans will be developed and placed in the compliance manual for monitoring of implementation by management in order to achieve compliance.

At each Audit and Risk Committee meeting, an update on compliance is presented. This update include a significant legislative developments within the environment of JPC operate in. Key areas of non-compliance, if any, are also brought to the attention of this committee.

The focus areas is on MFMA Circular 68 (irregular, fruitless and wasteful expenditure), MFMA Section 65(2)(e) (thirty-day late payment reporting), and declaration of Interest by the employee as well as on JPC 40 Acts that are core. A review has been undertaken in order to ensure compliance with core Acts and to ensure that adequate and effective controls are in place and regularly monitored.

During the first quarter, no fines and/or other forms of sanction were issued against the Company, and no directors or senior management members were accused of or held liable for non-compliance with any laws, regulations or codes of conduct.



Chapter 3: Service Delivery & Performance

Section 1: Overall Company Performance

Section 1.1: Asset Management

PORTFOLIO PROFILE

The portfolio of the City has a total value of R9, 214 billion and it comprises of 28 289 properties for the 1st quarter period ending 30 September 2021. The table below illustrates the high-level summary, which outlines the number of properties and value for each region.

Region	No. of Properties	Value %	Historical Book Value
Region A	1 702	8%	R765 282 047.28
Region B	3 923	17%	R1 600 484 525.10
Region C	2 349	12%	R1 117 590 161.38
Region D	6 120	9%	R874 762 865.40
Region E	4 515	19%	R1 727 012 868.18
Region F	4 862	16%	R1 519 264 910.97
Region G	4 454	13%	R1 164 462 234.12
Outside COJ	364	5%	R445 335 356.01
Grand Total	28 289	100%	R9 214 194 968.44

Table 1: High Level Portfolio Summary

Region D has the highest number of Council properties at 6 120, followed by Region F, which reflects 4 862 properties, Region E showing 4 515 properties, then by Region G at 4 454 properties, while Region B reflects 3 923 properties. Region C is the second lowest with 2 349 properties followed by Region A, which has the least number of properties at 1 702. 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%, 19% and 17% respectively, totalling 53% of the value of the entire portfolio. Region G is the fourth highest in value at 13%, followed by Region C at 12%, Region D at 10%, while Region A is the least at 8%, which is due to a large number of residential holdings as well as farm portions held which are inherently lower in valuation.

ASSET REGISTER MOVEMENTS

The following tables illustrate the movements and updates of the Asset Register in relation to the property transfers that occurred in during the 1st quarter period of the 2021/2022 financial year.

MONTHLY MOVEMENTS BY QUANTITY

Movement Category	Jul-21	Aug-21	Sep-21	Total
Acquisitions	0	1	0	1
Disposals	-17	-16	-15	-48
Net Movement	-17	-15	-15	-47

Table 2: Movement Summary in Quantity

MONTHLY MOVEMENTS BY VALUE

Movement Category	Jul-21	Aug-21	Sep-21	Total
Acquisitions	R0.00	R7 372 539.00	R0.00	R7 372 539.00
Disposals	R-452 470.00	R-502 930.00	R-408 910.00	R-1 364 310.00
Total	R-452 470.00	R6 869 609.00	R-408 910.00	R6 008 229.00

Table 3: Movement Summary in Value

ACQUISITIONS

One (1) property to the value of R7 372 539.00 was acquired in Region A in the current reporting period.

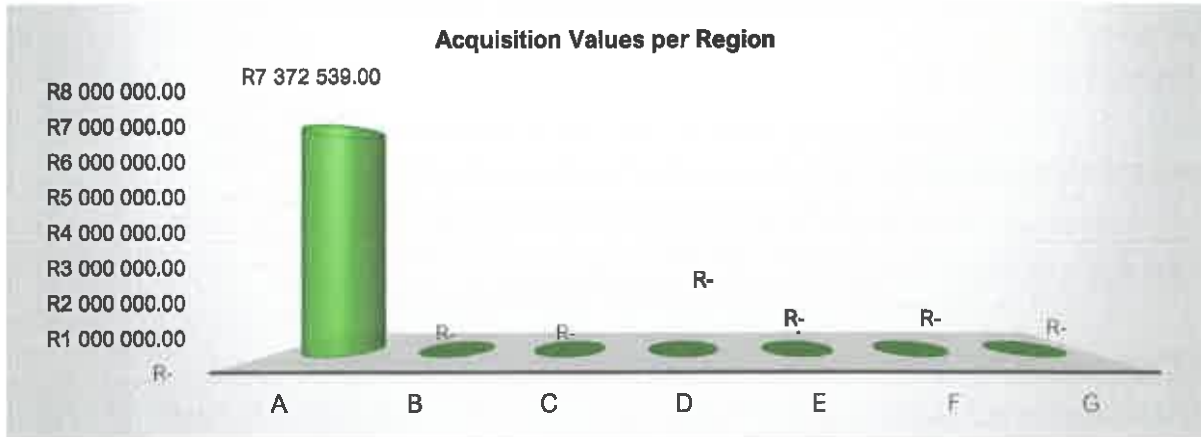


Figure 3: Acquisition Value per Region - Rand Value

DISPOSALS

Forty-eight (48) properties to the value of R1 364 310.00 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.

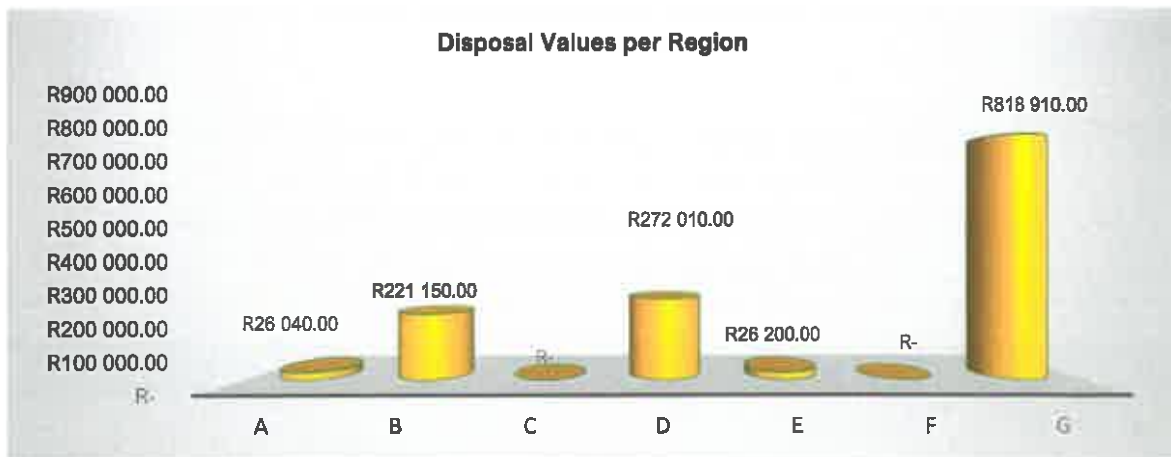


Figure 4: Disposal Value per Region - Rand Value

Forty seven (47) properties to the value of R1 358 920.00 relate to a transfer of residential homes to beneficiaries as part of the City’s service delivery mandate for the provision of housing, while one (1) property to the value of R5 390.00 was transferred as part of the Land Regularisation Program.

HOUSING CONVERSIONS

Forty-seven (47) 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.

LAND REGULARISATION

One (1) shop was transferred to the entitled beneficiary in Region D in terms of the conversion of rights governed by the Conversion Act 81 of 1988.

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 R6 008 229.00, which translates to an increase of 0.07% of the entire portfolio as outlined on the table below.

NET ASSET REGISTER MOVEMENT IN VALUE			
Month	Opening Balance	Movement	Closing Balance
Jul-21	R9 208 186 739.44	R-452 470.00	R9 207 734 269.44
Aug-21	R9 207 734 269.44	R6 869 809.00	R9 214 603 878.44
Sep-21	R9 214 603 878.44	R-408 910.00	R9 214 194 968.44
NET MOVEMENT		R6 008 229.00	
		0.07%	

Table 4: Asset Register Net Movement in value

Section 1.2: PROPERTY MANAGEMENT UNIT

ACQUISITIONS, LARGE SERVICE PROVIDERS & SERVITUDES TRANSACTIONS

Infrastructure Development is an 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 land to construct infrastructure like water, sanitation, roads and electricity. During the term under review, the following progress was made on the following transactions:

The following reports for the registration of electrical servitudes were approved at Mayoral Committee and they will served at Council.

No.	Property Description	Amount	Commission
1	Erf 1708 Naledi	R10 000.00	R2 500.00
2	Erf 751 Mofolo South	R33 000.00	R8 250.00
3	Re of Farm Register 388 IQ	R150 000.00	R37 500.00
4	Remainder of Ptn 158 of Farm Diepsloot 388 JR	R390 000.00	R97 500.00
TOTAL		R 3 289 000.00	R 822 250.00

TRANSACTIONS APPROVED AT MAYORAL

Transactions in Regions A, C, D, E, F, G to the value of R8 060 000.00 (sales) and R491 550.00 (leases) were approved at Mayoral. These will serve at the next Council. The table below outlined the properties approved at Mayoral Committee.

Region	Property Description	Sale/ Road Closures	Lease (p/m)
A	Erf 18169 Ivory Park		R2 100.00
	Holding 418 Glen Austin AH Ext 1		R21 300.00
B	None		
C	Erven 4386 and 4648 Tshepisong	R810 000.00	
	Erf 3329 Tshepisong	R7 160 000.00	
	Remaining Extent of Erf 50 and the Remaining Extent of Erf 1020 Florida		R39 000.00
D	Erf 3704 Dobsonville		R3 400.00
E	Erf 9 Marlboro	R90 000.00	
	Erf 1075 and 1076 Houghton Estate		R13 572.00
F	Erf 148 Klipriviersoog		R411 000.00
G	Erven 8604 and 8606 Stretford		R14 750.00
Total		R8 060 000.00	R505 122.00

MANAGEMENT OF SANITARY LANES CITY-WID

Approval was granted by the EAC for the management of sanitary lanes in all the affected regions.



During the Quarter under review, 12 Agreements were finalised with the adjacent property owners.

No.	Property Description	Management Fee	Status
1	Erf 830 Forest Town	R3 000.00	Completed
2	Erf 108 West Cliff	R3 000.00	Completed
3	Erf 763 Forest Town	R3 000.00	Completed
4	Re of Erf 678 Forest Town	R3 000.00	Completed
5	Erf 118/119 Forest Town	R3 000.00	Completed
6	Ptn 2 / 784 Forest Town	R3 000.00	Completed
7	Erf 105 Forest Town	R3 000.00	Completed
8	Erf 135 Forest Town	R3 000.00	Completed
9	Erf 684 Forest Town	R3 000.00	Completed
10	Erven 142 & 143 Forest Town	R3 000.00	Completed
11	Erven 658 & 659 Forest Town	R3 000.00	Completed
12	Erf 2792 South Kensington	R3 000.00	Completed
TOTAL		R36 000.00	

Section 1.3: Informal Trading

JPC is mandated by the City to manage its property portfolio of which this includes properties that form an integral part of dealing with socio and economic priorities of the City, whilst supporting the transformation agenda. The properties are municipal owned Markets and Transport facilities with spaces that are economically activated to benefit Informal Traders in an informal economy sector. The spaces are allocated by DED to enable them to trade in

various products so that they can generate income to provide for their families. JPC acting on behalf of the City manages these spaces by entering into leases with Informal Traders.

