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**JOBURG**  
PROPERTY COMPANY

# **JPC THIRD QUARTER REPORT 2021/22**

**Registration number** : 2000/017147/07

**Registered address** : 1<sup>st</sup> Floor | Forum II | Braam Park | 33 Hoofd Street | Braamfontein

**Postal address** : PO Box 31565 | Braamfontein | 2017

**Telephone number** : +27 010 219 9000

**Fax number** : +27 010 219 9400

**Website** : [www.jhbproperty.co.za](http://www.jhbproperty.co.za)

**Bankers** : Standard Bank South Africa

**Auditors** : Auditor-General of South Africa

**Company Secretary** : Gontse Dlamini



## Vision

Our vision is to provide Property Management, Property Development, Facilities Management, Property Asset Management and Outdoor Advertising in order to maximise the social, economic and financial benefit to the CoJ as well as support the delivery objectives on a cost competitive basis.



## Mission

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



## Values




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


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

**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 third quarter of the 2021/2022 Financial Year.

<p><b>Mr. Siphon Mzobe</b></p>  <p>..... <b>Acting Chief Financial Officer</b></p>	<p><u>13/5/2022</u> Date of approval</p>
<p><b>Mrs. Helen Botes</b></p>  <p>..... <b>Chief Executive Officer</b></p>	<p><u>13/5/2022</u> Date of approval</p>
<p><b>Adv. Brenda Madumise</b></p>  <p>..... <b>Chairperson of the Board</b></p>	<p><u>13/5/2022</u> Date of approval</p>
<p><b>Ms. Lulama Ndlovu</b></p>  <p>..... <b>Executive Director: Economic Development</b></p>	<p><u>13-05-2022</u> Date of approval</p>
<p><b>Cllr. Nkul Mbuyindu</b></p>  <p>..... <b>Member of the Mayoral Committee Economic Development</b></p>	<p><u>16/04/22</u> Date of approval</p>

APPROVED SUBJECT TO RECEIPT & VALIDATION OF THE PORTFOLIO OF EVIDENCE SUPPORTING OUTCOMES CONTAINED IN THIS REPORT. 

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

<b>EPWP</b>	Expanded Public Works Programme	<b>PIMS</b>	Property Information Management system
<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**



I am privileged as Board Chairperson to present the JPC's third-quarter report for the 2021/22 Financial Year on behalf of the JPC Board of Directors ("the Board"), covering 01st January to 31st March 2022. The third-quarter report reflects a synopsis of the organisational and financial performance, which remains a challenge due to the Entity still dealing with the after-effects of the administrative dysfunction that occurred in the previous financial year 2020/21.

A warm welcome the new members of the Board of Directors appointed and inducted by the Shareholder following the Annual General Meeting (AGM) held on **15th February 2022**. In addition to the well-articulated Shareholder's expectations, the Board has pledged to embark on initiatives that preserve the shareholder value, and adhere to the governance requirements while championing institutional improvements and service delivery for the residents of the City of Johannesburg.

### **Organisational Context**

At a time of continued global economic and financial vulnerability, the Entity has yet to address the challenges it faces and commits to turning its operations around. The crucial factor is that the Entity has continued support from the Shareholder to diversify income streams across its mandate, to stabilize its financial position.

Notwithstanding the challenges faced, there are opportunities to continue to bolster investor confidence, and attract new investments, thus creating an enabling environment for economic growth.

### **Strategic focus**

The Board will give oversight and strategic guidance to management to overcome the challenges and build on the opportunities as guided by COJ's strategic objectives by looking at the following key strategic focus areas to achieve institutional improvement:

- Financial remodelling and a pointed revenue focus;
- Improving effectiveness and efficiencies of our core business processes – and improving customer service;


- Building a high-performance culture;
- Deliberate Transformation in respect of the Property industry; and
- Implementation of a straightforward program to develop and maintain staff morale.

I have touched upon the importance of institutional improvement and learning, and I think, before concluding, it is also worth noting that institutional changes are part and parcel of this process and will receive our attention.

I wish to extend my gratitude to the COJ authorities for their cooperation and the continuous support and guidance received, and look forward to working with the MMC for Economic Development.

I want 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 of the Board's dedication to the continued provision of excellent services to COJ residents within the limited available resources.

Accordingly, I submit the JPC's Third Quarter review on behalf of JPC's Board of Directors.



10/5/2022

**Adv. Brenda Madumise**

**Chairperson of the Board**

## **Section 2: Chief Executive Officer's Overview**



This third-quarter report demonstrates JPC's organisational and financial performance, reflects on progress made on rebuilding the organisation, and with three months left to year-end, provides a view on how we anticipate closing the 2020/2021 financial year.

The quarter under review has seen a new board appointment following the Shareholder's Annual General Meeting (AGM) on 15th February 2022. The Board induction was held on 10th March under the guidance of the COJ Governance department and offered an opportunity for the new Board of Directors to have a smooth transition into their role by providing insight into the following in line with the mandate of the multi-party coalition and the key Mayoral priorities:

- JPC's mandate as outlined in Service Delivery Agreement;
- 2022/23 Business Plan and Budget;
- JPC's financial turnaround plan; and
- JPC's Strategic Flagship Programme Includes Inner City Rejuvenation and Property Development Projects.

### **Financial performance**

JPC reports a year-to-date profit of R46.8 million, attributed to the accounting for the recovery of cleaning services from the COJ. The financial position of JPC has improved since the 2021 financial year-end with total assets growing by R270 million on the back of an increasing sweeping account and growing debtor's book.

As a result, the solvency ratio has increased from 0.97:1 to 1.03:1 and implies that JPC is factually and commercially solvent with adequate financial resources to maintain its going concern and to pay external creditors

Given the significance of the budget reduction measures undertaken by the City, a financial loss is expected for the 2021/22 financial year.

### **Performance Against Predetermined Objectives**

JPC managed to achieve 53% of targets in the Business Plan due on 31st March 2022. However, the entity's performance has slightly improved in comparison to the previous quarter as a result of the measures undertaken by management. The property release program is on track and will lead to further investment attractions and an increased construction spend on the ground.

In the period under review, the organisation concluded the appointment of the Company Secretary and the following strategically critical positions still need to be filled i.e. Chief Financial Officer (CFO), Chief Operating Officer (COO), Head of Human Capital Management, and the Employee Relations Manager as they have been vacant for more than 12 months. The filling of these positions will bring much-needed stability to their respective functions and provide the necessary support to the organisation as it relaunches itself. Furthermore, there has been some level of stabilization in respect of organizational labour matters.

The entity has reported on the state of the Metro Centre Building which needs a budget of over R1 billion to address the structural maintenance issues.

In addition, in this reporting period, we reduced the backlog in section 79 reports during the quarter and prepared 43 submissions regarding various business functions for discussion at the next meeting.

### **Strategic Focus**

In the fourth quarter, we will focus on:

- Approval of 2022/2023 business plan and three-year budget,
- Fast-tracking measures improve CAPEX expenditure,
- Improving organisational performance as management and employees take strides to collaborate and cooperate to achieve JPC's service delivery imperatives.
- The Board Strategic session will be held.
- Training and Development initiatives
- Policy Reviews
- Change Management initiatives
- A focused approach to address issues in Regions.

Whilst JPC is factually and commercially solvent in the 3rd quarter it is prudent to note that the solvency is expected to decline in the 4th quarter. This is the result of the reduction in the subsidy by R128m and fixed expenses that can't be managed down any further. The loss of the subsidy is too significant for JPC to find alternate revenue streams to maintain a positive solvency by financial year-end. Factual insolvency is therefore unavoidable if JPC incurs a loss in quarter 4.

Debtors payments outside of 30 days, largely from COJ departments and entities, have impacted the liquidity of the entity. Intervention and recovery of outstanding related party debt will provide JPC the liquidity it requires to remain commercially solvent. Whilst the non-payment poses a material risk to the business an intervention is underway, with the support of our political principal, MMC Mbundu, to collect outstanding monies and if required suspend services to those departments/entities owing large sums to JPC.

In conclusion, I am confident that with the progress we have made thus far, JPC will realise its strategic mandate and objectives set for the year. We can only achieve this through our ambition to the ongoing collaborative efforts of the Board of Directors, Management Team, and JPC employees.



12/15/2022

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

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



The 2022 midterm budget review concluded in Quarter Three with JPC having to implement reductions in its budget for the remainder of the financial year. In total, the budget was shed by R120 million as part of the City's budget rebasing for the 2022 financial year and years ahead. Budgets across the City have been rebased to ensure the City has sufficient liquidity for the current year and future financial years. Most significantly impacted by the adjustment budget was the subsidy of JPC, which funds JPC's employee costs and expenditure for facilities management, with a reduction of R128 million. The reduction in subsidy means JPC will be R32 million a month short of not only revenue but also cash for the remainder of the financial year.

Other significant budget adjustments that have a direct impact on JPC's service delivery include the reduction of budget for repairs and maintenance by R12.7 million, a decrease in cleaning materials by R29 million, and a decrease in employee costs by R22.3 million.

The reduction in employee costs further exacerbates JPC's challenge of maintaining its expenditure within the confines of the budget originally provided. Similar to the subsidy these expense budgets have been rebased and any shortfalls in a budget that arise in this financial year will become a chronic funding challenge in the financial years ahead. The budget of the Portfolio was reduced by R10 million overall, with R&M bearing the brunt of the budget cuts.

During the quarter under review supply chain management continued their service delivery run to the organisation by ensuring expedient turnaround times in the processing of request for quotations (RFQ's) and request for proposals (RFP's). The conclusion of the panel of professionals for quantity surveyors at the end of Q2 has allowed JPC to undertake the necessary reviews of critical challenges at various COJ facilities. After the analyses provided by the quantity surveyors, JPC will be able to strategically direct its resources and repairs and maintenance budget to ensure that maximum value will be extracted from the repairs and maintenance projects it undertakes for completion in Q4 and the 2023 financial year.

During this quarter, supply chain management functions related to RFP's were brought to a halt at a National, Provincial, and Local Government level by the Constitutional Court judgment against the National Treasury and the Minister of Finance. Clarification and a way forward were communicated by National Treasury by mid-March

for RFP processes to continue, however, JPC had lost a month on various RFP's that were set to be advertised, affecting R&M and Capex spending as well as the renewal of office accommodation leases.

For the third quarter of 2022, JPC can report a year-to-date profit of R46.8 million. JPC achieved profitability by accounting for the recovery of cleaning services from the COJ. Expenditure related to security services that had been outstanding from JMPD for the financial year has also been accounted for. Given the R128 million reduction in the subsidy of JPC, a loss is expected for the 2022 financial year. Austerity and cost reduction measures have been implemented where possible, but with 90% of JPC's expenditure being fixed, these measures are not likely to make a significant impact.

The financial position of JPC has improved since the 2021 financial year-end with total assets growing by R270 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 1.03:1 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 the fleet as the contract with Afrirent, through the COJ, is ongoing. For the year-to-date, the expenditure totals R9 689 495. 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 totaling R2 187 772. 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.

Looking ahead, the business cycle of the City dictates that Q4 will bring an increase in R&M and capital expenditure as projects that are ongoing and to be initiated will be concluded in the three months leading up to financial year-end. Preparation for the 2022 annual financial year audit has already begun but will be assessed and executed in earnest in Q4 as financial year-end looms nearer.



.....  
**Sipho Mzobe CA (SA)**  
**Acting Chief Financial Officer**

12/5/2022

## Section 4: Overall Company Performance

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

### OVERVIEW OF THE ENTITY

The Corporate scorecard has been amended following council approval of the deviation submission in which three KPIs were deferred to the next financial year and other KPI targets were decreased or refined or split.

**In the period under review the entity has:**

- ✓ Achieved 7 (50%) of its 15 KPI. One annual KPI (Unqualified Audit) was not measured as it was achieved in the 2<sup>nd</sup> quarter, we therefore have achieved 8 (53%) of the 15 KPI.
- ✓ A year-to-date profit of R46.8 million and achieved this profitability by accounting for the recovery of cleaning services from the COJ.

#### Highlights

- ✓ R129 110 287.00 investment spend on projects within COJ boundaries based on construction value on the ground.
- ✓ 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.
- ✓ Fifty-eight (58) properties to the value of R22 941 078.00 were disposed of during the quarter. Three (3) of these are situated in Region D and relate to transfers of residential homes to beneficiaries as part of the City's service delivery mandate for the provision of housing.
- ✓ Seven (7) of ten (10) Service Standards were achieved. Three (3) service standards were not measured.
- ✓ The entity has resolved all outstanding AG findings.

#### Lowlights





- The entity has not achieved seven (7) of fifteen (15) KPI (47%) due to the following reasons:
- ✓ The entity's performance has been negatively impacted by the halting of supply chain management functions relating to RFPs due to the Constitutional Court judgment against the National Treasury, as the property transactions are driven through the SCM processes.
  - ✓ 24% Capex Spend



The dashboard below reflects the amended targets on the corporate scorecard based on the council-approved deviation

KPI	JPC Overall Performance			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Achieved	2	5	7	
Not Achieved	14	12	7	
KPI at Risk	14	1	7	
KPI not yet due	1	0	1	


The KPI not measured relates to the annual audit that is an annual target that was achieved in the 2<sup>nd</sup> quarter.

	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	investment attracted/ business facilitated within COJ boundaries based on a signed contract	R625 million	investment attracted/ business facilitated within COJ boundaries based on a signed contract	R625 million	investment attracted/ business facilitated within COJ boundaries based on a signed contract	R625 million	investment attracted/ business facilitated within COJ boundaries based on a signed contract	R2.5 billion	investment attracted/ business facilitated within COJ boundaries based on a signed contract
<b>Actual</b>	Zero investment at attracted/ business facilitated within COJ boundaries based on a signed contract	Zero investment at attracted/ business facilitated within COJ boundaries based on a signed contract	Zero investment at attracted/ business facilitated within COJ boundaries based on a signed contract	Zero investment at attracted/ business facilitated within COJ boundaries based on a signed contract					Zero investment at attracted/ business facilitated within COJ boundaries based on a signed contract	

 **Target Not Achieved:** The target was not achieved in the quarter under review because the property transaction Soweto Gateway – R3.2 billion was advertised and the bids received were non-responsive. This transaction has to be re-advertised. There are transactions that will be submitted to EAC for Approval which will lead to investment attraction i.e. Southen Farms.

## 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>	R77 million investment spend on projects within COJ boundaries based on construction value on the ground	R38 million investment spend on projects within COJ boundaries based on construction value on the ground	R42 million investment spend on projects within COJ boundaries based on construction value on the ground	R42 million investment spend on projects within COJ boundaries based on construction value on the ground	R200 million investment spend on projects within COJ boundaries based on construction value on the ground
<b>Actual</b>	R77 020 433.32 investment spend on projects within COJ boundaries based on construction value on the ground	R38 616 703.00 investment spend on projects within COJ boundaries based on construction value on the ground	R129 110 287.00 investment spend on projects within COJ boundaries based on construction value on the ground		R244 747 423.32 investment spend on projects within COJ boundaries based on construction value on the ground



**Target Achieved:** The following projects contributed to this KPI Riverside Housing, Jabulani, Joburg Market, Jabavu and Alan Manor.

## 2. JOB OPPORTUNITY AND CREATION

### 2.1. Job opportunities created

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
<b>Target</b>	144 Job Opportunities Created	136 Job Opportunities Created	125 Job Opportunities Created	125 Job Opportunities Created	1500 Job Opportunities Created
<b>Actual</b>	144 Job opportunities created	382 Job opportunities created	279 Job opportunities created		805 Job opportunities created



**Target Exceeded:**

### 2.2 SMME'S SUPPORTED THROUGH PROPERTY TRANSACTIONS

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
<b>Target</b>	47 SMME's supported	44 SMME's supported	205 SMME's supported	295 SMME's supported	500 SMME's supported
<b>Actual</b>	47 SMME's supported	32 SMME's supported	210 SMME'S supported		289 SMME's supported



**Target Exceeded:**

### 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			210	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	property	Acquisition of 9	properties	Acquisition of 1	Property			Acquisition of 11	properties



**Target Not Achieved:** Acquisition transactions are still in process and not concluded. It is envisaged that the transactions will be concluded in the fourth quarter.

