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**JOBURG**  
PROPERTY COMPANY

**JPC MID-TERM REPORT 2021/22**

<b>Registration number</b>	:	2000/017147/07
<b>Registered address</b>	:	1 <sup>st</sup> Floor   Forum II   Braam Park   33 Hoofd Street   Braamfontein
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<b>Bankers</b>	:	Standard Bank South Africa
<b>Auditors</b>	:	Auditor-General of South Africa
<b>Acting Company Secretary</b>	:	Gontse Dlamini (Acting)

### VISION

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

### MISSION

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

### VALUES


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

- Professionalism
- Accountability
- Responsibility
- Customer Service
- Trust

**OFFICIAL SIGN OFF:**

It is hereby certified that this Quarterly Report:

- was developed by the management of JPC SOC Ltd under the guidance of the Executive Management;
- considers all the relevant policies, legislation and other mandates for which JPC SOC Ltd is responsible; and
- Accurately reflects the performance that JPC SOC Ltd has achieved in the Mid-Term 2021/2022 Financial Year.

<p><b>Mr Sipho Mzobe</b></p>  <p>..... <b>Acting Chief Financial Officer</b></p>	<p>31 January (Accepted Board Date)</p> <p>..... Date of approval</p>
<p><b>Mrs Helen Botes</b></p>  <p>..... <b>Chief Executive Officer</b></p>	<p>31 January (Accepted Board Date)</p> <p>..... Date of approval</p>
<p><b>Ms Kululwa Muthwa</b></p>  <p>..... <b>Acting Chairperson of the Board</b></p>	<p>31/01/2022</p> <p>..... Date of approval</p>
<p><b>Ms. Lutama Ndlovu</b></p>  <p>..... <b>Acting Executive Director: Economic Development</b></p>	<p>11/02/2022</p> <p>..... Date of approval</p>
<p><b>Cllr. Nkuli Mbulu</b></p>  <p>..... <b>Member of the Mayoral Committee</b> <b>Economic Development</b></p>	<p>14/02/22</p> <p>..... Date of approval</p>

## Acronyms

### Acronyms And Abbreviations

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

### Acronyms And Abbreviations

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

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## Section 1: Chairperson's Foreword

The mid-term quarter report for the financial year 2021/22 reflects how the entity's strategy, governance, performance and prospects unfold intending to lead to the creation of value in the short, medium and long term. The mid-term report outlines a synopsis of the organisational and financial performance for the first six months of the 2021/22 financial year.

### Organisational Context

The entity is in a recovering phase after recording lowest organisational performance levels in the previous quarters, going forward the focus will be on:

- ✓ A turnaround strategy with the view to steer the entity back into a path of stability and improved performance.
- ✓ Financial sustainability
- ✓ Legislative compliance: JPC is cognisant of the new legislative development and intends to include all its provisions in the planning and execution of its mandate.
- ✓ Develop an aligned strategic focus based on the set strategic direction from the new political leadership.

JPC's Board of Directors remains optimistic and committed to the achievement of the strategic objective of the entity working together with the shareholder. Sustainable economic growth remains a key priority for the country, hence the entity will pursue initiatives such as job opportunities creation and investment attraction to stimulate economic growth as and enhance the quality of life for residents of COJ.

### Business Overview

Organisational performance remains at the heart of the Board despite the entity not performing as expected in the period under review. The Board remains confident that the entity will turn around the performance levels and implement measures to address urban decay while contributing to the objectives set for the Economic Development Cluster.

The financial sustainability and clean governance goals remains one of the critical areas in steering the company towards achieving its objectives. A revenue shortfall was suffered during the period under review.

The revenue collection levels continue to be under pressure however, there are regular engagements with the management team to assess and implement measures which will improve this area.

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. The company is committed to conducting business with the highest standards of professional ethics, integrity and compliance with applicable legislation.

### **Financial Performance**

For the mid-term period, the entity has spent 30% of its capital budget. This achievement presents fairly and demonstrates the company's unwavering commitment to ensuring delivering on its mandate.

The Board have been assured by management that enhancements to the procurement processes that the entity has implemented will bear the desired outcomes and contribute to expediting project implementation.

### **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. The Board notes that there are specific strategic programmes that the entity needs to gain traction in the short, to medium to turn around the state of service delivery for the better.

This would require the mobilisation of additional resources with specific focus on unlocking investment attraction opportunities, commencement of construction on Inner-City Projects, revenue generation and expedition of Capex project implementation. All of these among others have been enshrined in the 2021/22 business plan and flagged for implementation.

The Board together with management will continue to explore strategies to increase value creation for the benefit of the residents of COJ.

The Board appreciates the continuous support and guidance received from the shareholder and looks forward to working together with MMC for Economic Development.

I would like to take the opportunity to extend my appreciation for the efforts and contributions of my fellow members of the Board. On behalf of the Board, I can guarantee our stakeholders that this Board remains dedicated to continued provision of excellent services to the residents of COJ within the limited available resources.

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

  
..... 31/01/2022  
Kuluwa Muthwa  
Acting Chairperson of the Board

## Section 2: Chief Executive Officer's Overview



The JPC mid-term report entails an overview of organisational and financial performance over the first and second quarters of financial year 2021/22. The report highlights progress made in respects of JPC projects as well as the number of interventions undertaken to reposition the entity and contribute towards creating an enabling environment to attract investment, create jobs, support SMME's and achieve financial sustainability.

This mid-term report demonstrates how JPC is turning the corner concerning many challenges facing the organization in achieving financial sustainability and excellent performance levels. We are beginning to show signs of improvements in respect of organisational performance in comparison to previous quarters.

### Financial Performance

JPC has managed to obtain an unqualified audit outcome for the 2020/2021 financial year. The audit outcome gives traction to the norm for continuous improvement in respect of internal control drivers i.e. Leadership Oversight, Governance and Financial performance management. A tremendous amount of planning went into the preparation of the audit and the outcome illustrates the endeavours of everyone involved.

Currently 30% of the overall Capex budget has been spent. Other projects are currently in the planning and appointment phases and we anticipate that the full budget allocation will be spent by the conclusion of the financial year.

JPC has a solvency ratio of 0.97:1 against the norm of 1.11:1 and is factually and commercially solvent with adequate financial resources to maintain its going concern and to pay external creditors. The solvency position has improved during the period under review, and emphasis will be placed on reducing related party debt in the coming months.

## Achievements Against Predetermined Objectives

Our organisational performance reflects an achievement of 30% (i.e. 5 of the 17 )key performance indicators. The achievements for the period under review include:

- ✓ The entity received an unqualified audit report with findings.
- ✓ Fifty (50) employees have attended the Artisan Prior Learning assessment as part of the progressive development towards Artisanship Certification. Nineteen (19) General Workers (Public Convenience) have been enrolled for Basic Maintenance Training as the initial phase in the Artisanship programme.
- ✓ Sixty five (65) properties to the value of R1 481 883.00 relate to a transfer of residential homes to beneficiaries as part of the City's service delivery mandate for the provision of housing, while six (6) properties to the value of R59 035.00 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.

During the period under review, JPC had 52 terminations in the form of resignations, retirements, dismissals and deaths. The impact of these terminations have been assessed and necessitated the review and approval by the Board of the high-level organisational structure to address the following:

- ✓ Redistribution of workload/ functions to efficiently deliver the mandate of the entity and address the stakeholders;
- ✓ Reskilling of employees in cases where functions have combined or changed;
- ✓ Ensuring that the core departments are fully capacitated in an effective and efficient manner;
- ✓ Budget constraints hamper the process of filling key critical vacancies.

The process of filling strategic and critical positions, was placed in abeyance due to the Moratorium on recruitment pronounced by the City.

## Way Forward

Having recently completed a three day strategic planning session focusing on key deliverables for the remainder of the 2021/2022 financial year with senior management, the company is committed to turning the corner with regards to performance and will in the coming quarters be focusing on the following to improve financial and organisational performance and respond to the mayoral priorities:

- Commencement of Construction of Inner City Redevelopment Projects;
- Roll out of the Block-by-Block strategy for the Inner City to deal with the bad buildings in a precinct manner. This will include cleaning up of the Informal Trading and addressing urban decay;
- Identification of buildings which contributes to urban decay and implementing measures to address urban decay throughout the City;
- Strategic Partnership and sponsorship in respect of Outdoor Advertising leading to transformation of the sector and the City's amenities such as City parks, public conveniences etc.;
- Revitalisation of transport nodes using municipal offices as catalyst for a green economy and Office Space Optimisation Initiatives i.e. Office Space Optimisation (OSO) Precincts (Randburg, Midrand, Roodepoort and Inner City);
- Enhanced Revenue Generation- Informal Trading and Outdoor Advertising;
- Stimulate Economic growth through Mega Projects such as Southern Farms Development, Orlando Ekhaya and Soweto Gateway;
- Stimulating township economies through property transactions and development i.e. Soweto Empowerment Zone (SEZ), and Soweto Filling Stations;
- Unlocking investment attraction opportunities through other property developments;
- Creation of Job Opportunities and SMME support.
- Implementation of the Land Strategy to sweat and enhance the Assets
- Forming strategic partnerships with private sector to stimulate economic development through property.

**M**y sincere congratulations to the new Executive Mayor and members of the Mayoral Committee. I would like to extend a special word of thanks to the Board for their guidance and support as JPC continues the pursuit of excellence.

Finally yet importantly, I would like to express my heartfelt appreciation to our competent and dedicated management team and employees for their commitment and tireless efforts at making JPC the incredible organisation that it is.



**Helen Botes**  
**Chief Executive Officer**

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



During second quarter, the 2021 municipal elections were held and a new political dispensation was voted into the City of Johannesburg. We look forward to working with the new Mayor and we will endeavour to make meaningful contributions to the vision she has for the City of Johannesburg.

The midterm budget review for 2021/22 is currently underway and will conclude before the end of quarter three. JPC will submit its revised proposals for the next three financial years with prominence being placed on unlocking the potential revenue streams from the Portfolio and seeking a path from the COJ for the funding of the insourced cleaning services. However, the budget and the strategic direction of the entity will be decided and revealed during the budget lekgotla in February 2022. The most pressing challenge facing JPC is maintaining employee costs within the constraints of the budget provided as inflationary increases to remuneration and benefits have been applied. Additional funding for employee costs have been requested in the 2021/22 midterm budget review to capacitate the critical vacancies that have been identified on JPC's structure.

Given the business cycle of the entity and the COJ, the second quarter has revolved primarily around the Auditor General's annual external audit. JPC achieved an unqualified audit opinion at the conclusion of the annual audit. Management is currently reviewing its control and reporting environments to improve the audit outcome for the 2020/21 financial year based on the findings and recommendations of the internal and external audit functions.

Supply chain has been very active during quarter two with numerous committees sitting to specify, evaluate and adjudicate the various service delivery and demand management needs of the organisation. The most notable awards concluded are for the IT infrastructure upgrade at JPC's head office and the cleaning equipment required by our cleaning staff to execute their duties. The panel of quantity surveyors was also concluded and awarded, this will assist JPC to effectively fulfil its facilities management mandate in the remaining quarters of the financial year.



The financial performance of JPC for quarter two discloses a surplus of R102 999 460. JPC achieved profitability by accounting for the recovery of cleaning services from the COJ. The subsidy for January was also accounted for early to minimise delays in the inflow of cash during the December and January leave period. JPC is anticipated to maintain a trend of profitability for the remainder of the 2022 financial year.

The financial position of JPC has improved since financial year end with total assets growing by R192.3 million on the back of an increasing sweeping account and growing debtors' book. As a result the solvency ratio has increased from 0.97:1 to 1.11:1 and implies that JPC is factually and commercially solvent with adequate financial resources to maintain its going concern and to pay external creditors. Emphasis will be placed on reducing related party debt in the coming months by managing cash inflows with outflows to progressively improve the net asset position of the entity.

JPC continues to incur irregular expenditure on fleet as the contract with Afrirent, through the COJ, is ongoing. For the first two quarters of 2022 the expenditure totals R5 612 623. 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 remained in Forum 2. The infrastructure has since been moved to Forum 1 with the lease being terminated.

Quarter three will see the conclusion of the 2021/22 midterm budget review as well as the direction the COJ requires JPC to take for the financial years going forward.



.....  
**Siphon 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, has recorded the following:

- ✓ The entity achieved 5 (30%) of its 17 KPI.
- ✓ Unqualified audit opinion with findings.
- ✓ 30% Capex Spend achieved.
- ✓ JPC for quarter two discloses a surplus of R102 999 460. JPC achieved profitability by accounting for the recovery of cleaning services from the COJ.

Highlights	Lowlights
<ul style="list-style-type: none"> <li>✓ Fifty (50) employees have attended Artisan Prior Learning assessment as part of the progressive development towards Artisan Certification. Nineteen (19) General Workers (Public Convenience) have been enrolled for Basic Maintenance Training as the Initial phase in Artisanship programme.</li> <li>✓ Sixty five (65) properties to the value of R1 481 883.00 relate to a transfer of residential homes to beneficiaries as part of the City's service delivery mandate for the provision of housing, while six (6) properties to the value of R59 035.00 was transferred as part of the Land Regularisation Program.</li> <li>✓ 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.</li> </ul>	<ul style="list-style-type: none"> <li>✓ The entity has not achieved 12 KPI due to the following reasons: <ul style="list-style-type: none"> <li>✗ The KPI not achieved relates to property transactions which involves SCM processes and in some instances, these transactions are in progress or had to be re_ advertised.</li> </ul> </li> </ul>

The JPC scorecard for the Period 1<sup>st</sup> July 2021 to 31<sup>st</sup> December 2021 reflects that the entity achieved 30% (5 of 17 targets due), and 70 % (12 of 17) of its targets not achieved.

KPI	JPC Overall Performance			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Achieved	2	5		
Not Achieved	14	12		
KPI at Risk	14	1		
KPI not yet due	1	0		

	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	
<b>Target</b>	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	
<b>Actual</b>	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						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 being finalised and as a result it is anticipated that the release of these four properties in the third 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). The achievement of these targets are dependent on EAC approvals.

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

	Quarter 1		Quarter 2		Quarter 3		Quarter 4		YTD	
<b>Target</b>	R182.5	million	R182.5	million	R182.5	million	R182.5	Investment	R650	million
	Investment spend on projects within COJ boundaries based on construction value on the ground.		Investment spend on projects within COJ boundaries based on construction value on the ground.		Investment spend on projects within COJ boundaries based on construction value on the ground.		Investment spend on projects within COJ boundaries based on construction value on the ground.		Investment spend on projects within COJ boundaries based on construction value on the ground.	
<b>Actual</b>	R77 020 433.32		R38 616 703.00						R115 637 136..32	
	Investment spend on projects within COJ boundaries based on construction value on the ground.		Investment spend on projects within COJ boundaries based on construction value on the ground.						Investment spend on projects within COJ boundaries based on construction value on the ground.	

**Target Not Achieved:** JPC proposes that this KPI be amended and the target be decreased from R650 million to R200 million as the construction Industry has been adversely affected by the various levels of lockdown. In addition, delays in obtaining planning approvals and rights, access to funding, supply chain disruptions (delays in sourcing key machinery and skills) and the springing up of community forums who want to dictate how certain construction projects are run have also negatively affected the industry.

## 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		
<b>Target</b>	5	Inner	City	5	Inner	City	10	Inner	City	5	Inner	City	25	Inner	City
	properties approved in council for release to the private sector			properties approved in council for release to the private sector			properties approved in council for release to the private sector			properties approved in council for release to the private sector			properties approved in council for release to the private sector		
<b>Actual</b>	0	Inner	City	0	Inner	City							0	Inner	City
	properties awarded			properties awarded									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. JPC proposes that this KPI be amended and the target be decreased to 0 and defer to the coming financial year because at this stage several Inner City developments were awarded and construction has not commenced as we are still awaiting approval of all town planning applications.

## 2. JOB OPPORTUNITY AND CREATION


### 2.1. Job opportunities created

	Quarter 1		Quarter 2		Quarter 3		Quarter 4		YTD	
<b>Target</b>	625	Job Opportunities Created	625	Job Opportunities Created	625	Job Opportunities Created	625	Job Opportunities Created	2500	Job Opportunities Created
<b>Actual</b>	144	Job opportunities created	382	Job opportunities created					526	Job opportunities created

 **Target Achieved:** JPC proposes that this KPI be amended and the target be decreased from 2500 to 1500 as some COJ departments have decided to allocate repairs and maintenance work to other entities which has resulted in limited budget which has the implication that planned targets cannot be met without the allocated revised budget. In addition, this KPI is directly linked to KPI 1.2 (Construction Spend on the ground) which has been reduced as the construction industry has been negatively affected by job losses in the past 2 years.

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

	Quarter 1		Quarter 2		Quarter 3		Quarter 4		YTD	
<b>Target</b>	375	SMME's supported	375	SMME's supported	375	SMME's supported	375	SMME's supported	1500	SMME's supported
<b>Actual</b>	47	SMME's supported	44	SMME's supported					91	SMME's supported

 **Target not achieved:** JPC proposes that this KPI be amended and the target be decreased from 2500 to 500 as some COJ departments (CoJ Housing, Community Development, Public Safety) have decided to allocate repairs and maintenance work to other entities which has resulted in limited budget and had the implication that planned targets cannot be met without the allocated revised budget. In addition, this KPI is also linked to CAPEX budget that was drastically reduced.

### 3. PRIORITY: FINANCIAL SUSTAINABILITY

#### 3.1 ASSET MANAGEMENT PLANS FORMULATED

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
<b>Target</b>	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
<b>Actual</b>	70 asset management plans formulated	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
<b>Target</b>	Acquisition of 5 properties	Acquisition of 5 properties	Acquisition of 5 properties	Acquisition of 5 properties	20 Properties acquired
<b>Actual</b>	Acquisition of 1 properties	Acquisition of 9 properties			Acquisition of 10 properties



**Target Achieved:**

#### 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
<b>Target</b>	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
<b>Actual</b>	0 shops and stalls leases concluded	10 shops and stalls leases concluded			10 shops and stalls leases concluded



**Target Not Achieved** JPC proposes that this KPI be amended and the target be decreased from 1900 leases of shops and stalls to 500 leases because JPC has to consider using the CoJ DED Informal Trading Policy which was only approved the draft policy which must still be subjected to Public Participation. JPC therefore is hamstrung in delivering on this KPI as the policy is not yet implemented by DED.in addition, when this KPI was crafted, JPC was of the view that one report was to be written to EAC to award these leases, after which it was decided that reports should be

written per stall. The proposed changes further also influences KPI 1.4 which relates SMME's supported.

### 3.4. DEVELOPMENT / REFURBISHMENT PUBLIC CONVENIENCES

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
<b>Target</b>	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
<b>Actual</b>	0 public conveniences refurbished/developed	0 public conveniences refurbished/developed			0 public conveniences refurbished/developed



**Target Not Achieved:** This target was not achieved as the JPC's capex was reduced significantly and No budget is allocated. As a result, the project will not be implemented in the current financial year. JPC has proposed that this target be moved to the next financial year. As budget as been requested.

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

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
<b>Target</b>	30 properties 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
<b>Actual</b>	0 properties released on social and economic leases including servitudes and sales	21 properties released on social and economic leases including servitudes and sales			21 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 leading achievement of this KPI 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	
<b>Target</b>	140	employees trained	140	employees trained	140	employees trained	140	employees trained	560	employees trained
<b>Actual</b>	37	employees trained	104	employees trained					138	employees trained

 **Target Not Achieved:** In the light of the above graph, the actual training conducted was targeted for the newly appointed employees who required capacitation in the following competencies:

##### 4.2. OCCUPATIONAL HEALTH & SAFETY

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
<b>Target</b>	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
<b>Actual</b>	1 % in respect of disabling injury frequency rate	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
<b>Target</b>	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
<b>Actual</b>	R27 896 904.61 income raised from leases and servitudes sales	R23 208 392.00 income raised from leases and servitudes sales			R51 105 296.61 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
<b>Target</b>	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
<b>Actual</b>	0% Implementation of the outdoor advertising masterplan	0% Implementation of the outdoor advertising masterplan			0% Implementation of the outdoor advertising masterplan



**Target Not Achieved:** 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. We propose the removal of this KPI from our scorecard as the outdoor transitional period did not yield the required results and by-laws were challenged are currently being reviewed. This has impacted negatively on revenue collection. We have also established that the outdoor masterplan cannot be implemented within the current operating environment.