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

During the reporting period for the quarter ending September 2021, the Informal Trading Unit has collected **R359 346.59**

NO	FACILITY NAME	INCOME COLLECTED		
		JULY	AUGUST	SEPTEMBER
1	Metro Mall Informal & Formal Shops	R 29 122.12	R 88 717.12	R162 470.12
2	Advertising & Promotions	R 25 424.09	R 25 424.09	R25 424.09
3	Fleet Africa	R 12000.00	R 4 900.00	R14 700.00
4	Kliptown Informal & Formal Shops	R 0.00	R 23 882.40	R12 521.16
5	Streets Traders	R 12 103.00	R 19 631.00	R19 876.00
6	Hillbrow	R 630.00	R 11 230.00	R6 870.00
7	Yeoville	R 0.00	R 9 096.55	R6 218.55
8	Fordsburg	R 37 528.00	R 13 442.00	R11 761.55
9	Bara & Formal Shops	R 2500.00	R 3 600.00	R1 900.00
10	Jeppe	R 70.00	R 270.00	R710.00
11	Lenasia	R 400.00	R0.00	R1 000.00
12	Faraday Formal & Informal	R 350.00	R 648.55	R350.00
13	Doornfontein	R 80.00	R 610.00	R246.20
14	Rosebank	R 0.00	R 940.00	R-
15	Big Ben	R1 150.00	R 250.00	R200.00
16	Kwa Mai Mai	R0.00	R 0.00	R400.00
17	Midrand		R200.00	R500.00
18	Alexandra	R 0.00	R0.00	R0.00
TOTAL		R121 357.21	R182 841.71	R265 147.67

Table 1: Total income collection per quarter

FORMALIZATION OF APPROXIMATELY 1930 OR MORE LEASES

A total number of 100 EAC reports were presented to the EAC committee as per the SCM process. The committee advised that the Informal Trading policy has been approved and the department of Economic development is responsible for formalization and regulation of the Informal trading stalls.

STAKEHOLDER ENGAGEMENT & SERVICE DELIVERY

HILLBROW

A meeting was held with the Ward Councillor and the Facilities Department pertaining to the outstanding maintenance challenges, including the verification process.

SANDTON

The verification of traders was conducted; the committee decided to halt the process and requested the involvement of the Department of Economic Development (DED). The importance of the engagement is to disseminate the information to traders and to elucidate the importance of signing lease agreements.

KLIPTOWN

The traders committee honoured the meeting, all the challenges for the facility were discussed, and further engagements are still to be held on a monthly basis.

SITE INSPECTIONS

Site inspections were undertaken in the transport facilities from Region A to G. The challenges within these facilities are waste management, security, cleaning, and maintenance.

CHALLENGES

- Inability to collect the rentals from the traders due to the COVID-19 Pandemic lockdown.
- Cleaning services lack of capacity and inadequate equipment to keep all the facilities hygienically clean and complying with Covid 19 protocol.
- Lack of visibility by security guards and shortage of staff securing our facilities.
- Overcrowding in our facilities caused by commuters and traders in our major facilities as lockdown is eased resulting into social distancing not being observed.

Section 1.4: Property Program Management Unit

HIGHLIGHTS & ACHIEVEMENTS

The first phase of the residential development on Land parcel K comprising of 100 units has been completed and will be handed over to Gauteng Department of Human Settlement (GDHS) by 29 September 2021. The developer is currently finalising the Service Level

Agreement (SLA) for the development of the second phase comprising of 300 units with GDHS, 29 SMMEs were empowered during the construction of the first phase.

FOUCS AGENDA

MAJOR PROJECTS	STRATEGIC OBJECTIVES	EXPECTED OUTCOMES	CURRENT STATUS
Soweto Gateway	Ensure pro-poor development that addresses spatial and income inequality and provide meaningful redress	Development of approx. 3366 low and mixed income dwelling units, municipal infrastructure, commercial, light industrial	Section 14 (2) approval obtained, rezoning is currently underway. Probity to be done in the next week and the RFP to be advertised in the next two weeks.
Paterson Park	Ensure pro-poor development that addresses spatial and income inequality and provide meaningful redress	Development of 1452 high density mixed income residential development	Section 14(2) approval obtained, rezoning approval obtained, Phase 1 of the development comprising of 744 residential units to be advertised in the second quarter
Mofolo	Enhancing financial stability	Mixed use development	Section 14(2) approval obtained tender awarded, instruction for finalisation of the lease submitted to JPC Legal. We anticipate to have the agreement finalised and signed in the beginning of quarter 2
Parkhurst Bowling Club	Enhancing Financial stability		Section 14(2) approval obtained, RFP for the development and long-term lease of the site to be advertised at the beginning of the second quarter. We anticipate to have the award and agreement signed by the third quarter.
Marlboro Gateway	Ensure pro-poor development that addresses spatial and income inequality and provide meaningful redress	Mixed use development	Request for the initiation of Public Participation process approved by sub-mayoral. We anticipate obtaining council approval to implement the public participation in the second quarter and implementation of the process. RFP for the appointment of a town planner to undertake township establishment application was advertised in august 2021 and closed on the 18 th September 2021. The RFP will be evaluated and awarded in the beginning of the second quarter and consultant will then commence with the works.
Rosebank Middle Park Development	Enhancing financial stability	Mixed Use 190 residential units , ground floor retail, rehousing a library and clinic	Section 14 (2) obtained Rezoning application underway

DEVELOPMENT OF PORTION 19 OF ERF 4921 IVORY PARK

Portion 19 of Erf 4921 is located at the Northeastern portion of Ivory Park Ext 7. It is situated at the intersection of Main Road and opposite the very popular and successful business enterprise Imbizo Shisanyama in Ivory Park.



The site is earmarked for the development of a filling station with ancillary uses including but not limited to convenience store, fast food outlet, service and fitment centre.

On the 25 August 1998 Council Committee (Item C12), the then Midrand Metropolitan Local Council Inter alia resolved that the proposed industrial Layout Plan of Erven 4921 Ivory Park Ext 7 be approved as a formal Industrial Layout Plan. The said Industrial layout plan proposed among other that Erf 4921 be subdivided into small manageable light industrial sites.

Following a tender process, the development and long-term lease (20 years) of Portion 19 of Erf 4921 Ivory Park extension 7 was awarded to Twala Motors and agreement was finalized.

Progress made to date

- Sub division application approved.
- Record of Decision obtained
- Site trading license and retail license approval certificate obtained.
- Designs and costing completed
- The Sasol Credit team approved the funding application on 31 August 2021 subject to compliance with some conditions. We anticipate that the developer would submit the compliance documents by no later than the beginning of October 2021 and the final sign-off of funding from Sasol by end October.



QUARTER 2	QUARTER 3	QUARTER 4	2022/2023
Final sign-off of funding application	Submission of SDP to CoJ Planning Formulation of the local economic empowerment strategy	Commencement of earthworks SDP approvals Submission of building plans	Commencement of construction

CHALLENGES: Land Invasion

MITIGATION PLAN

- Developer fenced the site twice which was stolen,
- Developer is arranging security for the site and in contact with SAPS in the area
- Instruction has been issued to JPC legal to institute eviction proceedings.

INTERNAL FOCUSED PROJECTS: REPAIRS AND MAINTENANCE (PLANNED)

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.

PLANNED PRIORITY PROJECTS

- ✓ **DEPARTMENT OF ECONOMIC DEVELOPMENT: ALLOCATED BUDGET: R 6000 000 (Six Million Rand)**

With a panel of Quantity Surveyors being finalised, consultants will be appointed to conduct Condition Based Assessments, prepare Bills of Quantities with specifications, work packages, procurement of contractors, project plans, project management. The process is anticipated to start in the middle of October 2021, and implementation of contract phase may be starting at the beginning of December 2021.

✓ **DEPARTMENT OF TRANSPORT: ALLOCATED BUDGET: R12 612 700.00**

Quantity Surveyors to be appointed from JPC's Panel of QS for condition based assessments, cost estimates, project plans and project management. Process to resume immediately after the Addendum to the New SLA has been signed by the CEO.

SOCIAL DEVELOPMENT: ALLOCATED BUDGET: R10 894 000.00

DEPARTMENT OF HOUSING: NO ALLOCATED BUDGET: SLA not renewed.

DEPARTMENT OF HEALTH: ALLOCATED BUDGET: R14 831 000.00

With a panel of Quantity Surveyors being finalised, consultants will be appointed to conduct Condition Based Assessments, prepare Bills of Quantities with specifications, work packages, procurement of contractors, project plans, project management. The process is anticipated to start in the middle of October 2021, and implementation of contract phase may be starting at the beginning of December 2021.

DEPARTMENT OF REVENUE & FINANCE: ALLOCATED BUDGET: R14 000 000.00

Department of Revenue and Finance have a Repairs and Maintenance Service Level Agreement (SLA) with JPC and is valid until **30 June 2023**. Planned maintenance schedules submitted to JPC, including Repairs & Maintenance, and Minor Upgrades of the Four Stores (Main Reef, Randburg, Zondi and Smit Street Stores). RFQs have been put up the notice boards and are all closing on Tuesday 2 October 2021. Once evaluated recommendations will be brought before BAC for approval. Actual construction is anticipated to start by the 18 October 2021.

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 renewed to 31 July 2022.
222 Smith Street	Housing Department	JPC	Lease negotiations with the Landlord underway following receipt of SHE report.
Malvern Library	Community Development	User Department	Lease renewed to 31 July 2023.
Yarona Shopping Centre	Community Development	User Department	Lease renewed to 31 July 2023.
66 Jorissen Place	Pikitup	JPC	Report is currently at EAC for consideration.

FOCUS FOR THE NEXT QUARTER

LEASES AGREEMENTS

Additional office space requirements from Group Finance for two leases that will expire during the financial year 2021/2022. In light of the various leases ending between the 2021/2022 and 2022/2023 periods, the JPC is embarking on an office space review process with affected user departments. The intention is to go out on tender before expiry of the said leases.

Termination of the Forum 2 lease at the end of August 2021. Notice of intention to terminate has been sent to the Landlord. The Landlord, through the provisions of the Lease Agreement, will reinstate the Forum 2 building as agreed between the parties. The reinstatement will commence once JPC ICT department relocated the current ICT infrastructure from Forum 2 Forum 1. JPC ICT intends to relocate all infrastructure by the end of September 2021.

PROJECTS

- Joburg Water sourcing of office space and fit-out (tender closed 28/06/2021). The Joburg Water office accommodation tender closed 28/06/2021 and the EAC report to be submitted end of September 2021 for the Acting CMs consideration and approval. Office fit-out tender to be advertised once office accommodation tender is concluded;
- MTC Office fit-out (tender advertised 16/07/2021);
- Both Metro Bus and MTC tenders advertisement re-scheduled to 15 October 2021.

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.

Tender for deep cleaning, sanitisation and fogging has closed and bid evaluation are scheduled to commence from 27 September 2021.

The panel will focus on the following services in line with Covid-19 risk:

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

CHALLENGES AND MITIGATIONS

CHALLENGES	MITIGATIONS
No supervisors in the portfolio	Role profile has been drafted and will be submitted for approval and advertisement. Approximately, 9 Supervisors will be considered for appointment.
Unavailability cleaning equipment	Procurement of the cleaning equipment. Bid evaluation has been done and awaiting BAC seating.
Lack of cleaning material panel	Procurement of the cleaning material panel. Bid spec has been drafted to date.
High number of bids received for the panel of deep cleaning	Commitment from committee members to adhere to a two week long evaluation program
Shortage of key staff members	Advertisement & recruitment (filling the positions)
Cleaning complaints by stakeholders	Placed cleaning managers per regions, regular stakeholder engagements
Covid19 contraction	Procured masks and sanitizers for the employees
Distribution of payslips for cleaners	Subdivision of payslips per region (each Regional Managers takes responsibility)

PLANNED MAINTENANCE: CLEANING

PROJECT NAME	FOCUS FOR QUARTER 1 (2021/2022 FY)
1. Ennerdale Repairs & Maintenance	a) Drafting of the specification (re-spec)
2. Metro Centre Repairs & Maintenance	a) Bid specification
3. Meadowlands Repairs & Maintenance	a) Bid specification

FOCUS AGENDA

FOCUS AREA	STRATEGIC PROJECTS	EXPECTED OUTCOMES
ACCOMMODATION PLAN	<ul style="list-style-type: none"> • CoJ wide office accommodation audit to confirm office accommodation requirements; • Detailed accommodation plan linking user departments/ME to planned office space while taking into account operational efficiencies, co-location, departmental synergies and dependencies; and • Relocation strategies for the different regional precincts with the Metro Centre and Randburg precincts being priority. 	Space plan that responds to the New Normal (Covid19 regulations) and working from home principles Redevelopment master plan of Metro Centre (centralization of CoJ Offices)
WORK PLACE STRATEGY	<ul style="list-style-type: none"> • Review existing workplace standards; • Develop compelling workplace strategy incorporating new trends; • User workshops and buy-in; and • Change management strategy. 	