#### 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>	0 shops and stalls leases concluded		10 shops and stalls leases concluded		245 shops and stalls leases concluded		245 shops and stalls leases concluded		500 shops and stalls leases concluded	
<b>Actual</b>	0 shops and stalls leases concluded		10 shops and stalls leases concluded		50 shops and stalls leases concluded				60 shops and stalls leases concluded	



**Target Not Achieved** this KPI has been amended and the target was decreased to 500 leases.

JPC is currently constrained in concluding the leases. At this stage, the policy is to be presented to the Section 79 committee after the public participation process is concluded. It is envisaged that the policy will be approved in the fourth quarter.

**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	47 properties released on social and economic leases including servitudes and sales		68 properties released on social and economic leases including servitudes and sales



**Target Achieved**

**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	55 employees trained		196 employees trained



**Target Not Achieved:** Due to the Constitutional Court judgement against the National Treasury and the halting of RFP SCM processes, the entity could only train a limited number of employees based on what is catered for under the RFQ processes i.e. less than R 200 000.

**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		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	R28 112 149.97 income raised from leases and servitudes sales		R79 217 445.61 income raised from leases and servitudes sales

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


### 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 allocated Capex	30% spend on allocated Capex	24% spend on allocated Capex		24% spend on allocated Capex

 **Target Not Achieved:** The RFP for cleaning equipment was concluded and awarded in Q2 of 2022. An order for cleaning equipment was immediately placed, however, the service provider ran into financial difficulty in January 2022 and could not procure the equipment per the award made. A letter of termination was issued and an RFQ process for a smaller quantity of equipment was procured to urgently capacitate cleaners. The RFP for cleaning equipment and other projects was delayed by the National Treasury moratorium on RFPs' and the advertised projects will be awarded and commence in Q4.

### 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	Not Applicable		Unqualified Audit outcome.

 JPC received a unqualified audit for the 2020/2021 financial year. This audit outcome was achieved in quarter two and is not applicable in the current reporting period but is an annual target.

**5.5. RESOLUTION OF AUDITOR GENERAL FINDINGS**

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
<b>Target</b>	100% resolution of AG findings	100% resolution of AG findings	100% resolution of AG findings	100% resolution of AG findings	100% resolution of AG findings
<b>Actual</b>	94% resolution of AG and Internal audit findings	90% resolution of AG audit findings	100% resolution of AG audit findings		100% resolution of AG and Internal audit findings



**Target Achieved**

**5.6. PERCENTAGE RESOLUTION OF INTERNAL AUDIT FINDINGS**

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
<b>Target</b>	100% resolution of internal audit findings	100% resolution of internal audit findings	100% resolution of internal audit findings	100% resolution of internal audit findings	100% resolution of internal audit findings
<b>Actual</b>	Not Applicable	Not applicable	11% resolution of internal audit findings		11% resolution of internal audit findings



**Target Not Achieved:** The target not achieved due to management is still in process of implementing the controls and addressing the findings. The internal audit will however review and assess the controls implemented by the management. This KPI was added following the council approved deviation.

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

The City of Joburg Property Company SOC Ltd (JPC) was, in established 2000, 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). 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 1616 employees, which consists of 1615 and 1 temporary employees. These employees are based at the head office and depots. JPC derives its mandate from a signed service delivery agreement with its sole shareholder, the COJ. The core functions of JPC are:

### **1. Asset Management**

It aims to implement sound asset management practices, including access to new assets, sustainably and affordably. Asset Management objectives include:

- Land strategy development and implementation – ensure that the City specific research for the portfolio; the land strategy guides new business development and focuses on monitoring and evaluating the optimisation of the portfolio i.e. income and expenditure growth;
- Assets Register – ensure a compliant asset register, account for movements, safekeeping title deeds and property valuations;
- Land strategy - review and implementation to create a high-yielding asset.

### **2. Property Development**

It aims to maximise the return on City-owned land. The objectives for public land development are a trifecta of returns, namely:

- Delivering on City objectives – the priorities identified in the Service Delivery Budget Implementation Plan (SDBIP), IDP, and GDS strategy;
- Transforming the property industry – 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 the City's assets are vacant land with inherent low asset value and associated low returns. A base of long-term recurring income is created by facilitating the development of properties with high potential.



### 3. Facilities Management and Cleaning Services

This encompasses multiple disciplines to ensure functionality, comfort, safety, and efficiency of the property and built environment. It is largely rooted in facilities upkeep and improvement of the physical building. Implementation of new sustainability and green initiatives. Lastly, service offering in this function extends to the provision of cleaning services.

### 4. Property Management

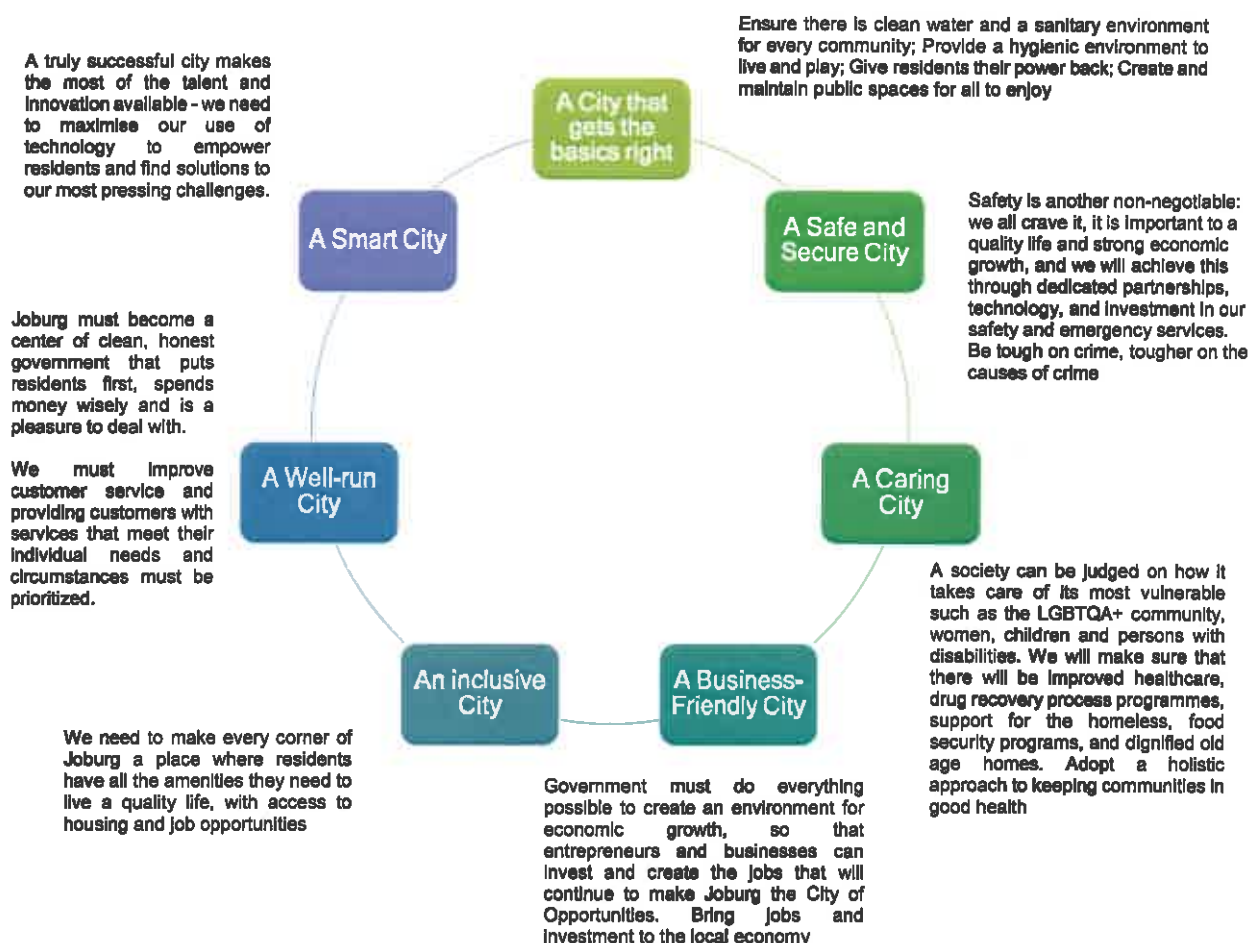
This function involves maximising the efficiency of the COJ's portfolio of properties: the creation of rental income on properties leased, identification of leasing opportunities including outdoor advertising leases i.e. street furniture, street pole advertising, cell mast sites erected on COJ land, and or assets.



## Section 6: Strategic Objectives

JPC's corporate strategy is aligned with 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 multi-party 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 focuses on the following priorities:



# MAYORAL PRIORITIES



Mayoral Priorities	JPC's contribution to the priorities Included in the scorecard:
A Business Friendly City	<ul style="list-style-type: none"> <li>• 1500 Jobs opportunities created through property transactions</li> <li>• 500 SMME's supported through property transactions</li> <li>• R2.5 billion Investment / Rand value attraction of investment on COJ property</li> <li>• R200 million investment spend on COJ property / Construction value on the ground</li> </ul>
All Inclusive City	<ul style="list-style-type: none"> <li>• 280 asset management plans formulated</li> <li>• Acquisition of 20 properties along the Transit-Oriented Development zone</li> <li>• Release of 120 properties for social and economic leases including servitudes and sales</li> <li>• 500 Lease renewal of shops and stalls located at various public transport facilities and informal trading markets</li> </ul>
A well-run City	<ul style="list-style-type: none"> <li>• 100% spend of the allocated capital expenditure budget</li> <li>• R130 million-rental income raised from leases and servitudes sales.</li> <li>• Audit Opinion / Unqualified audit opinion (Clean audit)</li> <li>• 100% resolution of External audit findings</li> <li>• 100% resolution of Internal audit findings</li> <li>• 560 employees trained to address competency gaps</li> </ul>
A Safe and Secure City	<ul style="list-style-type: none"> <li>• 1% Injury frequency rate</li> </ul>

JPC 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 streams; and
- Enhance an aesthetically pleasing environment of the City's highways, embankments, and street furniture through Outdoor Advertising while enhancing revenue.

## **Chapter 2: Governance**

## **Section 1: Corporate Governance Statement**

### **Governing Principles**

JPC's decision-making and administration comply 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 and Diversity**

At its Annual General Meeting held on 15 February 2022, the following Non-Executive Directors were retired by the Shareholder, namely, Mr. Moeketsi Rabodila, Ms. Tryphina Mopai, Mr. Jake Letsapa, Ms. Dina Maja-Masilo, Mr. Solomon Mngomezulu, Ms. Kululwa Muthwa, Ms. Mapule Mngomezulu, Ms. Vuyiswa Gumede and Mr. Thulani Ngcobo. While the following Non-Executive Directors were retained and re-appointed; Mr. Slingsby Mda and Mr. Xola Lingani.

JPC welcomes the newly appointed Non-Executive Directors, namely; Adv. Brenda Madumise, Mr. Barry Sneece, Mr. Thilivhall Ramawa, Ms. Boitumelo Mthimkhulu, Mr. Bongani Mgoza, Mr. Rory Gallocher, and Ms. Khanyisile Ng'ambi. Ms. Helen Botes (Chief Executive Officer) was re-appointed as Executive Director and Mr. Sipho Mzobe was appointed Executive Director in his capacity as Acting Chief Financial Officer.

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

The appointment of Board Members is in accordance with 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 the JPC's current and future business operations.

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

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

The Board is satisfied that its composition reflects the appropriate mix of knowledge, skills and expertise, 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, its stakeholders, and the citizens of Johannesburg. A service delivery agreement (SDA) concluded per the provisions of the MSA governs the entity's relationship with the COJ. The Board provides quarterly, bi-annual 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 sets the direction of JPC through the establishment of strategic objectives and key policies. It monitors the implementation of strategies and policies through a structured approach to reporting, based on agreed performance criteria and defined written delegations to Management for the detailed planning and implementation of such objectives and policies.

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

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

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

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

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

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

During the period under review, the Board approved the following on the 31<sup>st</sup> January 2022:

- Scorecard Deviation Report 2021/22;
- Service Standards Deviation 2021/22;
- Proposed Business Plan 2022/23;
- Change of Bank Signatories Mandate;
- The Board Charter (encapsulating the COJ Group Policy on Shareholder Governance) – was approved on the 31<sup>st</sup> March 2022.

During the quarter under review, the Board did not use or appoint Professional Governance Services. The current Board tenure is three (3) years reviewable annually at the Annual General Meeting of the Shareholder.

<b>Section 2: Board Committees REFERENCE</b>	<b>JPC BOARD</b>	<b>AUDIT AND RISK COMMITTEE</b>	<b>SEC, REMCO &amp; TRANSFORMATION</b>	<b>TRANSACTIONS &amp; SERVICE DELIVERY</b>
Chairman	Adv. Brenda Madumise	Siingsby Mda	Khanyisile Ng'ambi	Xola Lingani
Member	Barry Sneece	Thlilvhali Ramawa	Thlilvhali Ramawa	Rory Gallocher
Member	Thlilvhali Ramawa	Konosoang Asare-Bediako	Rory Gallocher	Boitumelo Mthimkhulu
Member	Bongani Mgoza	Leon Langalibalele	Bongani Mgoza	Barry Sneece
Member	Xola Lingani	Tshilidzi Ndadza	Boitumelo Mthimkhulu	Bongani Mgoza
Member	Rory Gallocher		Xola Lingani	
Member	Siingsby Mda			
Member	Boitumelo Mthimkhulu			
Member	Khanyisile Ng'ambi			
Member Executive Director	Helen Botes	Helen Botes	Helen Botes	Helen Botes
Member Executive Director	Sipho Mzobe	Sipho Mzobe	Sipho Mzobe	Sipho Mzobe
COSEC	Gontse Dlamini	Gontse Dlamini	Gontse Dlamini	Gontse Dlamini

<b>Section 2: Board Committees REFERENCE</b>	<b>JPC BOARD</b>	<b>AUDIT AND RISK COMMITTEE</b>	<b>SEC, REMCO &amp; TRANSFORMATION</b>	<b>TRANSACTIONS &amp; SERVICE DELIVERY</b>
Invitee	Group Governance Representative	Group Governance Representative	Group Governance Representative	Group Governance Representative
Invitee	Economic Development Representative	Economic Development Representative	Economic Development Representative	Economic Development Representative
Invitee	EXCO Representative	EXCO Representative	EXCO Representative	EXCO Representative

**Board and Sub-Committee Meetings January to March 2022**

	<b>JPC BOARD</b>	<b>AUDIT AND RISK COMMITTEE</b>	<b>SEC, REMCO &amp; TRANSFORMATION</b>	<b>TRANSACTIONS &amp; SERVICE DELIVERY COMMITTEE</b>	<b>JOINT COMMITTEE MEETINGS (SEC, REMCO &amp; TRANSFORMATION / TRANSACTIONS &amp; SERVICE DELIVERY</b>
Meeting	31 January 2022	21 January 2022			24 January 2022
Meeting	31 March 2022	22 March 2022	25 March 2022	28 March 2022	
COJ AGM	15 February 2022				
JPC Induction	10 March 2022				
COJ Induction	23 March 2022				

### 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 the 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' (NED's) 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/Emoluments

NAME OF DIRECTOR	MEETINGS ATTENDED YTD	OTHER MEETINGS YTD	THIRD QUARTER PAYMENTS	EMOLUMENTS
Mr M Rabodlla	5	5	R7 739.13	R111 391.28
Ms T Mopal	8	-	R15 652.56	R73 043.46
Mr J Letsapa	8	-	R0.00	R48 434.78
Mr S Mda	11	7	R39 999.99	R158 260.83
Ms K Muthwa	12	1	R36 086.95	R88 260.85
Ms M Mngomezulu	6	-	R0.00	R15 652.17
Ms N Makhanya	5	-	R5 217.39	R31 304.34
Ms P Numa	6	-	R0.00	R20 869.56
Ms S Maja-Masilo	14	-	R41 739.12	R114 782.58
Ms S Moichelo	4	2	R0.00	R53 913.43
Mr S Mngomezulu	8	-	R0.00	R48 521.73
Ms V Gumede	2	-	R15 652.17	R15 652.17
Mr T Ngcobo	2	-	R0.00	R0.00
<b>TOTAL</b>	<b>91</b>	<b>15</b>	<b>R162 087.31</b>	<b>R780 087.18</b>