## 5.3. SPEND OF ALLOCATED CAPEX

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



**Target Achieved:**

## 5.4. AUDIT OPINION

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



**Target Achieved**

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

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
<b>Target</b>	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
<b>Actual</b>	94 % resolution of AG and Internal audit findings	90 % resolution of AG audit findings			90 % resolution of AG and Internal audit findings



**Target Not Achieved:** The Auditor General of South Africa (AGSA) finalised the 2020/21 audit and issued their audit report and management report letter at 30 November 2021 with 10 audit findings. Nine (09) AG audit findings have been resolved with only one finding not resolved 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 1635 employees based at the head office and depots who execute the mandate 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 and implementation – To ensure that the City delivers specific research for the portfolio; the land strategy guides new business development and focuses on monitoring and evaluating the optimisation of portfolio i.e. income and expenditure growth
- Assets Register – ensure a compliant asset register, account for the movements in the assets register, safekeeping of the asset and title deeds, valuations and land strategy review and implementation to ultimately create a high yielding asset.

**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), IDP and GDS strategy.
- Transforming the property industry – This is done by empowering emerging developers and contractors. Supporting the City’s youth program 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 business function, compasses multiple disciplines to ensure functionality, comfort, safety and efficiency of the property and built environment. This f is largely rooted in facilities

upkeep and improvement of the physical building. Implementation of new sustainability and green initiatives .

### 4. Property Management

This function involves maximising the efficiency of the COJ’s portfolio of properties: creation rental income on properties leased, identification of leasing opportunities including outdoor advertising leases i.e. street furniture, street pole advertising, cell mast sites 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 City has confirmed 7 Mayoral priorities following the political transition of the new government developing the strategic direction of the City.

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**

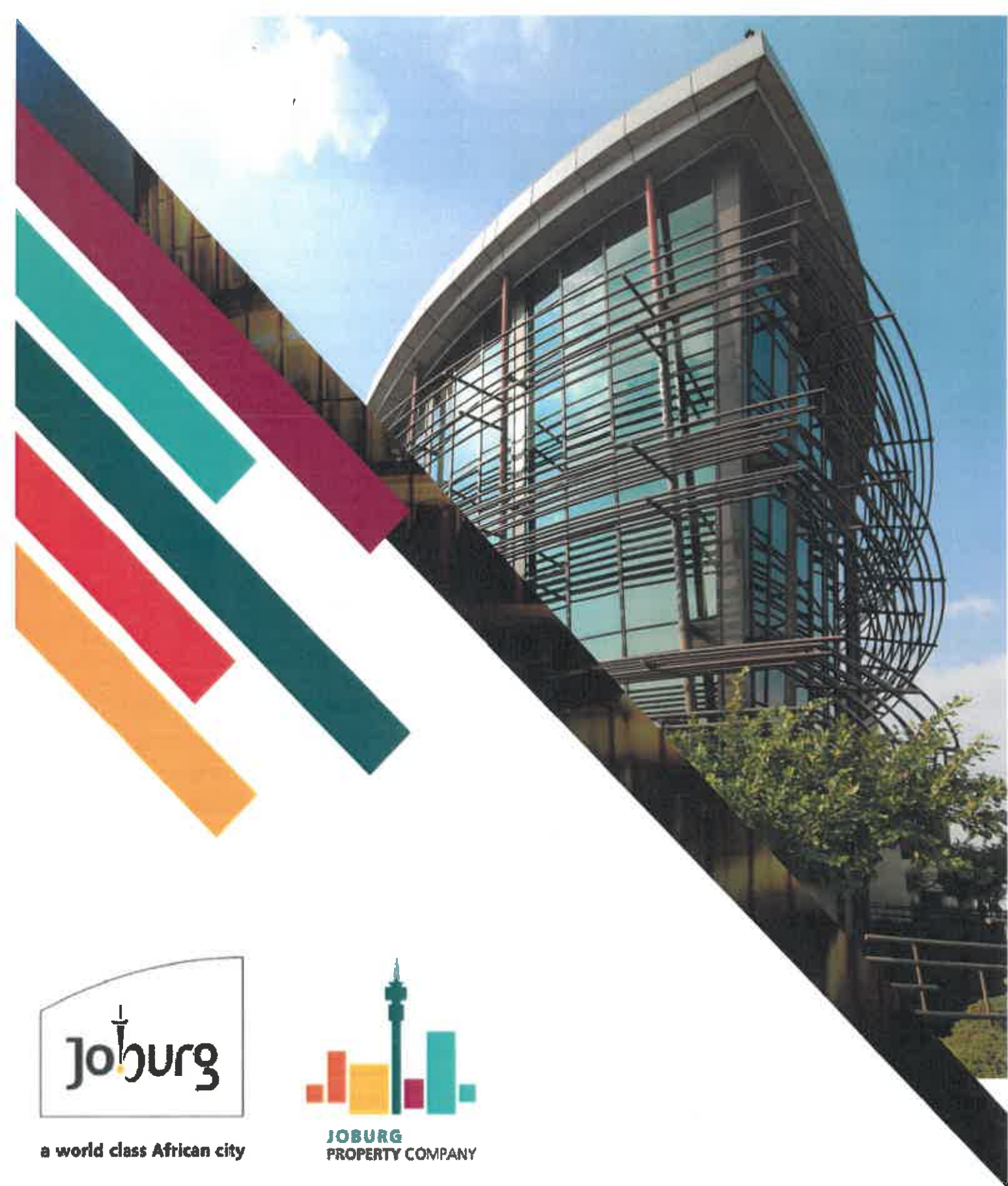


# MAYORAL PRIORITIES



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.



a world class African city



**JOBURG**  
PROPERTY COMPANY

## 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. The Board composition complies with the Memorandum of Incorporation (MOI), and the Shareholder's Compact.

### Board Composition & Diversity

During the period under review, there were changes in respect of the entity's Board Composition due to the rotation and replacement of board members. These changes were effected by the shareholder following the Annual General Meeting (AGM) convened on 14<sup>th</sup> October 2021. The following directors were rotated to other entities within the city namely: **Ms Selpati Molchela and Ms Pinkie Numa and Ms. Vuylswa Gumede and Mr. Thulani Ngcobo** were appointed as new directors.

Mr. Moeketsi Rabodilla (Chairperson), Ms. Tryphina Mopai, Mr. Xola Lingani, Mr. Jake Letsapa, Mr. Slingsby Mda, Ms. Dina Maja-Masilo, Mr. Solomon Mngomezulu, Ms. Kululwa Muthwa, Ms Mapule Mngomezulu, were retained and re-appointed. The JPC Board of Directors welcomes newly appointed Directors. Helen Botes (Chief Executive Officer) and Mr. Imraan Bhamjee are the Executive Directors. Due to Mr. Bhamjee's ill-health Mr. Siphon Mzobe has been appointed Acting Chief Financial Officer in the Interim. (Total 11 Non-Executive Directors).

JPC regards diversity on the Board of Directors as a significant part of sustainable operations, and a success factor that allows the company to reach its strategic goals. Appointment of Board Members is in accordance of the COJ Group Policy on Shareholder Governance. When selecting board members the shareholder has ensured that the Board of Directors wholly supports the development of JPC's current and future business operations.

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 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, and 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 on behalf of the COJ, as stipulated by the SDA, the MFMA and the MSA. The Board of directors have adopted the Board Charter, which encapsulates the COJ Group Policy on Shareholder Governance Protocol.

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

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).

AUDIT & RISK COMMITTEE	BOARD	APPROVAL DATE
Considered and recommended to the Board for approval, the Integrated Annual Report (for the year-ended 30 June 2021).	Considered and approved the Audit Integrated Annual Report (for the year-ended 30 June 2021).	30 November 2021
Considered and recommended to the Board for approval, the Annual Financial Statements (for the year-ended 30 June 2021)	Considered and approved the Audited Annual Financial Statements (AFS) (for the year-ended 30 June 2021.)	30 November 2021
Considered and recommended to the Board the amended JPC Busies Plan for 2021/2022 FY	Considered and approved the amended JPC Business Plan for 2021/2022 FY.	27 July 2021
Considered and recommended to the Board the JPC 4th Quarter Report for the FY 2020/2021 to the Board for approval.	Considered and approved the JPC 4 <sup>TH</sup> Quarter Report for 2020/2021 FY	27 July 2021
Considered and recommended to the Board the JPC 1 <sup>ST</sup> Quarter Report for the FY 2021/2022.	Considered and approved the JPC 1 <sup>ST</sup> Quarter Report for the FY 2021/2022.	18 November 2021
Consider and approved the Audit Strategy as at 30 June 2021.		5 November 2021
SEC, REMCO & TRANSFORMATION COMMITTEE	BOARD	APPROVAL DATE
Considered and recommended to the Board the amended JPC High-Level Organisational Structure for approval.	Considered and approved the amended JPC High-Level Organisational Structure.	18 November 2021

Section 2: Board Committees

Reference	JPC BOARD	AUDIT AND RISK COMMITTEE	SEC, TRANSFORMATION & REMCO	TRANSACTIONS & DELIVERY	SERVICE
Chairman	Moeketsi Rabodila	Slingsby Mda	Kululwa Muthwa	Xola Lingani	
Member	Kululwa Muthwa	Dina Maja-Masilo	Tryphina Mopai	Jake Letsapa	
Member	Mapule Mngomezulu	Bigboy Kekana	Vuyiswa Gumede	Kululwa Muthwa	
Member	Tryphina Mopai	Patrick Makape	Mapule Mngomezulu	Solomon Mngomezulu	
Member	Xola Lingani	Nosipho Makhanya	Thulani Ngcobo	Dina Maja-Masilo	
Member	Jake Letsapa				
Member	Slingsby Mda				
Member	Dina Maja-Masilo				
Member	Solomon Mngomezulu				
Member	Vuyiswa Gumede				
Member	Thulani Ngcobo				
Member	Helen Botes				
Member	Imraan Bhamjee				
A/COSEC	Gontse Dlamini	Gontse Dlamini	Gontse Dlamini	Gontse Dlamini	
Invitee	Sipho Mzobe	Sipho Mzobe	Sipho Mzobe	Musah Makhunga	
Invitee	Musah Makhunga	Musah Makhunga	Musah Makhunga	Tshepo Mokataka	
Invitee	Tshepo Mokataka	Tshepo Mokataka	Tshepo Mokataka	Sipho Mzobe	
Invitee	Mukundi Maphangwa	Pat Telela	Mukundi Maphangwa	Sizeka Tshabalala	
Invitee	Pat Telela	Mukundi Maphangwa	Pat Telela	Brenda Jacobs	
Invitee	Mukundi Maphangwa		Brenda Jacobs	Sipho Mhlongo	
Invitee				Shaun Kgatuke	

BOARD AND COMMITTEE MEETINGS FOR PERIOD ENDING 31 <sup>ST</sup> DECEMBER 2021				
	JPC BOARD	AUDIT AND RISK COMMITTEE	SEC, TRANSFORMATION & REMCO	TRANSACTIONS & SERVICE DELIVERY
Meeting	18 November 2021	05 November 2021	11 November 2021	09 November 2021
Meeting	30 November 2021 (Special AFS)	29 November 2021 (Special AFS)	15 July 2021) Ordinary	01 December 2021
	31 August 2021	24 August 2021	07 July 2021	20 July 2021
	13 August 2021 (Special Board)	19 July 2021		
	27 July 2021			

### Section 3: Entity Remuneration Policy

#### Entity Remuneration Policy

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

As required by the Companies Act and other applicable municipal laws, directors' emoluments are approved by the Shareholder. Non-Executive Directors' emoluments is comprised mainly of the attendance fee and NEDs are not entitled to any retainers in terms of the Governance Policy.

#### DIRECTORS AND PRESCRIBED OFFICERS REMUNERATION

YTD DIRECTORS PAYMENTS: 31 <sup>st</sup> December 2021			
NAME OF DIRECTOR	MEETINGS ATTENDED YTD	OTHER MEETINGS YTD	EMOLUMENTS
Mr M Rabodlla	5	4	R103 652.15
Ms T Mopal	6	-	R36 521.34
Mr J Letsapa	6	-	R48 434.78
Mr S Mda	9	4	R78 260.85
Ms K Muthwa	9	-	R52 173.90
Ms M Mngomezulu	6	-	R15 652.17
Ms N Makhanya	4	-	R10 434.78
Ms P Numa	6	-	R20 869.56
Ms S Maja-Masilo	10	-	R52 173.90
Ms S Moichelo	4	2	R50 435.17
Mr S Mngomezulu	7	-	R48 521.73
<b>TOTALS</b>	<b>72</b>	<b>10</b>	<b>R517 130.33</b>

#### INDEPENDENT AUDIT & RISK COMMITTEE MEMBERS

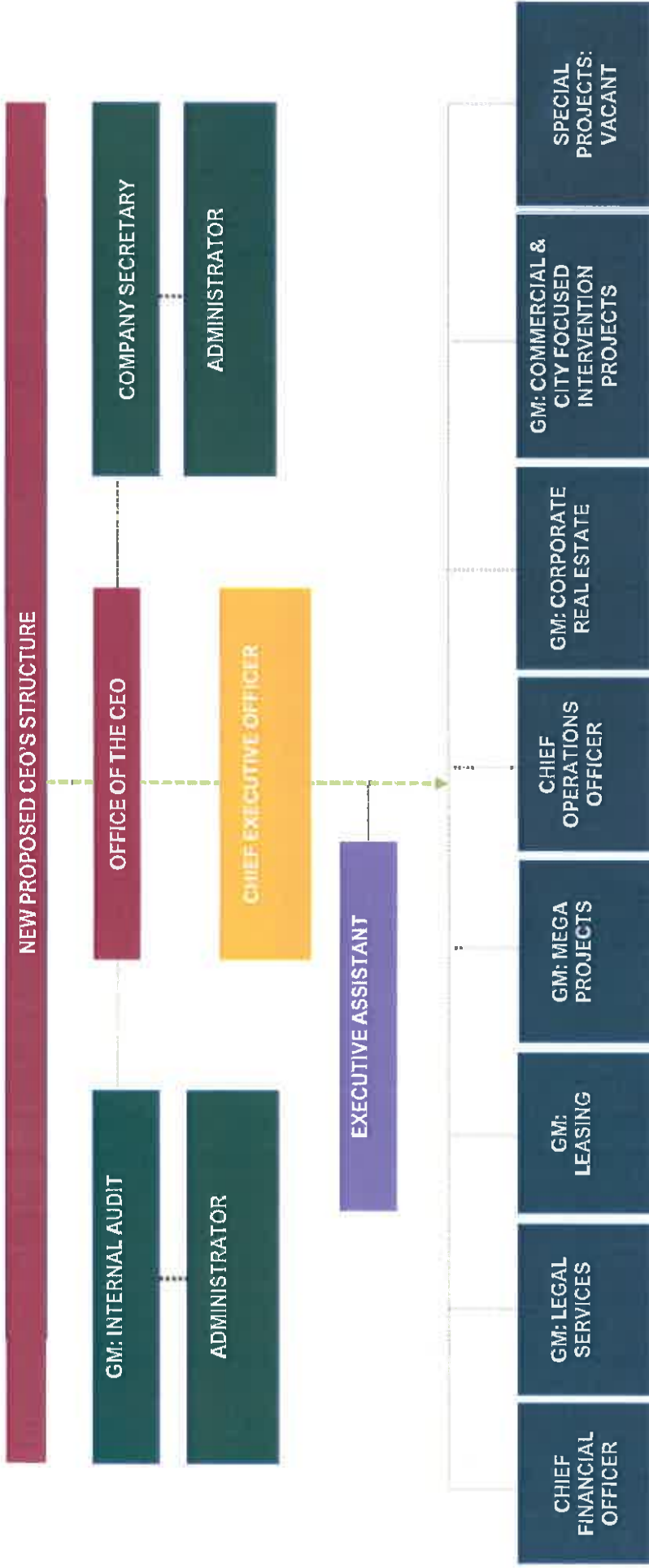
YTD DIRECTORS PAYMENTS AS AT 31 <sup>st</sup> December 2021		
NAME OF INDEPENDENT AUDIT COMMITTEE MEMBER	MEETINGS ATTENDED YTD	EMOLUMENTS
Mr B Kekana (Independent)	4	R5 217.39
Mr N Makhanya (Independent)		-
Mr P. Makape (Independent)	5	R54 000.00
	9	R59 217.39

The table below summarises the Executive Management remuneration for the Mid-Term of the 2021/2022 financial year.

EMPLOYEE NUMBER	Name	BASIC SALARY	TRAVEL ALLOWANCE	HOUSING SUBSIDY /ALLOWANCE	LEAVE ENCASHMENT	ACTING ALLOWANCE	PERFORMANCE BONUS/13TH CHEQUE	FINAL LEAVE PAY	COMPANY CONTRI.	TOTAL
10005164	Helen Botes	R 1 350 000.00	R124 999.98	R-	R-	R-	R413 000.00	R-	R19 692.74	R1 907 692.72
10005440	Sipho Mbethe	R 896 228.52	R45 111.00	R5 446.62	R51 970.56	R-	R-	R-	R169 514.43	R1 168 271.13
10007366	Brenda Jacobs	R 704 514.60	R-	R5 787.06	R-	R-	R117 419.10	R-	R162 181.46	R989 902.22
10018008	Sizeka Tshabalala	R 758 796.00	R60 000.00	R-	R57 275.20	R71 110.78	R-	R-	R175 964.72	R1 123 146.70
10018070	Mduduzi Makhunga	R 768 965.52	R48 000.00	R-	R-	R57 276.00	R-	R-	R176 759.50	R1 051 001.02
10018011	Sipho Mzobe	R 754 180.02	R60 000.00	R5 446.62	R-	R85 429.78	R-	R-	R174 355.68	R1 079 412.10
10018114	Fanis Sardianos	R 165 305.42	R-	R-	R-	R-	R-	R393 272.33	R36 416.57	R594 994.32
10018144	Tshepo Mokafaka	R 817 654.98	R-	R-	R-	R-	R-	R-	R175 592.56	R993 247.54
10018147	Imraan Bhamjee	R 889 778.63	R43 130.43	R-	R-	R-	R-	R-	R210 575.88	R1 143 484.94
10101370	Sifiso Mabizela	R 439 351.32	R-	R5 787.06	R-	R52 425.03	R73 225.22	R-	R103 898.62	R674 687.25
<b>TOTALS</b>		<b>R7 544 775.01</b>	<b>R381 241.41</b>	<b>R22 467.36</b>	<b>R109 245.76</b>	<b>R266 241.59</b>	<b>R603 644.32</b>	<b>R393 272.33</b>	<b>R1 404 952.16</b>	<b>R10 725 839.94</b>

\*This table includes remuneration for EXCO members who resigned

Section 4: High Level Structure



## Section 5: Risk Management

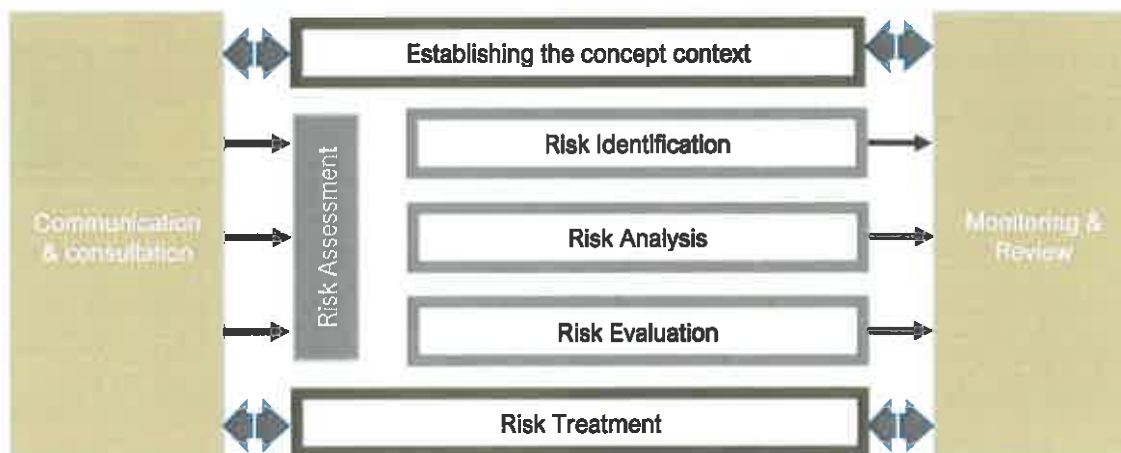
Every year the Board of Directors approves the key risk, which are likely to have the most material impact on the company's ability to achieve its predetermined objectives.