Section 1.6: Outdoor Advertising

SUMMARY OF PROGRESS ON THE IMPLEMENTATION OF THE TRANSITIONAL PERIOD

JPC did not achieve the 5% implementation of the masterplan in this quarter under review. However, the City finalised the assessment of existing advertising signs that were declared as per public notice that was issued in September 2019. In light of this and pending approval by Council to extend the transitional period, JPC will be able to conclude short terms lease agreements in order to collect the 50% of turnover from existing signs on CoJ's sites to give effect to the Council resolutions of the 14th March 2019.

Through this process, the City aims to phase out illegal advertising over the transitional period and the payment of the 50% penalty fees will cushion the City's revenue from declining during the transition to the new By-law.

PLANS FOR NEXT QUARTER

Over the next 100 days, JPC plan to finalize the conclusion of agreements that were approved by the EAC in 2019, This will ensure that, in addition to monthly turnover as indicated above, JPC will also collect arrears for amounts not paid when the contract lapsed and the advertising signs continued to be operated. Through this project, it is anticipated that revenue will increase revenue from the sector in the short to medium term thereby contributing to the financial sustainability of the City.

Secondly, JPC will, during this period, also expedite issuing of various calls for proposals long-term projects to give effect to the implementation of the masterplan (new business development). The Street Furniture project is ready to be finalized after all internal stakeholders were consulted, as the specification requires inputs from various Departments and ME's. Through this programme, JPC aims to accelerate the delivery of smart public conveniences and other amenities at no cost to the citizens of the City. The programme aims to attract investment on CoJ land, create jobs and empower SME's in its value chain and efforts will be made to ensure local assembling of all installations thereby contributing to the GDP of the Gauteng Province as well.

Alongside this, JPC has identified certain CoJ's sites for new business development particularly to increase the City's digital advertising footprint, which should assist in decluttering signs, and other high value signs identified in the masterplan. Upon approval by Council, these new 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 thereby assisting SMME's in particular to implement these new initiatives within a short space of time.

Section 1.7: Inner City Property Development Projects

For the Quarter under review the focus was on Town Planning approvals in order to commence with construction in Quarters 3 and 4. These awarded projects have shown significant progress from a Town Planning approval perspective and upon the Developer securing funding/reaching financial closure, we should break ground soon (ideally, in the current financial year).

This Quarter has extensively been the continuous monitoring of the Town Planning Applications of Inner City Rejuvenation Phase 1, 2 & 3 properties awarded for development. Ultimately, approvals (i.e. Removal of restrictions/Consolidation/Rezoning/Site Development approvals/Building Plan Approvals) are sought so that construction can commence.

Below are the projects that are slowly processing, but not at the ideal rate and through discussions with the right CoJ Stakeholders we could get these to get the necessary approvals so we can hit the ground.

FOCUS AREA	STRATEGIC PROJECTS	EXPECTED OUTCOMES
Town Planning Submissions	Erven 225 & 226 Vrededorp Izicwe Consulting	Rezoning re-submitted August 2021
Town Planning Submissions	Erven 235 – 240 Vrededorp Izicwe Consulting	Rezoning re-submitted August 2021
Engagement with JPC CEO, Inner City team and all awarded bidders	Leyds Height: Erven 2146-2149 & 5075 Johannesburg Vrededorp Student; Accommodation Village 1 Esselen Student Village: Erven 3545- 3549, 3550 & 3551 & Erven 3807 & 3808 Johannesburg	Revised project plans, progress on Town Planning submissions and when construction commence with their Revised Project Plans (Realistic Dates).
JPC & DP discussion: Corridor properties (Orange Grove & Houghton Est)	<ul style="list-style-type: none"> • Erven 1, 3, 5 Orange Grove • Erven 14, 17, 18, 19, 20, 21, 22, 23, 24, 26, 28, 29 Orange Grove • Erven 45, 46, 47, 48 Orange Grove • Erven 227, 228, 229 Orange Grove • Erven 245, 247, 249, 251, 253 Orange Grove • Erven 35, 36, 37, 39, 40, 42 Orange Grove • Erven 31 & 32 Orange Grove • Erven 326, 327, Rem/328, 329 Houghton Estate • Erven 300, 301, 302, 303, 304, 305, 332, 333, 334, 335, 336, 337 Houghton Estate 	Possible stakeholder engagement to commence with having access to sites (28 Sep 2021)

INNER CITY PHASE 4 AND 5 (Privately owned buildings)

Privately owned buildings identified have various issues ranging from illegal connections to the buildings owing Rates and Services, which exceed the property value.

Due diligence is of crucial importance so the City can thoroughly explore and identify options on how to possibly release these properties (i.e. by means of Declaratory Order, Expropriation, Sale in Execution, Abandonments, etc.). While the city-owned properties were swiftly released, it is evident that due diligence and forensic investigations is of crucial importance on the privately owned properties identified.

The new number of bad buildings is 408 from 187. Below is a provisional schedule outlining various Committees the report for the privately owned properties will be circulated to for a Section 14(1) and Section 14(2) approval, respectively.

SCHEDULE FOR REPORT SUBMISSIONS

COMMITTEE MEETING	DATE
Site Inspections	Site Inspections completed
Rates & Taxes	Have Received all Rates and Taxes
JPC Transaction and Board	October 2021*
Economic Growth Technical Cluster	November 2021*
Economic Growth Sub Mayoral	February 2022*
Mayoral	March 2022*
Section 79	April 2022*
Council 14 (1) approval	May 2022*
Negotiation with owners of privately owned properties	6-12 months (minimum time forecasted)
Acquisition of properties	
Economic Growth Technical Cluster	January 2023*
Economic Growth Sub Mayoral	February 2023*
Mayoral	March 2023*
Section 79	April 2023*
Council 14 (2) approval	May 2023*
Bid Specification Committee	June 2023*
Tender Advertisement	July 2023*

Section 1.8: Information Technology Unit (IT)

IT HIGHLIGHTS

WEBSITE HOSTING REDESIGN AND MAINTENANCE

The JPC IT Department engaged a tender process where a request for quotations was made public for the Website Hosting Redesign and Maintenance. The Service Agreement is expected to run for a period of three years and the tender processes have been completed. The Appointment of a qualifying Service Provider is expected to finalise within the course of September 2021.

ICT INFRASTRUCTURE

The ICT Infrastructure will be relocated to Braampark forum two through the service agreement applicable for the period of three (03) years. The Appointment of a qualifying Service Provider will be concluded by the end of September 2021.

NATIONAL TREASURY RT 15-2021 TRANSVERSAL CONTRACT FOR MOBILE COMMUNICATIONS

It was also imperative that a cellular contract for JPC is established through the National Treasury approved network cellular providers. JPC participated in the RT 15 2021 Transversal contract and all processes were adhered to and the Appointment of a qualifying Service Provider to be concluded in the period under review.

WORK FROM HOME (WFH)

The COVID-19 outbreak challenged existing IT Business Continuity Management (BCM) initiatives and led to the configuration of ICT resources to enable employees to Work from Home (WFH), and through 3G cards, Microsoft Teams and Virtual Private Network (VPN) access. These products needed to be implemented to ensure that staff can WFH securely, compliantly, and productively.

JPC ICT will further enhance remote working in 2021/2022 with optimal connectivity and monitoring methodologies in today's standard; by leveraging off National Treasury's transversal mobile and telecommunications contract JPC realised the ability to provide Mobility and communications including uncapped data to employees, this aims to enhancing WFH experience both for employer and employee such will improve productivity within business operations while reducing cost to the organisation,

WORK IN THE PIPELINE

ELECTRONIC DOCUMENTS RECORDS MANAGEMENT SYSTEMS (EDRMS)

EDRMS Electronic Document Records Management System, a technology that will securely Preserve the Integrity, segregate and maintain records with the ability to retrieve records accurately and efficiently by implementing an integrated Electronic Documents & Records Management System and basic workflow processes, the system shall allow workflow management, batch scanning with barcode, tight integration with MS Office and the administration of paper archives.

This will be used to enable the JPC to gain control over the current manual document and records management processes in line with The National Archives and Records Service of South Africa compiled in compliance with the promotion of access to information act (PAIA) (act no. 2 of 2000) equating in additional cost reduction associate with traditional printing and paper records archiving methodologies. Due to Budget constraints, this project has been put on hold.

INTEGRATED SMARTPROP CENTRALISED MANAGEMENT SOLUTION

Digital transformation (Workforce Optimisation) to implement a technology platform that optimises the service delivery value chain end to end from the time a customer engages with JPC and workforce teams will be equipped with ICT tools that ensures business continuity the development of the Integrated SmartProp Centralised Management Solution (ISCMS) ensuing an agnostic approach allowing seamless integration to Sap , operating within JPC's defined space which comprises of Property Management, Property Development, Supply Chain Management, Asset Management, Client Services, Outdoor Advertising, Cell Masts, Informal Trading, Facilities Management and Legal Services for JPC as a property company. Due to Budget constraints, this project has been put on hold.

SAP ENTERPRISE RESOURCE SYSTEM

The JPC IT Department has supported the Citywide SAP initiatives, in implementing network with module access to CoJ for SAP Fiori for Finance and Sap HCM ESS for Human Resources.

JPC Finance SAP Fiori project aims to ensure governance and compliance for (MSCOA) standardised accounting system that aims to change how municipalities transact by standardising financial management processes through policy formulation, budgeting, in-year reporting frameworks and statements.

The availability to access SAP HCM ESS centralised human resources module allowing access to leave, payslips and additional HR information for all JPC users, Further JPC ICT will soon be implementing a user-friendly kiosk workstation to all remote offices allowing connectivity and access to all employees for HR personal electronic management.

MULTIFUNCTIONAL PRINTERS

Dalitso Business Equipment (Pty) Ltd was appointed by JPC through the appointed service provider from the CoJ Panel of IT Regulation 32 process for the provision of the provision of printing footprint with high-load multifunctional network printers at JPC Depots, Markets and Braampark offices.

The Supply Chain Unit and IT Unit conducted an assessment on all 54 high workload multifunctional printer. It was derived that Life Span of these printers can still be used for another 36 months.

The machine have been contracted for 30 months period and can do a further 36 months in the current condition, with the periodic maintenance of parts that wear due to use as per normal. These consists of feed rollers, imaging units, drum units and waste toner box emptying. All these wearable parts also have their maximum life counts.

Key Challenges	How challenges were addressed
Work from Home	Allocated user laptops and desktops including 3G cards. Configure all machines and allowed Virtual Private Network connectivity from home to Head Office.
Computer Resource Theft (Laptops and Desktop)	IT communication to the business to ensure all users keep their allocated IT resources safe at all times. Cameras were installed in all key areas and a suspect was caught since the installation of cameras.
EDRMS and ISCMS	No budget to fund the Projects
Website Redesign and Hosting	Put out on Tender
ICT Infrastructure Procurement	Put out on Tender
Multifunctional Printers Services Contract ending.	Processed through Variation Report, Regulation 32 Process for an extension.
Licensing	All critical IT licensing Agreement have been identified for budget approval.