#### Independent Audit & Risk Committee Members Payments

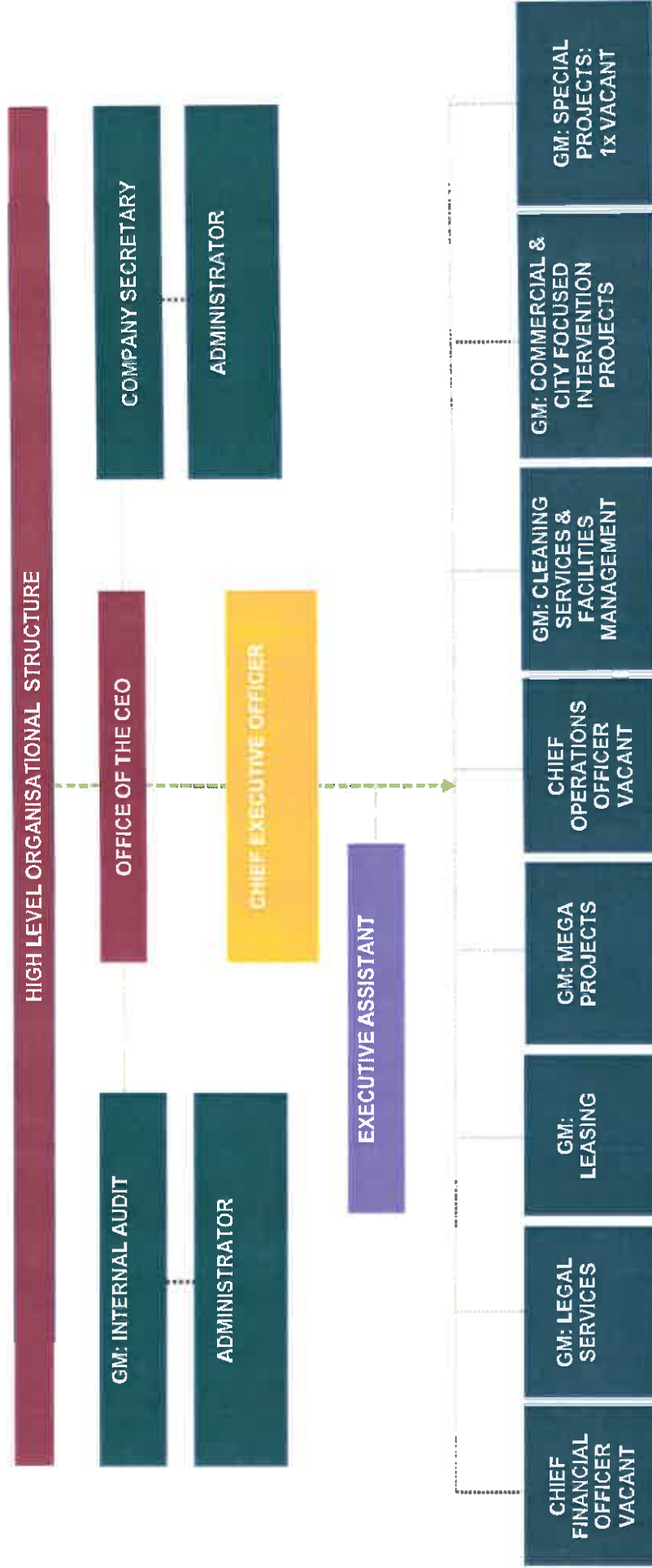
NAME OF DIRECTOR	MEETINGS ATTENDED YTD	OTHER MEETINGS YTD	3RD QUARTER PAYMENTS	EMOLUMENTS
Mr B Kekana (Independent)	4	-	R0.00	R5 217.39
Mr P Makape (Independent)	3	-	R0.00	R0.00
Mr T Thulare (Independent)	-	-	R0.00	R0.00
Mr X Lingani (Independent)	8	-	R18 000.00	R100 434.78
<b>TOTAL</b>	<b>15</b>	<b>-</b>	<b>R18 000.00</b>	<b>R105 652.17</b>



**Executive Management year-to-date remuneration for the 2021/2022 financial year**

<b>NAME</b>	<b>BASIC SALARY</b>	<b>TRAVEL ALLOWANCE</b>	<b>HOUSING SUBSIDY ALLOWANCE</b>	<b>LEAVE ENCASHMENT</b>	<b>ACTING ALLOWANCE</b>	<b>PERFORMANCE BONUS/13TH CHEQUE</b>	<b>COMPANY CONTRI.</b>	<b>TOTAL</b>
Helen Botes	2 025 000.00	187 499.97				413 000.00	27 474.11	2 652 974.08
Sipho Mbethe	1 344 342.82	67 666.50	8 169.93	51 970.56			257 987.20	1 730 137.01
Brenda Jacobs	1 056 771.90		8 680.59			117 419.10	242 669.75	1 425 541.34
Sizeka Tshabalala	1 138 194.00	90 000.00		57 275.20	71 110.78		263 106.26	1 619 686.24
Mduzuzi Makhunga	1 152 848.32	72 000.00		57 275.20	85 914.00		265 257.85	1 633 295.37
Sipho Mzobe	1 131 270.02	90 000.00		57 275.20	85 429.78		262 800.03	1 634 944.96
Tshepo Mokataka	1 222 476.68						267 370.36	1 489 847.04
Imraan Bhamjee	1 384 577.13	67 130.43					316 681.32	1 768 388.88
Sifiso Mabizela	659 027.02						155 522.83	875 655.47
<b>TOTAL</b>	<b>11 114 507.89</b>	<b>574 296.90</b>	<b>33 701.04</b>	<b>223 796.16</b>	<b>294 879.59</b>	<b>530 419.10</b>	<b>2 058 869.71</b>	<b>14 830 470.39</b>

**Section 4: High Level Structure**



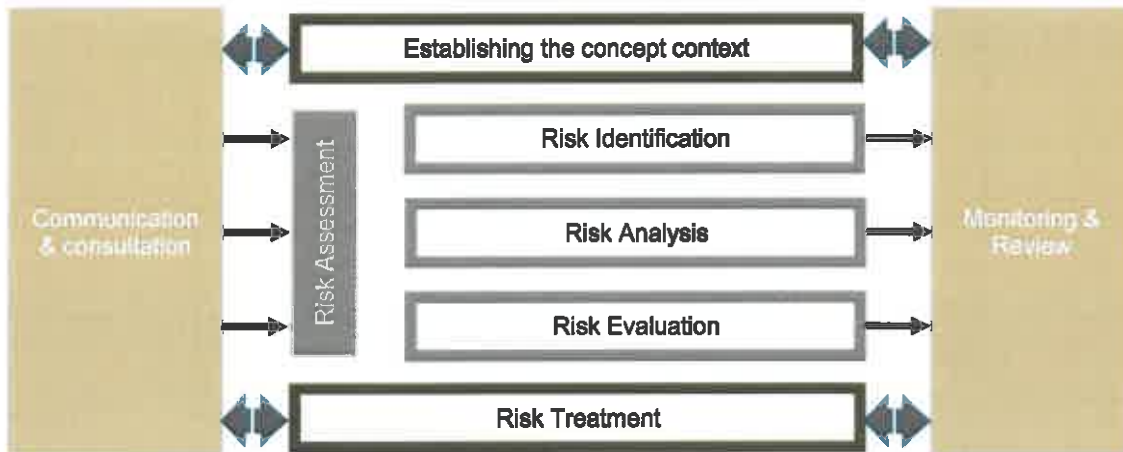
**Section 5: Risk Management**

Every year the Board of Directors approves the key risk, which is 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 quarterly.

This Committee is mandated to oversee the Risk Management function to ensure that there is an effective system of risk management in place within the company. The strategic risk register for 2020/21 has 16 strategic risks identified.

A Management risk assessment workshop for 2021/22 was conducted in November 2021 and the results of the assessment will be presented to the Audit and Risk Committee and the Board for approval in April 2022. JPC monitors its quarterly performance against the approved 2020/21 Strategic Risk Register, and measures improvements according to the number of action plans implemented



**Strategic Risk Register as captured below:**

<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>	<b>1 Rare</b>	<b>2 Unlikely</b>	<b>3 Possible</b>	<b>4 Likely</b>	<b>5 Almost Certain</b>	

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.

Risk Ref	Risk Description	IR*	RR*	Action to improve management of risk
1	Perceived to be trading insolvency and inability to generate revenue	10	11	<ul style="list-style-type: none"> <li>- Implementation of the outdoor advertising master plan as it depends on the City finalization of the new by-laws</li> <li>- Review and 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>- Review and Implementation of Facilities Management Strategy.</li> <li>- Timely renewal of leases so that revenue generation can be enhanced as per the pipeline of transactions.</li> <li>- Formalization of traders' leases and collection of rentals from informal traders and also depended on DED informal trading policy</li> <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 competent officials to effectively execute the CBAs of Corporate Buildings.</li> <li>- Working with the relevant COJ team such as OHASA, EMS, and department of labor on the non-compliant building.</li> <li>- Follow-up to be made on the commitment made by entities and departments on OHASA issues.</li> <li>- Entities and departments with buildings that are not OHASA compliant to be reported to the City structure and given notice of non-compliance to the Manager and later to the Executive Mayor, if necessary.</li> <li>- Implementation of facilities management strategy.</li> </ul>
3	Erosion of the City-owned land and property asset base	10	19	<ul style="list-style-type: none"> <li>- Implementation of Land Strategy.</li> <li>- Lease renewals process to be started timeously and at least 6 months before the contract ends to provide sufficient time for the tender process.</li> <li>- Partner with GFIS and JMPD on the land evasion strategy.</li> </ul>
4	Inadequate maintenance of the property	10	11	<ul style="list-style-type: none"> <li>- Implement a comprehensive facilities management plan for 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. Repairs on leased properties to be affected by the lessees and their condition regularly inspected.</li> <li>- Fill scarce skills in line with the approved budget for critical vacancies.</li> </ul>
5	Financial viability of cleaner insourcing and prevalent unhygienic conditions prevailing at buildings	10	16	<ul style="list-style-type: none"> <li>- Capacitated the cleaning with sufficient cleaning staff, equipment material, cleaning supervisor, and management</li> </ul>
6	Non-compliance with legislation, policies, and procedures	10	16	<ul style="list-style-type: none"> <li>- Monitor changes in labor 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 workshops 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>
7	Fraud and corruption	15	9	<ul style="list-style-type: none"> <li>- Work with GFIS on fraud corruption issues and implement ER based on consequence management measures.</li> </ul>
8	Inability to attract investment	10	16	<ul style="list-style-type: none"> <li>- PPP Implementation/Investment summit.</li> <li>- Develop friendly bid specification</li> </ul>

Risk Ref	Risk Description	IR*	RR*	Action to improve management of risk
9	Inadequate Contract Management	20	16	<ul style="list-style-type: none"> <li>- Timely evaluation and adjudication of RFP responded to</li> <li>- Timely conclusion of the property development agreement and leases</li> <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>
10	Inadequate ICT delivery	20	10	<ul style="list-style-type: none"> <li>- JPC is part of the COJ SAP4 HANA single platform integration.</li> </ul>
11	Inadequate internal and external stakeholder management and brand reputation	9	9	<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 inquiries.</li> <li>- Conduct semi roadshows to the regions and departments to align with the JPC process.</li> <li>- Responds timeously to all the queries.</li> <li>- External stakeholder engagement aligning JPC strategic objectives.</li> <li>- Property Indaba and outdoor Indaba.</li> <li>- JPC presents in all the regions.</li> </ul>
12	Weakened organization	16	8	<ul style="list-style-type: none"> <li>- Review corporate KPIs,</li> <li>- Review the HR strategies.</li> <li>- Review and implement all organizational policies.</li> <li>- Review and implement organizational structure in line with the strategy.</li> <li>- Alling the strategic objective to perform deliverables and outcomes.</li> <li>- Review the performance target for the whole organization.</li> <li>- Appointments of all the critical vacancies.</li> <li>- Develop a sequence framework for non-performance.</li> <li>- Develop employee wellness and initiative team building.</li> <li>- Develop and implement the delegation of authority throughout the company.</li> </ul>
13	Inadequate security control	20	16	<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>
14	Covid 19 related negative Impact	25	15	<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 the 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>
15	Document Storage and Security	20	20	<ul style="list-style-type: none"> <li>- Management in process of updating record management policies and construction of storage and security space.</li> </ul>

## **Section 6: Company Secretarial Function**

The Company Secretary is responsible for developing systems and processes to enable the Board and sub-committees to perform their 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 regulations and legislation.

In addition, guiding the Executive on all governance matters and providing guidance relating 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 Audit and Risk Committee (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: Internal Audit performs the audit function and has direct access to the chairperson of the ARC, and reports functionally to the ARC and administratively to the 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 for fraud and corruption and related irregularities. This is in line 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 with the anti-fraud policy of the shareholder.

The JPC has an internal whistleblowing email address for receipt of anonymous tip-offs. Historically, JPC utilised the Fraud and Corruption Committee (FRACC), the formation of which the Board approved. However, certain developments in the City ensued, which are implemented.

Firstly, the City 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. Invariably, complainants approach GFIS, who would request information from the JPC, to investigate reports of alleged fraud and corruption. The JPC does not investigate alleged fraud and corruption.

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

Secondly, the City has established a Disciplinary Board responsible for investigating allegations of financial misconduct within the City and entities. For the quarter under review, the JPC has not received any allegations of fraud and corruption. Nor is it aware of any reports submitted by GFIS to JPC for consideration.

#### **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 Technology 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 per 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. At each Audit and Risk Committee meeting, an update on compliance is presented.



This update includes significant legislative developments within the environment in which JPC operates. Key areas of non-compliance, if any, are also brought to the attention of this committee. JPC Compliance Universe reflects 55 (Core 40 and Generic 15) pieces of legislation that the Company needs to comply with. However, for reporting purposes, only Core Acts, which could have a high impact, are monitored and reported. The quarter 3 compliance status of the MFMA Circular 68 report is illustrated as follows:

**Irregular and Fruitless expenditure:** During the 3<sup>rd</sup> quarter of 2021/2022, the entity identified irregular expenditure of R9 689 495. The irregularity is due to 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.

During the 3<sup>rd</sup> quarter of 2021/2022, the entity identified Fruitless and Wasteful expenditure of R2 187 772. 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 IT server room and support infrastructure were relocated to the Forum 1 server room in Q2. The lease for Forum 2 has been terminated.

**Fallure to pay Service Providers within 30 days:** In the third quarter, there were 1182 invoices paid amounting to R77 409 740.25. Of the invoices paid, 5 invoices amounting to R119 113.00 were paid outside the 30-day period.

**Declaration of Interest:** Declarations of Interest (DoI) – YTD, 96% of the declarations have been received and the process is currently underway to obtain the remaining submission.

## **Chapter 3: Service Delivery & Performance**

## Section 1: Overall Company Performance

### Section 1.1: Asset Management

The portfolio of the City has a total value of R9,252 billion and it comprises 28 224 properties at 31 March 2022

Region	No. of Properties	Value %	Historical Book Value
Region A	1 703	10%	R898 596 107.28
Region B	3 922	17%	R1 595 120 110.10
Region C	2 350	12%	R1 125 690 161.38
Region D	6 099	9%	R874 660 469.40
Region E	4 514	19%	R1 727 010 298.18
Region F	4 874	17%	R1 568 683 930.97
Region G	4 455	13%	R1 169 071 369.12
Outside COJ	307	3%	R293 697 936.01
<b>Grand Total</b>	<b>28 224</b>	<b>100%</b>	<b>R9 252 530 382.44</b>

Table 1: High Level Portfolio Summary

Region D has the highest number of Council properties at 6 099, followed by Region F, which reflects 4 874 properties, Region E showing 4 514 properties, then by Region G at 4 455 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 1 703 as outlined below:



Figure 1: Summary per Region - % Value



Figure 2: Summary per Region - Quantity

Regions B, E and F represent the highest value expressed as a percentage of the total value of City-owned properties at 17%, 19%, and 17% respectively, totaling 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 A at 10%, while Region D is the least at 9%, which is due to a large number of residential holdings which are inherently lower in valuation.

## Asset Register Movements

The following tables illustrate movements and updates of the Asset Register in relation to property transfers that occurred in the third quarter.