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 2021/22 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 2021/22 Strategic Risks, as captured below:

### STRATEGIC RISK REGISTER

No	Risk Description	Inherent rating	Residual rating
1	Document Storage and Security	Very High	Very High
2	Perceived to be trading insolvency and inability to generate revenue	Very High	Medium
3	Occupation of buildings that are not OHASA compliant	Very High	High
4	Erosion of the City-owned land and property asset base	Very High	Medium
5	Inadequate maintenance of property	Very High	High
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
7	Fraud and corruption	Very High	Medium
8	Inadequate Contract Management	Very High	High
9	Inadequate ICT delivery	Very High	Medium
10	Inadequate of security control	Very High	High
11	Covid 19	Very High	High
12	Inability to attract Investment	High	Medium
13	Organisational infrastructure not aligned to the strategic objectives	High	Medium
14	High vacancy rates	High	Medium
15	Non-compliance with legislation, policies and procedures	High	Low
16	Inadequate internal and external stakeholder management and brand reputation	Medium	Low



<b>IMPACT</b>	<b>5 Critical</b>	Low 5	Moderate 10	High 15	Very high 20	Very high 25
	<b>4 Major</b>	Low 4	Moderate 8	High 12	High 16	Very high 20
	<b>3 Moderate</b>	Low 3	Moderate 6	Moderate 9	High 12	High 15
	<b>2 Minor</b>	Low 2	Low 4	Moderate 6	Moderate 8	Moderate 10
	<b>1 Rare</b>	Low 1	Low 2	Low 3	Low 4	Low 5
<b>LIKELIHOOD</b>	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><b>Perceived to be trading insolvency and inability to generate revenue</b></p>	<ul style="list-style-type: none"> <li>• Implementation of the masterplan by June 2021 as it depends on the City finalising the new By Law</li> <li>• Implementation of the Financial Turnaround Strategy (i.e. Growth of outdoor income; increasing land sales, land acquisitions, property development, property management and repairs &amp; maintenance for other depts.).</li> <li>• Implementation of Facilities Management Strategy (high revenue commission stream)</li> <li>• Timely renewal of leases so that revenue generation can be enhanced as per the pipeline transactions.</li> <li>• Formalisation of traders leases and collection of market related rentals.</li> <li>• Budget to be requested for all new projects e.g. Inner City projects, any new facility JPC takes over.</li> <li>• 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.</li> <li>• Period commencing renewal of leases to be revised in order to allow for timeous renewal-management to consider 18 months prior to expiration date.</li> <li>• Period commencing renewal of leases to be revised in order to allow for timeous renewal-management to consider 18 months prior to expiration date.</li> <li>1. Implementation of Facilities Management Strategy (high revenue commission stream)</li> <li>2. All Outdoor Advertising new agreement to empower the City to remove illegal signs without a court order</li> <li>3. Implementation of Outdoor Advertising Masterplan</li> </ul>	<p><b>Medium-term</b></p>
<p><b>Occupation of building not OHASA compliant</b></p>	<ul style="list-style-type: none"> <li>• Assessment of properties to allow the assessment of repairs and maintenance to be increased from the current 16 corporate buildings, to all properties housing CoJ staff</li> <li>• The JPC approved Organogram be filled with the competent officials in order to effectively execute the CBAs of Corporate Buildings</li> <li>• The CoJ OHASA team to be part of the team doing the assessment.</li> <li>• Follow-up to be made on commitment made by entities and departments on OHASA issues.</li> <li>• Entities and departments with buildings not OHASA compliant to be reported to the City Manager and later to the Executive Mayor, if necessary.</li> <li>• Approval of operating model by labour and staff in order to assign buildings to technical teams.</li> </ul>	<p><b>Medium to Long-term</b></p>
<p><b>Inability to attract Investment</b></p>	<ul style="list-style-type: none"> <li>• Tracking and control of transactions through the committee system.</li> <li>• Land preparation limited by budget</li> <li>• 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.</li> <li>• Checklist showing adherence to legislative requirements</li> </ul>	<p><b>Long-term</b></p>
<p><b>Erosion of the City-owned land and property asset</b></p>	<ul style="list-style-type: none"> <li>• Implementation of facilities management strategy</li> <li>• Employ and develop the necessary skills and resources for the portfolios (subject to City providing funding for the employment of additional resources).</li> <li>• Approval and implementation of Land Strategy.</li> </ul>	<p><b>Long-term</b></p>

DESCRIPTION OF RISKS	RISK MITIGATION	RISK IMPLICATIONS
<p><b>Inadequate maintenance of property</b></p>	<ul style="list-style-type: none"> <li>Lease renewals process to be started timeously and at least 6 months before the contract ends to provide sufficient time for tender process.</li> <li>Implement a comprehensive facilities management plan of all properties of the City.</li> <li>Facilities management plan to be informed by needs analysis/condition assessments</li> <li>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.</li> <li>Repairs on leased properties to be effected by the lessees and their condition regularly inspected.               <ol style="list-style-type: none"> <li>Identify performance objectives, targets and outcomes.</li> <li>Create work plans.</li> <li>Assess performance to identify skills gaps.</li> <li>Conduct a training needs analysis.</li> <li>Implement training and development plans. .</li> </ol> </li> <li>Fill scarce skills in line with approved budget for critical vacancies.</li> </ul>	<p><b>Medium-term</b></p>
<p><b>Financial viability of cleaner insourcing and prevalent unhygienic conditions prevailing at buildings</b></p>	<ul style="list-style-type: none"> <li>JPC will start paying new staff once budget is allocated by COJ.</li> <li>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.</li> <li>Management to allocate cleaning supervisors</li> </ul>	<p><b>Medium to Long-term</b></p>
<p><b>Non-compliance with legislation, policies and procedures</b></p>	<ul style="list-style-type: none"> <li>Monitor changes in labour and statutory laws, and ensure adherence.</li> <li>Perform a regulatory compliance review by Internal auditors</li> <li>Quarterly reporting on JPC compliance checklist</li> <li>Conducting awareness workshop annually</li> <li>Reviewing all the policies annually</li> <li>Update JPC Compliance Management Framework which is aligned to the City Wide Compliance Management Framework</li> <li>Consequences management to be implemented</li> </ul>	<p><b>Medium-term</b></p>
<p><b>Fraud and corruption</b></p>	<ul style="list-style-type: none"> <li>Implementation of ER based on consequence management measures</li> </ul>	<p><b>Long-term</b></p>
<p><b>Inadequate Contract Management</b></p>	<ul style="list-style-type: none"> <li>Budget to be secured for Legal Services to appoint dedicated Contract Management officials.</li> <li>Portfolio management will appoint dedicated staff to manage and monitor new and current leases of facilities.</li> </ul>	<p><b>Short-medium term</b></p>

DESCRIPTION OF RISKS	RISK MITIGATION	RISK IMPLICATIONS
Inadequate ICT delivery	<ul style="list-style-type: none"> <li>JPC is part of the COJ SAP4 HANA single platform integration.</li> </ul>	Medium-long term
Inadequate internal and external stakeholder management and brand reputation	<ul style="list-style-type: none"> <li>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</li> <li>Implementation of response to media queries within the 48 hour as per industry standard.</li> <li>Media queries/responses are shared with Communication teams of EMs, MMC's &amp; CoJ</li> </ul>	Short-medium term
Inadequate of security control	<ul style="list-style-type: none"> <li>Develop Security guard access control protocol for JPC buildings and sign SLA with Service Provider</li> <li>Implementation of ICT Infrastructure , the current status of the project is awaiting signatures for approval of the finance lease</li> <li>Assess CCTV and access control requirements for JPC and budget for funding</li> </ul>	Medium-long term
Covid 19 related negative impact	<ul style="list-style-type: none"> <li>Ongoing COVID 19 Employee education and Awareness campaigns needed.</li> <li>Implementation of the LRA and DC policies in JPC to enforce compliance with Regulation protocol.</li> <li>Support from EXCO in dealing with non-compliant employees regarding the practice of and observation of COVID 19 protocol.</li> </ul>	Medium-long term
High vacancy rates	<ul style="list-style-type: none"> <li>Source funding COJ for filling vacancies.</li> <li>Intensify skills development initiatives.</li> <li>Training plans to be implemented and complimented by individual learning plans.</li> </ul>	Short-medium term
Document Storage and Security	<ul style="list-style-type: none"> <li>Management in process of updating record management policies and construction of storage and security space</li> <li>SCM to open new record office</li> </ul>	Medium-long term
Organisational Infrastructure not aligned to the strategic objectives	<ul style="list-style-type: none"> <li>Intensify skills development initiatives. Training plans to be implemented and complimented by individual learning plans.</li> <li>Implement succession-planning policy.</li> <li>Fill critical vacancies in line with budget.</li> <li>Implementation of a change management framework.</li> <li>Employees not complying with JPC code of conduct and other policies to undergo a disciplinary cases.</li> <li>Disciplinary cases to be completed within 90 working days</li> <li>Outcome of the disciplinary cases to be reviewed and gaps identified dealt with immediately to ensure that future cases are improved.</li> <li>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.</li> <li>Recognise employees who are high performers to encourage them.</li> <li>Promote high performing individuals</li> </ul>	Medium-term

## 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 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

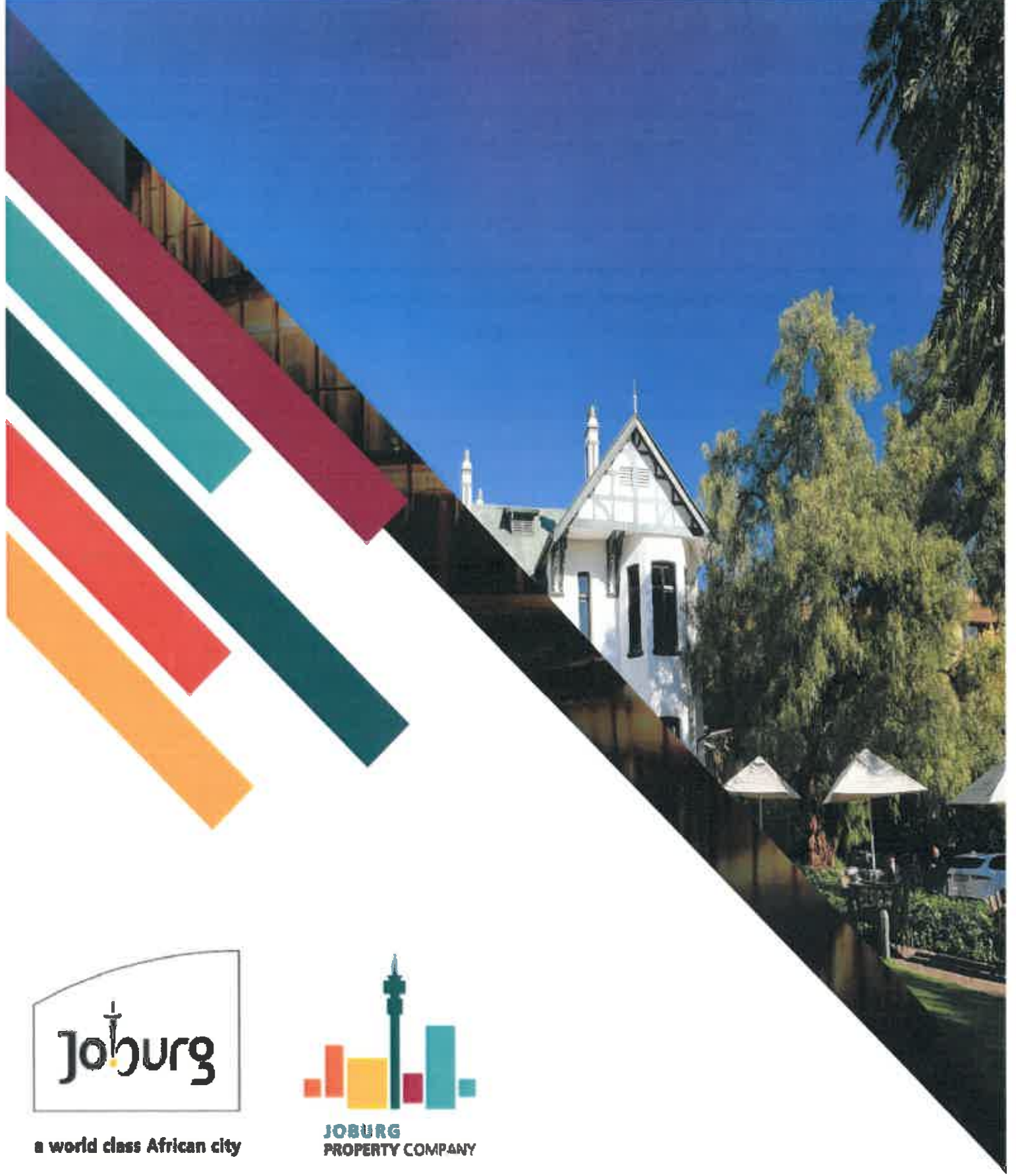
compliance risk process is as prescribed by the Compliance Institute of South Africa (CISA) and includes identification, measurement, management and monitoring.

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.

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 second 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.



a world class African city



**JOBURG**  
PROPERTY COMPANY

## **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, 269 billion and it comprises of 28 279 properties for the mid-term period ending 31 December 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
<b>Region A</b>	1 701	8%	R765 279 947.28
<b>Region B</b>	3 922	17%	R1 600 479 645.10
<b>Region C</b>	2 350	12%	R1 125 690 161.38
<b>Region D</b>	6 102	9%	R874 671 547.40
<b>Region E</b>	4 514	19%	R1 727 010 298.18
<b>Region F</b>	4 873	17%	R1 566 303 035.97
<b>Region G</b>	4 453	13%	R1 164 448 369.12
<b>Outside COJ</b>	364	5%	R445 335 356.01
<b>Grand Total</b>	<b>28 279</b>	<b>100%</b>	<b>R9 269 218 360.44</b>

*Table 1: High Level Portfolio Summary*

Region D has the highest number of Council properties at 6 102, followed by Region F, which reflects 4 873 properties, Region E showing 4 515 properties, then by Region G at 4 453 properties, while Region B reflects 3 922 properties. Region C is the second lowest with 2 350 properties followed by Region A, which has the least number of properties at 1 701. A graphical outline of the summary portfolio of properties is outlined below.

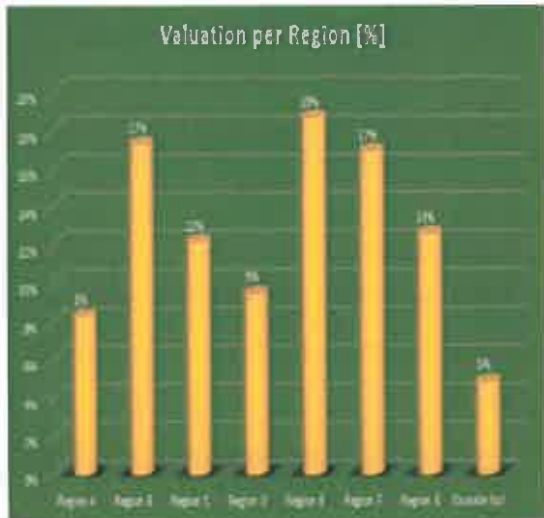


Figure 1: Summary per Region - % Value

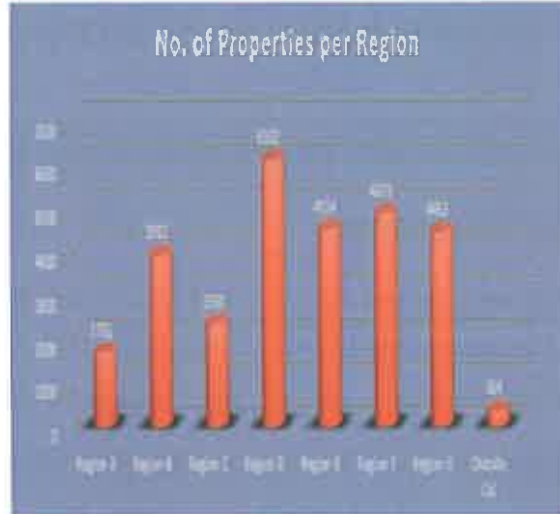


Figure 2: Summary per Region - Quantity

Region B, E and Region F 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 9%, while Region A is the least at 8%, which is due to a large number of residential holdings as well as farm portions held which are inherently lower in valuation.

### ASSET REGISTER MOVEMENTS

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

### MONTHLY MOVEMENTS BY QUANTITY

Movement Category	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Total
Acquisitions	0	1	0	8	4	1	14
Disposals	-17	-16	-15	-14	-9	0	-71
Net Movement	-17	-15	-15	-6	-5	1	-57

Table 2: Movement Summary In Quantity

### MONTHLY MOVEMENTS BY VALUE

Movement Category	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Total
Acquisitions	R0.00	R7 372 539	R0.00	R44 200 000	R2 900 000	R8 100 000	R62 572 539
Disposals	R-452 470	R-502 930	R-408 910	R-116 593	R-60 015	R0.00	R-1 540 918
Total	R-452 470	R6 869 609	R-408 910	R44 083 407	R2 839 985	R8 100 000	R61 031 621

Table 3: Movement Summary In Value

## ACQUISITIONS

Ten (10) properties to the value of R59 672 539.00 were acquired in Regions A, C and F in the current mid-term reporting period. The other four (4) properties to the value of R2 900 000.00 were acquired in the previous financial year in Region F.

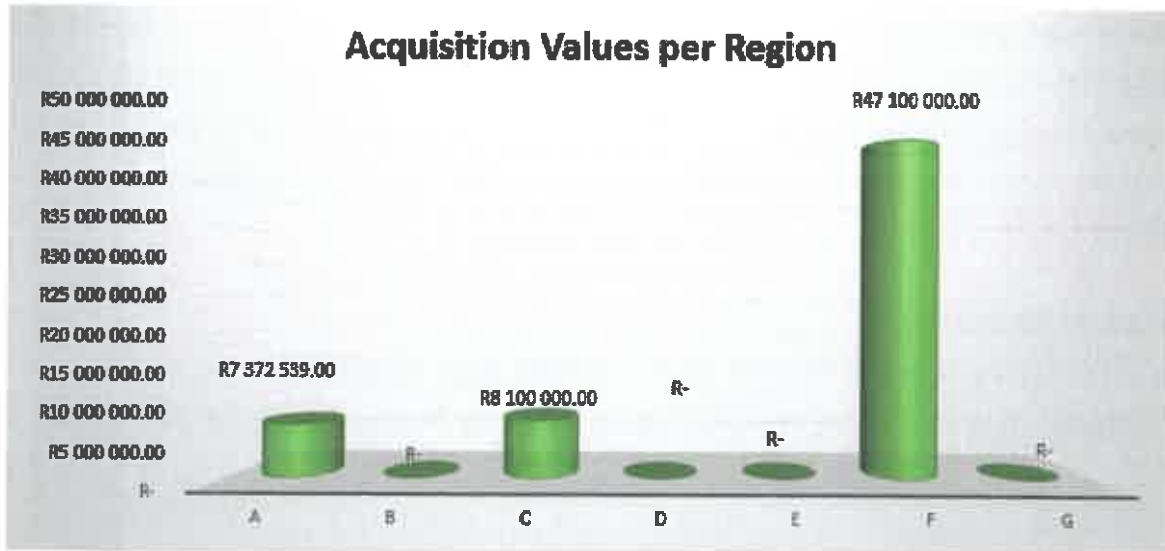


Figure 3: Acquisition Value per Region - Rand Value

## DISPOSALS

Seventy-one (71) properties to the value of R1 540 918.00 were disposed of in the reporting period. These properties are situated in Regions A, B, D, E, F and G. The regional representation of the movements is outlined in the graph below.