FOCUS AREA

FOCUS AREA	STRATEGIC PROJECTS	EXPECTED OUTCOMES
Mobile Connectivity	National Treasury RT15-2021	Low cost Mobile Connectivity for all JPC users.
ICT Infrastructure Procurement	ICT Infrastructure to fit out JPC forum One building for relocation of JPC Head Office.	Fully Equipped IT environment with a stable network connectivity and resources.
EDRMS	Electronic Documents Records Management Systems (EDRMS)	This will enable the JPC to gain control over the current manual document and records management processes in line with The National Archives and Records Service of South Africa compiled in compliance with the promotion of access to information act (PAIA) (act no. 2 of 2000)
ISCMS	Integrated SmartProp Centralised Management Solution	To implement a technology platform that optimises the service delivery value chain end to end from the time a customer engages with JPC

Section 1.9: Client Relations Management

Highlights or key interventions during the period under review:

- ❖ We managed to advertise, award for the relocation of files and cabinets as per the national achieves act from forum 2 to forum 1
- ❖ The relocation of the records management files project has been completed and the project manager has signed a certificate of completion.

- ❖ (21) Transaction reports that are in the Committee system currently. The compilation of these reports include (2) sales; (1) acquisition; (1) alienation; (9) development leases; (3) servitudes; (3) public participations; (1) road closure and (1) amendment of Council resolution. Four reports are at are to be tabled at the next Mayoral and 17 reports are to be tabled at the next council. The expedient progression of those transaction reports may be halted by the dissolution of Council owing to the eminent Local Government Elections scheduled to take place on 01 November 2021.

The objective of stakeholder management function is to ensure a customer centric approach by building and maintaining sustainable relations with our internal and external stakeholders in the period under review taking into consideration the issues raised by our stakeholders in the previous financial year JPC has committed to:

- ❖ Review the current stakeholder matrix
- ❖ Draft a new accountability matrix that will complement the organisations efforts towards a responsive and responsible organisation aligned to the new normal
- ❖ To Align our stakeholder's engagements with our mandate and service delivery projects

Part of our efforts to respond to the needs of our stakeholders a dedicated team of stakeholder consultants and subject matters experts have been deployed to attend to the Accelerated Service Delivery programmes which are key mayoral projects which aims to transform Joburg into a clean and safe environment for families and residents to enjoy. The programme is aimed at fast-track service delivery service delivery challenges in targeted areas and service delivery hotspots around the city; it focuses on Integrated and multidisciplinary operations that have direct and immediate impact on the quality of lives for residents in different wards.

JPC attends to and facilitates the flow of information to strategic and operational forums to enhance stakeholder and service delivery.

Detailed below is a summary of the number of Regional Visible Service Delivery (RVSD's), Ward Councillors Forums (WCF), Regional JOC and Accelerated Service Delivery meetings, site inspections and oversight visits that have taken place from July 2021 to September 2021. In upholding a stakeholder, centric focus JPC focussed on the achievement of the service standards level agreed between the Shareholder and the Board.

JPC SERVICE STANDARDS

It must be noted that four (4) KPI's did not record any activities during the quarter under review.

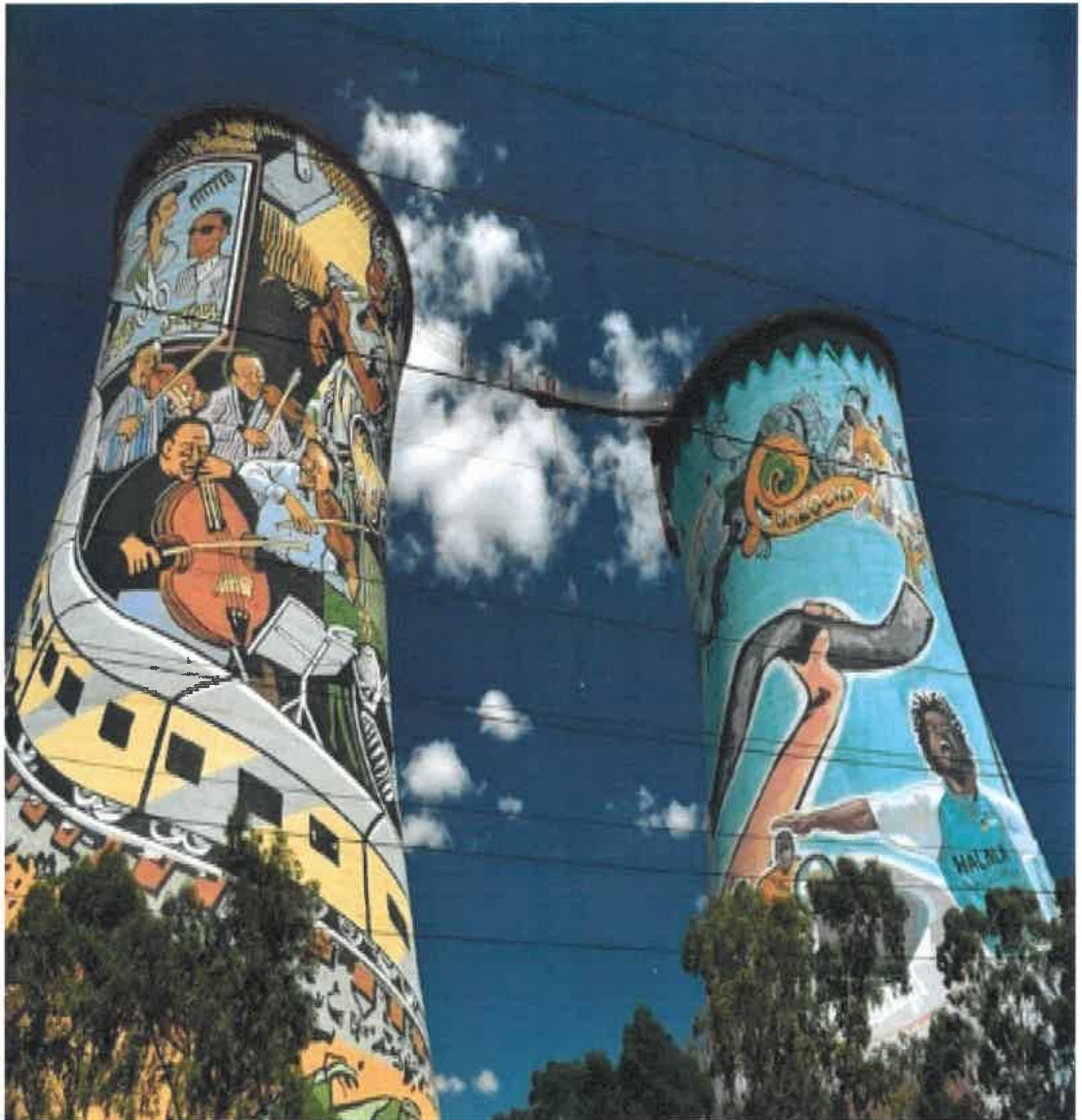
The service standards which were not achieved pertain to the following reasons:

- KPI 1.3: No performance of emergency work for JPC managed facilities within 1 day (August);
- KPI 1.4: No performance of minor works on facilities managed by JPC within 2 days of logged (August);
- KPI 1.6: Transactions were not concluded within the set target of six months due to delays in approval of reports (July, August, September);
- KPI 1.7: No tenders were issued within the 4 months timeframe due to the disruption of the organisation (July, August, September);
- KPI 1.8: No internal allocation of land and buildings due to non-availability of budget (July, August, September);
- KPI 1.11: No responses to enquiries regarding transactions in the pipeline due to the disruption of the organisation (July, August, September);
- KPI 1.12: Reduction in the response to applicants/interest to lease or acquire (formal applications) land/or buildings due to the number of queries on encumbered properties JPC needed to engage external parties to determine whether the property could potentially be subjected to Section 14(2) process to determine whether said property is not required for basic service delivery. In order to address this system refinement and stakeholder engagements were held to fast track interventions with external dependencies. (August);

JPC SERVICE STANDARDS

* 15 x condition based assessments conducted on a monthly basis

KPI	Core Service	Service Level Standard Target	July	August	September	Q1 Actual	Variance explanation
KPI 1.1	KPI 1.1. Response in acknowledgement of requests, enquiries and complaints	Within 1 day of logged call	154	205	176	535	Not applicable
KPI 1.2	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	101	129	105	335	Not applicable
KPI 1.3	KPI 1.3. The performance of emergency work for JPC managed facilities	Within 1 day of logged call	60	0	76	136	Not applicable
KPI 1.4	KPI 1.4. Performance of minor works on facilities managed by JPC	Within 2 days of logged call	18	0	40	58	Not applicable
KPI 1.5	KPI 1.5. Performance of major works on facilities managed by JPC	Within 5 days of logged call	6	13	8	27	Not applicable
KPI 1.6	KPI 1.6. Complete the sale or lease and registration of servitudes of Council owned land	Within 6 months after Council Approval in terms of Section 14(2) of the Municipal Finance Management Act	0	0	0	0	Not applicable
KPI 1.7	KPI 1.7. Tender placed after Council approval and CoJ Executive Adjudication Committee approval	Within 4 months of CoJ Executive Adjudication Committee approval	0	0	0	0	Not applicable
KPI 1.8	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	Not applicable
KPI 1.9	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	15	15	15	15*	Not applicable
KPI 1.10	KPI 1.10. Response to general enquiries at client services counter	Within 24 hours of logged call	8	49	41	98	Not applicable
KPI 1.11	KPI 1.11. Response to enquiries regarding transactions in pipeline	Within 24 hours of logged call	0	0	0	0	Not applicable
KPI 1.12	KPI 1.12. Response to applicants/interest to lease or acquire (formal applications) land and/or buildings	Within 30 days of application	18 of 18 = 100%	10 of 14 = 71%	11 of 11 = 100%	39 of 43 = 91%	Encumbered properties that required extended engagements are under-way. In order to address this system refinement and stakeholder engagements were held to fast track interventions with external dependencies.



Chapter 4: Human Resources & Organisational Management

Section 1: Human Resource and Organisational Management

Overview Highlights and Achievements:

For the financial year 2021/22 the Human Capital Management Department directed by management will have to implement initiatives which the entity supports the drive to turnaround the organisation leading to an improved organisation and individual performance. These initiatives will be implemented as part of supporting the JPC mandate among others:

- Employee Relations: Build and strengthen relations with organised labour and implementation of consequence management in cases of misconduct.
- Compliance to regulations, policies and legislation i.e. COVID 19, Employment Equity and Labour Law.
- Implementation of learning and workplace skills initiatives, including bursary schemes as part of investment in training.
- Implementation of SAP enterprise resource system, rollout of SAP HCM ESS (Employee Self Service Module) as part of Citywide SAP initiatives.

The following initiatives were fulfilled in the period under review:

In the first quarter, Human Capital Management engaged in a drive where employees went through a verification exercise in preparation for the Auditor General audit for the 2021/2022 financial year. The intention of conducting the verification exercise process was to confirm that employees are indeed workers for JPC.

As set out in the Code of Conduct/Ethics, all employees are required to disclose any personal interest that may bring conflict or even perceived conflict between the organization interest and that of an employee. The declaration of private interest is conducted at the beginning of each financial year.

A total number of 609 submissions were received out of 1660 employees, and only nine employees declared their personal interests. The project of filling the forms is still running and the number of submissions will increase as and when the forms are submitted daily.

Due to COVID_19 risk adjusted plan, more than 30% of the staff compliment is still not back for work to limit exposure to COVID-19 infection and where possible 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 (Public Convenience)

There is a key drive in continuously communicating COVID-19 safety precautions to employees through and the aim is to inform employees on COVID-19 compliance regulations, keeping healthy and at the same time still contributing to business productivity in the new normal.