### Monthly Movements By Quantity

Movement Category	Jan-22	Feb-22	Mar-22	Total
Acquisitions	1	1	1	3
Disposals	-2	-1	-55	-58
<b>Net Movement</b>	<b>-1</b>	<b>-1</b>	<b>-54</b>	<b>-55</b>

Table 2: Movement Summary In Quantity

### Monthly Movements By Value

Movement Category	Jan-22	Feb-22	Mar-22	Total
Acquisitions	R100.00	R4 153 000.00	R2 100 000.00	R6 253 100.00
Disposals	-R8 938.00	-R2 140.00	-R22 930 000.00	R-22 941 078.00
<b>Total</b>	<b>R-8 838.00</b>	<b>R4 150 860.00</b>	<b>R-20 830 000.00</b>	<b>R-16 687 978.00</b>

Table 3: Movement Summary In Value

## Acquisitions

Three (3) properties worth R6 253 100.00 were taken on in the reporting period. One property was acquired using budgeted funds on behalf of the Housing Department for housing provision purposes while another one was devolved by the Provincial Government also for housing purposes. The third property was acquired through vesting. These are in Regions B, F, and G.

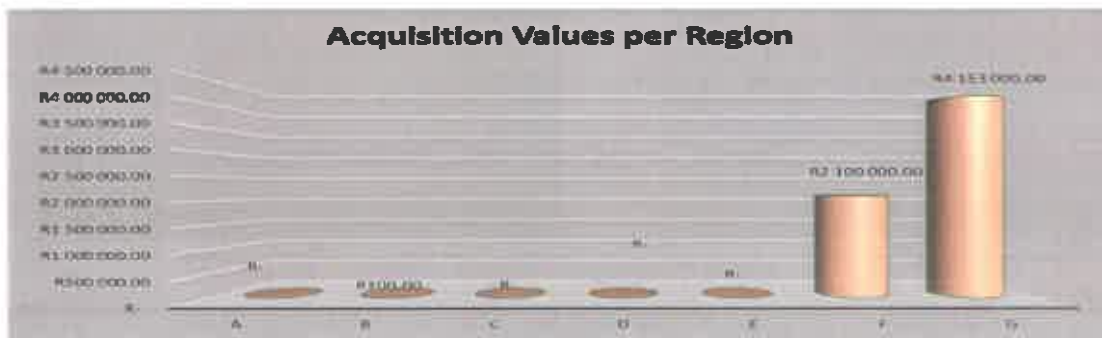


Figure 3: Acquisition Value per Region - Rand Value

## Disposals

Fifty-eight (58) properties to the value of R22 941 078.00 were disposed of in the reporting period. These properties are situated in Region D and outside of the boundaries of the City of Johannesburg Municipality. The regional movements are outlined on the graph below.

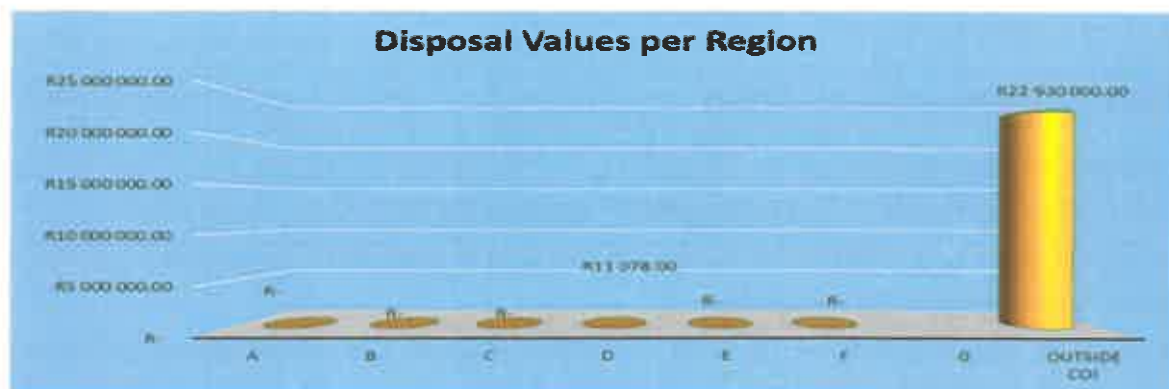


Figure 4: Disposal Value per Region - Rand Value

Two (2) properties to the value of R8 938.00 relate to a transfer of residential homes to beneficiaries as part of the City's service delivery mandate for the provision of housing, while one (1) property to the value of R2 140.00 was transferred as part of the Land Regularisation Program and fifty-five (55) properties to the value of R22 930 000.00 which vest in Ekurhuleni was transferred to City of Ekurhuleni.

### Housing Conversions

Two (2) residential properties were transferred to beneficiaries 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 Region D.

### Land Regularisation

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

### Ekurhuleni Properties

Fifty-five (55) properties were transferred to the City of Ekurhuleni. These properties vest in Ekurhuleni as they are situated within their municipal boundaries.

### Net Movements

The impact of the movements on the value of the Asset Register shows a net movement of R16 687 978.00, and translates to a decrease of 0.18% of the entire portfolio:

NET ASSET REGISTER MOVEMENT IN VALUE			
Month	Opening Balance	Movement	Closing Balance
Jan-22	R9 269 218 360.44	R-8 838.00	R9 269 209 522.44
Feb-22	R9 269 209 522.44	R4 150 860.00	R9 273 360 382.44

NET ASSET REGISTER MOVEMENT IN VALUE			
Month	Opening Balance	Movement	Closing Balance
Mar-22	R9 273 360 382.44	R-20 830 000.00	R9 252 530 382.44
<b>NET MOVEMENT</b>		<b>R-16 687 978.00</b>	<b>-0.18%</b>

Table 4: Asset Register Net Movement in value

## Section 1.2: Property Management Unit

### Finalised Sales And Leases

A total of 47 transactions were concluded in the 3<sup>rd</sup> quarter of the 2021/2022 financial year.

### Matters With Attorneys For Finalisation

Conveyancing Attorneys have been appointed to conclude sales on Ten (10) transactions to the value of R6 944 825.00 for sale/road closures.

### Matters At Legal For Agreements To Be Finalised

Instructions were issued to the Legal Services Department for transactions to the value of R2 119 000.00 (sales) and R7 300.00 p/m (leases) for the drafting of lease and sale agreements. Two (2) additional transactions/instructions were issued to the Legal Services Department in the 3<sup>rd</sup> quarter of the 2021/2022 financial year.

### Transactions Approved At EAC

One (1) transaction was approved at EAC in the quarter under review.

Region	Property Description	Sale/ Road Closures	Lease (p/m)
B	Permanent Road Closure and Alienation of a Ptn of 6 <sup>th</sup> Ave adjacent to Ptn 3 of Erf 595 Melville	R60 000.00	N/A

### Properties Vested To The City Of Johannesburg

Two properties were vested to the City of Johannesburg which, was previously owned by private developers. Property management managed to conclude the registration of these properties back to the City which increased the asset value of the City's Asset Register.

Region	Property Description	Deeds of Transfer
A	Holding 102 Halfway House Estate AH	COJ Ownership
	Holding 108 (Formerly a part of Whisken Avenue) Crowthorne AH	COJ Ownership

### Acquisitions And Large Service Providers' Servitude Transactions

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

## Large Service Providers (LSPs)

### Reports Approved At Council

A Section 79(18) notice was published for public participation purposes and no objections were received. The legal department will draft agreements as soon as revised valuations have been obtained.

No.	Property Description	Amount	JPC Commission
1	Erf 1708 Naledi	R10 000.00	R2 500.00
2	Erf 751 Mofolo South	R33 000.00	R8 250.00
3	Remainder 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>

### Servitudes To Be Registered

The following servitudes are still awaiting registration:

No.	Property Description	Amount	JPC Commission
1	Erf 3166 Lehae	R729 600.00	R182 400.00
2	Erf 11448 Pimville	R148 500.00	R37 125.00
3	Erf 6486 Orange Farm	R15 000.00	R3 750.00
4	Ptn 83 Farm Misgund 322 IQ	R250 000.00	R62 500.00
5	Erf 999 Riverlea	R7 500.00	R1 875.00
<b>Total</b>		<b>R 1 150 600</b>	<b>R287 650.00</b>

### Reports To Be Tabled

Reports have been drafted and will be submitted to the various committees for approval:

No.	Property Description	Amount	JPC Commission
1	Diepkloof Erf 833	R390 000.00	R97 500.00
2	Dhlamlini Erf 576	R1 540 000.00	R385 000.00
3	Moroka Erf 3313	R350 000.00	R87 500.00
4	Orlando East Erf 786	R270 000.00	R67 500.00
5	Re of ptn 16 Farm Lombardy 36 IR	R18 000.00	R4 500.00
6	Ptn of Remainder of Farm Lenasia 352 IQ	R528 000.00	R132 000.00
7	Remainder of Farm Register	R14 000.00	R3 500.00
<b>Total</b>		<b>R3 110 000.00</b>	<b>R777 500.00</b>

### Acquisitions

No	Property Description	Amount	JPC Commission
1	Erf 80 Stafford	R8 100 000.00	R810 000.00
<b>Total</b>		<b>R8 100 000.00</b>	<b>R810 000.00</b>

Conveyancers have been appointed to effect the transfer of the following properties:

No	Property Description	Amount	Commission	Process Stage
1	Erf 286 Lorentzville	R10 300 000.00	R1 030 000.00	Agreement Stage
2	Ptn 2 Farm Robinson Deep No. 81 IR	R32 000 000.00	R3 200 000.00	Agreement Stage
3	Ptn 125 Farm Booyens Estate No. 98 IR			
4	Holding 30 Unaville A.H.	R1 000 000.00	R100 000.00	Agreement Stage
5	Ptn 27 Johannesburg 91 IR	R30 000 000.00	R3 000 000.00	Agreement Stage
<b>Total</b>		<b>R73 300 000.00</b>	<b>R7 330 000.00</b>	

#### Acquisition Of Properties With Council Resolutions

The following properties have Council resolutions and a budget of R10 000 000 was approved for the acquisition of:

No	Property Description	Extent /Ha
1	Holding 100 of President Park A.H.	2.5696ha
2	Holding 101 of President Park A.H.	2.5696ha
3	Holding 102 of President Park A.H.	2.5696ha
4	Holding 103 of President Park A.H.	2.5696ha
5	RE of Holding 104 President Park A.H.	0.8565ha
6	Portion 1 of Holding 104 President Park A.H.	0.8566ha
7	Portion 2 of Holding 104 President Park A.H.	0.8566ha
8	Holding 105 of President Park A.H.	2.5696ha
9	Holding 106 of President Park A.H.	2.5696ha
<b>Total</b>		<b>17.987ha</b>

The following properties are at offer stage and may not be transferred during the current financial year:

No.	Erf Description	Amount	Commission
1	Erf 1875 Johannesburg	R3 700 000.00	R370 000.00
2	Erf 1876 Johannesburg		
3	Erf 1877 Johannesburg		
4	Erf 1862 Johannesburg	R1 000 000.00	R100 000.00
5	Erf 1863 Johannesburg	R2 000 000.00	R200 000.00
6	Erf 1866 Johannesburg	R2 500 000.00	R250 000.00
7	Erf 1867 Johannesburg	R2 550 000.00	R255 000.00
<b>Total</b>		<b>R11 750 000.00</b>	<b>R1 175 000.00</b>

#### Acquisition Properties With Council Resolutions

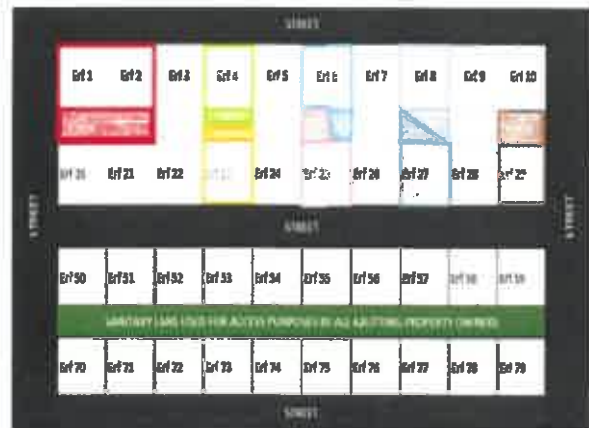
The following properties have Council resolutions, budget confirmation has been requested from the Housing Department in order to resume negotiations with owners:

No	Property Description	Extent
1	Ptn 90 Farm Zandspruit 191 IQ	5.3 ha



No	Property Description	Extent
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 121 Farm Zandspruit 191 IQ	4.3ha
11	Ptn 43 Farm Zandspruit 191 IQ	1.9ha
12	Ptn 106 Farm Zandspruit 191 IQ	6.3ha
13	Ptn 65 Farm Zandspruit 191 IQ	6.8ha
14	Ptn 301 Farm Olievenhoutpoort 191 IQ (now consolidated from Ptns 22, 96, 97, 98, 99 & 100 Farm Zandspruit IQ)	62.51ha
15	Erf 42 Sonnedal AH	3.8 ha
16	Erf 48 Sonnedal AH	3.6ha
17	Erf 47 Sonnedal AH	3.7ha
18	Erf 44 Sonnedal AH	3.4ha
19	Erf 45 Sonnedal AH	3.8ha
20	Erf 46 Sonnedal AH	3.6ha
21	Erf 26 Sonnedal AH	5.7ha
<b>Total</b>		<b>165.91ha</b>

#### Management Of Sanitary Lanes City-Wide



The following sanitary lane applications were processed and will be finalised in the next quarters:

No.	Property Description	Management Fee
1	Erf 502 Parktown	R3 000.00
2	Erf 738 Forest Town	R3 000.00
3	Erf 166/167 Forest Town	R3 000.00
4	Erf 670 Forest Town	R3 000.00
5	Erf 122 and 123 Forest Town	R3 000.00
6	Erf 882 Parkview	R3 000.00
7	Erf 897 Parkview	R3 000.00
8	Erf 198 Parkview	R3 000.00
9	Erf 960 Turffontein	R3 000.00
10	Erf 376 Parkview	R3 000.00
11	Erf 1008 Parkview	R3 000.00
12	Erf 1020 Parkview	R3 000.00

<b>No.</b>	<b>Property Description</b>	<b>Management Fee</b>
13	Erf 808 Parkview	R3 000.00
14	Erf 1017 Parkview	R3 000.00
<b>Total</b>		<b>R42 000.00</b>

### Section 1.3 Informal Trading

JPC is mandated by the City to manage its property portfolio which includes properties that form an integral part of dealing with socio economic priorities of the City, whilst supporting the transformation agenda. The properties are situated at 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 drive to turn around the Informal Trading sector, limited to Markets, not street trading.

#### Income Collection

The Informal Trading Unit has collected a total amount of R573 089.20 as detailed below:

No	Facility Name	Income Collected		
		January	February	March
1	Metro Mall Informal & Formal Shops	R57 267.12	R57 267.12	R118 279.57
2	Advertising & Promotions	R25 424.09	R25 424.09	R25 424.09
3	Fleet Africa	R0.00	R0.00	R3 500.00
4	Kliptown Informal & Formal Shops	R460.00	R460.00	R890.00
5	Streets Traders	R46 962.00	R46 962.00	R15 440.00
6	Hillbrow	R5 860.00	R5 860.00	R10 800.00
8	Yeoville	R0.00	R0.00	R0.00
7	Various Formal Traders	R2 945.22	R2 945.22	R4 195.00
9	Fordsburg	R15 224.00	R15 224.00	R7 937.00
10	Bara & Formal Shops	R0.00	R0.00	R2 400.00
11	Jeppe	R5 442.00	R5 442.00	R2 500.00
12	Lenasia	R0.00	R0.00	R0.00
13	Faraday Formal and Informal	R180.00	R180.00	R530.00
14	Doomfontein	R0.00	R0.00	R700.00
15	Rosebank	R1 050.00	R1 050.00	R1 070.00
16	Big Ben	R0.00	R0.00	R120.00
17	Kwa Mai Mai	R0.00	R0.00	R400.00
18	Midrand	R1 000.00	R1 000.00	R500.00
19	Diepsloot	R0.00	R0.00	R0.00
20	Alexandra	R0.00	R0.00	R0.00
<b>Total</b>		<b>R216 589.11</b>	<b>R161 814.43</b>	<b>R194 685.66</b>

JPC is currently hamstrung in concluding the leases nor presenting reports to EAC for approval. This was after EAC rejected reports for renewal of leases on the basis that the Informal Trading policy was approved by Council and should address such process. However, DED is still currently presenting the

policy to the Section 79 committee after the public participation process was concluded. It is envisaged that the policy will be approved in the fourth quarter.