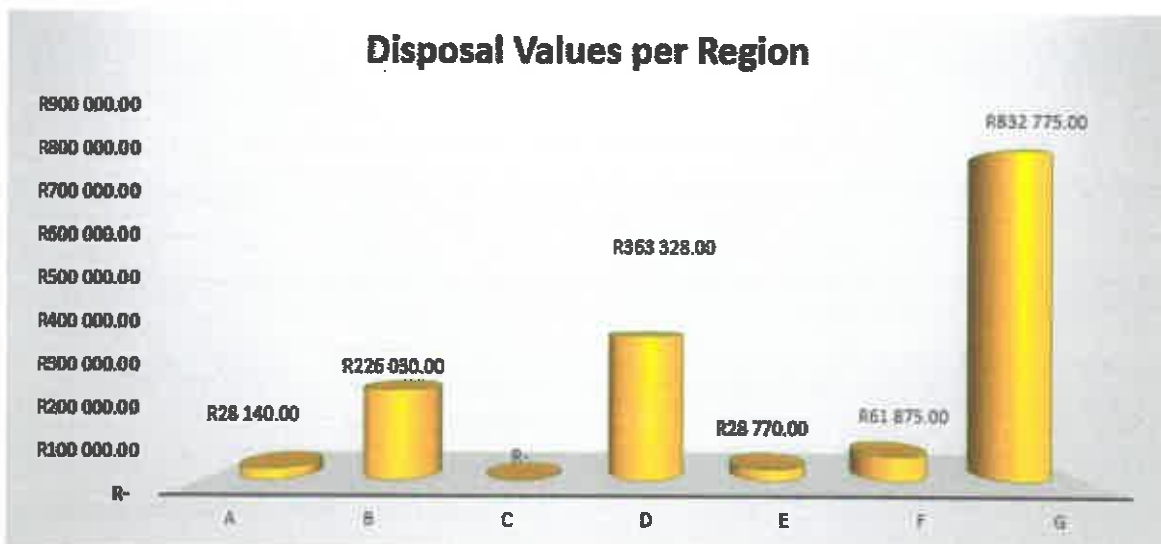


Figure 4: Disposal Value per Region - Rand Value

Sixty-five (65) properties to the value of R1 481 883.00 relate to a transfer of residential homes to beneficiaries as part of the City's service delivery mandate for the provision of housing, while six (6) properties to the value of R59 035.00 were transferred as part of the Land Regularisation Program.

### HOUSING CONVERSIONS

Sixty-five (65) 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, F and G.

### LAND REGULARISATION

Three (3) shops and three (3) churches were transferred to the entitled beneficiary in Region D and G 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 R61 031 621.00, which translates to an increase of 0.66% 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 869 609.00	R9 214 603 878.44
Sep-21	R9 214 603 878.44	R-408 910.00	R9 214 194 968.44
Oct-21	R9 214 194 968.44	R44 083 407.00	R9 258 278 375.44
Nov-21	R9 258 278 375.44	R2 839 985.00	R9 261 118 360.44
Dec-21	R9 261 118 360.44	R8 100 000.00	R9 269 218 360.44
<b>NET MOVEMENT</b>		<b>R61 031 621.00</b>	
		<b>0.66%</b>	

Table 4: Asset Register Net Movement in value

## Section 1.2: Property Management Unit

### FINALISED SALES AND LEASES

One (1) transaction (lease agreement) was concluded for R14 000.00 p.m. in the mid-term of the 2021/22 financial year.

Region	Property Description	Sales	Leases
A	None	N/A	N/A
B	None	N/A	N/A
C	None	N/A	N/A
D	None	N/A	N/A
E	Portion of Portion 2 of Erf 19 Wierda Valley Ext 1	N/A	R14 000.00
F	None	N/A	N/A
G	None	N/A	N/A
<b>Total</b>		<b>R0.00</b>	<b>R14 000.00 p/m</b>

### MATTERS WITH ATTORNEYS FOR FINALISATION

Twelve (12) transactions to the value of R9 676 270.00 are with Conveyancing Attorneys for finalisation. The table below outlines the transactions that are at conveyancing stage per region.

Region	Property Description	Sale/ Road Closures	Lease
A	None	N/A	N/A
B	Erf 173 Glenadrienne	R833 125.00	N/A
C	Erf 1814 Florida	R87 020.00	N/A
D	None	N/A	N/A
E	Erf 135 Marlboro Gardens	R91 000.00	N/A
	Erf 357 Marlboro Gardens	R91 000.00	N/A
	Erf 423 Marlboro Gardens	R91 000.00	N/A
	Holding 141 Linbro Park A.H	R2 510 000.00	N/A
	Holding 142 Linbro Park A.H	R1 680 000.00	N/A
	Holding 143 Linbro Park A.H	R1 590 000.00	N/A
	Holding 144 Linbro Park A.H	R1 590 000.00	N/A
F	None	N/A	N/A
G	Erf 60 Eldorado Estate	R60 000.00	N/A
	Erf 1432 Orange Farm	R833 125.00	N/A
	Erf 8465 Orange Farm Ext 6	R220 000.00	N/A
<b>Total</b>		<b>R9 676 270.00</b>	<b>R0.00</b>

### 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 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
<b>TOTAL</b>		<b>R583 000.00</b>	<b>R145 750.00</b>

## ACQUISITIONS

The following properties were acquired during the mid-term of the current financial year:

Erf description	Amount	Commission
Remainder of Erf 647, Jeppestown	R44 200 000.00	R4 420 000.00
Ptn 1 of Erf 646, Jeppestown		
Remainder of Ptn 1 Erf 648, Jeppestown		
Erf 649, Jeppestown		
Erf 651, Jeppestown		
Erf 654, Jeppestown		
Erf 655, Jeppestown		
Erf 2788, Jeppestown	R8 100 000.00	R810 000.00
Ptn 121 Zandspruit 191	R7 300 000.00	R730 000.00
Holding 17, Carlswald		
<b>Total</b>	<b>R59 600 000.00</b>	<b>R5 960 000.00</b>

## ACQUISITION OF PROPERTIES WITH COUNCIL RESOLUTIONS

The following properties have Council resolutions. Budget confirmation has been requested from the Housing Department in order to resume negotiations with the owners.

No.	Property Description	Extent
1	Ptn 90 Farm Zandspruit 191 IQ	5.3 ha
2	Ptn 93 Farm Zandspruit 191 IQ	4.1 ha
3	Ptn 51 Farm Zandspruit 191 IQ	4.05ha
4	Ptn 60 Farm Zandspruit 191 IQ	6.5 ha
5	Ptn 75 Farm Zandspruit 191 IQ	5.01ha
6	Ptn 69 Farm Zandspruit 191 IQ	4.05ha
7	Re of Ptn 16 Farm Zandspruit 191 IQ	6.2ha
8	Ptn 144 Farm Zandspruit 191 IQ	15.09ha
9	Ptn 105 Farm Zandspruit 191 IQ	6.2ha
10	Ptn 43 Farm Zandspruit 191 IQ	1.9ha
11	Ptn 106 Farm Zandspruit 191 IQ	6.3ha
12	Ptn 65 Farm Zandspruit 191 IQ	6.8ha
13	Ptn 301 Farm Olievenhoutpoort 191 IQ (now consolidated from Ptns 22, 96, 97, 98, 99 & 100 Farm Zandspruit IQ)	62.51ha
14	Erf 42 Sonnedal AH	3.8 ha
15	Erf 48 Sonnedal AH	3.6ha
16	Erf 47 Sonnedal AH	3.7ha
17	Erf 44 Sonnedal AH	3.4ha
18	Erf 45 Sonnedal AH	3.8ha
19	Erf 46 Sonnedal AH	3.6ha
20	Erf 26 Sonnedal AH	5.7ha
<b>Total</b>		<b>162.91ha</b>

**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 period under review, 11 Agreements were finalised with the adjacent property owners.

No.	Property Description	Management Fee
1	Erf 897 Parkview	R3 000.00
2	Erf 376 Parkview	R3 000.00
3	Erf 855 Parkview	R3 000.00
4	Erf 869 Parkview	R3 000.00
5	Erf 1035 Parkview	R3 000.00
6	Erf 934 Parkview	R3 000.00
7	Erf 355 Parkview	R3 000.00
8	Erf 597 Parkview	R3 000.00
9	Erf 428 Parkview	R3 000.00
10	Erven 813 and 814 Parkwood	R3 000.00
11	Erven 713 and 714 Parkwood	R3 000.00
<b>TOTAL</b>		<b>R33 000.00</b>

**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 envisioning a City that will develop markets of the future to create dignified, clean and simple world class facilities.

### INCOME COLLECTION

For the mid-term under review JPC has been able to collect R 1 154 400.38 for the Stalls and Shops that are occupied by Traders. The table below depicts the summary of the income collected per month of which the collection levels have increased when compared to the previous period of the midterm.

### MONTHLY RENTAL COLLECTED

QUARTER 1			QUARTER 2		
JUL	AUG	SEPT	OCT	NOV	DEC
R 121 357.21	R182 841.71	R265 147.67	R265 189.77	R196 139.81	R123 424.21

### TRADER SUMMARY BREAKDOWN PER FACILITY

The facility with the high number of vacancy is Kliptown Market followed by Lenasia. Most of the Traders are currently not paying the expected rental and this continues to increase the Debtors book. Measures to sign leases with Traders have been put in place.

FACILITY	NO OF STALLS	VACANT	OCCUPIED	PAYING	NON PAYER
Alexandra	168	3	165	0	165
Bara	498	43	455	0	455
Big Ben	12	0	12	0	12
Diepsloot	10	0	10	0	10
Doomfontein	14	2	12	0	12
Faraday	425	97	328	0	328
Fordsburg	127	6	121	11	121
Hillbrow	357	97	260	52	260
Jeppe	148	18	130	34	130
Kliptown	531	235	296	0	296
KwaMafeni	231	10	221	6	221



FACILITY	NO OF STALLS	VACANT	OCCUPIED	PAYING	NON PAYER
Lenasia	441	190	251	4	251
Metro Mall	554	41	513	30	513
Midrand	153	18	135	0	135
Yeoville	238	22	216	3	216
<b>TOTALS</b>	<b>3907</b>	<b>782</b>	<b>3125</b>	<b>140</b>	<b>3125</b>

### **LEASING OF SHOPS AND STALLS LOCATED AT VARIOUS PUBLIC TRANSPORT FACILITIES AND TARDERS MARKETS OWNED BY THE CITY**

It was projected that JPC will renew approximately 964 informal trading leases in the mid-term under review. Even though the target is not achieved, 10 leases have been signed in the midterm under review when compared to the same period in the previous midterm. This is indicative of the right step towards the right direction in the midst of all prevailing challenges.

### **ACQUISITION OF THE SOUTH AFRICAN POST OFFICE LIMITED**

Council approved the acquisition of the Portion 27 of the Farm Johannesburg 91 IR which is owned by the South African Post Office Limited (SAPO) for the purpose of providing a public transport hub for long distance and cross border taxi and bus services named Johannesburg International Transport Interchange (JITI).

The property is measuring approximately 11706 m<sup>2</sup> and was acquired at R30 000 000 (Thirty million) inclusive of VAT. The transaction is now at conveyancers for finalization of the Transfer.

### **STAKEHOLDER ENGAGEMENT**

The meeting was held with JPC, JMPD Security, and the taxi association, ATA and ARMSTA on the 30th November 2021. The agenda items were about cleaning and the security of the public transport facilities.

There were no binding decisions taken and or reached pending obtaining the mandate from executive management. The intension of the meeting is to forge a good working relationship and or partnership for both parties.

This was a bold step toward Public Private Partnership in COJ and JPC managed public transport facilities for their safety, cleanliness and maintenance. We look forward to have both Transport Management and JPC Management having good relationship with all the Stakeholders. This will assist in reducing vandalism and break-ins in the facilities.

## CHALLENGES

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

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

## MITIGATION MEASURES

- Trader engagement to communicate the lease renewal process and its importance.
- Implement credit control measures and lock stalls where Traders are not paying.
- Internal engagement Cleaning and Repairs Maintenance Unit to provide the execution plan.
- CoJ Informal Trading policy implementation to deal with all pertinent issues e.g. allocations, rights and duties of Traders law enforcement, permits etc.
- JMPD has promised a hybrid model of security to deal with current challenges.
- Stricter by-law enforcement to eliminate illegal activities in the facilities.
- Finance to implement debit order mechanism.

### Section 1.4: Property Program Management Unit

#### Riverside View Mega Housing Development (Diepsloot Phase 1)

Riverside View is located directly north of Steyn City and West of the Riversands Incubation Hub along William Nicol Drive. The location of the site i.e. between the lower income area of Diepsloot and the prestigious high-income area of Dainfern, provided a unique opportunity for development to integrate Diepsloot with the rest of Johannesburg and developing it into an urban network. In light of this JPC, went out on tender for Portion 5 and, it was awarded to Valumax Northern Farms (Pty) Ltd & COJ for the following development:

- A high density mixed use development to maximise the use of strategically located land and to ensure vibrancy and sustainability.
- A mixed income development to meet a wide range of housing demands and ensure that housing, is delivered to poorer beneficiaries in a way that helps people out of poverty.

It was envisaged that the development would yield the following yields:

- Approximately 3113 single residential GAP/FLISP units.
- Approximately 4332 high density walk up RDP units.
- Approximately 2969 high density walk up Rental units.
- The total residential yield of approximately 10 414 residential units was expected to be completed by 2022.

To date there are 7027 units completed and 3039 units currently under construction. The developer anticipates the project to be completed by the end of 2023, depending on budgets. There is a possibility that it might roll over into 2024.

In the quarter under review, 132 sectional title FLISP units were completed and will be transferred in due course. The 528 RDP units under construction will only be completed and handed over in February 2022. There are however, a number of units that are at 95% completion only requiring the electricity to be installed for the units to reach 100% completion.

With regards to the Section 29 Clearance for Riverside View Extension 70, the developer has finally gotten Eskom clearance in November 2021 and is awaiting for it to be issued by legal administration. Once the Section 29 Clearance has been issued, the developer can obtain building plan approval for Erven 4868, 4869, 4870 and 4871 Ext 70, as well as the occupancy certificates for the 1 000 completed units on Erf 4869..



## **SOWETO GATEWAY**

Soweto Gateway is located on Chris Hani Road, west of the N1 highway in Diepkloof Region D. It is east of the Chris Baragwaneth Hospital. The project area is approximately 30.5 hectares. The proposed development is a mixed use accommodating a mix of land uses taking advantage of the location of the site as an entrance into the Soweto/ Baralink Node. It will reinforce surrounding uses and activities such as Institutional, educational, local manufacturing, training facilities, commercial etc. The Development will be supported by amongst others, medium to high density mixed income residential, community facilities, recreation and public spaces within a well- balanced and sustainable urban structure that is connected and accessible to the rest of Soweto and the City.



### **The proposed township mix is as follows:**

- A residential component - medium to high density mixed income residential, social housing for the rental market, low cost housing;
- A business component – shops, restaurants, offices, car sales, motor / other showrooms, warehouses;
- Retail;
- High profile light industrial and training facilities;
- Hotel / Conference Centre;
- Community facilities - educational, child care centres, clinic & medical consulting rooms, social halls, sports and recreation clubs;
- Public open spaces and roads.

This property did go out on tender end 2019, however due to delays caused by Covid, the validity period had expired before awarding was concluded, hence the property had to be put out on tender again. A revised RFP went out on 12 November and will close on 28 January 2022. A non-compulsory virtual briefing session was held on 25 November 2021.

The process to unfold depending on the number of bids received is that, bids will be evaluated and adjudicated and a full report will be sent to Probity. On completion of Probity, the report will then be

Submitted to the Executive Adjudication Committee for award. This is followed by contract negotiation with the preferred bidder, which takes about 2-3 months. Our expectation is to award within this financial year, which is 30 June 2022.

#### **INTERNAL FOCUSED PROJECTS: REPAIRS AND MAINTENANCE PLANNED**

JPC has a mandate to manage and maintain all City-owned buildings, public conveniences (public ablutions) and taxi facilities, office space, clinics, sports facilities, aquatics, etc. The Unit is focused on providing effective, efficient and quality management of building development and maintenance services to the City of Johannesburg Departments.

#### **PLANNED PRIORITY PROJECTS**

##### **DEPARTMENT OF ECONOMIC DEVELOPMENT: ALLOCATED BUDGET: R6 000 000**

- 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.
- Request for Quotation was advertised for the refurbishments of The Soweto Empowerment Zone, and all relevant procurement procedures, i.e., opening and pre-screening of Bids, bids evaluation, bid adjudication and appointment of a suitable bidder.
- Site was handed over to the service provider in October, and work is currently in progress.
- In case of emergencies and unplanned maintenance, the Department of Economic Development were allocated with emergency service providers to select from. Their process includes, obtaining 3 quotations and appointing the lowest bidder.

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

##### **TRANSPORT DEPARTMENT: ZERO PERCENT EXPENDITURE SPENT**

- 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.
- Addendum to the new SLA has been signed by the CEO and SCM Procurement process has started,

**METRO BUS:** Metro Bus has not requested JPC to do the maintenance of their facilities in 2020/2021 financial year. JPC have a scheduled meeting to discuss the way forward. The focus in the current financial year is on Office Space Optimisation. Metro Bus have confirmed that they will be moving to Forum 1 in Braampark by the end of quarter two of the 2021/2022 financial year. The RFP will be issued for the refurbishment of the offices by CRE.

**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 Materials with specifications, work packages, procurement of contractors, project plans, project management.

- Part of the Department of Health's Planned Maintenance has been advertised and the relevant SCM procurement procedures, i.e., opening and pre-screening of Bids, bids evaluation, and so far only bid adjudication and appointment of a suitable bidder still outstanding.

**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. Evaluation were carried-out and the Project Manager is waiting to present to the Bid Adjudication Committee for approval.

## Section 1.5: Cleaning Services & Facilities Management

### FACILITIES MANAGEMENT

The approach in terms of planned maintenance revolved around Condition Based Assessment for all buildings while the emergency repairs is a reactive process dealing with repairs and maintenance in our facilities. Furthermore, the facilities management includes the function of health and safety i.e. OHASA responsible to make sure that all our buildings are safety compliant in terms of international safety standards.

In the period under review, the SCM process has commenced for these projects be carried out during 2021/2022 financial year:

- Metro Centre Centre - Repairs and Maintenance
- Ennerdale Civic Centre - Repairs and Maintenance
- Meadowlands Civic Centre – Repairs and Maintenance

### PLANNED MAINTENANCE:

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

### SERVICE DELIVERY CHALLENGES

Key Challenges	How challenges were addressed
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

### CLEANING SERVICES UNIT:

The Department of Employment and Labour issued guidelines for employees to deal with COVID-19 at workplaces that the Employer should adhere with the COVID-19 requirements to ensure that the facilities occupied by employees does comply. The unit will ensure that offices, bathrooms, commonly touched areas are kept clean in order eliminate the transmission of the Covid19 pandemic.

The cleaning equipment RFP has been concluded and awarded. The first orders for equipment have been placed with delivery anticipated in Q3. The remaining R5 million will be utilised through a panel on an ad hoc basis for the remainder of the 2022 financial year.