There is currently staff rotation plans for employees to report at the office as and when required to attend to execution of duties for Level 2 lockdown. The staff is fully capacitated to function or perform their duties from home. Staff are encouraged to use "MICROSOFT/ZOOM" for meeting purposes and as part of social distancing to alleviate the spread of COVID-19.

There was also an Employee Learning Session on Covid-19 vaccination drive championed by Group SHE within the Group Corporate & Shared Services Department at the City and employees have been encouraged to attend through internal communication platform in understanding Management of Covid-19.

ORGANIZATIONAL DEVELOPMENT

The organizational structure is continuously reviewed to ensure that there is maximum enhancement of the business operations, for an increased accountability and business operations are functioning optimally.

Section 2: Employee Remuneration and Cost Including Executives

The total salary bill equates to an amount of **R110 042 515** for the first quarter of the 2021/2022 financial year.

SALARY BILL: FIRST QUARTER	
MONTH	AMOUNT
19-Jul	R36 335 809
19-Aug	R36 198 290
19-Sep	R37 508 415
TOTAL	R110 042 515

The table above depicts the quarterly breakdown of the salary bill for the first quarter of the 2021/2022 financial year inclusive of the following transactions that emerged:

- Payment of performance bonuses to qualifying Executive and Senior managers following AGM;
- Final payments of terminated employees; and
- Appointment of new employees following a recruitment process.

Overtime Costs: 2021/2022 (July to September)

The Overtime expenditure for the first quarter amounts to **R1 962 613** and represents 0.02 % of Salary Bill.

Overtime expenditure is consistent and because of services rendered to the public by JPC in respect of public convenience facilities. Public convenience facilities are open seven (7) days a week and are being maintained by employees who work five (5) days a week, they are required to work over weekends in order to deliver a quality service to the public.

There has been a rise on overtime due to the need for cleaners who work in corporate buildings where there are shift workers, such as JMPD, there is a requirement for cleaners to be at work at all times to ensure that all buildings are clean and safe as per covid-19 regulations.

The table below indicates overtime paid out in the first quarter of the 2021/2022 financial year per month

OVERTIME EXPENSES: Q1 JULY TO SEPTEMBER 2021			
MONTHLY	HOURS CLAIMED	TOTAL COSTS	% EXPENDITURE
Jul-21	4421.1	826 105.93	42%
Aug-21	3163	464 493.94	24%
Sep-21	4433.3	672 013.21	34%
TOTAL AMOUNTS	12 017	1 962 613	0.61%

The monthly overtime indicates a peaks in July, as the country was on adjusted alert level 4 of the lockdown due to the 3rd wave of the corona virus, a larger number of employees within

facilities management and cleaning services were required to ensure all building and public facilities are kept in a clean state at all times. There was another slight increase in September as the country moved to alert level 2, which saw more employees going back to offices, and this increased the need for more cleaners around the clock.

Section 3: Key Vacancies

Filling of Critical positions

The process filling of the critical positions was revised and the recruitment process resumed in the first quarter. Positions that were advertised internally were approved and filled. The appointments on the following positions was effective from 01st September 2021.

POSITION	DEPARTMENT
Assistant Strategic Operational Manager x2	Corporate Strategic Support
Executive Personal Assistant to the CEO	Office of the CEO

STAFF MOVEMENTS

Terminations: There were 25 terminations that were actioned in the first quarter of the 2021/22 financial year. The table below depicts the terminations per occupational level.

Occupational Levels	MALE				FEMALE				Foreign Nationals		TOTAL
	A	C	I	W	A	C	I	W	M	F	
Top Management	0	0	1	0	0	0	0	0	0	0	1
Senior Management	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and mid-management	0	0	0	0	0	0	0	0	0	0	0
Jun. Management, Superintendents and Skilled Technical	0	0	0	0	0	0	0	0	0	0	0
Semi-skilled / Administration	1	0	0	0	0	0	0	0	0	0	1
Unskilled and defined decision making	3	0	0	0	20	0	0	0	0	0	23
Total Permanent Staff	4	0	1	0	20	0	0	0	0	0	25

Temporary Employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	4	0	1	0	20	0	0	0	0	0	25

The table above illustrates the terminations realised per occupational level, race and gender. These terminations were mainly due to retirements and deaths/

The graph below indicates the reasons for termination that transpired in this financial year.



- **Deceased:** Three (3) employees passed away in this financial year mostly through ill health.
- **Early Retirement:** Two (2) employees went on early retirement due to issues of ill health and age.
- **Retirement:** Twenty (20) employees went on retirement in this financial year.

The impact of termination rate realised contributes to the under capacitation within key business areas and the business has identified critical positions per business unit that need to be advertised as soon as budget is made available.

STAFF TURN OVER FOR THE PERIOD UNDER REVIEW: JULY – SEPTEMBER 2021



The graph above shows staff turnover rate of 2%, which is a good level taking into consideration that a healthy turnover rate is 5% to 10%. Employees stay longer in the employ and this indicates that JPC is fair in paying employee benefits as an employer of choice.

Section 4: Employment Equity

The total JPC EE demographics in the table below includes permanent and temporary employees. The total workforce is 1660 as at September 2021.

OCCUPATIONAL LEVELS	MALE				FEMALE				FOREIGN NATIONALS		TOTAL
	A	C	I	W	A	C	I	W	M	F	
Top Management	0	0	0	0	0	1	0	0	0	0	1
Senior Management	6	0	1	0	3	0	0	0	0	0	10
Professionally qualified and mid-management	17	1	5	4	23	2	3	6	0	0	61
Jun. Management, Superintendents and Skilled Technical	10	0	2	4	26	4	2	0	0	0	48
Semi-skilled / Administration and discretionary decision making	139	10	5	5	78	14	1	0	1	0	253
Unskilled and defined decision making	349	3	0	1	917	17	0	0	0	0	1287
Total Permanent Staff	521	14	13	14	1047	38	6	6	1	0	1660
Temporary Employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	521	14	13	14	1047	38	6	6	1	0	1660

EMPLOYMENT EQUITY AND AFFIRMATIVE ACTION PLANS

Implementation of the affirmative programmes to address any barriers and disparities in terms of equal representations across occupational levels. Measures are put in place to consult and identify positions that will be filled by People living with Disabilities. Positions that will be filled will address gender disparities in certain senior management and semi-skilled occupational levels. Priority will be given to females, racial under represented levels and People Living with Disabilities using a targeted recruitment selection process as and when there are vacant positions to be filled.

Racial and Gender Split per population groups as well as the gap analysis against EAP targets as at September 2021.

JPC continues to put measures in place to improve gender equality and equal representation in terms of gender and race. The EE targets for 2021/2022 based on the Provincial Economic Active Demographic Population (EADP) are as follows:

PROVINCIAL ECONOMIC ACTIVE DEMOGRAPHIC POPULATION (EADP)

POPULATION GROUP	MALE %	FEMALE %	TOTAL %
Africans	46.6%	35.4%	81.9%
Coloureds	1.6%	1.2%	2.8%
Indians	1.8%	0.9%	2.7%
Whites	6.8%	5.7%	12.6%
People with Disabilities			2%

RACIAL SPLIT PER POPULATION GROUPS IN LINE WITH ECONOMIC ACTIVE DEMOGRAPHIC POPULATION

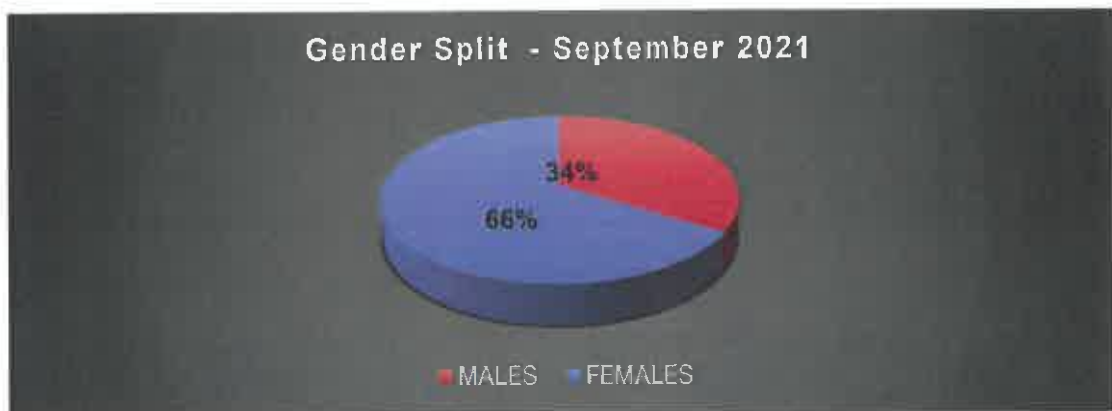
RACIAL SPLIT – SEPTEMBER 2021	TARGET	ACTUAL	CURRENT NUMERICAL
AFRICAN	81.9%	94.5%	1569
COLOURED	2.8%	3.0%	52
INDIAN	2.7%	1.1%	19
WHITE	12.6%	1.4%	20
			1660

Overall Racial Split	RACIAL SPLIT			
	A	C	I	W
Actual	94.5%	3.0%	1.1%	1.4%
Target	81.9%	2.8%	2.7%	12.6%
Gaps	13%	0%	-2%	-11%

The underrepresentation of Indians and Whites in terms of racial split against the EAP targets and People living with Disabilities has not yet been addressed. The racial gap will be address as and when there are vacant positions to be filled.

GENDER SPLIT ANALYSIS

At the end of the first quarter, JPC recorded 66% female representation and 34% males in gender split. Though the percentage may depicts that there is a significant change in gender split however, the majority of female representation are at the lower occupational levels and there is still gender disparity at senior management levels. This provides JPC with an opportunity to put measures in place that would provide female employees with opportunities to improve their skills growth towards supervisory levels and Team leading capabilities.



Section 5: Skills Development

WORKFORCE CAPACITATION

Implementation of the 2021/2022 Workplace Skills Plan. In light of the pandemic, capacitation of employees commenced slowly as measures are being initiated to implement a multidimensional approach to training to ensure employee safety to curb the spread of the virus in the workplace by utilising online programmes, Webinars and In-house workshops.

Training Cluster	Programme / Course Implemented	No. of beneficiaries
Online Programmes		
Technical/Functional	Ethics in the Public Service	2
	Introduction Financial Management and Budgeting	2
	Introduction to Strategic Human Resources Management	1
	Generally Recognised Accounting Practice	1
In-house Training	Practical Learning on Disciplinary Cases	13
Seminars/Conventions/ Conferences	SAIBPP Annual Convention	4
	SMARTER TAX LAW	1
	SAPOA: Trends in Commercial Property Law Due to the Covid 19 Pandemic	13
Total		37

Section 6: Disciplinary Matters & Outcomes

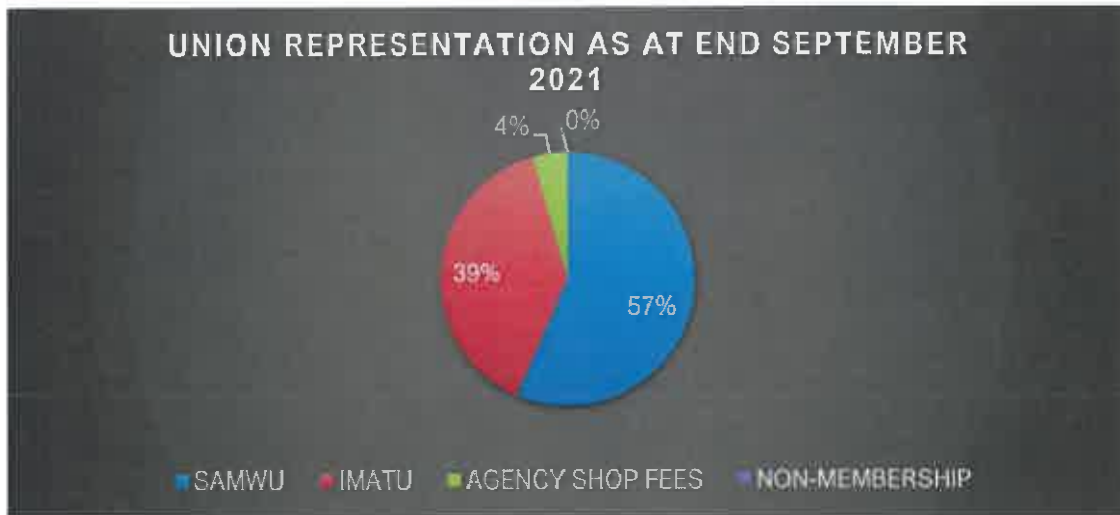
NATURE OF INTERNAL CASE	PROGRESS	NEXT STEPS
Twenty-one (21) employees were placed on precautionary suspension.	Investigation is still underway.	Pending outcome of investigation, which point the employer in the direction to take.
Three (3) Disciplinary Hearings have commenced from the 21 employees suspended.	The process is in progress	The Presiding Officer will pronounce outcome in due course.