#### **Mitigation measures**

- Accelerate the verification of traders during the 4<sup>th</sup> quarter utilising the resources to be sourced from DED's EPWP.
- Prepare new leases with Traders on approval of the informal trading policy in the 4<sup>th</sup> quarter.
- The approval of the informal trading policy should assist in unlocking the 100 EAC reports that were deferred by EAC.

There are 18 leases to be signed in the 4<sup>th</sup> quarter.

#### **Informal Trading Stakeholder Engagements**

##### **Diepkloof (Ebhareni)**

A meeting was held with Diepkloof Ward Councillors to deliberate on challenges pertaining to the outstanding maintenance, the verification process, homeless kids abusing drugs, and sleeping in the facility. JPC was instrumental in facilitating the meeting and involved Transport Department. The ward councillors resolved to engage with the Department of Social Development to assist.

##### **Metro Mall**

The verification of traders was conducted (not concluded); however, most of the traders in our rent-roll were not available for verification. The committee is co-operative in matters of verification and other critical matters. The importance of engagement is to disseminate information to traders and to elucidate the importance of signing lease agreements.

##### **Kliptown (Walter Sisulu Square)**

During the 9 – 18 July 2021 riots (Looting) several trading facilities were vandalized and damaged, some to a state of complete disrepair, where cables were being stolen and as a result the facility was rendered unsafe for use until it was cleared for use to the general public. After that, a claim was logged with the insurer and an assessor was commissioned to assess the facility in the quarter under review.

##### **Bara Walkabout With The Regional Director's Office**



The team consisting of representatives from DED, JPC, RD's Office, CRUM, JMPD, and Environmental Health did a walkabout at Bara Taxi Rank following the unrest by operation Dudula which was intended to remove illegal foreigners from trading stalls.

The most affected block was Block O where foreign nationals were mostly based. The challenge is that South Africans who have been allocated the stalls by the City sublet the stalls to illegal foreigners. The permit system developed by DED will resolve this as there will be identification when JMPD do their operations.

#### **Site Inspections (Illegal Advertising)**

There has been a growing problem of illegal advertising being conducted in the majority of our facilities.

**JACK MINCER**



**CARR STREET HOLDING**



**KLIPTOWN**



#### **JITI Acquisition Of Land**

Joburg Development Agency (JDA) was commissioned by the Transport Department for the development and construction of the Johannesburg International Transport Interchange (JITI) in 2011. The site identified consisted of two land parcels that are adjacent to each other, as indicated below:

- Portion 27 of the Farm Johannesburg 91 IR site owned by the South African Post Office
- ERF 603, Newtown Ext 1- a site owned by the City of Johannesburg

JDA requested Joburg Property Company (JPC) to facilitate the acquisition of Portion 27 of the Farm Johannesburg 91 IR measuring 11,706m<sup>2</sup> which is owned by SAPO. The budget for the acquisition of the property was confirmed by JDA and a SLA was also signed to kick start the process. The conveyancing process will resume in the fourth quarter.

#### **JITI Public Participation**

JPC has adopted the strategy to outsource the management of the facility as there is no internal capacity to manage a facility of this magnitude and being the first of its kind in the continent. However the value of the subject property is above R10 million. In terms of Section 19 of the SCM policy for land, properties valued above R10 million need to comply with section 19(3) of the SCM policy for land. JPC is compelled to initiate a public participation process to ultimately secure council approval to grant the use and leasing of JITI and sourcing of the management agent to provide property, letting, general

management as well as administrative obligations. A public participation report has been prepared and will proceed to the CoJ committees in the 4th quarter.

### **Challenges**

- ❖ Security – Inadequate security has proven to be a challenge when effecting lockouts for none. payments of rentals or any other reported matter that may need to be addressed at the time.
- ❖ Cleaning services lack capacity and inadequate equipment to keep all the facilities hygienically clean and comply with Covid-19 protocol.
- ❖ Lack of visibility by security guards and shortage of staff securing our facilities.
- ❖ Overcrowding in facilities is caused by commuters and traders in our major facilities as lockdown is eased resulting in social distancing not being observed.
- ❖ Inadequate response time to urgent maintenance callouts.
- ❖ Flooding during rainy seasons.
- ❖ Increased number of illegal traders in all major facilities.
- ❖ The JPC credit control policy takes effect when tenants are in default with the payment of rental.
- ❖ Legal and Constitutional Implications.
- ❖ The revenue collection and debtor management reporting are in line with sections 97 and 101 of the Municipal Finance Management Act 56 of 2003 ("MFMA").

### **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 develop 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 and 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.

There are 7 027 units completed and 3 039 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 for handed over. Several units are at 95% completion and only require 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 obtained Eskom clearance in November 2021 and is waiting for it to be issued by the 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 and medical consulting rooms, social halls, sports and recreation clubs;
- Public open spaces and roads.

This property did go out on tender at end of 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 closed 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 an award. This is followed by contract negotiation with the preferred bidder, which takes about 2-3 months. We expect to award within this financial year, which is 30 June 2022.



## Cleaning Services Unit

The unit has ensured that the delivery of the cleaning equipment takes place as the tender document is issued. This will include among other things, hoovers, vacuum cleaners, etc. A tender for the panel of the cleaning materials will be in place to assist the unit in procuring the cleaning materials speedily. The draft specification for the tender has already been completed.

The tender for cleaners' uniforms (both winter and summer) will be advertised in the next quarter to ensure that cleaners have new uniforms at the start of the new financial year. This is part of OHASA compliance to ensure that our staff are well protected from any form of harm/danger.

## Achievements

- Few vacuum cleaners were procured for the cleaning portfolio and were distributed amongst the various stakeholders across Region A- G.
- Interim cleaning materials were received and distributed to the various stakeholders
- One SLA has been concluded between Group Marketing, Communications and JPC.
- Three SLA's are signed by the User Department and are in a process of being finalised for signatures, namely: Group Finance, Group Legal, and Economic Development.
- The remainder of the SLA's are in the process of being finalised, as negotiations are still underway and meetings are held with the various User Departments.

## Challenges And Mitigations

Challenges	Mitigations
No supervisors in the portfolio	The role profile has been drafted and will be submitted for approval and advertisement. Approximately, 9 Supervisors will be considered for appointment.
Lack of cleaning material panel	Procurement of the cleaning material panel. The bid spec has been drafted and will be advertised during the next quarter.
A high number of Covid19 infections in the unit	Roadshows on how to prevent the spread of the virus and also regular distribution of masks

## Tenders And Status

Description	Status
A 3-year panel of service providers for cleaning materials	The tender closed on 04 March 2022, and the bid evaluation is scheduled to commence.
A 3 year tender for Hygiene Services (SHE Bins) for Corporate Offices	The tender closed on 18 March 2022, bid evaluation will commence.
Cleaning equipment (Vacuum Cleaners) tender	The tender will close on 28 March 2022
The panel of service providers for the PPE tender	The bid specification committee meeting is scheduled to start on 24 March 2022.

## Section 1.5: Outdoor Advertising

### Process Implementation of Master Plan

Development Planning has provided JPC with 90 approvals that are on council land for various media owners. To date, 37 sites are circulated and 53 sites were sent to Asset Management for verification of condition of township establishment.

### Street Furniture Approved Signs

Format/Type	Total No. Of Declared Signs	Declaration Planning	Status To	Contract Status
Street Pole Ads	Not Indicated	Declared/Approved		Expired
Street Names	2082 approved signs	Declared/Approved		Existing

### Section 1.6 Inner City Property Development Projects

During the 2018/19 and 2019/20 financial year(s) the release of City-owned properties to the private sector for the development of Affordable Mixed-use Accommodation and Affordable Student Accommodation. Following a Phase approach, the release of these properties was undertaken as part of the Inner City Rejuvenation Programme. Various stakeholders such as Ward Councillors, CoJ Departments (i.e. Fast track steering committee, CoJ development planning, CoJ City transformation, and community members) have been engaged to ensure that the Programme is implemented seamlessly.

#### Mitigation Strategy

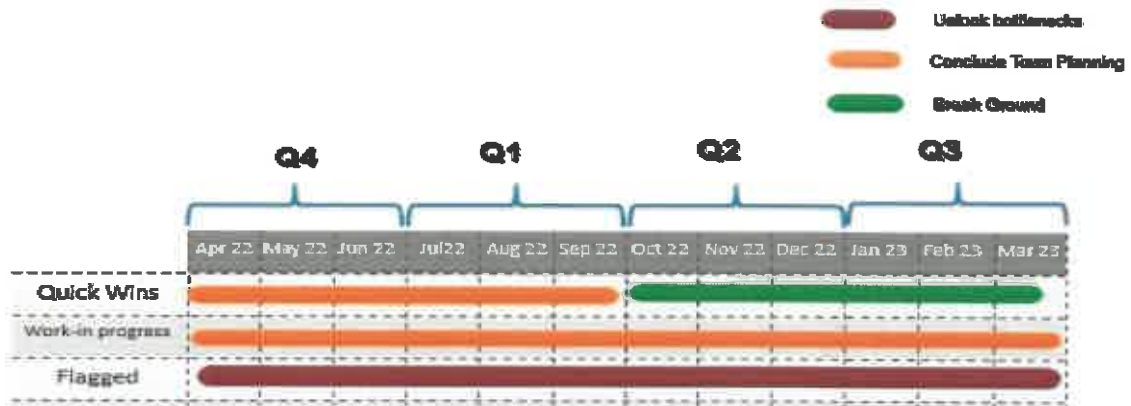
At the beginning of Q3, interactive virtual sessions were held with Developers and their respective professional teams to provide a progress update and inform JPC of challenges resulting in delays. These developers then engaged with the City's relevant departments to ultimately unlock the bottlenecks.

Based on the feedback provided by the awarded developers, there are 6 developments identified which are each at an advanced town planning stage (i.e. close to the Building Plan stage). These projects comprise Affordable Mixed-use Accommodation and Affordable Student Accommodation respectively. Furthermore, it is envisaged that construction should commence this calendar year.

The 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 that can be resolved with the help of relevant stakeholders
3. Flagged projects: Projects with significant challenges (i.e. lack of TAA, parking relaxation approvals). The resolution of these will require significant intervention and collaboration with other City Departments (i.e. CoJ Housing, JRA, City Transformation, etc.)

As it stands, we are committed to breaking ground in Q2 of the 2022/2023 financial year. See Project Status Legend below:



**Phase 4 (Release Of Privately-Owned Properties)**

A number of Problem Properties that are privately owned have been identified by JPC. These are classified as Problem Properties as they have numerous challenges, ranging from illegal connections to unfavourable living conditions. Furthermore, it would appear that most of these Problem Properties are owing Rates and Services exceeding the Municipal Property value.

The acquisition of the properties is to implement block-by-block Rejuvenation of the Inner City. On the 3<sup>rd</sup> of December 2021, a Problem Properties Committee was established involving stakeholders such as, CRUM, Law enforcement, City Power, and Joburg Water to tackle the issue of bad buildings around the City of Johannesburg. The City seeks to re-purpose these properties for development into affordable mixed-income residential developments with emphasis on Affordable accommodation. JPC is in the process of requesting a budget to acquire the Identified properties. Below is a table highlighting the end-to-end process that must be followed before these privately owned properties can be released for development.



**Section 1.7: Information Technology Unit (IT)**

### **ICT Status In Forum One**

The ICT Servers have been relocated to forum two establishing 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 to the different levels of the Covid 19 Regulation as and when human capacity amounts per building changes.

Decommissioning the digital line from Telkom SA that links and connect the landline telephone system with the implementation of fiber lines for Voice over IP installation will soon enable all users to access telephone communication including the transversal contract enabled by the National Treasury. This means that cellphones will be linked to the desk phone enabled by the voice over Internet protocol (VOIP) technology. This will complete the server, current computer, and telecommunication connection.

The information technology has initiated a tender process for the following:

1. Website service (hosting, maintenance, and redesign) for JPC website, at BID Spec.
2. EDRMS and POPIA implementation. ( BID Spec)
3. Procurement of Multi-functional printers for all JPC locations, ( BID Spec )
4. Telecommunication (Fiber link for VOIP) ( RFQ)
5. Forum one ICT Infrastructure Equipment for Phase 2, scope requirement being built for the specific JPC environment:
  - Laptop replacement for all employees
  - Building CCTV Security
  - Building Bio Metrics
  - Boardrooms and auditorium ICT enablement

The procurement of the above-mentioned services will prove completeness for all IT requirements for a seamless, all-inclusive, and fully fitted network environment. The required services are at the bid-spec level of the procurement process and are expected to be completed in the 2021/2022 financial year-end. This will assist in some of the services IT renders to JPC departments, ensuring that all employees can actively connect to the secured JPC network with enabled mobility, ease, and without interruption.

Twenty (20) laptops have been ordered to mitigate the rising shortage of computers due to age, loss, or damage and the demand is rising hence the urgency for phase 2. The 2021/2022 financial year CAPEX allocation for IT and resources to be acquired will provide relief and enable JPC employees access to IT resources and telecommunication.

### **EDRMS and POPIA (At Bid Spec)**

The installation of a fully-integrated (ready-to-use) EDRMS including licenses incorporating the Protection of Personal Information Act is currently underway to ensure that JPC is compliant with the POPIA legislation. The required system is a comprehensive solution for the electronic archiving and filing of documents. In addition to the core functions of an electronic archive like document storage, filing, search and retrieval, the system shall allow workflow management, batch scanning with barcode, tight integration with MS Office, and the administration of paper archives.

All IT Policies remain valid and be utilized for the Business and people to ensure well-managed internal governance.

#### **Information Technology Infrastructure Approval**

The approved Request for proposal RFP 13/2021 to fit out Braampark forum 1 with ICT infrastructure requirements for the relocation. This project has assisted the business to see continuity while moving offices during the covid 19 period that forced rapid changes allowing the new norm. The complete installation of the required infrastructure will close current gaps in required resources for a fully equipped network environment, and this will be inclusive of the phase 2 installation. The Installation will also address the challenges from previous quarters, including security, access control, and boardroom and computer resources.

#### **RT15 – 2021 Transversal Contract With National Treasury**

Information Technology has been in dialogue with the National Treasury and the appointed service provider; Vodacom, but a point of contention is the National Treasury Master Agreement. National Treasury and Vodacom have not signed a Master Agreement that leads the SOE procurement process,. Without the Agreement it has been difficult for JPC to place an order for cell phones, and this bears JPC Risk. National Treasury has provided a green light for processing the order.

#### **Services Acquired From Vodacom**

- ❖ The Preferred package Category 1 (device+sim) package deal at R435.00
- ❖ Unlimited CUG for voice, SMS
- ❖ Unlimited work data
- ❖ All Voda Red Package deals are set to unlimited
- ❖ Free Fraud prevention Policy
- ❖ x2 Screen repair (60months)
- ❖ Vodacom has coverage sought across all land as an Independent Provider

#### **SAP HR Employee Self-Service (ESS) System Configured For JPC**

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

**JPC IT was part of the:**

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

The SAP project is continuing through the CIO forum and more developments and implementation are expected.

## **Section 1.8: Client Business Operations**

CBO focused on the induction of the new administrative and political office bearers and implementing systems to enable faster turnaround times and more effective stakeholder engagements. Resources scheduling and reprioritization of the workload were implemented which is starting to bear fruit albeit slowly.

Due to pricing considerations, the tender for the Off-site storage must be re-advertised, which commenced in March 2022. No property-related transactions were approved by Council though two reports that will be tabled at the next sitting and another one is due to be tabled at Mayoral Committee.

A review of the stakeholder matrix and engagements will be undertaken in the 4<sup>th</sup> quarter. This will identify key stakeholders, their needs, and interdependencies that impact JPC and service delivery and find effective mechanisms for engagement.

Critical to stakeholder management is the identification of problem properties contributing to urban decay. The approach is to:

- interrogate the asset register, identify and communicate properties that are the responsibility of other departments and entities;
- ensure user agreements or permission to occupy and build are in place for those properties as this defines the agreement between COJ and the department;
- ensure adequate systems, processes and personnel are in place;
- implement a robust program to manage the residual properties which are the responsibility of JPC;
- proactive renewal of leases; and
- ensure effective facilities management.