## CHALLENGES AND MITIGATIONS

CHALLENGES	MITIGATIONS
No supervisors in the portfolio	The job profile for supervisors has been drafted and will be submitted for approval for advertisement.
Lack of cleaning material panel	Procurement of the cleaning material panel. Bid spec has been drafted and will be advertised during the next quarter.
High number of Covid19 infections in the unit	Roadshows on how to prevent the spread of virus and also regular distribution of masks

## Section 1.6: Outdoor Advertising

### Process Implementation of Master Plan

The Department of Development Planning- Outdoor Advertising Unit has approved about 45 sites for various media owners. Reports to be submitted to Council to recommend approval for the leasing of various existing and new advertising sites in compliance with Regulations 34 and 36 of the Municipal Asset Transfer Regulations, 2008.

### SUMMARY OF PROGRESS ON THE IMPLEMENTATION OF THE TRANSITIONAL PERIOD

The City is still in the process of finalising the assessment of existing advertising signs that were declared as per public notice that was issued in August 2019. Only 45 sites were approved in terms of the City's Outdoor Advertising 2009 By Laws. In light of this and pending approval by Council to extend the transitional period, JPC will be able to conclude short terms 36 (THIRTY SIX) months 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 14<sup>th</sup> March 2019.

### PLANS FOR NEXT QUARTER

JPC awaits receiving approvals from Planning Department as they are still in the process of finalising the assessment of existing advertising signs that were declared as per public notice that was issued in August 2019.

JPC plan to finalize the conclusion of agreements that were approved by the EAC in 2019 pending the extending of transitional period by Council. 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.

## Section 1.7: Inner City Property Development Projects

Phase 1, 2 and 3 of the Inner City Rejuvenation Programme were implemented concurrently, and continued progress has been observed since the programme was initiated. However, the outbreak of the Covid-19 Pandemic and the subsequent Lockdown restrictions have had a significant and notable impact on the progress of developments awarded.

To be exact, the Municipal Offices responsible for Town Planning applications (i.e. Consolidation, Rezoning, SDP and Building Plans) were not considered an essential service and often City officials have not been working at full capacity, thus causing significant delays on all projects.

Moreover, other significant offices like that of the Surveyor-General and the Deeds Office have also developed a significant backlog, where it now takes 4 months to obtain approval for subdivision and consolidation diagrams.

### Mitigation Strategy

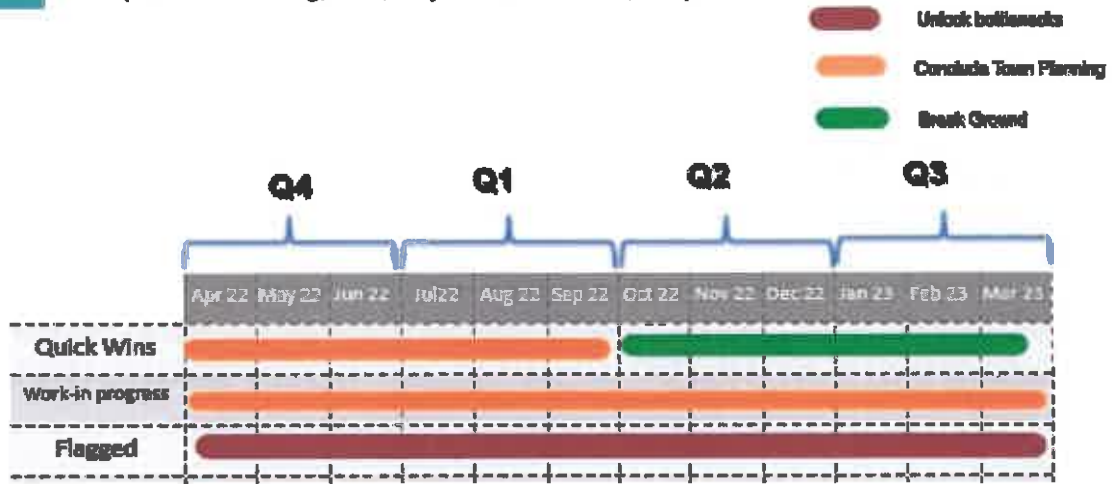
The Inner City Focused Intervention Projects Unit has assessed all developments awarded throughout Phases 1,2 and 3 and has developed an interim strategy to assist in unlocking the bottlenecks and ensuring that the Town Planning delays/issues are resolved.

JPC has continued to solicit the assistance of the DED for fast-tracking committee. Furthermore, a Virtual Roadshow is proposed through which all relevant stakeholders (i.e. CoJ Planning, JRA, and Developers) are to partake, in ensuring that the bottlenecks are unlocked.

A thorough analysis of all developments awarded to date has been conducted. Projects have been grouped in the following manner:

1. **Quick wins:** Projects with the least amount of challenges and bottlenecks can be unlocked in the next calendar year
2. **Work-In-progress:** Projects with challenges which can be resolved with the help of relevant stakeholders

**3. Flagged projects:** Projects with significant challenges (i.e. lack of TAA). The resolution of these will require significant intervention and collaboration with other City Departments (i.e. CoJ Housing, JRA, City Transformation, etc.).



**Phase 4 & 5 (Release of Privately-owned properties)**

The current target for the release of privately owned properties is 20. To-date, no further properties have been approved by Council for release. Approximately 400 privately owned properties have been identified, throughout the length and breadth of the City. Most of these have various issues ranging from illegal connections to the buildings owing Rates and Services, which exceed the property value. This highlights the importance of the City conducting thorough research and investigations on privately owned properties (before they are released), this should in-turn enable the City to explore and identify suitable options on how to possibly release these properties (i.e. by means of Declaratory Order, Expropriation, Sale in Execution, Abandonments, etc.).

Moreover, much focus has been placed on the city-owned properties awarded for development. The aim is to ensure that we break ground in the new calendar year.

## Section 1.8: Information Technology Unit (IT)

### IT HIGHLIGHTS

#### IT POLICIES STATUS

According to Principle 12 of King IV, the purpose of IT Governance is “to support the organization to set and achieve its objectives.” In King IV, there is a great emphasis on organisational Boards taking on a more hands-on approach. This includes periodically carrying out formal reviews of the competence of the organisation's IT function. The Board is tasked with the approval and overseeing of the technology and information policy of the company. The overseeing of these policies, according to King IV, should be in relation to the:

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

Internally governance oversight is provided by EXCO with the operational accountability of governance matters residing with the Head of department. In line with the King IV Code (practices under principle 12), and the JPC IT Governance framework which states that policies should be reviewed biennially, the following IT policies have been reviewed and approved by the Board. All IT Policies remain valid and be utilized for the Business and people to ensure a well-managed internal governance.

POLICY	STATUS	PLANS TO REVIEW	NEXT REVIEW DATE
JPC Backup And Restore Policy	Valid	Yes	AUGUST 2022
JPC DRP Plan 2019 2020	Valid	Yes	AUGUST 2022
JPC Firewall Management Policy	Valid	Yes	AUGUST 2022
JPC ICT Governance Framework	Valid	Yes	AUGUST 2022
JPC IT Security Baseline Policy	Valid	Yes	AUGUST 2022
JPC IT Security Policy	Valid	Yes	AUGUST 2022
JPC IT Strategic Plan 2020	Valid	Yes	AUGUST 2022
PC Patch Management Policy	Valid	Yes	AUGUST 2022
JPC User Account Management Policy	Valid	Yes	AUGUST 2022
JPC User Change Management Policy	Valid	Yes	AUGUST 2022

### **ICT Matters:**

The following Sever-room services have been affected, Networking hardware, environmental controller, air conditioners, and fire suppression has impacted business continuity for the JPC organization and its stakeholders,

1. Air conditioner cooling and water reticulation pipes are leaking, caused damages to equipment due to water leaking, the air conditioner units are also now non-operational running without cooling,
2. Core networking managed switching equipment and COJ wireless links to GIS, LIS and Jozi-net equipment experienced water damage due to water reticulation from air conditioners.
3. Environmental and fire suppression system is damaged due to water reticulation from air conditioners
4. Additional electrical circuit breakers required and 100 amp main supply to Distribution Board for clean power including rewiring of the control distribution board in the Server room In forum one, is required in order to effectively power the new server and the uninterrupted power supply of backup power to the sever room also ensuing that Electrical compliance certification adhered to In forum one.
5. Repairs and replacements are necessary to restore all the server room services and infrastructure to a working state so that business continuity can resume In Forum one, and that the relocation of ICT infrastructure project In forum two can resume and be completed.

### **ICT STATUS IN FORUM ONE**

The ICT Servers have been relocated to forum two establishing for the envisaged central network for JPC, creating a hybrid network solution for the JPC infrastructure network connectivity. Wi-Fi Access points are also deployed across Forum One to maximize the network access for users and cater for the different level of the Covid 19 Regulation as and when human capacity amounts per building changes.

### **ICT Infrastructure:**

Procurement for all IT resources has commenced in regards to the move of ICT Infrastructure. This will assist in some of the services IT renders to JPC department ensuring that all employees can actively connect to the JPC network with ease and without interruption. A number of twenty Laptops have been ordered to mitigate the rising shortage of computers due to age, loss or damage. The next budget negotiations will provide relieve and enable JPC IT to acquire more Laptops for the JPC Staff Complement.

## Section 1.9: Client Relations Management

Highlights or key interventions during the period under review:

- Advertised, awarded and completed the relocation of records, files and cabinets from forum 2 to forum 1 in accordance with the National Archives Act;
- Award of a service provider for offsite records management is at the bid adjudication committee (BAC);
- On the 7 October 2021, Council approved 21 JPC transactional reports. This consisted of two batches of reports which included four reports approved by the JPC Board held on 20 July 2021 and 17 transactional reports already that were approved by the JPC board on 28 April 2021. At the end of the political term all JPC transactional reports were concluded through the Council system.

### STAKEHOLDER MANAGEMENT

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 using the intel from our stakeholder engagements in the various municipal structures that enables us to be responsive to the need of our community and other stakeholders. 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.

On 01 November 2021 the local government elections were held successfully, shortly after that JPC headed presented at the ward councillors inductions programmes to provide a brief overview of the JPC mandate.

JPC continues to attend to and facilitate the flow of information to strategic and operational committees within the COJ to enhance stakeholder engagement and service delivery, this has also fostered the use Inter-departmental relations to build capacity and address the shortfalls that the organisation has been experiencing due to internal and external factors which management is currently engaged in taking a strategic lead to improve the efficiency and effectiveness of customer relations in a coordinated and integrated manner by:

- Enhancing customer experience throughout the value chain;
- Providing training tools/systems to increase staff knowledge and competencies to promote efficiencies and adherence to standard operating procedures and established protocols;
- Foster a culture of routinely and continuously assessing performance against staffs' respective performance;
- Encourage managers to critically reflect on service delivery practices to deliver and continuously improve on the timelines and quality of outputs; and
- Ensure accountability by basing service standards on the company priorities and objectives while keeping stakeholders informed and meeting their needs with a bias on the Batho Pele principals.

### **SERVICE STANDARDS**

The Service standards of JPC represent the minimum acceptable performance to clients and all its stakeholders. In the period under review not all service standards levels were reached, however JPC remains committed to proactive and responsive service delivery. The performance reveals the various challenges experienced within the organisation over the past 19 months and are repercussions of the unprecedented organisational disturbance and instability. The entity is on a rebuilding phase and the reality is that the planned interventions will yield results over time before the impact is noticeable.

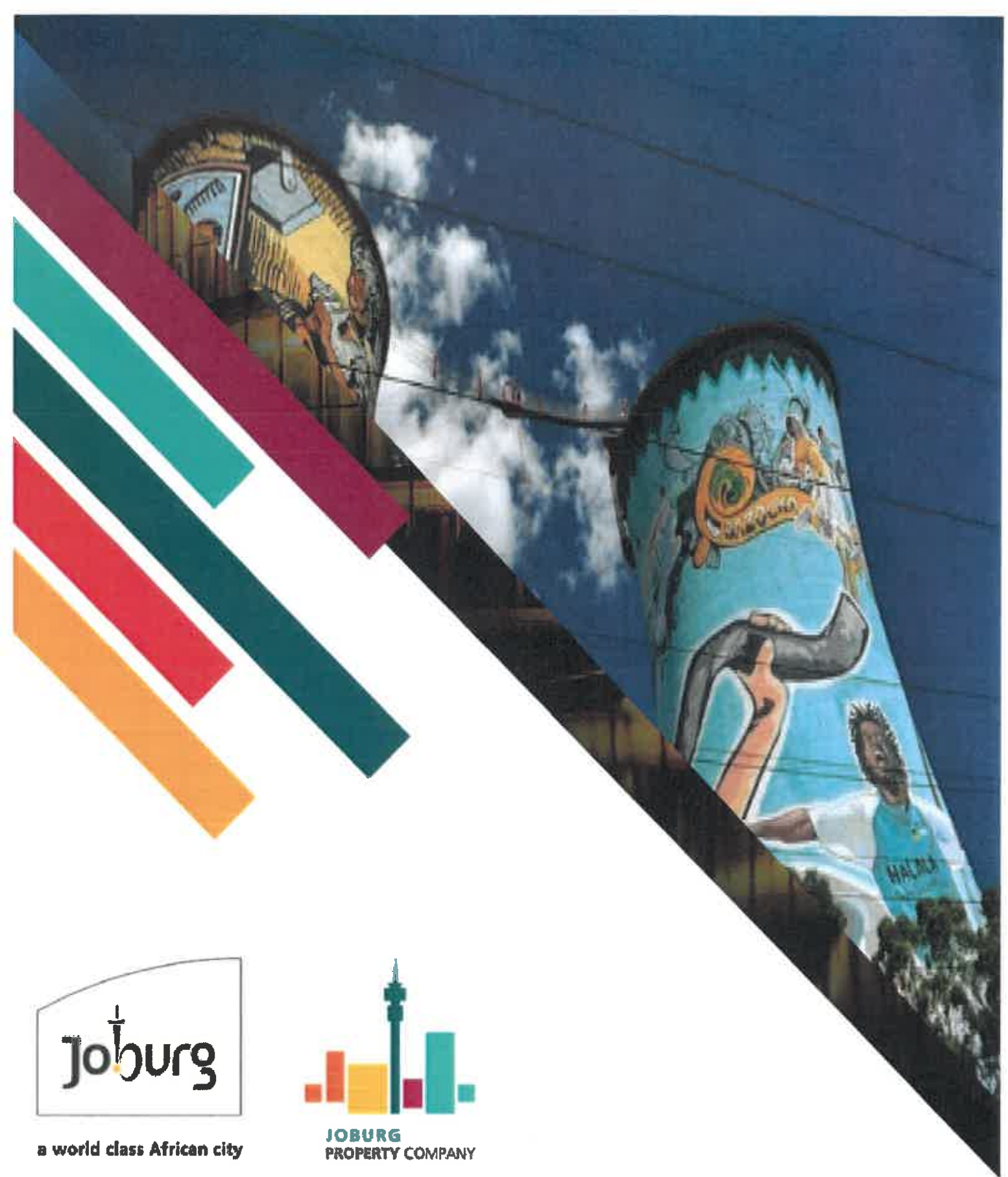
### JPC PERFORMANCE SERVICE STANDARDS

KPI	Code	Service	Service Level Standard Target	Quarter One Actual				Quarter 2 Actual				YTD Total	Variance	Mitigation
				Jul	Aug	Sept	Oct	Nov	Dec	Oct	Nov			
KPI 1.1		Response in acknowledgement of requests, enquiries and complaints	Within 1 day of logged call	161	205	176	542	145	141	92	921	None	None	
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	56	129	105	290	91	84	45	510	None	None	
KPI 1.3		The performance of emergency work for JPC managed facilities	Within 1 day of logged call	60	0	78	136	0	70	16	222	None	None	
KPI 1.4		Performance of minor works on facilities managed by JPC	Within 2 days of logged call	18	0	40	58	0	19	8	85	None	None	
KPI 1.5		Performance of major works on facilities managed by JPC	Within 5 days of logged call	6	13	8	27	0	4	10	41	None	None	
KPI 1.6		Complete the sale or lease and registration of servitudes of Council owned land	Within 6 months after Council Approval in terms of Section 14(2) of the Municipal Finance Management Act	0	0	0	0	0	0	0	0	KPI not due. On 7 October 2021 Council approved 4 reports in terms of Section 14(2) of the MFMA. The completion of these transactions and measurement of this KPI is only due by end of April 2022	The entity is on a rebuilding phase and the reality is that the planned interventions will yield results over time before the impact is noticeable.	
KPI 1.7		Tender placed after Council approval and CoJ Executive Adjudication Committee	Within 4 months of CoJ Executive Adjudication Committee approval	0	0	0	0	0	0	0	0	KPI not measured. There were no EAC reports approved during the period July to October 2021	The entity is on a rebuilding phase and the reality is that the planned interventions will yield results over time before the impact is noticeable.	
KPI 1.8		Internal allocation of land and buildings to City Departments and Entities (PTOB : Permission to occupy and build and lease office space from third parties)	Within 60 days of application and budget confirmation	0	0	0	0	0	0	0	0	KPI not measured. No request for internal allocation of land and buildings with budget were received from departments and entities during the period of July to December 2021	None	

### JPC PERFORMANCE SERVICE STANDARDS

KPI	Core Service	Service Level Standard/Target	Jul	Aug	Sept	Quarter One Actual			Quarter 2 Actual			YTD Total	Variance	Mitigation
						Actual	Out	Nov	Out	Nov	Dec			
KPI 1.8	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	14	15	15	30	0	0	0	15	59	None	None	
KPI 1.10	Response to general enquiries at client services counter	Within 24 hours of logged call	0	49	41	84	35	42	13	180	None	None	None	
KPI 1.11	Response to enquiries regarding transactions in pipeline	Within 24 hours of logged call	0	0	0	0	0	0	0	50	None	None	None	
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 = 80 %	11 of 11 = 100 %	8 of 8 = 100 %	4 of 6 = 67 %	62 of 88 = 91 %	For December 2021 two responses were not finalized within 30 days due to the number of public holidays impacting turnaround times	None	None	





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## ***Chapter 4: Human Resources & Organisational Management***

## Section 1: Human Resource and Organisational Management

### Strategic Highlights and Achievements:

The Human Capital Management section provides a synopsis of the initiatives implemented aligned to JPC's HR agenda and focuses on the organisation's strategic objectives as outlined in the HR Strategy.

During the period under review, JPC had 52 terminations as result of resignations, retirements and dismissals. This has necessitated the review and approval by the Board of high-level organisational structure to address the following:

- ✓ Redistribution of workload/ functions to efficiently deliver the mandate of the entity and address the stakeholders
- ✓ Reskilling of employees in cases where functions have combined or changed
- ✓ Ensuring that the core departments are fully capacitated in an effective and efficient manner
- ✓ Budget constraints that hamper the process of filling key critical vacancies

### The following Initiatives were fulfilled in the period under review:

In the period under review, 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 1573 submissions were received out of 1641 employees as at 01 December 2021, and only 29 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 complement 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

Below is the breakdown in terms of departmental compliance as at 01 December 2021.

Department	Number of Submissions	Number of Employees
Office of the CEO	14	15
Finance	34	34
Client Business Operations	41	41
Outdoor Advertising	3	3
Strategic Corporate Support	18	21
Asset Management	4	4
PPMU	15	16
Inner City	10	10
Portfolio Management Category A&B	7	8
Property Management	18	23
Informal Trading	30	30
Facilities Management	222	256
Cleaning Services	1156	1180
<b>TOTAL</b>	<b>1573</b>	<b>1641</b>

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.

Though In the 4<sup>th</sup> wave of Level 1 the organisation has experienced a resurgence where more than 10 employees have tested positive. This has asked for the organisation to heighten healthy and safety measures, sanitisation, wearing of mask and promoting continuous cleaning of the organisation.

In the training and development environment fifty (50) employees have attended Artisan Prior Learning assessment as part of the progressive development towards Artisanship

Certification. Nineteen (19) General Workers (Public Convenience) have been enrolled for Basic Maintenance Training as the initial phase in Artisanship programme.

Safety Health and Environment related training was conducted which included SHE & Fire Officers, Fire Fighting and First Aid Level 1.

### 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.

Subsequent to the initiative of the organizational tweaked structure, all approved organizational structures are successfully uploaded on SAP inclusive of the Cleaning Services Structure.