CASE DESCRIPTION	OUTCOME
185 Unfair Labour Practice	Unresolved certificate issued and the matter has been referred to arbitration and awaiting sit down date.
185 Unfair Labour Practice	Unresolved certificate issued and the arbitration hearing will take place on the 12 th October 2021.
185 Unfair Labour Practice	The arbitration was scheduled for the 23 September and the Commissioner did not pitch as he was double booked for CCMA. Therefore, we are awaiting a new date.

Section 7: Union Representation

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

The pie chart below indicates the union representation by percentage for the first quarter for the 2021/22 financial year.



The union representation and membership graph above shows that from a staff compliment of 1660 permanent employees, 57% belongs to SAMWU, 39% belongs to IMATU and 4% fall within the Agency shop fees. In the first quarter, there is a continual change in membership affiliation, as employees in the cleaning department opt for either dual membership to both IMATU and SAMWU or cancel membership with IMATU to join SAMWU.

Section 8: Leave and Productivity Management

LEAVE LIABILITY: FIRST QUARTER JULY TO SEPTEMBER 2021

The leave liability amount based on the annual leave balances as at end September 2021 amounts to **R 39 624 451**. The leave liability amount shows a steady increase as result of the two (2) leave days accumulated by each employee on a monthly basis. It is kept balanced by the fact that employees who encash their leave days are required to first utilise their 16 compulsory leave days. Employees are granted statutory leave as provided for in the Basic conditions of Employment Act no 75 of 1997 and controls are in place to ensure compliance with the provisions of Section 20 of the Act. In the period under review, **105 211 days of annual leave were utilised**.

ABSENTEEISM: 2021/2022 (JULY - SEPTEMBER)

The Industry benchmark for gross sickness absenteeism rate (GSAR) is 2%.The absenteeism rate has been kept at a manageable rate within JPC as employees with comorbidities have

been allowed to work from home. These employees will be called back to work following the country's move to alert level 2 and managers will be advised to follow stringent covid-19 regulations such as ensuring employees are wearing masks at all times, workstations are kept clean, social distancing is maintained etc.

The table below illustrates the absenteeism rate per department for the first quarter of the 2021/2022 financial year

DEPARTMENT	PERIOD	Number of Staff taken Sick leave	Total Days-Taken	Sick % Absenteeism
Office of the CEO	July - September 2021	0	0	0.00%
Finance & SCM	July - September 2021	4	89	0.05%
Client Business Operations	July - September 2021	14	81	0.04%
Corporate Services	July - September 2021	1	1	0.00%
Outdoor Advertising	July - September 2021	0	0	0.00%
Portfolio Management	July - September 2021	56	440	0.22%
Cleaning Services	July - September 2021	42	238	0.12%
TOTALS	Q1	117	849	0.43%

The above table illustrates the absenteeism rate per department, JPC has an absenteeism rate of 0.43% and the department with the highest absenteeism rate is Portfolio Management followed by the Cleaning department. These departments are where majority of our technical, lower level employees are based, and an aging workforce plagues Portfolio Management as majority of our technical team employees have a long service history with the COJ.

Section 9: Employee Wellness

JPC is implementing measures of control in terms of limiting the spread of Covid-19 in the office space environment. This is a necessary requirement to safeguard our employees and adhere to the guidelines as laid out in the regulations.

The first health awareness event of the year – the employee wellness awareness walk - was well received and attended by employees from depots and head office.

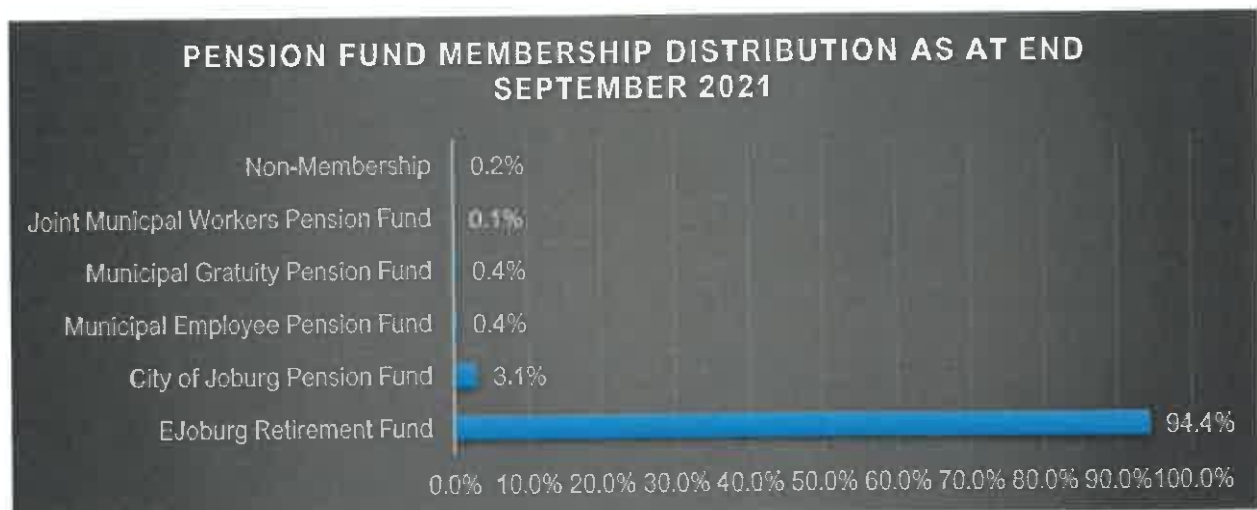
Workplace health and safety is under the microscope with the outbreak of the Corona Virus and various awareness communications and posters have been distributed regarding hygiene and leave provisions.

Employees who tested positive received regular telephonic counselling and health tips from qualified professional health nurses while recovering at home. Fortunately, there have been no bereavements during this period under review. The recovery rate is an indicator that the risk of the virus spread is well managed by the organisation through precautionary measures taken by employees and adherence to compliance regulations.

It is also compulsory for all employees to report all incidences via means of telecommunication of any employee diagnosed with COVID-19 or showing signs of COVID-19 or flu-like symptoms, not to report to work in person and self-isolate. This should also be true if a member of the employees' household becomes ill.

Section 10: Employee Benefits

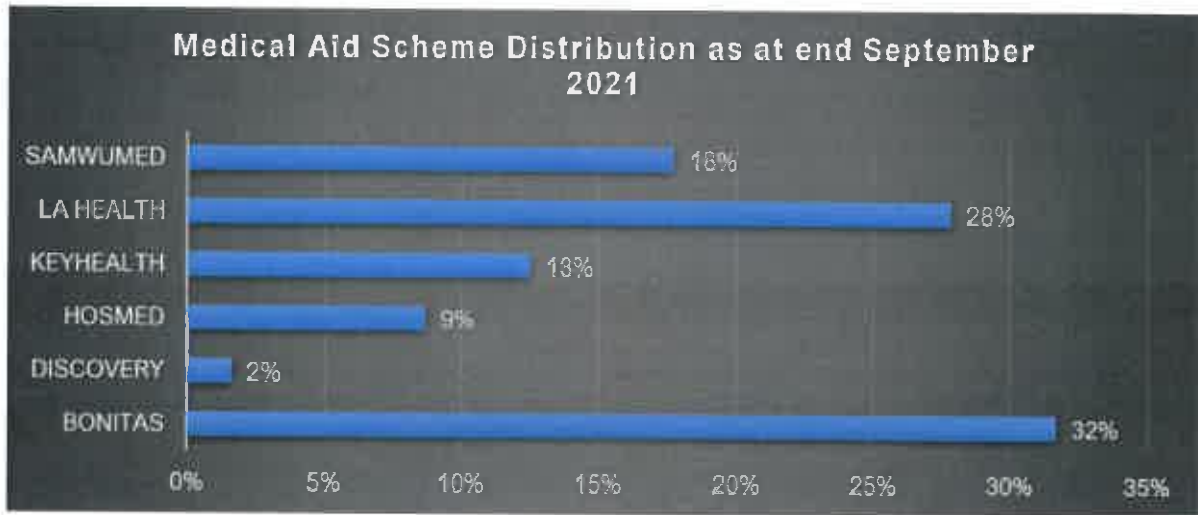
The Entity had five retirement funds for members namely - the COJ Pension Fund, the e-Joburg Retirement Fund, The Joint Municipal Pension Fund, the Municipal Gratuity Fund and The Municipal Employee Pension Fund. The majority of employees belong to the e-Joburg Retirement Fund. Actuarially, there are no liabilities to these funds over and above monthly contribution.





The graph 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, medically boarded employees and temporary employees. *In terms of the salary and wage collective agreement, the pension fund condition ordinarily increases by virtue of the salary increase percentage and related linked benefits.*

THE ACCREDITED MEDICAL AID SCHEMES MEMBERSHIP DISTRIBUTION AS AT END SEPTEMBER 2021 IS AS FOLLOWS:



The table above specifies the accredited medical aid schemes and membership distribution to each scheme as at the end of September 2021. The provision set out in relation to medical aid, 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 is R4 773.12 this is from the 2020/2021 financial year.



Chapter 5: Financial Performance

Section 1: Statement of Financial Position

STATEMENT OF FINANCIAL POSITION FOR JPC FOR THE PERIOD ENDED 30 SEPTEMBER 2021

	Note	Q1 2022	2021	Variance R
Assets				
Current assets		765 265 604	739 814 884	25 450 720
Cash and cash equivalents	<u>1</u>	2 000	2 000	-
Receivables from exchange transactions	<u>2</u>	580 780 761	603 148 547	-22 367 786
Loans to shareholders	<u>3</u>	184 312 068	136 223 472	48 088 596
Receivables from non-exchange transactions	<u>4</u>	146 328	146 328	-
Prepayments	<u>5</u>	24 447	294 537	-270 090
Non-current assets		51 724 649	55 561 552	-3 836 903
Property, plant and equipment	<u>6</u>	15 888 764	19 651 976	-3 763 212
Intangible assets	<u>7</u>	13 482 807	13 558 750	-75 943
Prepayment	<u>8</u>	-	-	-
Deposits	<u>9</u>	189 559	189 559	-
Deferred Tax Asset	<u>10</u>	22 162 803	22 160 552	2 251
Current tax receivable	<u>11</u>	715	715	-
Total Assets		816 990 252	795 376 436	21 613 816
Liabilities				
Current Liabilities		827 124 029	816 208 781	10 915 248
Payables from exchange transactions	<u>12</u>	127 099 818	227 385 618	-100 285 800
Finance lease obligation	<u>13</u>	-	547 120	-547 120
Loans from shareholders	<u>14</u>	688 775 558	570 718 381	118 057 177
Provisions	<u>15</u>	1 565 576	1 565 576	-
Current tax payable	<u>16</u>	3 445 424	9 754 433	-6 309 009
Operating lease liability	<u>17</u>	6 237 653	6 237 653	-
Non-Current Liabilities		774 000	774 000	-
Finance lease obligation	<u>13</u>	-	-	-
Employee benefit obligation	<u>18</u>	774 000	774 000	-
Total liabilities		827 898 029	816 982 781	10 915 248
Net Assets		-10 907 777	-21 606 345	10 698 568
Share Capital	<u>19</u>	5 142 721	5 142 721	-
Accumulated Surplus/(Deficit)	<u>20</u>	-16 050 498	-26 749 066	10 698 568
Total Net Assets / (Liabilities)		-10 907 777	-21 606 345	10 698 568