This will reinforce the customer-centric approach by building and maintaining sustainable relations with internal and external stakeholders.

JPC attended IDP sessions, community-based programmes, planned integrated service delivery operations, and regional initiatives including regional service delivery, a re sebetse and 200-day engagements implemented by the city. JPC must endeavour to respond proactively, holistically, and meaningfully to the communities as it pertains to COJ properties and to reduce urban decay sustainably.

The following activities will be undertaken in the next 6 months including the review of;

- asset management plans to ensure compliance with GIAMA;
- the stakeholder matrix and engagements;
- site inspection and condition-based assessment methodologies.

From a strategic perspective robust stakeholder engagements were held with the newly appointed MMC for Economic Development, which included presenting the JPC functions and operations, and several interventions regarding projects and programmes including Ward 102 Region B and Walter Sisulu Square. Induction of the board was held and board sub-committee meetings are underway. The backlog of reports due to Section 79 committees has been addressed and is currently in the external signature phase for tabling in April 2022.

Focus on the outstanding queries will be escalated in the 4<sup>th</sup> quarter as these largely relate to escalations to the strategic committees when not attended to.

### Service Standards

JPC initially reported on 12 Service Level Standards as per the Service Standards Charter but now will report on 10 Service Level Standards following council approval of the deviation report on Service Level Standards. The approved deviation was implemented with effect from 1 March 2022 as service standard are reported a month in arrears and are due to the COJ on the 15<sup>th</sup> of the following month.

### Service Standard Amendments/Deviations

	<b>Core Service</b>	<b>Service Level Standard</b>	<b>Amended / Approved Service Level Standard</b>
SLS 1.6	Complete the sale or lease and registration of servitudes of Council owed land	Within 6 months after Council Approval in terms of Section 14(2) of the Municipal Finance Management Act	Within 9 months after Council Approval in terms of Section 14(2) of the Municipal Finance Management Act
SLS 1.7	Tender placed after Council approval and CoJ Executive Adjudication Committee	Within 4 months of CoJ Executive Adjudication Committee approval	Within 5 months of CoJ Executive Adjudication Committee approval
SLS 1.8	Internal allocation of land 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	Within 6 months of application and budget confirmation
SLS 1.10	Response to general enquiries at the client services counter	Within 24 hours of logged call	Removed
SLS 1.11	Response to enquiries regarding transactions in the pipeline	Within 24 hours of logged call	Removed

### JPC Service Level Standards

For the period under review, JPC has achieved seven (7) of the ten (10) Service Standards



SLS	Core Service	Service Level Standard Target	Jan	Feb 2022 SLS Deviation	Feb	Mar	Q3 Actual	Var.
SLS 1.1	Response in acknowledgment of requests, enquiries and complaints	Within 1 day of logged call	121	None	162	170	453	None
SLS 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	81	None	125	126	332	None
SLS 1.3	The performance of emergency work for JPC managed facilities	Within 1 day of logged call	62	None	134	147	343	None
SLS 1.4	Performance of minor works on facilities managed by JPC	Within 2 days of logged call	29	None	48	49	126	None
SLS 1.5	Performance of major works on facilities managed by JPC	Within 5 days of logged call	24	None	12	12	48	None
SLS 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	Within 9 months after Council Approval in terms of Section 14(2) of the Municipal Finance Management Act	0	0	0	None
SLS 1.7	Tender placed after Council approval and CoJ Executive Adjudication Committee	Within 4 months of CoJ Executive Adjudication Committee approval	0	Within 5 months of CoJ Executive Adjudication Committee approval	0	0	0	None
SLS 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	Within 6 months of receipt of the request of Permission to Occupy and build (PTOB) from Departments and Entities with confirmation of budget allocation	0	0	0	None
SLS 1.9	Performance of surveys on the condition of all plant and equipment to allow the assessment of the required repairs and maintenance of facilities managed by JPC	Quarterly	12	None	15	13	40	None
SLS 1.10	Response to general enquiries at client services counter	Within 24 hours of logged call	7	Removed	0	0	0	None
SLS 1.11	Response to enquiries regarding transactions in pipeline	Within 24 hours of logged call	0	Removed	0	0	0	None
SLS 1.12	Response to applicants/interest to lease or acquire (formal applications) land and/or buildings	Within 30 days of application	6 of 6 = 100%	2 SLS's have been removed therefore SLS 1.12 became SLS 1.10	7 of 7 = 100%	6 of 6 = 100%	19 of 19 = 100%	None

## ***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.

The long-term objective is to position JPC as an employer of choice, by creating a workplace that is healthy, productive, and exciting to its current workforce, and at the same time appeals to prospective employees. The business success of any organisation is underpinned by the Human Capital factor, and at JPC our return on investment is measured in terms of the following strategic focus areas:

- Aligning the HR strategy to the JPC Strategy, IDP, and the Mayoral Priorities by positioning JPC as Employer of Choice.
- An HR Strategy that serves as a vehicle for facilitating transformation from a human capital perspective, and ensures that JPC has a workforce that is fit for purpose and productive.
- Aligning focus areas in order to contribute to the JPC mandate. The HCM section provides an overall synopsis of the initiatives implemented following the HR agenda in terms of its mandate and strategic objectives as clearly set out in the HR Strategy.

### **Declaration Of Interests**

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

A total number of 1574 employees completed the declarations forms. Measures are in place to ensure that the 41 outstanding declarations are submitted and documented. Twenty-nine (29) employees declared their personal interests.

### **Organizational Development**

The overall structural information indicates a total number of 532 vacant positions as at March 2022. JPC had to halt the recruitment process of all the critical vacancies due to the budgetary constraints caused by reduction of the subsidy of JPC, which funds JPC's employee costs. Line departments reviewed their business strategic and operational needs in terms of filling the critical vacancies and when the process resumes only budgeted critical positions will be filled.

### **Structural Summary As At 31st March 2022**

Functional Area	Total Positions	Filled Positions	Vacant Positions
Office of the CEO	28	15	13
Finance	42	33	9
Client Business Operations	82	54	28
Outdoor Advertising	9	3	6
Strategic Corporate Support	26	16	10
Portfolio: Asset Management	7	3	4
Portfolio: PPMU	33	15	18
Portfolio Management Category A&B	16	7	9
Portfolio: Property Management & Informal Trading	114	41	73
Portfolio: Inner-City	17	9	8
Portfolio: Real Estate & Facilities	522	245	277
Cleaning Services	1251	1174	77
Total Permanent Staff Compliment	2147	1615	532
Temporary Staff	0	1	0
<b>Total Staff Compliment</b>	<b>2147</b>	<b>1616</b>	<b>532</b>

## Section 2: Employee Remuneration and Cost Including Executives

The remuneration expenses reported for January to March 2022 are based on all-inclusive packages:

Month	Salaries	SDL Levy Total		
		JPC	Cleaners	Total
Jan-21	R72 786 982.61	R189 552.58	R109 004.61	<b>R298 557.19</b>
Feb-21	R67 370 237.78	R173 906.63	R107 077.16	<b>R280 983.79</b>
Mar-21	R70 723 034.47	R183 313.38	R114 277.35	<b>R297 590.73</b>
<b>Total</b>	<b>R210 880 254.86</b>	<b>R546 772.59</b>	<b>R330 359.12</b>	<b>R877 131.71</b>

The salary bill is inclusive of the following transactions that emerged

- ❖ The overall salary bill for Jan - Mar 2022 amounts to R210 880 254.86;
- ❖ The transactions mainly consist of the final payments due to terminations made before the tax year-end; and
- ❖ SAP system background recalculations for tax year-end.

### Overtime January To March 2022

Overtime expenditure comes as a result of services rendered to the public by JPC in respect of public convenience facilities and cleaning services to corporate buildings. The increase in overtime hours worked is caused by the operational need to ensure thoroughly cleaned facilities at all times. JPC will continue to manage and maintain the expenses effectively.

<b>Overtime Bill: Q3 Overtime Expenses For Jan - Mar 2022</b>			
<b>Month</b>	<b>Total Staff Working Overtime</b>	<b>Total Hours Claimed</b>	<b>Overtime Financial Impact</b>
Jan-22	100	4 583.50	R679 338.07
Feb-22	170	4 612.10	R683 575.25
Mar-21	105	3 436	R476 791.61
<b>Total</b>	<b>375</b>	<b>12 631.60</b>	<b>R1 839 704.93</b>

The table above shows the overtime costs incurred from January to March 2022, the total staff required to work overtime, and the number of hours claimed for overtime worked. The total budget spend on overtime thus far equates to R1 839 704.93 worked by an average of 125 employees monthly. The public convenience facilities' operating model requires that employees work over the weekend thus resulting in overtime expenses.

In January most employees are on leave and hence the number of overtime worked is low, February has 28 days and it is gathered that the days are shorter and the overtime hours worked ours are less. In March 2022 there was a spike and 50% capacity of employees are back at work and most corporate buildings require staff that will keep the buildings clean as a result of compliance with COVID-19 requirements. The overtime is due to increased demand for health and safety in public and corporate buildings because of compliance requirements in line with Covid-19 regulations which require buildings to be kept clean and sanitised at all times.

### **Section 3: Key Vacancies**

The process filling of the specific strategic and critical positions resumed as planned to meet strategic and operational business objectives. The following positions were filled in January 2022 in line with the Talent Acquisition policy.

<b>Position</b>	<b>Department</b>	<b>Status</b>
Company Secretary	Office of the CEO	Permanent appointment effective 03 January 2022
Manager: Employee Relations and Wellness	Human Capital Management	Temporal appointment for six months effective 31 January 2022

### **Staff Movements**

**Terminations:** Twenty-three (23) terminations were actioned.

<b>Occupational Levels</b>	<b>Male</b>	<b>Female</b>	<b>Total</b>

									Foreign Nationals		
	A	C	I	W	A	C	I	W	M	F	
Top Management	0	0	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and mid-management	1	0	0	0	1	0	0	0	0	0	2
Jun. Management, Superintendents and Skilled Technical	2	0	0	1	0	0	0	0	0	0	3
Semi-skilled / Administration	7	0	0	0	0	0	0	0	0	0	7
Unskilled and defined decision making	4	0	0	0	6	0	0	0	0	0	10
Total Permanent Staff	15	0	0	1	7	0	0	0	0	0	23
Temporary Employees	0	0	0	0	0	0	0	0	0	0	0
<b>Grand Total</b>	<b>15</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>23</b>

The table above indicates the terminations inclusive of temporary and permanent employees as per the occupational level, race, and gender. The terminations mainly consisted of death and retirement.

- ❖ Retrenchment: No employees were retrenched in this period
- ❖ Medical Boarding: One (1) employees were medically boarded
- ❖ Deceased: Five (5) employees passed away mainly due to ill health, this shows that JPC should invest in designing initiatives that promote healthy living amongst employees.
- ❖ Early Retirement: Five (5) employees that opted for early retirement during this period
- ❖ Resignation: One (1) employee resigned, he is taking time to concentrate on his academic development and expressed the wish to be able to come back again in the employ of JPC upon completion of his program.
- ❖ Dismissal: Two (2) dismissals transpired in the period under review.
- ❖ Terminated due to incompatibility: One (1) employee was terminated in the period under review for incompatibility.
- ❖ Retirement: Eight (8) employees were retired in this period under review. This indicates that JPC has an ageing workforce and needs to ensure that skills are transferred to the new generation to the younger workforce for business continuity.

The information above indicates the reason for terminations realised during the period under review. The impact of the terminations rate realised contributes to the under capacitation within key business areas.

**Staff Turnover: (January – March 2022)**

The graph below shows staff turnover of 1% for permanent employees, which is an acceptable level taking into consideration that a healthy turnover rate is between 5% and 10% in line with best practice. The 1% staff turnover rate is at an acceptable level and it has been a trend that the organisation experienced employees who stay longer in the employ of JPC. This is indicative that JPC is fair and consistent when it comes to compensation benefits available for their employees.

### STAFF TURNOVER RATE END MARCH 2022



#### Section 4: Employment Equity

The 2022 Annual Employment Equity Report was submitted to the Department of Employment and Labour online platform. The total JPC EE demographics include permanent and temporal employees with a total workforce of 1616 as of March 2022.

#### JPC EE Demographics at 31 March 2022

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	15	1	4	4	21	2	3	5	0	0	55
Jun. Management, Superintendents and Skilled Technical	5	0	2	3	24	4	1	0	0	0	39
Semi-skilled / Administration	140	11	5	4	73	13	1	0	0	0	247
Unskilled and defined decision making	336	2	0	1	911	15	0	0	0	0	1265
Total Permanent Staff	502	14	12	12	1028	37	5	5	0	0	1615
Temporary Employees	1	0	0	0	0	0	0	0	0	0	1
<b>Grand Total</b>	<b>503</b>	<b>14</b>	<b>12</b>	<b>12</b>	<b>1028</b>	<b>37</b>	<b>5</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>1616</b>

Identification of positions that will be filled by People living with Disabilities and positions to be filled to address gender disparities 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 subject to budget availability. There are nine (9) employees living with disabilities.

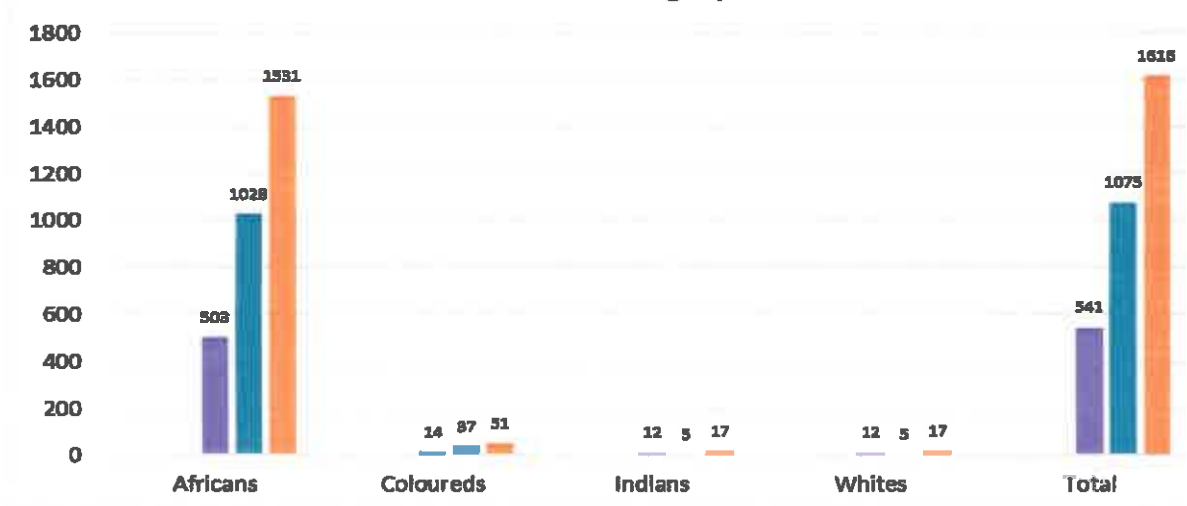
**Racial and Gender Split Per Population Group as Well as the Gap Analysis Against EAP Targets as of 15 March 2022**

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) is as follows:

Demographics	EADP Target			JPC Actuals					
	Male %	Female %	Target Total %	Male %	Female %	Total %	Male No.	Female No.	Total Number
Africans	44.90%	35.90%	80.80%	31.13%	63.61%	94.74%	503	1028	1531
Coloureds	1.70%	1.60%	3.30%	0.87%	2.29%	3.16%	14	37	51
Indians	2.10%	1.10%	3.20%	0.74%	0.31%	1.05%	12	5	17
Whites	7.00%	5.70%	12.70%	0.74%	0.31%	1.05%	12	5	17
Total	55.70%	44.30%	100.00%	33.48%	66.52%	100.00%	541	1075	1616
People with Disabilities			2.0%			0.55%			9

**Gender Split Analysis**

**JPC Demographics**



**Racial Split Analysis**

There are no significant changes in the racial split in this quarter.

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

**Training Implemented Plan For Period Under Review**



The capacitation of employees in the third quarter progressed effectively through a multidimensional approach (Online programmes and smaller groups sessions) to training to ensure adherence to Covid19 safety protocols.