### Section 2: Employee Remuneration and Cost including Executives

The total salary bill equates to an amount of **R256 407 378** for the mid-term of the 2021/2022 financial year which is for the period July to December 2021.

SALARY BILL: FIRST QUARTER	
MONTH	AMOUNT
Jul-21	R36 335 809
Aug-21	R36 198 290
Sep-21	R37 508 415
Oct-21	R41 040 588
Nov-21	R61 632 217
Dec-21	R43 692 078
<b>Total</b>	<b>R256 407 378</b>

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

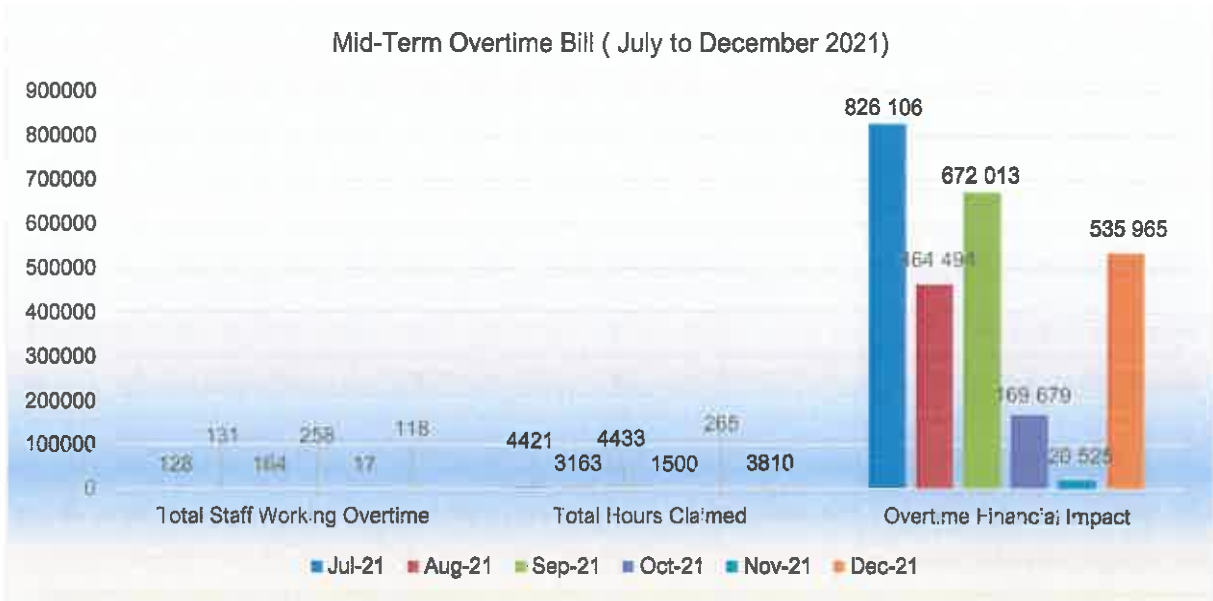
- Payment of performance bonuses to qualifying Executive and Senior managers following AGM;
- Final payments of terminated employees;
- Appointment of new employees following a recruitment process;
- Implementation of 3.5% cost of living salary increment back dated to 1<sup>st</sup> of July 2021;
- Payment of 13<sup>th</sup> Cheques;
- Payment of Acting Allowances; and
- Encashment of Leave.

**Overtime Costs: 2021/2022 (July to December)**

The Overtime expenditure for the mid-term of the 2021/22 financial year amounts to **R2 688 782**, including the first quarter amounts and represents 0.01% of the Salary Bill. Overtime expenditure is consistent and as a result of services rendered to the public by JP in respect of public conveniences 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, to be at work at all times to ensure that all buildings are clean and safe as per COVID-19 regulations.

The graph below indicates overtime paid out in the Mid-term of the 2021/2022 financial year per month.



The monthly overtime indicates a peaks in July, as the country was on adjusted alert level 4 of the lockdown due to the 3<sup>rd</sup> 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.

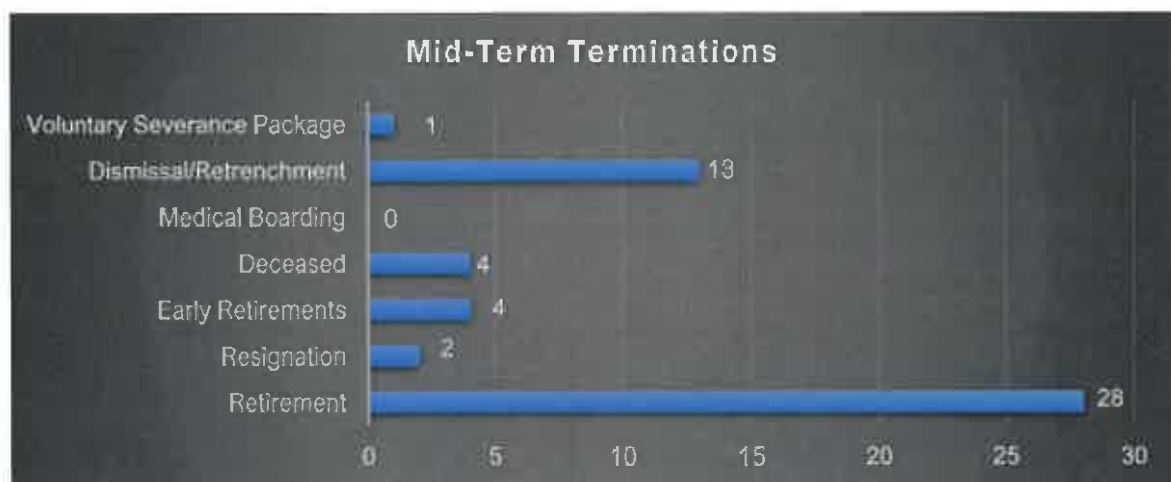
**TERMINATIONS**

There are 52 terminations that were actioned in the Mid-term of the 2021/2022 financial year.

The table below illustrates the terminations realised per occupational level, race and gender. These terminations were mainly due to retirement and dismissals.

OCCUPATIONAL LEVELS	MALE				FEMALE				Foreign Nationals		TOTAL
	A	C	I	W	A	C	I	W	M	F	
<b>Top Management</b>	0	0	0	1	0	0	0	0	0	0	1
<b>Senior Management</b>	1	0	0	0	2	0	0	0	0	0	3
<b>Professionally qualified and mid-management</b>	3	0	0	0	1	0	0	1	0	0	5
<b>Jun. Management, Superintendents and Skilled Technical</b>	2	0	0	0	1	1	1	0	0	0	5
<b>Semi-skilled / Administration</b>	7	0	0	0	1	1	0	0	0	0	9
<b>Unskilled and defined decision making</b>	4	0	0	0	25	0	0	0	0	0	29
<b>Total Permanent Staff</b>	17	0	0	1	30	2	1	1	0	0	52
<b>Temporary Employees</b>	0	0	0	0	0	0	0	0	0	0	0
<b>GRAND TOTAL</b>	17	0	0	1	30	2	1	1	0	0	52

The graph below indicates the reasons for termination that transpired in the mid-term of the 2021/2022 financial year:



- **Voluntary Severance Package:** One (1) employee opted for a severance package
- **Dismissal:** Thirteen (13) employees were dismissed/terminated due incapability.
- **Deceased:** Four (4) Employees passed away in the mid-term of the 2021/2022 financial year and it was mostly through ill health.
- **Early Retirement:** Four (4) employees went on early retirement.
- **Resignation:** Two (2) employees resigned from the employ of JPC
- **Retirement:** Twenty Eight (28) employees went on retirement mid-term of the 2021/2022 financial year.

The impact of termination rate realised widens the under capacitation gap within key business areas, these gaps are currently being addressed by appointing employees to act on the most critical positions which is not a sustainable method in the long term as employees will suffer from fatigue because of the workload.

**Staff Turnover for this period under review:**



The graph above shows staff turnover rate of 3% which is a positive rate taking into consideration that a healthy turnover rate is 5% to 10%. Employees stay longer in the employ and this indicates that JPC pays lucrative salaries and employee benefits as an employer of choice.

**Section 3: Key Vacancies**

**Filling of Critical positions**

The process filling of the specific strategic and critical positions is in progress to meet strategic and operational business objectives. The following positions were advertised in October and

November 2021 externally through the company website, City's website and across the municipal entities.

Position	Department	Status
Company Secretary	Office of the CEO	Recruitment process placed in abeyance due to moratorium issued by the City.
Head: Human Capital Management	Human Capital Management	Recruitment process placed in abeyance due to moratorium issued by the City.
Manager: Employee Relations and Wellness	Human Capital Management	Recruitment process placed in abeyance due to moratorium issued by the City.

The process of filling the above positions have placed in abeyance as result of the moratorium on recruitment pronounced by the City.

#### Section 4: Employment Equity

The total JPC EE demographics in the table below includes permanent and temporal employees. The total workforce is 1635 as at 15 December 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	1	0	0	0	0	0	8
Professionally qualified and mid-management	16	1	4	4	22	2	3	5	0	0	57
Jun. Management, Superintendents and Skilled Technical	7	0	2	4	24	4	1	0	1	0	43
Semi-skilled / Administration and discretionary decision making	144	11	5	4	77	13	1	0	0	0	255
Unskilled and defined decision making level	338	2	0	1	913	17	0	0	0	0	1271
Total Permanent Staff	511	14	12	13	1037	37	5	5	1	0	1635
Temporary Employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	511	14	12	13	1037	37	5	5	1	0	1635

#### EMPLOYMENT EQUITY AND AFFIRMATIVE ACTION PLANS

Identification of positions that will be filled by People living with Disabilities and positions to be filled to address gender disparities in certain in the senior management and semi-skilled



occupational levels has not yet been confirmed. Priority will be given to females, racial under represented levels and People Living with Disabilities using a targeted recruitment process as and when there are vacant positions to be filled. Nine (9) employees have declared their disabilities emanating from the submissions of EEA1 declaration forms.

Racial and Gender Split per population groups as well as the gap analysis against EAP targets as at 15 December 2021.

JPC continues to put measures in place to improve gender equality and equal representation in terms of gender and race. The JPC workforce status based on the current Provincial Economic Active Demographic Population (EADP) are as follows:

### Provincial Economic Active Demographic Population (EADP)

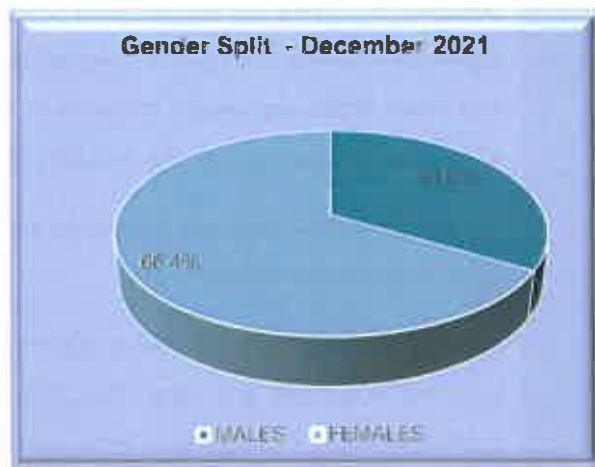
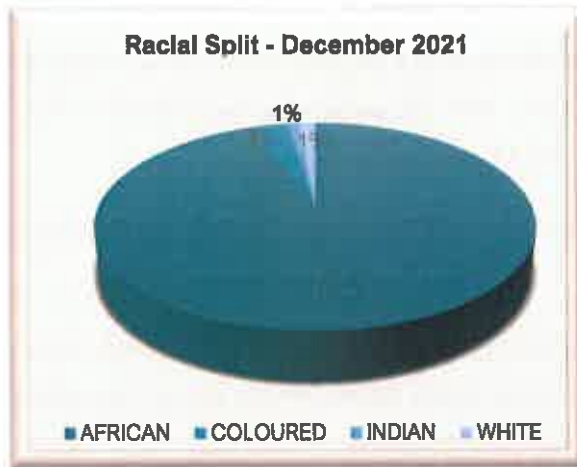
Demographics	Male %	Female %	Total %
Africans	45.0%	35.9%	80.9%
Coloureds	1.7%	1.6%	3.3%
Indians	2.1%	1.1%	3.2%
Whites	7.0%	5.7%	12.7%
People with Disabilities			2%

### Racial Split per population groups in line with Economic Active Demographic Population

Racial Split – September 2021	Target	Actual	Current Numerical
Africans	81%	94.7%	1549
Coloureds	3.3%	3.0%	51
Indians	3.2%	1.1%	17
Whites	12.7%	1.4%	18
Total			1635
People Living with Disabilities	2%	0.55%	9

Underrepresentation of Indians and whites in relation to racial split against the EAP targets and has not improved, however data on People living with Disabilities has now been recorded subsequent to declarations received. To address these gaps, the two racial groups will be prioritised as and when there are vacant positions to be filled.

Overall Racial Split	Racial Split - December 2021			
	A	C	I	W
Actual	95%	3%	1%	1%
Target	81%	3%	3%	13%
Racial Gaps	13%	0%	-2%	-11%



JPC recorded 66% female representation and 34% males in gender split. Though the percentage may depict that there is a significant change in gender split however there were terminations that were effected in this quarter and there was no significant changes in percentages.

Preparation for Annual Employment Equity report is in progress, online submission deadline is 15<sup>th</sup> January 2022.

## Section 5: Workforce Capacitation

### Implementation of the 2021/2022 Workplace Skills Plan

The capacitation of employees for the two quarters is in progress and a multidimensional approach (Online programmes, Webinars and smaller groups sessions) to training is implemented to adhere to safety protocols.

Training Cluster	Programme / Course Implemented	No. of beneficiaries
<b>Online Programmes</b>		
<b>Technical/Functional</b>	Ethics in the Public Service	2
	Introduction Financial Management and Budgeting	3
	Introduction to Strategic Human Resources Management	1
	Generally Recognised Accounting Practice	1
<b>In-house Training</b>	Practical Learning on Disciplinary Cases	15
<b>Seminars/ Conferences</b>	SAIBPP Annual Convention (WEBINAR)	4
	Trends in Commercial Property Law due to the COVID19 pandemic (WEBINAR)	13
<b>Total for Quarter 1</b>		39
<b>Technical/Functional</b>	Artisan Recognition of Prior Learning Assessment (Theory and Task Practice)	50
	SHE Training	11
	Firefighting	10
	First Aid level 1	14
	Basic Maintenance Training	19
<b>Total for Quarter 2</b>		104
<b>Year to Date Total</b>		143

In the quarter under review, twenty-five (25) General Workers from Maintenance Repairs and Public Convenience Cleaning units and 25 Artisan Support attended Artisanship Recognition of Prior Learning assessment which entails both Theory and Task Related Practice and subsequently enrolled for the Fifteen (15) days Basic Maintenance Training which marks the first phase of their progressive development Artisanship Programme towards artisan certification. This is significant stride for these employees as they venture into a new and exciting journey of their career and learning new valuable skills.

Artisan Support will commence with Trade Preparation Training and Trade Test in the Third quarter. The implementation of the Artisanship Programme will increase the number of Qualified Artisans in all trades mitigating the shortage of maintenance staff and the improvement of service to our stakeholders.

## FOCUS AGENDA

FOCUS AREA	STRATEGIC PROJECTS	EXPECTED OUTCOMES
Basic Maintenance Training for Artisan Support and General Workers Trade Preparation Training and Trade Testing for Artisan Support and general Workers	Implementation of the L&D and Workplace Skills Initiatives	Capacitation of employees with relevant skills to improve performance, productivity and organisational performance
Advertising of the bid Tender to request proposals from accredited service providers		Appointment of Accredited and experienced Panel of Service providers for the provision of Generic, Educational, Functional and Specialised Training Interventions as and when required for a period of 3 years on behalf of City of Joburg Property Company SOC Limited (JPC).
Online Submission of Annual Employment Equity	Employment Equity Compliance	Compliance with EEA and to provide progress report on the affirmative measures in place and numerical targets.

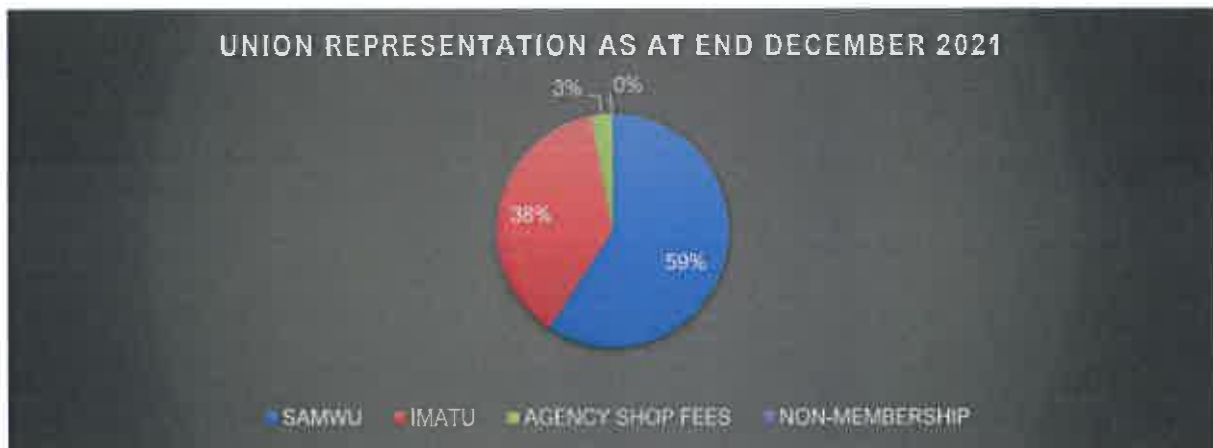
## DEPARTMENTAL CHALLENGES

KEY CHALLENGES	HOW CHALLENGES WERE ADDRESSED
Implementation of capacitation programmes to meet the targeted number of employees to be trained.	BID for Accredited Panel of Services providers initiated to provide programmes to capacitate employees for a period of 3 years. The tender document resubmitted for compliance review and awaiting approval to be advertised to invite for proposals.
Lack of commitment of employees to attend scheduled safety training	Line Managers will be engaged to take responsibility for the development of their employees.
Establishment Employment Equity and Skills Development Committee to address issues of equity and skills development	The matter has not been addressed. Local Labour Forum meeting schedule has not yet as part of consultation process on the process and approach for electing the committee in line with DoEL requirements.

## Section 6: Union Representation

JPC is highly unionised thus requires a structured, established 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 Mid-term of the 2021/22 financial year.



The union representation and membership graph above shows that from a staff complement of 1635 permanent employees, 59% belongs to SAMWU, 38% belongs to IMATU and 3% fall within the Agency shop fees. In the mid-term of the 2021/2022 financial year, there was 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 7: Disciplinary Matters & Outcomes

JPC has been through a rough patch in the past year, this has resulted in some employees taking advantage of the situation and found an opportune moment to form illegal factions which were aimed at destabilizing business operations and annulling the current management structure which has created dissonance, affected productivity and brought the company's name into disrepute.

As a result of the illegally composed factions, employees who were role players did not execute their roles and responsibilities according to their terms and conditions of employment and engaged in forbidden actions which contravened the JPC Disciplinary Code henceforth the necessary corrective measures had to be taken.

In alignment to the provisions of the JPC Disciplinary Code, impacted employees were issued with notices of intention to suspend, given an opportunity to respond in writing as to why they should not be suspended and finally the employer made a resolution to issue letters of precautionary suspension. Being cognisant of the fact that that the employer constantly has to transcend within the ambits of fair Labour practice in mitigating any disputes that might be referred by employees to the Bargaining Council at a later stage.

### DISCIPLINARY HEARINGS UPDATED TABLE

Type of Case	Number of Cases
Disciplinary Pending	5
On Suspension	1
Pending Investigation	1
Resigned during the disciplinary process	1
Still in the employ of JPC as Cleaning Manager	1
Terminated due to Abscondment	2
Terminated due to Incompatibility	9
Disciplinary Pending due to hospitalisation	2
<b>Grand Total</b>	<b>22</b>

In terms of the table above 13 cases have been completed and 9 are outstanding and are to be finalised according to stipulated merits indicated.