High Level Notes:

1. The petty cash float is maintained at R2 000 every month.
2. Included in trade receivables is a provision for bad debts related to facilitation fees to the value of R28 283 248. The total outstanding debt from related parties is R562 685 889 of which +/- R230 million relates to cleaning services that has not been recovered.
3. Represents the COJ: Portfolio loan account with JPC and the sweeping account.
4. Staff debtors relate to personnel that were taxed incorrectly in February 2021 and have signed an acknowledgement of debt for payroll to recover the excess monies.
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. The impairment of internally generated assets is to be reviewed during the 2021 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. Comparatively JPC has had a significant reduction in payables as accruals for the 2021 financial year are being paid.
13. This is the short term portion of the finance lease liability which is payable within one year. JPC currently has no active finance leases.
14. Relates to loan accounts payable between JPC and various COJ departments for the JPC and insourced cleaners payroll as well as transactional loan accounts for the acquisition of property for the COJ.
15. Relates to provision for EXCO bonuses for the 2020/21 financial year.
16. Current tax payable to SARS for the 2020 and 2021 financial years. The liability for the 2020 financial year has been assessed and settled.
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 Finance Performance for the period ended 30 September 2021

	Note	Actual	Year-to-date Budget	Variance	Annual Budget
Revenue					
Revenue from non-exchange transactions		163 658 750	163 658 750	-	654 635 000
COJ - Subsidies received	<u>1</u>	163 658 750	163 658 750	-	654 635 000
Revenue from exchange transactions		16 746 114	90 014 353	73 268 238	360 057 410
Internal recoveries	<u>2</u>	2 432 084	53 541 750	51 109 666	214 167 000
Commission on Portfolio Rentals	<u>3</u>	4 099 072	10 196 750	6 097 678	40 787 000
Commission on Outdoor Advertising	<u>4</u>	3 068 061	3 250 000	180 939	13 000 000
Commission on Property Acquisition	<u>5</u>	4 676 282	-	-4 676 282	-
Assets Under Management Fees	<u>6</u>	1 750 000	1 750 000	-	7 000 000
Facilitation Fees - Inner City	<u>7</u>	-	7 500 000	7 500 000	30 000 000
Facilitation fees	<u>8</u>	-	10 752 500	10 752 500	43 010 000
Ad hoc Fees	<u>9</u>	19 200	-	-19 200	-
Cell Mast	<u>10</u>	700 416	3 023 353	2 322 937	12 093 410
Other income		838 202	-	-838 202	-
Interest received	<u>11</u>	838 202	-	-838 202	-
Total Revenue		181 243 066	253 673 103	72 430 036	1 014 692 410
Expenditure					
Board of directors fees and expenses	<u>12</u>	541 565	912 000	370 435	3 648 000
Office operational expenses	<u>13</u>	49 559 229	83 288 494	33 729 265	333 153 978
Contracted expenses	<u>14</u>	4 443 850	8 216 500	3 772 650	32 886 000
Cleaning materials	<u>15</u>	-	8 208 000	8 208 000	32 832 000
Repairs & Maintenance	<u>16</u>	2 042 397	21 856 000	19 813 603	67 424 000
Salaries	<u>17</u>	109 716 033	117 691 608	7 975 575	470 766 433
Travel	<u>18</u>	-	140 250	140 250	561 000
Interest Paid	<u>19</u>	-	9 675 000	9 675 000	38 700 000
Depreciation	<u>20</u>	3 804 147	3 685 250	-118 897	14 741 000
Loss on disposal of assets	<u>21</u>	34 996	-	-34 996	-
Total expenditure		170 142 218	253 673 103	83 530 884	1 014 692 410
(Deficit)/surplus before taxation		11 100 848	-	-11 100 848	-
Taxation		-	-	-	-
Net (Deficit)/Surplus		11 100 848	-	-11 100 848	-

High Level Notes:

1. Subsidy provided to JPC for the 2020/21 financial year.
2. Internal recoveries relates to the salary recovery for insourced of cleaning staff, and management fees for R&M, and CAPEX projects undertaken on behalf of the COJ and its departments. This revenue line will increase as related party transactions are concluded for the annual financial statements.
3. The COJ Rental Collection Commission, Servitudes and Rates & Taxes is 59.8% 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 5.57% below the budget; this is in alignment with collections in Portfolio.
5. Related to property acquisitions for the Department of Housing. The transactions are still be finalised and transferred to the buyer.
6. Relates to Asset under Management fee for the administration of the COJ's assets.
7. For the YTD no transactions have transpired.
8. 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 Aktivex.
11. JPC accrued interest on the sweeping account in Q1 as the account is in surplus of R141.6 million.
12. Directors' emoluments and expenditure is 40.62% below the budget. This is in line with the number of meetings scheduled for the YTD.
13. Operational expenditure is 40.5% below the YTD budget. Cost management measures have been implemented to manage expenditure. Operational expenditure is anticipated to increase in Q3 and Q4 of this financial year.
14. Contracted expenditure is 45.92% below the budget. Contracted expenditure will increase subsequent to the conclusion of the annual AGSA audit for 2021, as audit fees will become due and payable.
15. Bulk cleaning materials have not been procured as the panel is still to be concluded and adjudicated on. The previous panel was declared irregular.
16. Repairs & Maintenance is 90.66% below the YTD budget. Due to the change in hybrid work-from-home models, R&M has not been utilised in office accommodation buildings as anticipated.
17. Salary expenditure is 7.55% above the budget. Additional budget was provided during the midterm review to cover the shortfall in cleaners' employee costs; however, it is insufficient to cover the shortfall in the overall salaries budget.
18. No travel expenditure has been incurred for the YTD.
19. JPC has no incurred any interest expense on the overdraft as the account has been in surplus since the conclusion of the 2021 financial year.
20. Depreciation is 3.23% above the budget. This is in line with the fixed asset register and accelerated depreciation for tenant installations in Forum 1.
21. JPC accounted for laptops and IT equipment that had been stolen during Q1 as well as IT equipment that had been scrapped.

Section 3: Cash Flow Statement

	Q1 2022	2021
Cash flows from operating activities:		
Rendering of services	38 711 621	267 350 903
Subsidies	163 658 750	646 229 000
Interest income	838 202	370 192
	203 208 573	913 950 095
Payments		
Employee costs	-109 716 033	-486 413 547
Suppliers	-156 602 739	-469 139 307
Finance costs	-	-3 723 006
Taxes on surpluses	-6 309 009	4 488 282
	-272 627 781	-954 787 578
Net cash flows from operating activities	-69 419 208	-40 837 483
Cash flows from investing activities		
Purchase of PPE	-	-26 360 768
Proceeds/(Loss) on disposal of PPE	-	-
Purchase of intangible assets	-	-
Payment of deposits	-	-
Net cash flows from investing activities	-	-26 360 768
Cash flows from financing activities		
Net movement of shareholders loan	69 966 328	71 381 352
Finance lease payments	-547 120	-4 183 102
Net cash flows from financing activities	69 419 207	67 198 251
Net increase/(decrease) in cash and cash equivalents	-	-
Cash and cash equivalents at 01 July 2021	2 000	2 000
Cash and cash equivalents at 30 September 2021	2 000	2 000

**EQUITY AND LIABILITIES
EARNINGS AND
RESERVES**

	(132 021 344)	92 009 819	(224 031 163)
Retained Income - Prior Year	(151 984 682)	75 679 906	(227 664 588)
Current Period			
Surplus/(Deficit)	19 963 338	16 329 913	3 633 425
To End Prior Month			
Surplus/(Deficit)	12 526 989	11 724 451	802 538
Current Month			
Surplus/(Deficit)	7 436 348	4 605 462	2 830 887

**NON CURRENT
LIABILITIES**

Prepaid Income - Outdoor Advertising	-	-	-
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CURRENT LIABILITIES

	273 064 193	275 452 095	(2 387 901)
Trade and Other Payables			
STB COJ Loan Account - Bank Sweeping	247 271 081	247 971 965	(700 885)
COJ Portfolio - VAT Claim/Payable Account	1 315 513	-	(1 052 702)
Accruals	313 022	1 365 725	(687 706)
Receipts In Advance - Rentals	11 440 523	12 128 229	(241 878)
Deposits Received: Tenants	11 296 950	11 538 828	(12 128 229)
JPC Portfolio Loan Account	-	-	(11 538 828)
Property Portfolio Loan: MOE's	-	59 425	1 789 257
Prepaid - Deposit received on land sales	1 848 683	348 683	(861 498)
Creditor (Solar Street Names)	-512 816	1 944 008	(1 852 770)
Creditor (Khulu Outdoor)	91 237	91 237	3 995
	141 042 849	367 461 814	(226 419 065)

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.
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. There is no Capital expenditure incurred for the month ending 30 September 2021. The allocated budget amounts to R56 658 000 for the year 2021/2022. All owed amounts relating to the previous financial year has been fully paid.
13. This item reflects accruals raised, R313 022 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 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.

	NOTE	ACTUAL Q1 2022	BUDGET Q1 2022	VARIANCE	VARIANCE %	APPROVED BUDGET 2021/2022
<u>INCOME / BILLINGS</u>						
Rent of Facilities and Equipment	1	16 003 421	27 412 250	-11 408 829	-41.6%	109 649 000
Interest Received - Arrear Debtors	2	928 783.67	916 500	12 284	1.3%	3 666 000
Other Income	3	-	3 129 000	-3 129 000	100.0%	12 516 000
Recoveries: Bad Debts - COJ	4	-	-	-	0.0%	-
Outdoor Advertising - COJ	5	11 893 484	13 037 500	-1 144 016	-8.8%	52 150 000
Gains on Disposal of Assets	6	-	8 250 000	-8 250 000	100.0%	33 000 000
TOTAL INCOME		28 825 688	52 745 250	-23 919 562	45.35%	210 981 000

EXPENDITURE

NOTE	ACTUAL Q1 2022	BUDGET Q1 2022	VARIANCE	VARIANCE %	BUDGET 2021/2022
7a	-	1 893 365	1 893 365	100.0%	7 573 458
7b	-	3 378 654	3 378 654	100.0%	13 514 616
7c	22 900	231	616 331	96.4%	2 556 926
8	39 312	16 817 750	83 538 000	99.8%	67 271 000
9	-	549	549 500	100.0%	2 198 000
11	29 609	500	727 891	96.1%	3 030 000
10	71 032	1 301 250	1 230 218	94.5%	5 205 000
10	377 970	1 607 500	1 229 530	76.5%	6 430 000
10	-	750	681 750	100.0%	2 727 000
12	8 321 527	15 196 750	6 875 223	45.2%	60 787 000
13a.	-	9 806 000	9 806 000	100.0%	39 224 000
13b.	-	1 905 250	1 905 250	100.0%	7 621 000
14	-	11 033 500	11 033 500	100.0%	44 134 000
15	-	138 500	138 500	100.0%	554 000
TOTAL EXPENDITURE	8 862 350	65 706 500	90 526 461	86.51%	262 826 000
SURPLUS / (DEFICIT)	19 963 338	(12 961 250)	32 924 588	254.0%	(51 845 000)

High Level Notes:

1. **COJ Rentals:** The overall revenue anticipated from the rentals collection is 39% 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.
2. This item reflects interest charged on overdue tenant accounts. The interest generated on the debtor's accounts 1.3% below 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 104.1% below the budget.
4. No income recognised for the month of September 2021.
5. Income derived from outdoor advertising and promotions, 8.8% below the budget.
6. No income recognised for the month of September 2021.
- 7a. No expenditure recorded in the month ending 30 September 2021.
- 7b. No expenditure recorded in the month ending 30 September 2021.
- 7c. **Contacted Services:** Business Advisory Valuer is 96.4% below YTD budget in this month of September.
8. This line item relates to repairs and maintenance costs on buildings. There is a saving of 99.8% against the YTD Budget in the month ending 30 September 2021.
9. No expenditure recorded in the month ending 30 September 2021.
10. **General Expenses:** Assessment Rates, Refuse Removal, Electricity supply- expenditure incurred. There is a saving of 94.5% on Assessment rates and 76.5% on Refuse removal against the YTD Budget recorded in the month of September 2021.
11. This line item relates to Advertising, Publicity and Marketing. There is a saving of 96.1% against the YTD Budget in the month ending 30 September 2021.
12. **Internal Recoveries:** JPC Commission indicates a saving of 45.2% against the YTD 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. No expenditure recorded in the month ending 30 September 2021
- 13b. No expenditure recorded in the month ending 30 September 2021 No expenditure recorded in the month ending 30 September 2021.
14. No expenditure recorded in the month ending 30 September 2021
15. No expenditure recorded in the month ending 30 September 2021

Section 4: Capital Projects & Expenditure

Project No	JSIP No	Details	Total 2021-22 Budget	YTD Actuals	Variance	%
1	23560	Acquisition of Cleaning Equipment*	15 000 000	-	5 000 000	0%
2	2669	Computer Equipment - New Computer Upgrades**	7 500 000	-	-	0%
3	4142	Erf 43-46 Victoria Ext 3(Paterson Park Node) VICTORIA EXT.3 E Regional	2 158 000	-	2 158 000	0%
4	6309	Marlboro Station Project Land Preparation	5 000 000	-	5 000 000	0%
5	6358	Metromall Taxi Rank Shop Revitalisation and Waste Management Area Redesign	6 000 000	-	6 000 000	0%
6	4184	Office Space Optimisation Program New Precinct Redevelopment JOHANNESBURG F City Wide	15 000 000	-	15 000 000	0%
8	3944	Site Development Projects New Land Preparation JOHANNESBURG F City Wide	6 000 000	-	6 000 000	0%
TOTALS			56 658 000	17 500 000	39 158 000	0%

*The acquisition of cleaning equipment is currently under probity review and the award is to be finalised by the Adjudication Committee in October 2021. The remaining R5 million will be utilised through a panel on an ad hoc basis for the remainder of the 2022 financial year.

** Computer equipment and IT infrastructure is to be presented to the Adjudication Committee in October 2021 with completion for the full CAPEX value anticipated to be utilised in Q2.

The remaining CAPEX projects are currently at their respective Specification Committees and will be presented to the Adjudication Committee in Q2 and Q3.

Section 5: Ratios Analysis

PART A: JPC

LIQUIDITY RATIO

JPC is currently owed R580 million from trade and Intercompany debtors with cash collections in excess of R222 million being achieved for the YTD for trade receivables. JPC has a current ratio of 0.93:1 as compared to the norm of 1:1, the ratio has marginally improved from the June 2021 financial year-end as the financial performance of the company has been profitable for the first quarter of 2022.

The sweeping account currently reflects as positive R141.6 million, however related party loans exceeding R650 million for salary costs are still to be paid to the COJ's Group Finance and Corporate Shared Services for the 2021 and 2022 financial years. The cash position has improved as collections for the subsidy and from related parties streamed in during the first quarter. Upon the conclusion of the cleaning SLA, JPC will recover employee costs of around R230 million from the COJ's departments for cleaning services provided; this will increase the liquidity and solvency of JPC.

DEBTORS COLLECTION PERIOD

JPC has debtors' collection ratio in excess of two years for third 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 297 days. The intercompany debtors' collection ratio is due to non-payment by COJ departments and other MOE's for services rendered by JPC as well as for cleaning services that are yet to be recovered.

SOLVENCY RATIO

JPC has a solvency ratio of 0.99:1 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 will improve during the financial year as JPC is reviewing the financial strategy of the entity to both meet budgeted objectives for revenue and to unlock additional revenue through existing and new revenue streams.

COST COVERAGE RATIO

Due to the positive cash position of JPC, the cost coverage ratio is positive 3.2:1. Management has reviewed the cash flows of JPC and seeks to maintain this between 1.5:1 to 2:1 for the 2022 financial year. Surplus cash will be utilised to settle COJ salary loan accounts.

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 1.15:1 as compared to the norm of 2:1, with a negative cash flow of R221.9 million for the period under review as compared to a negative cash flow of R246.1 million for the same period in the 2020 financial year. Intercompany debtors currently owe Portfolio R148.6 million. This accounts for 51.7% 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 of the entity. 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 11%. The collection rate excludes debt owing from other debtors.

SOLVENCY RATIO

CoJ-JPC Portfolio has a solvency ratio of 1.15:1 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 59 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 58:1. This is due to a negative sweeping account balance of R221.9 million and average monthly expenditure being R3.6 million. The Portfolio predominantly utilises its cash for CAPEX spend and recovery from the COJ is dependent on the completion and verification of the projects.

CREDITORS PAYMENT CYCLE

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

Section 6: Supply Chain Management and BBBEEE

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

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

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	R2 115 887	Rental	None	N/A	N/A
None	Yes	No	R2 512 143	Fleet	None	N/A	N/A

JPC incurred fruitless and wasteful expenditure on unoccupied office space in Forum 2, Braampark Office Park. The lease for Forum 2 expired at the end of August 2021 and only a portion of the floor space previously occupied was extended as the IT infrastructure for JPC's network remains in Forum 2. The infrastructure can only be moved once the server room and support infrastructure is installed in Forum 1. Upon completion of the migration of the JPC server room and support infrastructure from Forum 2 the lease will be terminated.

JPC incurred R2 512 143 for fleet services for the YTD. 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. During Q1 of 2022, it was established that the COJ had contracted with First National Bank Fleet Services to provide fuel to the COJ fleet, including JPC's. The value related to this appointment has also been disclosed as irregular as no supply chain process or explanation has been forthcoming from the COJ on how the service provider was appointed and why they contracted on behalf of JPC.

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

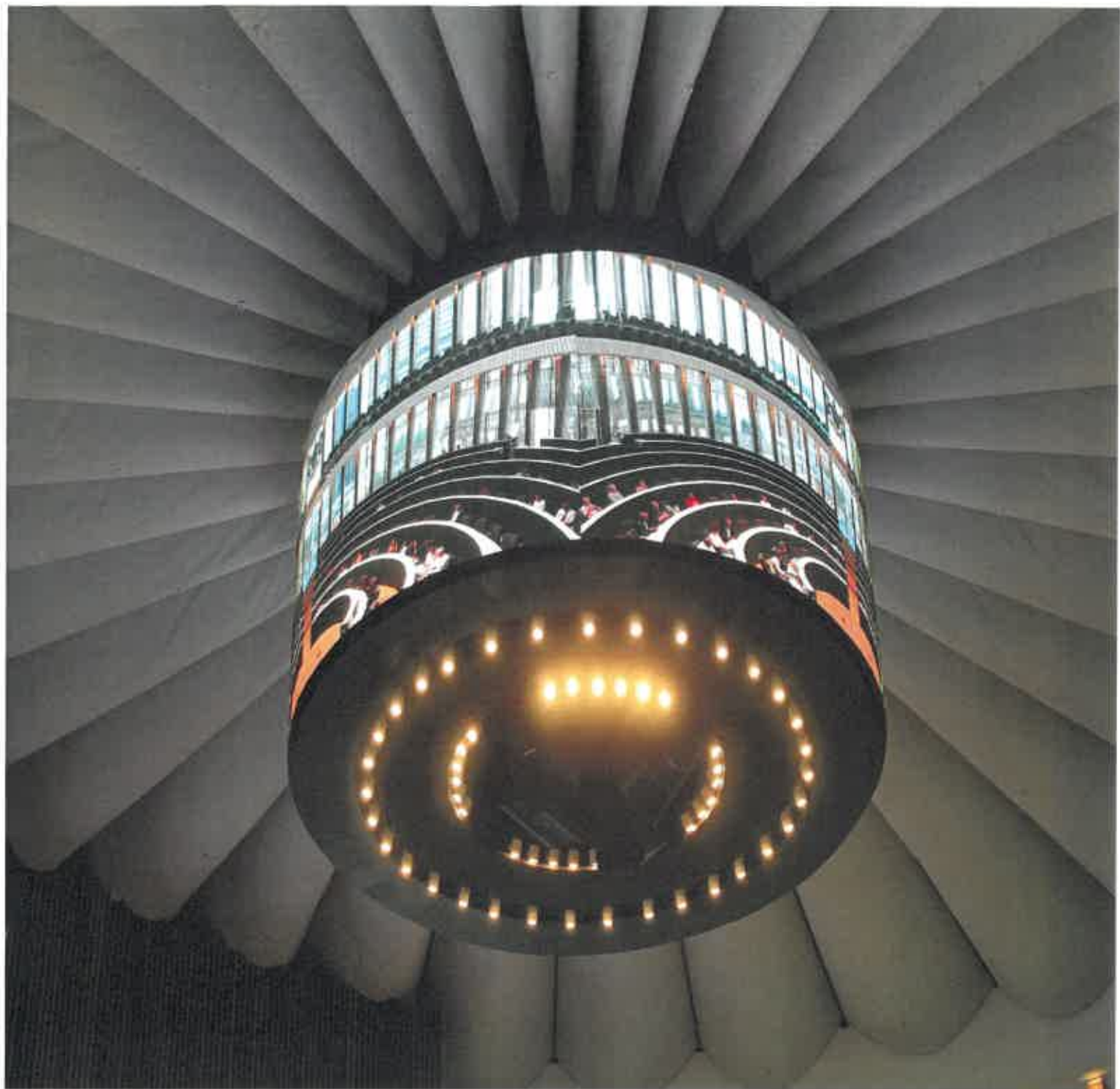
Section 9: Insurance Claims against / to JPC

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 three-year rolling internal audit plan is reviewed and approved annually by the Audit and Risk Committee after taking into account both strategic and operational risks of the entity.

The internal audit plan for the current financial year using the top strategic risks of JPC not yet approved

The internal resources of Internal Audit Unit assist management during the external audit process to ensure that AGSA requests are prioritised and information provided timeously.

Section 2: Progress on Resolution of Internal Audit Findings

The entity has six unresolved internal audit findings remaining from the findings raised in the execution of the 2019/20 Financial Period. During the 2020/2021, financial period internal audit raised 47 findings, which remains unresolved.

The breakdown of the unresolved findings is as follows:

CATEGORY	TOTAL AS AT 30 SEPTEMBER 2021
Very High	4
High	38
Medium	11
Low	2

The schedule of unresolved internal audit findings is presented to Audit and Risk Committee on a quarterly basis, where management account for the implementation plan.

Section 3: Progress on Resolution of External Findings

The Auditor General of South Africa (AGSA) finalised the 2019/20 audit and issued their audit report and management report letter in March 2021 with seventeen audit findings. The table below depicts AGSA findings that were raised in 2019/20 financial year-end.

Category	Total as at 31 March 2021	Resolved	Not resolved
Affecting audit report	7	6	1
Other administrative finding	10	10	0
Total	17	16	1

JPC'S AUDIT OUTCOME FOR THE PAST FIVE YEARS IS AS FOLLOWS:

Audit Opinion	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
	Unqualified (clean audit)	Unqualified (clean audit)	Unqualified (clean audit)	Unqualified with findings	Unqualified with findings

Section 4: State of the Internal Controls

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