Training Cluster	Programme / Course Implemented	No. of beneficiaries
<b>Online Programmes Technical/Functional</b>	Ethics in the Public Service	1
	Writing for Government –Basic Writing Skills	
	Introduction to Leading Change	
	Introduction to Strategic Human Resources Management	
	Ethics for Internal Auditors	
	Generally Recognised Accounting Practice	1
	Personal Protective Equipment	2
	Infection and Prevention Control	
	Ethics in the Public Service	
<b>Total</b>		<b>3</b>
<b>Classroom Training</b>	Artisanship Programme -Trade Preparation Training (Welding, Plumbing, Electrical, Bricklaying, Carpentry)	20
<b>Technical/Functional</b>	Basic Maintenance Training (Bricklaying , Carpentry, Plumbing)	7
	First Level 3	11
	SHE Training	10
<b>Total</b>		<b>48</b>
<b>Overall</b>		<b>55</b>

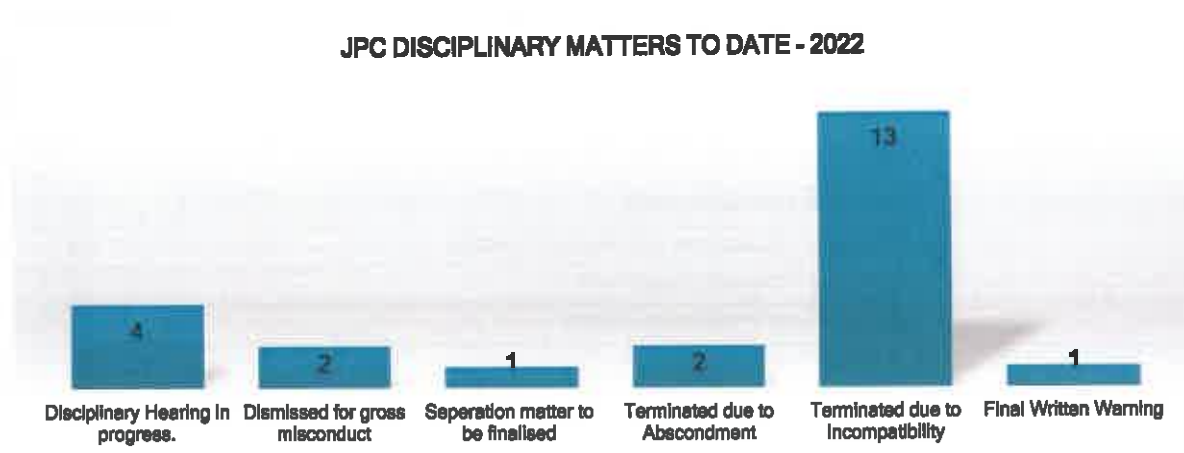
Twenty Seven (27) employees including General Workers from Public Convenience Cleaning units and Artisan Support attended the first and second phases of Artisanship Programme. Twenty (20) Artisan Support commenced with the third phase, Trade Preparation Training to prepare for Trade Testing to assess their competency in their choice of trade to become qualified artisans.

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.

The capacitation of employees progressed through a multidimensional approach (Online programmes and smaller groups sessions) to training to ensure adherence to Covid19 safety protocols.

## Section 6: Disciplinary Matters

### Disciplinary Matters and Outcomes



### Bargaining Council Matters

A group of 22 employees formed an illegal and parallel management structure (EXCO) which was aimed at destabilizing business operations and annulling the current management structure which created dissonance, affected productivity and brought the company's name into disrepute.

As a result of the illegally composed EXCO, these 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 this necessitated corrective measures 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.

### Arbitration Process

The employees impacted have referred their disputes for Conciliation and none of them were settled as they sought for reinstatement as a remedial measure.

In light of the merits of the misconduct committed by the employees dismissed, it is unpalatable to consider a reinstatement of these employees, hence the organisation took into cognisance a provision in the Labour Relations Act, Section 193 (2) (Remedies for Unfair Dismissals) which states that if an employee has been dismissed for Misconduct, the Commissioner finds that the matter was only procedurally unfair but substantively fair the Commissioner cannot reinstate due to competing interests

of these employees with the employer which have been deduced on evidence adduced about the unworkability of the resumption.

It must also be noted that the Bargaining Council is a Tribunal wherein the Commissioner is in control of the process and his availability determines set down dates for each case. The Board resolved, during the 3rd quarter, that all bargaining matters that resulted in the reinstatement of staff should be implemented. Ms Z Mamba was subsequently requested to report for duty. The Board acted on the Bargaining Council Arbitration Award.

### Status Update of Each Case

Below is a synopsis of each case sitting at the Bargaining Council:

No.	Employee Name Status of the matter	Activities to date	Set Down Date to Proceed
1.	Abie Motjieng Mahlare	An Application for Arbitration was lodged with the Bargaining Council by the employee concerned and JPC attorney have opposed the application for condonation of late application. Ruling from Bargaining Council accommodated the employee to lodge the dispute.  The arbitration set down was 06 April 2022 and the applicant's attorney requested another postponement and alleged that he could not attend at the Bargaining Council on 6th April 2022 because he was, on even date, attending to another matter in Mafikeng.  The matter was postponed.	Awaiting set down date for the matter to be heard.
2.	Amos Mathoma	An Arbitration set down date for 21st January 2022 was issued and the employee did not show up. The Commissioner Applied Section 138 (5) (a) Dismissal: Matter Removed from the Roll. The employee has filed another application.	Arbitration set down date is 13 May 2022.
3.	Asanda Majova	The matter was referred for Arbitration and the Commissioner heard the evidence of Asanda Majova on the 30th March 2022 and	Awaiting Commissioner's

No.	Employee Name Status of the matter	Activities to date	Set Down Date to Proceed
		<p>roll over to the following day, 31st March 2022) for her cross examination was conducted. The matter sat down on 11 May 2022 for cross examination of witness and this was completed.</p> <p><u>Unfair Dismissal</u> 4The employee has filed for referral on the basis of unfair dismissal.</p>	<p>Ruling on the matter referred for unfair labour practice suspension.</p> <p>The matter is set down for 17 May 2022.</p>
4.	Bongani Mnguni	The employee has been dismissed for gross misconduct and has referred the dispute for Arbitration.	The matter is set down for 08 June 2022.
5.	Lionel Mthembu	The matter has been heard at the Bargaining Council and the Commissioner has postponed the matter for 23rd April 2021 at the employee 'attorney venue on a Saturday.	An award has been granted for a 3 months' salary which totals to the amount R144 945.93.
6.	Lungelo Ramatselela	The employee has been dismissed for gross misconduct and has referred the dispute for Arbitration.	A set down date is 24 May 2022.
7.	Matebogo Motsele	Arbitration set down date was 08 May 2022, the matter was postponed as the Commissioner was reported sick and matter has been postponed.	Awaiting set down date for the matter to be heard.
8.	Mehluli Nhlengethwa	Arbitration set down date was on 14th April 2022 and the matter was part heard. The Commissioner has set another date for the matter to proceed.	A set down date is 02 June 2022 for the matter to be heard.
9.	Miliswa Bayi	Application has been filed with the Bargaining Council by the employee's attorney and on the same note JPC's attorneys have opposed the application for condonation due to late filing of arbitration application. The	Awaiting set down date for the matter to be heard.

<b>No.</b>	<b>Employee Name Status of the matter</b>	<b>Activities to date</b>	<b>Set Down Date to Proceed</b>
		Bargaining Council has ruled to hear the applicant's matter.	
10.	Mpho Sadiki	An application has been filed with the Bargaining Council for arbitration and set down date is 13 May 2022.	A set down date is 13 May 2022.
11.	Nombeko Valashiya	The employee's attorney has filed an application form for unfair dismissal at the Bargaining Council. An arbitration set down date still need to be issued by the Commissioner.	A set down date is 15 June 2022.
12.	Refilwe Waterson	An application has been filed with the Bargaining Council by the employee's attorney and on the same note JPC's attorneys have opposed the application for condonation due to late filing of arbitration application. The Commissioner's ruling is that the matter can be heard.	The matter is for 06 June 2022.
13.	Simphiwe Dela	The employee's attorney has filed for an application for Arbitration and the matter has been part heard. The attorney has requested a postponement on as the applicant would like to repackage and prepare his evidence.	The matter is set down for 04 and 05 July 2022.
14.	Zaheera Walker	An application for Arbitration has been filed with the Bargaining Council by the employee's IMATU representative and the matter has been part heard. The Commissioner postponed the matter for 04 and 19 May 2022 as final sitting.	Awaiting Commissioner's Ruling.
15.	Zasmin Moerat	An application for Arbitration was filed by the SAMWU representative. The matter was heard on 03 and 12 May 2022 as the final sitting.	Awaiting Commissioner's Ruling.
16.	Zwelithini Nyathi	An application for Arbitration has been filed with the Bargaining Council by the employee's SAMWU representative. An	Awaiting Commissioner's Ruling.

No.	Employee Name Status of the matter	Activities to date	Set Down Date to Proceed
		arbitration was set down for 04 May 2022 as the final sitting.	

### Way Forward

In light of the intricacies of these matters, management had no option but resolved to utilise external attorneys to handle these matters at the Bargaining Council.

It must also be noted that the absence of impacted employees has brought a positive psychological inspiration. The following aspects have improved the well-being of the organisation:

- Currently, there are harmonious work relationships that verify that the group of concerned perpetrators was indeed the cause of the turmoil within JPC.
- 
- Employees are now in a position to work productively without being afraid of threats.

It must also be noted that the ambience of peace is eminent currently in JPC.

### Union Presentation January – March 2022

#### UNION REPRESENTATION AS AT END MARCH 2022



The union representation and membership graph above shows that from a staff complement of 1615 permanent employees, 58% belong to SAMWU, 37% belong to IMATU, and 5% fall within the Agency shop fees.

## Section 7: Leave and Productivity Management

### Leave Provision: Jan To March 2022

The leave liability amount based on the annual leave balances as of the end of March 2022 amounts to R110 454 104. The leave liability amount indicates a slight decrease in February and March, the decrease is due to employees encashing their leave days at this time of the year to assist them with school fees and the Easter holidays.

### Leave Liability January – March 2022

Q3 Leave Provision (Liability) : Jan - Mar 2022		
Month	Leave Days	Amount
01-Jan	27 285.74	R29 620 096.88
01-Feb	29 171.76	R31 235 844.40
01-Mar	23 911.92	R28 744 773.56
<b>Total</b>	<b>80 369.42</b>	<b>R89 600 714.848</b>

### Leave Encashment Jan To March 2022

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

### Leave Encashment January - March 2022

Leave Encashment: Q3 Jan - Mar 2022		
Month	Leave Days	Amount
Jan-21	1350	R1 090 598.72
Feb-21	589	R432 404.56
Mar-21	386	R432 627.68
<b>Totals</b>	<b>2325</b>	<b>R1 955 630.96</b>

The table above indicates the monthly leave encashment during the third quarter review. Employees' encashed a number of 1743 non-compulsory days at a total cost of R1 955 630.96

## Section 8: Employee Wellness

### Employee Wellness

JPC's main objective in relation to health and wellness is to improve the quality of life for all its employees through the provision of quality, sustainable health and Wellness Programmes. Health and Wellness Programmes play a pivotal role in promoting healthy lifestyles and the provision of preventive health care measures.

Healthy employees result in a more productive workforce with less absenteeism, fewer accidents, lower health care demands, and greater overall savings by reducing the incidence of diseases and disabilities. JPC's main objective in relation to health and wellness is to improve the quality of life for all its employees through the provision of quality, sustainable health and Wellness Programmes. Health and Wellness Programmes play a pivotal role in promoting healthy lifestyles and the provision of preventive health care measures. Healthy employees result in a more productive workforce with less absenteeism, fewer accidents, lower health care demands, and greater overall savings by reducing the incidence of diseases and disabilities.

## Section 9: Employee Benefits

### Pension Funds Membership Distribution As At End March 2022

Pension Fund Membership	Total	Remarks
EJoburg Retirement Fund	1174	Defined Contributions
City of Joburg Pension Fund	44	Defined Benefits
Municipal Employee Pension Fund	6	Defined Contributions
Municipal Gratuity Pension Fund	6	Defined Contributions
Joint Municipal Workers Pension Fund	1	Defined Benefits
Non-Membership	3	Not compulsory (CEO and two employees who are medically Boarded)
<b>Total</b>	<b>1615</b>	

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

### Accredited Medical Aid Schemes distribution as of the end of March 2021 is as follows:

Medical Aid Scheme	Membership
BONITAS	228
DISCOVERY	11
HOSMED	62
KEYHEALTH	90



LA HEALTH	210
SAMWUMED	155
<b>Total Membership</b>	<b>756</b>

The table above specifies the accredited medical aid schemes and membership distribution to each scheme as of the end of March 2021. The provision set out in relation to medical aid, it states that for the duration of the salary and wage agreement, and based on the 60/40 principle set out in the Main Collective Agreement, the current maximum medical aid employer contribution rate to accredited medical schemes increased to R4 773.12 for 2020/2021 financial year.

# **Chapter 5: Financial Performance**

## Section 1: Statement of Financial Position

### STATEMENT OF FINANCIAL POSITION FOR JPC FOR THE PERIOD ENDED 31 MARCH 2022

	Note	Q3 2022	2021	Variance R
<b>Assets</b>				
<b>Current assets</b>		<b>1 007 847 323</b>	<b>739 814 884</b>	<b>268 032 439</b>
Cash and cash equivalents	<u>1</u>	2 000	2 000	-
Receivables from exchange transactions	<u>2</u>	710 674 876	603 148 547	107 526 329
Loans to shareholders	<u>3</u>	297 024 119	136 223 472	160 800 647
Receivables from non-exchange transactions	<u>4</u>	146 328	146 328	0
Prepayments	<u>5</u>	-	294 537	-294 537
<b>Non-current assets</b>		<b>57 257 989</b>	<b>55 561 552</b>	<b>1 696 437</b>
Property, plant and equipment	<u>6</u>	17 919 133	19 651 976	-1 732 843
Intangible assets	<u>7</u>	13 332 490	13 558 750	-226 260
Prepayment	<u>8</u>	-	-	0
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>	3 654 003	715	3 653 288
<b>Total Assets</b>		<b>1 065 105 311</b>	<b>795 376 436</b>	<b>269 728 875</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>		<b>1 037 562</b>	<b>817 301 282</b>	<b>217 409 905</b>
Payables from exchange transactions	<u>12</u>	105 631 841	228 902 979	-125 680 513
Finance lease obligation	<u>13</u>	-	547 120	-547 120
Loans from shareholders	<u>14</u>	929 723 013	570 718 381	359 004 632
Provisions	<u>15</u>	1 565 576	1 565 576	0
Current tax payable	<u>16</u>	-	9 329 573	-9 329 573
Operating lease liability	<u>17</u>	200 133	6 237 653	-6 037 520
<b>Non-Current Liabilities</b>		<b>774 000</b>	<b>774 000</b>	<b>0</b>
Finance lease obligation	<u>13</u>	0	0	-
Employee benefit obligation	<u>18</u>	774 000	774 000	0
<b>Total liabilities</b>		<b>1 037 894 562</b>	<b>818 075 282</b>	<b>217 409 905</b>
<b>Net Assets</b>		<b>27 210 7449</b>	<b>-22 698 846</b>	<b>52 318 970</b>
Share Capital	<u>19</u>	5 142 721	5 142 721	-
Accumulated Surplus/(Deficit)	<u>20</u>	22 068 028	-27 841 567	52 318 970
<b>Total Net Assets / (Liabilities)</b>		<b>27 210 749</b>	<b>-22 698 846</b>	<b>52 318 971</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 2021 financial year has been paid.
17. GRAP 13 adjustment for the straightlining 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 March 2022