## BARGAINING COUNCIL CASES

No.	External Dispute Resolution Form	Nature of Dispute	Progress & Next Steps
1	South African Bargaining Council South African Local Government Bargaining Council	Eight (8) matters referred for unfair labour practice - unfair suspension.	An award has been issued in favour of JPC. Suspensions were procedurally and substantively fair.
2		Fifteen (15) matters referred for arbitration citing unfair labour practice.	Awaiting set down dates for most cases.
3		One (1) matter has been referred for Conciliation for unfair labour practice.	Awaiting set down date

Sixteen (16) active matters referred to the external dispute resolution mechanism at SALGBC and the outcome is indicated above. One (1) has been issued in favour of JPC as suspensions were procedurally and substantively fair.

## Section 8: Leave and Productivity Management

### Leave Provision: Mid-Term period (July to December 2021)

The leave liability amount based on the annual leave balances as at end December 2021 amounts to **R46 067 864**. The leave liability amounts shows a steady increase which is by the 2 leave days accumulated by each employee on a monthly basis and it is kept balanced by the fact that employees who encash their leave days are required to first utilise their 16 compulsory leave days.

### MONTHLY LEAVE LIABILITY: MID-TERM 2021/22 (JULY – DEC 2021)

Q2 Leave Provision: July - December 2021		
MONTH	LEAVE DAYS	AMOUNT
Jul-21	34135	R38 887 158.85
Aug-21	35887	R39 876 008.43
Sep-21	35189	R39 624 451.38
Oct-21	32460	R38 808 252.52
Nov-21	34327	R39 720 869.61
Dec-21	34630	R46 067 864.09

### ABSENTEEISM: 2021/2022 (JULY - DECEMBER)

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 continue to work from

home as the new Omicron variant is being investigated and those that are coming to work are doing so on a rotational basis following stringent covid-19 regulations such as ensuring that they wear masks at all times, keeping their workstations clean, maintaining social distancing etc.

*The table below illustrates the absenteeism rate per department for mid-term of the 2021/2022 financial year.*

DEPARTMENT	PERIOD	Number of Staff taken Sick leave	Total Sick Days Taken	% Absenteeism
Office of the CEO	July - December 2021	1	4	0.00%
Finance & SCM	July - December 2021	6	147	0.03%
Client Business Operations	July - December 2021	31	229	0.05%
Corporate Services	July - December 2021	5	28	0.01%
Outdoor Advertising	July - December 2021	0	0	0.00%
Portfolio Management	July - December 2021	74	551	0.12%
Cleaning Services	July - December 2021	166	1048	0.23%
<b>TOTALS</b>	<b>Q1 &amp; Q2</b>	<b>283</b>	<b>2007</b>	<b>0.43%</b>

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 the Cleaning department followed by Portfolio Management. These departments are where majority of our technical and lower level employees are based and Portfolio Management is plagued by an aging workforce 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.

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.

The country is currently in its fourth wave of the COVID-19 infections and on Level One of the nationwide lockdown.

JPC has had a surge in the first week of December 2021 where we had more than 10 COVID-19 cases. Employees are encouraged to be safe and take care of ourselves by wearing masks, social distancing, and avoiding crowds and vaccinate.

The recovery rates 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 and regulations.

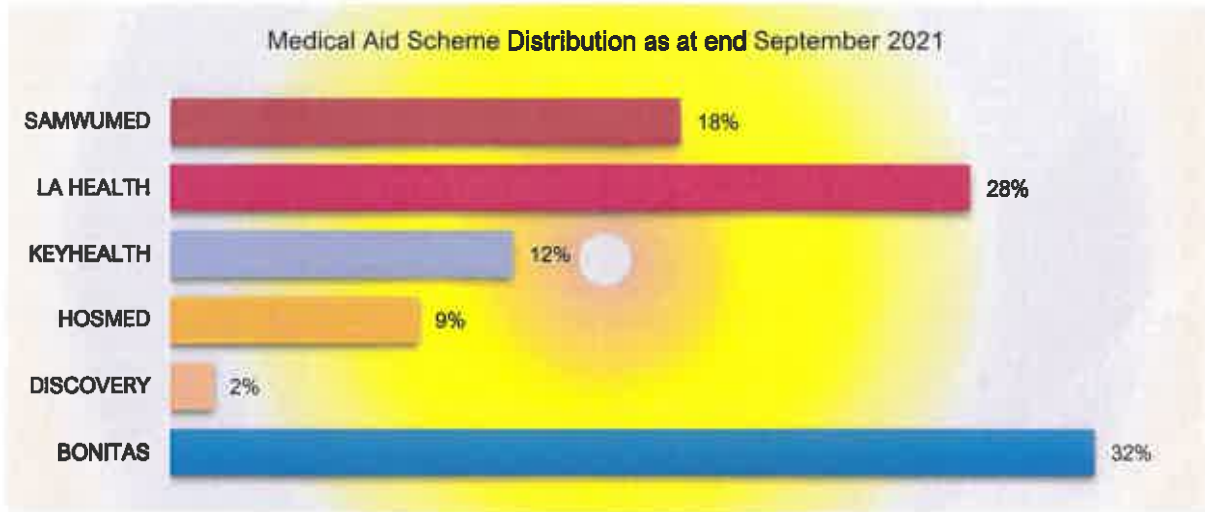
It is also compulsory for all employees to report all incidences via means of telecommunication of any employee diagnosed with COVID-19 or showing signs of COVID-19 or flu-like symptoms, not to report to work in person and self-isolate. This should also be true if a member of the employee's household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

### Section 10: Employee Benefits

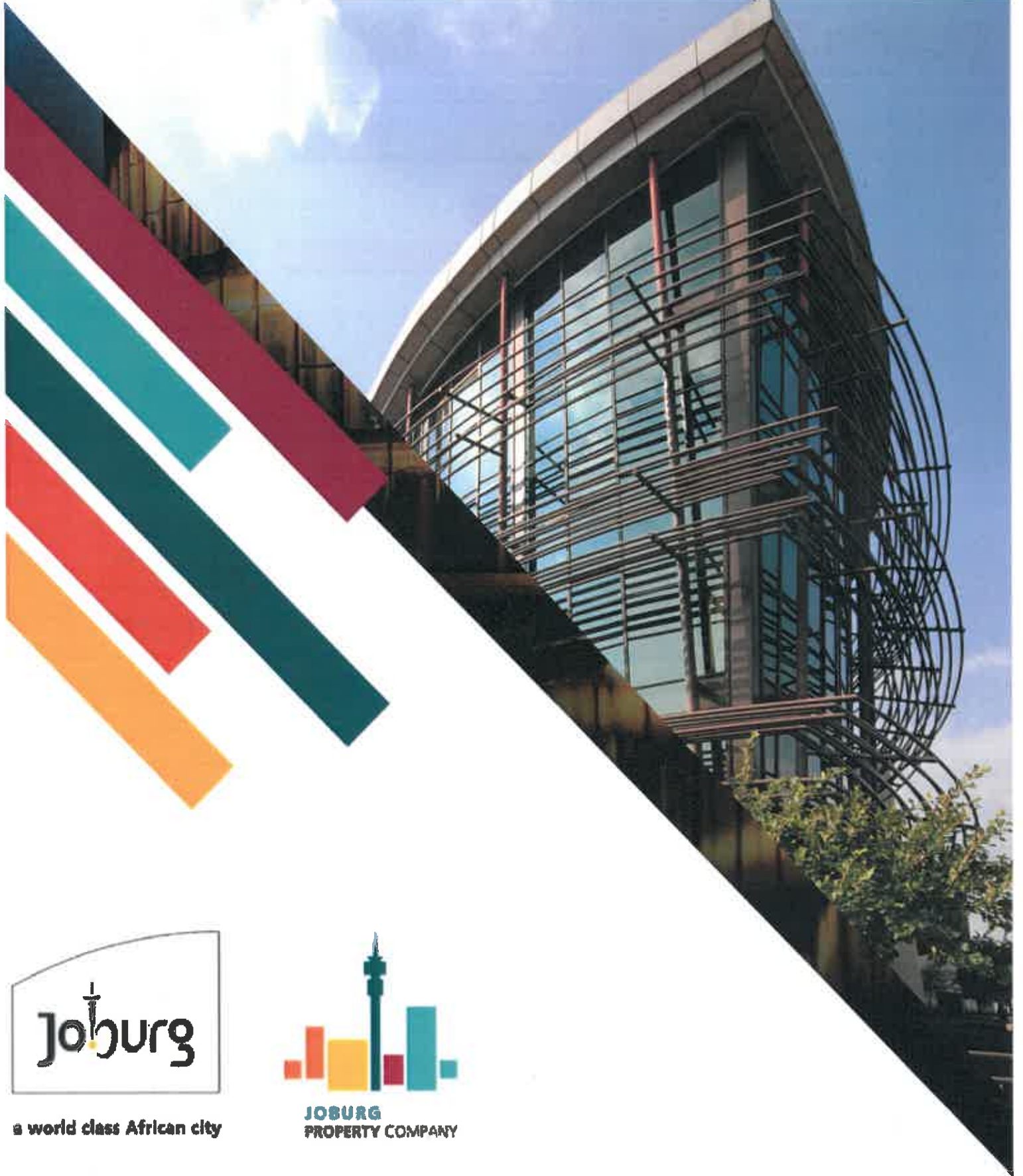
The graph below demonstrates the membership distribution of JPC to the accredited pension funds. This condition is compulsory to all JPC employees with the exception of the Chief Executive Officer, medically boarded employees and temporary employees. *In terms of the salary and wage collective agreement, the pension fund condition originally increases by virtue of salary increase percentage and related linked benefits.*







The table above specifies the accredited medical aid schemes and membership distribution to each scheme as at the end of December 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 2021/2022 financial year.



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**JOBURG**  
PROPERTY COMPANY

## Chapter 5: Financial Performance

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Section 1: Statement of Financial Position

STATEMENT OF FINANCIAL POSITION FOR JPC FOR THE PERIOD ENDED 31 DECEMBER 2021

	Note	Q2 2022	2021	Variance R
<b>Assets</b>				
<b>Current assets</b>		<b>931 587 063</b>	<b>739 814 884</b>	<b>191 772 179</b>
Cash and cash equivalents	<u>1</u>	2 000	2 000	-
Receivables from exchange transactions	<u>2</u>	732 708 583	603 148 547	129 560 036
Loans to shareholders	<u>3</u>	198 705 705	136 223 472	62 482 233
Receivables from non-exchange transactions	<u>4</u>	146 328	146 328	-
Prepayments	<u>5</u>	24 447	294 537	-270 090
<b>Non-current assets</b>		<b>52 691 734</b>	<b>55 561 552</b>	<b>-2 869 818</b>
Property, plant and equipment	<u>6</u>	15 746 323	19 651 976	-3 905 653
Intangible assets	<u>7</u>	13 406 822	13 558 750	-151 928
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>	1 186 226	715	1 185 511
<b>Total Assets</b>		<b>984 278 797</b>	<b>795 376 436</b>	<b>188 902 361</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>		<b>888 818 141</b>	<b>817 301 282</b>	<b>71 516 859</b>
Payables from exchange transactions	<u>12</u>	51 033 986	228 902 979	-177 868 993
Finance lease obligation	<u>13</u>	-	547 120	-547 120
Loans from shareholders	<u>14</u>	829 980 926	570 718 381	259 262 545
Provisions	<u>15</u>	1 565 576	1 565 576	-
Current tax payable	<u>16</u>	-	9 329 573	-9 329 573
Operating lease liability	<u>17</u>	6 237 653	6 237 653	-
<b>Non-Current Liabilities</b>		<b>774 000</b>	<b>774 000</b>	<b>-</b>
Finance lease obligation	<u>13</u>	-	-	-
Employee benefit obligation	<u>18</u>	774 000	774 000	-
<b>Total liabilities</b>		<b>889 592 141</b>	<b>818 075 282</b>	<b>71 516 859</b>
<b>Net Assets</b>		<b>94 686 655</b>	<b>-22 698 846</b>	<b>117 385 501</b>
Share Capital	<u>19</u>	5 142 721	5 142 721	-
Accumulated Surplus/(Deficit)	<u>20</u>	89 543 934	-27 841 567	117 385 501
<b>Total Net Assets / (Liabilities)</b>		<b>94 686 655</b>	<b>-22 698 846</b>	<b>117 385 502</b>

### 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 R709 704 656 of which +/- R290 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. Provisional tax payment made for the 2022 financial year.
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. The liability for the 2020 financial year has been assessed and settled. Provisional tax for the year has been paid.
17. GRAP 13 adjustment for the straight-lining of operating leases over the lease duration of office accommodation buildings.
18. Provision on Post-retirement Medical Aid raised based on 2019/20 actuarial valuation report in respect of personnel that qualify for the benefit.
19. There are no changes to the share capital of JPC in the current financial year.
20. The accumulated surpluses and losses from previous and current financial year.

## Section 2: Statement of Financial Performance

### Statement of Financial Performance for the period ended 31 December 2021

	Note	Year-to-date Actual	Budget	Variance	Annual Budget
<b>Revenue</b>					
<b>Revenue from non-exchange transactions</b>		381 870 417	327 317 500	-54 552 917	654 635 000
COJ - Subsidies received	<u>1</u>	381 870 417	327 317 500	-54 552 917	654 635 000
<b>Revenue from exchange transactions</b>		90 049 234	180 028 705	89 979 472	380 057 410
Internal recoveries	<u>2</u>	61 083 413	107 083 500	46 000 087	214 167 000
Commission on Portfolio Rentals	<u>3</u>	9 165 242	20 393 500	11 228 258	40 787 000
Commission on Outdoor Advertising	<u>4</u>	6 453 074	6 500 000	46 926	13 000 000
Commission on Property Acquisition	<u>5</u>	4 776 282	-	-4 776 282	-
Assets Under Management Fees	<u>6</u>	3 500 000	3 500 000	0	7 000 000
Facilitation Fees - Inner City	<u>7</u>	-	15 000 000	15 000 000	30 000 000
Facilitation fees	<u>8</u>	500 000	21 505 000	21 005 000	43 010 000
Ad hoc Fees	<u>9</u>	122 655	-	-122 655	-
Cell Mast	<u>10</u>	4 448 568	6 046 705	1 598 137	12 093 410
<b>Other income</b>		838 202	-	-838 202	-
Interest received	<u>11</u>	838 202	-	-838 202	-
<b>Total Revenue</b>		472 757 852	507 346 205	34 588 353	1 014 692 410
<b>Expenditure</b>					
Board of directors fees and expenses	<u>12</u>	764 609	1 824 000	1 059 391	3 648 000
Office operational expenses	<u>13</u>	100 039 939	166 576 989	66 537 050	333 153 978
Contracted expenses	<u>14</u>	18 055 470	16 433 000	-1 622 470	32 868 000
Cleaning materials	<u>15</u>	-	16 416 000	16 416 000	32 832 000
Repairs & Maintenance	<u>16</u>	5 878 776	43 712 000	37 833 224	87 424 000
Salaries	<u>17</u>	238 092 184	235 363 216	-2 708 967	470 766 433
Travel	<u>18</u>	-	280 500	280 500	561 000
Interest Paid	<u>19</u>	-	19 350 000	19 350 000	38 700 000
Depreciation	<u>20</u>	6 880 246	7 370 500	490 254	14 741 000
Profit/Loss on disposal of assets	<u>21</u>	47 169	-	-47 169	-
<b>Total expenditure</b>		369 756 393	507 346 205	137 587 813	1 014 692 410
<b>(Deficit)/surplus before taxation</b>		102 999 460	-	-102 999 460	-
<b>Taxation</b>		-	-	-	-
<b>Net (Deficit)/Surplus</b>		102 999 460	-	-102 999 460	-

## High Level Notes:

1. Subsidy provided to JPC for the 2021/22 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 42.3% 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 0.72% 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. One transaction has transpired for the YTD.
9. Ad hoc fees relate to services provided by JPC to City Power and Johannesburg Water for property acquisitions.
10. Cell Mast is in line with the contract signed between JPC and Altivex.
11. JPC accrued interest on the sweeping account in Q2 as the account is in surplus of R191 million.
12. Directors' emoluments and expenditure is 58.8% below the budget. This is in line with the number of meetings scheduled for the YTD.
13. Operational expenditure is 40% 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 9.9% above the budget. Contracted expenditure will increase in Q2 as audit fees became due and payable at the conclusion of the 2021 annual external audit.
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 86.6% below the YTD budget. The panel of contractors for quantity surveyors was concluded and appointed in Q2, this will assist with the scoping of R&M to be performed at various corporate buildings and COJ sites.
17. Salary expenditure is 1.15% above the budget. Additional budget was provided during the 2020 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 not 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 6.65% below 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

#### Statement of Cash flows for the period ended 31 December 2021

	Q2 2022	2021
<b>Cash flows from operating activities</b>		
Rendering of services	-39 513 054	267 350 903
Subsidies	381 870 417	646 229 000
Interest Income	838 202	370 192
	<b>343 195 565</b>	<b>913 950 095</b>
<b>Payments</b>		
Employee costs	-238 092 184	-486 413 547
Suppliers	-302 384 906	-469 139 307
Finance costs	-	-3 723 006
Taxes on surpluses	-10 515 084	4 488 282
	<b>-550 992 174</b>	<b>-954 787 578</b>
<b>Net cash flows from operating activities</b>	<b>-207 796 609</b>	<b>-40 837 483</b>
<b>Cash flows from investing activities</b>		
Purchase of PPE	-2 822 624	-26 360 768
Proceeds/(Loss) on disposal of PPE	-	-
Purchase of intangible assets	-	-
Payment of deposits	-	-
<b>Net cash flows from investing activities</b>	<b>-2 822 624</b>	<b>-26 360 768</b>
<b>Cash flows from financing activities</b>		
Net movement of shareholders loan	211 166 354	71 381 352
Finance lease payments	-547 120	-4 183 102
<b>Net cash flows from financing activities</b>	<b>210 619 234</b>	<b>67 198 251</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at 01 July 2021	2 000	2 000
Cash and cash equivalents at 31 December 2021	2 000	2 000

	<b>NOTE REF</b>	<b>ACTUAL December-21</b>	<b>ACTUAL December-20</b>	<b>VARIANCE</b>
<b>CURRENT ASSETS</b>				
Trade and other receivables		111 909 999	262 382 463	(150 472 464)
Debtors - Rentals	1	139 741 405	119 951 358	19 790 047
Doubtful Debts - Move Provision	1	(47 655 156)	(47 655 156)	-
Debtors - Other: COJ	2	2 088 639	17 775 683	(15 687 025)
Debtors - Land Sales	3	-	281 993	(281 993)
COJ Portfolio - VAT Claim/Payable Account	4	1 162 533	11 867 459	(10 704 927)
COJ Departments Debtors	5	-	11 278 995	(11 278 995)
JPC Portfolio Loan Account	16	14 729 015	17 950 210	(3 221 195)
Capital Expenditure: Current Year	10	1 843 563	1 872 366	(28 793)
Capital Expenditure: Prior Year	10	-	129 059 583	(129 059 583)
Cash and cash equivalents		21 157 170	104 013 097	(82 855 927)
STD/ABSA COJ Loan Account - Bank Sweeping	6	-	-	-
STD/ ABSA Bank: JRA Portfolio Account	7	290 384	84 184 767	(83 894 383)
STD/ABSA Bank - Tenant Deposit Account	8	20 866 786	19 828 329	1 038 457
		<u>133 067 169</u>	<u>366 395 559</u>	<u>(233 328 390)</u>



## EARNINGS AND RESERVES

		<b>(122 181 203)</b>	<b>63 863 771</b>	<b>(186 044 973)</b>
Retained Income - Prior Year		(153 045 377)	35 246 815	(188 292 192)
Current Period Surplus/(Deficit)		30 864 174	28 616 956	2 247 218
To End Prior Month Surplus/(Deficit)		28 587 664	28 011 987	575 677
Current Month Surplus/(Deficit)		2 276 510	604 969	1 671 541
<b>CAPITAL AND RESERVES</b>		<b>(122 181 203)</b>	<b>63 863 771</b>	<b>(186 044 973)</b>
<b>CURRENT LIABILITIES</b>				
Trade and Other Payables		<b>255 248 372</b>	<b>302 531 789</b>	<b>(47 283 417)</b>
STB COJ Loan Account - Bank Sweeping	6	230 405 995	275 234 571	(44 828 576)
COJ Portfolio - VAT Claim/Payable Account	4	-	-	-
Accruals	13	257 611	1 603 849	(1 346 238)
Receipts in Advance - Rentals	14	11 268 597	11 956 303	(687 706)
Deposits Received - Tenants	15	11 310 950	11 291 284	19 666
JPC Portfolio Loan Account	16	-	-	-
Property Portfolio Loan: MOE's	17	65 299	61 854	3 444
Prepaid - Deposit received on land sales	19	1 848 683	348 683	1 500 000
Creditor (Solar Street Names)	20	-	1 944 008	(348 683)
Creditor (Khulu Outdoor)	21	91 237	91 237	-
		-	-	-
		<b>133 067 169</b>	<b>366 395 559</b>	<b>(233 328 390)</b>

## High Level Notes:

1. Debtors balance as per age analysis.
2. This relates to rental accommodation of Councillors, Community Participation Projects. It was agreed with COJ that the JPC Portfolio will pay for the monthly rentals for the office space and in turn the City will refund Portfolio for expenses incurred.
3. Land sales transferred from COJ to Clients but the full purchase price has not been paid, follow ups were made by Credit Control when the clients did not respond/pay the outstanding balance they were handed over to the Legal Team.
4. The VAT generated by the Portfolio is declared to the COJ each month. The VAT is consolidated in the COJ's VAT return, which is in turn submitted to SARS.
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. Capital expenditure totalled R17 222 242 for the period ending 31 December 2021. The allocated budget amounts to R56 658 000 for the year 202/22. All owed amounts relating to the previous financial year has been fully paid.
13. This item reflects accruals raised at 30 June 2021, R257 611 is still to be paid.
14. This item reflects rental paid in advance for the next 30 years by RMB properties which is allocated on a straight line basis, 15 years still remaining on the contract.
15. The amount reflects Tenant Deposits held and Rissik Post Office Insurance paid in the COJ Portfolio Trust account excluding interest earned.
16. The JPC Loan account reflects the commissions due to JPC, 25% on Rentals, 10% on Land Sales and 10% on Capex Projects, and includes amounts received and paid on behalf of the COJ Portfolio. Offsetting in this regard was not taken into account thus JPC owes the Portfolio.
17. The Property Portfolio Loan account reflects amounts due to MOE's based on the income received and expenses paid on their behalf. MOE's Rentals are paid into JPC Main Account and are normally paid over to MOE's the following month.
20. Payments received from Solar Street names, no contract exists thus amounts are due and payable to clients.
21. Payments received from Khulu Outdoor, no contract exists thus amounts are due and payable to clients.

	NOTE	ACTUAL Q2 2022	BUDGET Q2 2022	VARIANCE R	VARIANCE %	APPROVED BUDGET
<b>INCOME / BILLINGS</b>						
Rent of Facilities and Equipment	1	31 884 426	54 824 500	-22 940 075	-41.8%	109 649 000
Interest Received - Arrear Debtors	2	1 865 213.54	1 833 000	32,214	1.8%	3 666 000
Other Income	3	-	6 268 000	-6 268 000	-100.0%	12 516 000
Recoveries: Bad Debts - COJ	4	-	-	-	0.0%	-
Outdoor Advertising - COJ	5	18 284 440	26 075 000	-7 790 560	-29.9%	52 150 000
Gains on Disposal of Assets	6	-	16 500 000	-16 500 000	-100.0%	33 000 000
<b>TOTAL INCOME</b>		<b>52 034 079</b>	<b>105 490 500</b>	<b>-53 456 421</b>	<b>-50.67%</b>	<b>210 981 000</b>

	NOTE	ACTUAL Q2 2022	BUDGET Q2 2022	VARIANCE R	VARIANCE %	APPROVED BUDGET
<b>EXPENDITURE</b>						
Contacted Services: Business Advisory PM	7a	-	3 786 729	3 786 729	100.0%	7 573 458
Contacted Services: Business Advisory Research	7b	-	6 757 308	6 757 308	100.0%	13 514 616
Contacted Services: Business Advisory Valuations	7c	320 981	1 278 463	957 482	74.9%	2 556 926
RM: Buildings	8	740 286	33 635 500	32 895 214	97.8%	67 271 000
Bad and Doubtful Debts	9	-	1 099 000	1 099 000	100.0%	2 198 000
Advertising, Publicity and Marketing	11	343 079	1 515 000	1 171 921	77.4%	3 030 000
General Expenses: Assessment Rates	10	402 718	2 602 500	2 199 782	84.5%	5 205 000
General Expenses: Refuse Removal	10	994 322	3 215 000	2 220 678	69.1%	6 430 000
General Expenses: Sundries	10	-	1 363 500	1 363 500	100.0%	2 727 000
Internal Recoveries: JPC Commission	12	18 368 519	30 393 500	12 024 981	39.6%	60 787 000
Internal Recoveries: Internal Charges Core- security	13a.	-	19 612 000	19 612 000	100.0%	39 224 000
Internal Recoveries: Internal Charges Legal	13b.	-	3 810 500	3 810 500	100.0%	7 621 000
Internal Recoveries: Internal Charges Cleaning	14	-	22 067 000	22 067 000	100.0%	44 134 000
Depreciation: Other Assets	15	-	277 000	277 000	100.0%	554 000
<b>TOTAL EXPENDITURE</b>		<b>21 169 906</b>	<b>131 413 000</b>	<b>110 243 094</b>	<b>83.89%</b>	<b>262 826 000</b>
<b>SURPLUS / (DEFICIT)</b>		<b>30 864 174</b>	<b>(25 922 500)</b>	<b>-56 786 674</b>	<b>219.1%</b>	<b>(51 845 000)</b>

## High Level Notes:

1. COJ Rentals: The overall revenue anticipated from the rentals collection is 41.6% 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 is 1.8% above the targeted budget.
3. Other income is derived from servitude rights and income billed for services rendered on behalf of COJ Department. There was no income derived from servitude in the December 2021 period.
4. No income recognised for the month of December 2021.
5. Income derived from outdoor advertising and promotions, 29.9% below the budget.
6. No income recognised for the month of December 2021.
- 7a. No expenditure recorded in the month ending 31 December 2021.
- 7b. No expenditure recorded in the month ending 31 December 2021.
- 7c. Asset Management conducted property valuations during the first quarters of 2022.
8. This line item relates to repairs and maintenance costs on COJ owned buildings. R&M is expected to increase throughout Q3 and Q4.
9. No expenditure recorded in the month ending 31 December 2021.
10. General Expenses: Assessment Rates, Refuse Removal, Electricity supply- expenditure incurred. There is a saving of 84.5% on Assessment rates and 69.1% on Refuse removal against the YTD Budget recorded in the month of December 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 31 December 2021.
12. Internal Recoveries: JPC Commission indicates a saving of 39.6% 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. JMPD are in the process of finalising the invoicing of security services related to the Portfolio. The expenditure will be accounted for in later quarters of the financial year.
- 13b. Legal services are centralised to COJ Group Legal. For the YTD no legal expenses have been incurred in the Portfolio.
14. JPC is in the process of concluding the billing related to Portfolio sites. The expenditure will be accounted for in later quarters of the financial year.
15. No expenditure recorded in the month ending 31 December 2021.

**Section 4: Capital Projects & Expenditure**

PROJECT NUMBER	PROJECT NAME	BUDGET 2021/22	YTD ACTUALS	VARIANCE	% UTILISED
23560	Acquisition of Cleaning Equipment *	15 000 000	7 804 665	7 195 335	52.03%
2859	Computer Equipment - New Computer Upgrades **	7 500 000	7 574 014	-74 014	100.98%
4142	Erf 43-46 Victoria Ext 3(Paterson Park Node) VICTORIA EXT.3 E Regional	2 158 000	92 500	2 065 500	4.29%
6309	Marlboro Station Project Land Preparation	5 000 000	-	5 000 000	0.00%
6358	Metromall Taxi Rank Shop Revitalisation and Waste Management Area Redesign	6 000 000	1 751 063	5 207 607	29.18%
4184	Office Space Optimisation Program New Precinct Redevelopment JOHANNESBURG F City Wide	15 000 000	-	15 000 000	0.00%
3944	Site Development Projects New Land Preparation JOHANNESBURG F City Wide	6 000 000	-	6 000 000	0.00%
		<b>56 658 000</b>	<b>17 222 242</b>	<b>39 435 758</b>	<b>30.4%</b>

## Section 5: Ratios Analysis

### PART A: JPC

#### LIQUIDITY RATIO

JPC is currently owed R732 million from trade and intercompany debtors with cash collections in excess of R306 million being achieved for the YTD for trade receivables. JPC has a current ratio of 1.04:1 as compared to the norm of 1:1, the ratio has improved from the June 2021 financial year end as the financial performance of the company has been profitable for the first two quarters of 2022.

The sweeping account currently reflects as positive R191 million, however related party loans exceeding R80 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 two quarters. Upon the conclusion of the cleaning SLA, JPC will recover employee costs of R290 million from the COJ's departments for cleaning services provided; this will further enhance the liquidity and solvency of JPC.

#### DEBTORS COLLECTION PERIOD

JPC has debtors' collection ratio in excess of two years for 3<sup>rd</sup> party/external debtors. Collection of third party debtors have declined significantly due to the timing difference for the receipt of cell mast income and the non-recovery of facilitation fees for the 2019 and 2020 financial years. The debtors' collection ratio for Intercompany and related party debtors is 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 1.11:1 against the norm of 2:1 and is factually and commercially solvent, as the financial statements indicate that there are sufficient assets to cover all liabilities. The solvency position is attributable to the recovery of cleaning services JPC provides to the COJ. Increased revenue from facilitation fees and outdoor advertising will bolster the solvency position of JPC.

#### COST COVERAGE RATIO

Due to the positive cash position of JPC, the cost coverage ratio is positive 3.17:1. 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 0.53:1 as compared to the norm of 2:1, with a negative cash flow of R230.4 million for the period under review as compared to a negative cash flow of R275.2 million for the same period in the 2020 financial year. Debtors currently owe Portfolio R139.7 million with R47.6 million as a provision for bad debts. This accounts for 69% 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 0.53:1 against the norm of 2:1 and is currently solvent. The CoJ-JPC Portfolio Financials indicate that there are insufficient assets to cover all liabilities.

##### **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 68:1. 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 BBBEE**

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

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

#### **DEVIATIONS**

##### **JPC Entity**

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

##### **City Portfolio**

There are no deviations

##### **Payment within 30 days**

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

## Section 7: Fruitless and Wasteful Expenditure

DESCRIPTION					CORRECTIVE MEASURES		
UNAUTHORISED EXPENDITURE	IRREGULAR EXPENDITURE	FRUITLESS & WASTEFUL EXPENDITURE	ESTIMATED AMOUNT	CATEGORY	DISCIPLINARY ACTION	CRIMINAL CHARGE	OTHER
None	None	Yes	R2 187 772	Rental	None	N/A	N/A
None	Yes	No	R5 612 623	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 R5 612 623 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.



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PROPERTY COMPANY

## **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.

ARC is still yet to approved the annual plan during the period under review. JPC successfully established a panel of 15 service providers to assist the General Manager: Internal Audit, execute the full internal audit plan.

### PROGRESS MADE ON THE ANNUAL PLAN

















<b>CONTROL ENVIRONMENT (CE) RATING</b>	Preventative or detective controls are in place	
	Control environment requires improvement	
	Internal controls are not in place and enhancement is required to design and implement appropriate controls	
	Not yet due	

TABLE 85: RATING TABLE

The table below confirms the review and progress as per the Audit and Risk Committee approved coverage Audit plan for the 2020/21 financial year:

INTERNAL AUDIT PLAN REF NO	AUDIT DESCRIPTION	STATUS	CONCLUSION ON CONTROL ENVIRONMENT
1.	Audit of Pre-determined Objectives Quarter (1, 2,3 & 4)	Complete	
2.	Contract Management	Complete	
3.	Service Level Standards	Complete	
4.	Annual Financial statement review	Complete	
5.	Supply Chain Management	Complete	
6.	Related parties Transactions	Complete	

INTERNAL AUDIT PLAN REF NO	AUDIT DESCRIPTION	STATUS	CONCLUSION ON CONTROL ENVIRONMENT
7.	Human Resources	Complete	
8.	Revenue Management	Complete	
9.	Compliance	Complete	
10.	Information Technology	Complete	
11.	OHASA and Covid	Complete	
12.	Record management	Complete	

## Section 2: Progress on Resolution of Internal Audit Findings

### ANNUAL AUDIT PLAN

On a quarterly basis, Internal Audit also conducts a follow-up on the implementation of External and Internal audit recommendations. These reports are presented to the Audit and Risk Committee (ARC) who monitors the progress made by management on the implementation of recommendations and action plans.

### INTERNAL AUDIT FINDINGS

Internal Audit findings over 60 days are included in the OPCA report.

### Unresolved Internal Audit Findings

The entity has forty-three (43) unresolved internal audit findings remaining as unresolved.

The breakdown of the unresolved findings are as follows:

CATEGORY	TOTAL AS AT 31 DECEMBER 2021	RESOLVED	NOT RESOLVED
Very High	2		2
High	38	6	32
Medium	11	2	9
<b>Total</b>	<b>51</b>	<b>8</b>	<b>43</b>

TABLE 88: IA REVIEW AND PROGRESS

### Section 3: Progress on Resolution of External Findings

The Auditor General of South Africa (AGSA) finalised the 2020/21 audit and issued their audit and management report letter on 30 November 2021. No material findings identified relating to the usefulness and reliability of the reported performance information. There were six material findings reported that affect the audit report.

The table below depicts AGSA findings that are over 60 days. The dashboard for unresolved external audit findings is as follows:

Category	Total as at 30 November 2021	Resolved		Not resolved	
		#	%	#	%
Affecting audit report	6	5	83%	1	17%
Other important matters	4	4	100%	0	0%
Administrative matters	0	0	0%	0	0%
<b>Total</b>	<b>10</b>	<b>9</b>	<b>90%</b>	<b>1</b>	<b>10%</b>

TABLE 89: UNRESOLVED EXTERNAL AUDIT FINDINGS

FINANCIAL YEAR	TOTAL FINDINGS	REPEAT FINDINGS	RESOLVED	IN PROGRESS	UNRESOLVED
<b>2016/17</b>	0	0		0	
<b>2017/18</b>	10	0	10	0	
<b>2018/19</b>	10	0	10	0	
<b>2019/20</b>	17	0	16	0	1
Total number as at 31 December 2021	10	0	9	0	1
<b>Percentage</b>			<b>90%</b>		<b>10%</b>

TABLE 90: PREVIOUS YEARS FINDINGS

## Unresolved External Audit Findings

#	FINDING HEADING	REPEAT FINDING	MANAGEMENT ACTION PLAN	STATUS PER MANAGEMENT ASSERTION
1	<p>AFS inconsistencies</p> <p>On the face of the statement of financial position, note number (note 17) for current tax payable does not correspond (ties back) to the amount disclosed on the face (R 9 754 433).</p> <p>This has resulted in non-compliance with paragraph 123 of GRAP 1 as there is no corresponding note for current tax payable</p>	No	Note 17 have been updated to include current tax payable.	Resolved
2	Segment reporting not in terms of GRAP 18	No	The Segment reporting note was removed	Resolved
3	Differences identified during related party confirmations. Differences have been identified between the amount disclosed in the annual financial statements (AFS) of the entity and its related parties, City of Johannesburg Metropolitan Municipality (CJMM) and fellow subsidiaries.	No	The Related party notes has been adjusted.	Resolved
4	General expenses not recognised in the correct period.	No	Management rechecked the subsequent general ledger and corrected the whole population.	Resolved
5	Reasonable steps were not taken to prevent Irregular and fruitless and wasteful expenditure in contravention of section 95(d) of the MFMA	Yes	The irregular and fruitless and wasteful expenditure is currently being investigated by internal audit. JPC have increased the level of reviews on panel by subjecting all panels to probity audits.	Not Resolved
6	<p>Consequence management</p> <p>Sec 75(1) of the Municipal Budget and Reporting regulations state that the board of directors of a municipal entity must on discovery of any irregular or fruitless and wasteful expenditure incurred by the entity investigate the recoverability of such expenditure</p>	No	The irregular and fruitless and wasteful expenditure is currently being investigated by internal audit. JPC have increased the level of reviews on panel by subjecting all panels to probity audits	Resolved





#	FINDING HEADING	REPEAT FINDING	MANAGEMENT ACTION PLAN	STATUS PER MANAGEMENT ASSERTION
7	<p><b>Overtime expense overstated</b></p> <p><b>GRAP 1</b> Presentation of financial states that the accrual basis means a basis of accounting under which transactions other events and conditions are recognised when they occur (and not only when cash or its equivalent is received or paid). Therefore, the transactions, other events or conditions are recorded in the accounting records and recognised in the financial statements of the periods to which they relate. The elements recognised under accrual accounting are assets, liabilities, net assets, revenue and expenses</p>	No	The correction was made and the adjustment effected in the correct period	Resolved
8	<p><b>AFS inconsistencies</b></p> <p><b>GRAP 1.123</b> states that notes shall, as far as practicable, be presented in a systematic manner. Each item on the face of the statement of financial position, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts shall be cross-referenced to any related information in the notes.</p>	No	The note narration was updated to illustrate the disclosure amount	Resolved
9	<p><b>KPI 3.5</b> Released properties incorrectly included in schedule</p> <p>In terms of MIFMA section 121(4) (d), the annual report of a municipal entity must include an assessment by the entity's accounting officer of the entity's performance against any measurable performance objectives set in terms of the service delivery agreement or other agreement between the entity and its parent municipality.</p> <p>Furthermore, the Framework for Managing Programme Performance Information (FMPPPI), as issued by The National Treasury, stipulates that this information should be valid, accurate and complete, with regards to timing and nature.</p>	No	The actual performance for 3.5. KPI has been adjusted to reflect an actual of 32 instead of 44. The misstatement has been adjusted and managed reviewed the schedule properly and removed all property transactions which were only approved the Council during the 2021-22 financial ear	Resolved

#	FINDING HEADING	REPEAT FINDING	MANAGEMENT ACTION PLAN	STATUS PER MANAGEMENT ASSERTION
10	<p>KPI 3.5 Released properties incorrectly included in schedule</p> <p>In terms of MFMA section 121(4) (c), the annual report of a municipal entity must include an assessment by the entity's accounting officer of the entity's performance against any measurable performance objectives set in terms of the service delivery agreement or other agreement between the entity and its parent municipality.</p> <p>Furthermore, the Framework for Managing Programme Performance Information (FMPPPI), as issued by The National Treasury, stipulates that this information should be valid, accurate and complete, with regards to timing and nature</p>	No	<p>Management will ensure that the technical Indicator Description (TID) and the KPI Definition in the business plan are aligned and ensure that there is consistency in terms of how the indicators are measured and the means of verification/source of collecting data on the planning documents are the same. In the 2021/22 Business Plan, management has performed adequate reviews and put controls in place to ensure consistency throughout the Business Plan.</p>	Resolved

TABLE 91: PREVIOUS YEARS AUDIT OUTCOMES

JPC has achieved the constant audit outcome for past four financial years being an Unqualified Audit Opinion.

Audit Opinion	2016/2017	2017/2018	2018/2019	2019/2020	2020/21
	Unqualified	Unqualified	Unqualified with findings	Unqualified with findings	Unqualified with findings

TABLE 92: PREVIOUS YEARS AUDIT OUTCOMES

#### Section 4: State of the internal Controls

The internal controls systems as designed by management are effectively implemented to provide reasonable assurance that the objectives and goals may be achieved. The internal control deficiencies noted by AGSA are being addressed as reflected in the dashboard above i.e. Table 89: Previous Audit Findings.