	Note	Actual	Year-to-date Budget	Variance	Annual Budget
<b>Revenue</b>					
<b>Revenue from non-exchange transactions</b>		<b>458 887 000</b>	<b>394 708 500</b>	<b>-64 178 500</b>	<b>526 278 000</b>
COJ - Subsidies received	<u>1</u>	458 887 000	394 708 500	-64 178 500	526 278 000
<b>Revenue from exchange transactions</b>		<b>142 262 576</b>	<b>275 631 750</b>	<b>133 369 174</b>	<b>367 509 000</b>
Cleaning services	<u>2</u>	95 709 760	166 213 943	70 504 183	221 618 590
Commission on Portfolio Rentals	<u>3</u>	13 419 194	30 590 250	17 171 056	40 787 000
Commission on Outdoor Advertising	<u>4</u>	10 190 233	9 750 000	-440 233	13 000 000
Commission on Property Acquisition	<u>5</u>	7 219 282	-	-7 219 282	-
Assets Under Management Fees	<u>6</u>	5 250 000	5 250 000	0	7 000 000
Facilitation Fees - Inner City	<u>7</u>	-	22 500 000	22 500 000	30 000 000
Facilitation fees	<u>8</u>	500 000	32 257 500	31 757 500	43 010 000
Ad hoc Fees	<u>9</u>	288 474	-	-288 474	-
Cell Mast	<u>10</u>	9 685 635	9 070 058	-615 577	12 093 410
<b>Other income</b>		<b>4 424 073</b>	<b>-</b>	<b>-4 424 073</b>	<b>-</b>
Interest received	<u>11</u>	4 424 073	-	-4 424 073	-
<b>Total Revenue</b>		<b>605 573 649</b>	<b>670 340 250</b>	<b>64 766 601</b>	<b>893 787 000</b>
<b>Expenditure</b>					
Board of directors fees and expenses	<u>12</u>	911 826	2 736 000	1 824 174	3 648 000
Office operational expenses	<u>13</u>	169 144 038	210 841 500	41 697 462	281 122 000
Contracted expenses	<u>14</u>	23 226 965	22 401 750	-825 215	29 869 000
Cleaning materials	<u>15</u>	-	2 368 500	2 368 500	3 158 000
Repairs & Maintenance	<u>16</u>	11 305 068	56 033 250	44 728 182	74 711 000
Salaries	<u>17</u>	340 157 342	335 878 500	-4 278 842	447 838 000
Provision for bad debts	<u>18</u>	3 851 384	-	-3 851 384	-
Interest Paid	<u>19</u>	-	29 025 000	29 025 000	38 700 000
Depreciation	<u>20</u>	10 138 578	11 055 750	917 172	14 741 000
Profit/Loss on disposal of assets	<u>21</u>	47 169	-	-47 169	-
<b>Total expenditure</b>		<b>558 782 370</b>	<b>670 340 250</b>	<b>111 557 880</b>	<b>893 787 000</b>
(Deficit)/surplus before taxation		46 791 279	0	-46 791 278	0
Taxation		-	-	-	-
<b>Net (Deficit)/Surplus</b>		<b>46 791 279</b>	<b>0</b>	<b>-46 791 278</b>	<b>0</b>

**High-Level Notes:**

1. Subsidy provided to JPC for the 2021/22 financial year.
2. Cleaning service recoveries to date for the recovery of cleaning staff employee costs.
3. The COJ Rental Collection Commission, Servitudes and Rates & Taxes is 56.13% 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 4.52% above 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. The inner city rejuvenation project is under review by Council due to various challenges being experienced. The timeframes for the generation of facilitation fees will be guided by the outcome of this review.
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 Q3 as the account is in surplus of R290 million.
12. Directors' emoluments and expenditure is 66.67% below the budget. This is in line with the number of meetings scheduled for the YTD.
13. Operational expenditure is 19.78% below the YTD budget. Cost management measures have been implemented to manage expenditure. Operational expenditure includes large expenditure items such as rental and security.
14. Contracted expenditure is 3.68% above the budget. Contracted expenditure will increase in Q3 as audit fees became due and payable as well as legal expenses for landlord disputes.
15. The previous panel for cleaning materials was declared irregular in 2021. Bulk cleaning materials have been procured through a RFP process for the 2022 financial year. The materials are to be delivered and accounted for early in Q4.
16. Repairs & Maintenance is 84.12% below the YTD budget. The panel of contractors for quantity surveyors was concluded and appointed at the end of Q2, this will assist with the scoping of R&M to be performed at various corporate buildings and COJ sites.
17. Salary expenditure is 1.27% above the budget. The budget was reduced during the midterm budget adjustments and actual expenditure for the financial year is anticipated to be over the budget in a range of 9% to 12%.
18. Provision for bad debts has been calculated on an amortised cost basis per GRAP 104.
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 8.3% 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 March 2022

	Q3 2022	2021
<b>Cash flows from operating activities</b>		
Rendering of services	37 852 312	267 350 903
Subsidies	458 887 000	646 229 000
Interest Income	4 424 073	370 192
	<b>501 163 384</b>	<b>913 950 095</b>
<b>Payments</b>		
Employee costs	-340 157 342	-486 413 547
Suppliers	-307 077 687	-469 139 307
Finance costs	-	-3 723 006
Taxes on surpluses	-12 982 861	4 488 282
	<b>-660 217 891</b>	<b>-954 787 578</b>
<b>Net cash flows from operating activities</b>	<b>-159 054 506</b>	<b>-40 837 483</b>
<b>Cash flows from Investing activities</b>		
Purchase of PPE	-8 179 435	-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>-8 179 435</b>	<b>-26 360 768</b>
<b>Cash flows from financing activities</b>		
Net movement of shareholders loan	167 781 061	71 381 352
Finance lease payments	-547 120	-4 183 102
<b>Net cash flows from financing activities</b>	<b>167 233 941</b>	<b>67 198 251</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at 01 January 2022</b>	<b>2 000</b>	<b>2 000</b>
<b>Cash and cash equivalents at 31 March 2022</b>	<b>2 000</b>	<b>2 000</b>

	<b>NOTE REF</b>	<b>ACTUAL March-22</b>	<b>ACTUAL March-21</b>	<b>VARIANCE</b>
<b>ASSETS</b>		-	-	
<b>CURRENT ASSETS</b>		<b>134 950 714</b>	<b>301 903 901</b>	<b>(166 953 187)</b>
Trade and other receivables		113 883 202	282 075 572	(168 192 370)
Debtors - Rentals	1	139 391 082	138 894 456	496 626
Doubtful Debts - Move Provision	1	(47 655 156)	(47 655 156)	-
Debtors - Other: COJ	2	2 369 349	18 180 126	(15 810 777)
Debtors - Land Sales	3	-	281 993	(281 993)
COJ Portfolio - VAT Claim/Payable Account	4	623 903	11 098 114	(10 474 211)
COJ Departments Debtors	5	-	11 278 995	(11 278 995)
JPC Portfolio Loan Account	16	17 310 461	19 065 104	(1 754 644)
Capital Expenditure: Current Year	10	1 843 563	1 872 356	(28 793)
Capital Expenditure: Prior Year	10	-	129 059 583	(129 059 583)
<b>Cash and cash equivalents</b>		<b>21 067 512</b>	<b>19 828 329</b>	<b>1 239 183</b>
STD/ABSA COJ Loan Account - Bank Sweeping	6	-	-	-
STD/ ABSA Bank: JRA Portfolio Account	7	-	-	-
STD/ABSA Bank - Tenant Deposit Account	8	21 067 512	19 828 329	1 239 183
		<b>134 950 714</b>	<b>301 903 901</b>	<b>(166 953 187)</b>



**EQUITY AND LIABILITIES  
EARNINGS AND RESERVES**

	<b>(117 386 468)</b>	<b>64 843 929</b>	<b>(182 230 398)</b>
Retained Income - Prior Year	(151 120 019)	26 986 665	(178 106 683)
Current Period Surplus/(Deficit)	33 733 551	37 857 265	(4 123 714)
To End Prior Month			
Surplus/(Deficit)	23 028 422	29 893 951	(6 865 529)
Current Month Surplus/(Deficit)	10 705 129	7 963 314	2 741 815

**CAPITAL AND RESERVES** **(117 386 468)**      **64 843 929**      **(182 230 398)**

**CURRENT LIABILITIES**

Trade and Other Payables		<b>252 337 182</b>	<b>237 059 972</b>	<b>15 277 211</b>
STB COJ Loan Account - Bank Sweeping	6	213 634 369	209 900 667	3 733 702
COJ Portfolio - VAT Claim/Payable Account	4	-	-	-
Accruals	13	14 306 467	1 603 849	12 702 618
Receipts In Advance - Rentals	14	11 096 671	11 784 376	(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	48 806	95 868	(47 062)
Prepaid - Deposit received on land sales	19	1 848 683	348 683	1 500 000
Creditor (Solar Street Names)	20	-	1 944 008	(1 944 008)
Creditor (Khulu Outdoor)	21	91 237	91 237	-
		-	-	-
		<b>134 950 714</b>	<b>301 903 901</b>	<b>(166 953 187)</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. From the allocated Capex budget of R41 658 000 for the 2021/2022 FY, only R1 843 563.28 from the Portfolio has been spend till the month ending March 2022. All owed amounts relating to the previous financial year has been fully paid.
13. This item reflects accruals raised security and general expenditure.
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	BUDGET	VARIANCE	VARIANCE	APPROVED
REF	Q3 2022	Q3 2022	R	%	BUDGET
<b>INCOME / BILLINGS</b>					
1	47 874 588	82 236 750	-34 362 162	-41.8%	109 649 000
2	2 851 040.71	2 749 500	101 541	3.7%	3 666 000
3	-	9 387 000	-9 387 000	-100.0%	12 516 000
4	-	-	-	0.0%	
5	29 420 601.00	39 112 500	-9 691 899	-24.8%	52 150 000
6	-	24 750 000	-24 750 000	-100.0%	33 000 000
<b>TOTAL INCOME</b>	<b>80 146 229</b>	<b>158 235 750</b>	<b>(78 089 521)</b>	<b>-49.35%</b>	<b>210 981 000.00</b>

NOTE REF	ACTUAL Q3 2022	BUDGET Q3 2022	VARIANCE R	VARIANCE %	APPROVED BUDGET
<b>EXPENDITURE</b>					
7a	395 821	5 680 094	5 284 273	93.0%	7 573 458
7b	-	10 135 962	10 135 962	100.0%	13 514 616
7c	740 350	1 917 694	1 177 344	61.4%	2 556 926
8	800 091	43 152 000	42 351 909	98.1%	57 536 000
9	-	1 648 500	1 648 500	100.0%	2 198 000
11	407 225	2 272 500	1 865 275	82.1%	3 030 000
10	653 862	3 081 750	2 427 888	78.8%	4 109 000
10	1 346 801	4 822 500	3 475 699	72.1%	6 430 000
10	-	2 045 250	2 045 250	100.0%	2 727 000
12	28 019 675	45 590 250	17 570 575	38.5%	60 787 000
13a.	14 048 856	29 418 000	15 369 144	52.2%	39 224 000
13b.	-	5 715 750	5 715 750	100.0%	7 621 000
14	-	33 100 500	33 100 500	100.0%	44 134 000
15	-	415 500	415 500	100.0%	554 000
<b>TOTAL EXPENDITURE</b>		<b>188 996 250</b>	<b>142 583 571</b>	<b>75.44%</b>	<b>251 995 000</b>
<b>SURPLUS / (DEFICIT)</b>		<b>(30 760 500)</b>	<b>(64 494 051)</b>	<b>209.7%</b>	<b>(41 014 000)</b>

**High Level Notes:**

1. **COJ Rentals:** The overall revenue anticipated from the rentals collection is 41.8% 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 3.7% 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 servitudes for the Q3 reporting period.
4. No bad debt recoveries have been recognised for the year-to date Q3 of 2022.
5. Income derived from outdoor advertising and promotions is 24.8% below the budget. Collections will improve significantly upon the introduction of the revised outdoor advertising by-laws.
6. No gains on disposal of assets have been recognised for the year-to date Q3 of 2022 as no properties have been sold.
- 7a. This line item relates to expenditure spent on Contacted Services: Business Advisory PM. The expense is 93.0% below the YTD budget for the month ending 31 March 2022
- 7b. No expenditure recorded for the year-to-date period ending Q3 of 2022
- 7c. Asset management has conducted property valuations in-line with their requirements during the 2022 financial year.
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 doubtful debts have written off for the year-to-date.
10. **General Expenses: Assessment Rates, Refuse Removal, Electricity supply-** expenditure incurred. There is a saving of 83.3% on Assessment rates and 72.1% on Refuse removal against the YTD Budget recorded in Q3 of 2022.
11. Limited services related to marketing and advertising have been utilised during the financial year in the Portfolio resulting in an underspend of 82.1% of the budget.
12. **Internal Recoveries:** JPC Commission indicates a saving of 38.5% 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. JPC provides security services at various informal market facilities across the COJ. A budget has been provided by the COJ for the expense to be accounted for in the Portfolio.
- 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 Q4 of the financial year.
15. No expenditure related to the depreciation of other assets for the year-to-date ending Q3 of 2022.

**Section 4: Capital Projects & Expenditure**

PROJECT NUMBER	PROJECT NAME	ORIGINAL BUDGET	BUDGET ADJUSTMENTS	ADJUSTMENT BUDGET	YTD ACTUALS	VARIANCE	% UTILISED
23560	Acquisition of Cleaning Equipment*	15 000 000	-2 500 000	12 500 000	652 642	11 847 358	5%
2669	Computer Equipment - New Computer Upgrades	7 500 000	3 658 000	11 158 000	7 574 014	3 583 986	68%
4142	Erf 43-46 Victoria Ext 3(Paterson Park Node) VICTORIA EXT 3 E Regional	2 158 000	-2 158 000	-	92 500	-92 500	0%
6309	Marlboro Station Project Land Preparation	5 000 000	-3 500 000	1 500 000	-	1 500 000	0%
6358	Metromail Taxi Rank Shop Revitalisation and Waste Management Area Redesign	6 000 000	3 500 000	9 500 000	1 751 063	7 748 937	18%
4184	Office Space Optimisation Program New Precinct Redevelopment JOHANNESBURG F City Wide	15 000 000	-8 000 000	7 000 000	-	7 000 000	0%
3944	Site Development Projects New Land Preparation JOHANNESBURG F City Wide	6 000 000	-6 000 000	-	-	-	0%
		<b>56 658 000</b>	<b>-15 000 000</b>	<b>41 658 000</b>	<b>10 070 219</b>	<b>31 587 781</b>	<b>24%</b>

\* The RFP for cleaning equipment was concluded and awarded in Q2 of 2022. An order for cleaning equipment was immediately placed, however, the service provider ran into financial difficulty in January 2022 and could not procure the equipment per the award made. A letter of termination was issued and a RFQ process for a smaller quantity of equipment was procured to urgently capacitate cleaners. The RFP for cleaning equipment was delayed by the National Treasury moratorium on RPP's but has since been advertised for an award at the start of Q4.

## **Section 5: Ratio Analysis**

### **Part A: JPC**

#### **Liquidity Ratio**

JPC is currently owed R710 million from trade and intercompany debtors with cash collections in excess of R501 million being achieved for the YTD for trade receivables. JPC has a current ratio of 0.97:1 as compared to the norm of 1:1, the ratio has marginally improved from the June 2021 financial year end as the financial performance of the company has been profitable for the year-to-date.

The sweeping account currently reflects as positive R290 million, however related party loans exceeding R920 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 throughout the 2022 financial year to date. 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; and it will also give the entity the cashflow to settle the outstanding loan accounts.

#### **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 320 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 1.03:1 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 4.78:1. 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 R213.6 million for the period under review as compared to a negative cash flow of R209.9 million for the same period in the 2021 financial year. Debtors currently owe Portfolio R139.4 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 R213.6 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 BBBE**

JPC's Supply Chain Management (SCM) is governed by an 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 that:

- 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 pay 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**

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 IT server room and support infrastructure was relocated to the Forum 1 server room in Q2. The lease for Forum 2 has been terminated.

JPC incurred R9 689 495 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

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	R9 689 495	Fleet	None	N/A	N/A

- Legal action brought by JPC on behalf of COJ
- Legal action 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 departments and public entities.

## **Chapter 6: Internal and External Audit Outcomes**

## Section 1: Results of Internal Audit

The three-year rolling internal audit plan is reviewed and approved annually by the Audit and Risk Committee after taking into account both strategic and operational risks of the entity. The three-year rolling audit plan for 01 July 2021 – 30 June 2024 will be presented to ARC and Board for approval in the coming quarter. The internal audit department adopts a hybrid model in which audits are either conducted by an internal team or outsourced to external service providers on the panel of professionals.

### Annual Audit Plan

Quarterly, 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) which monitors the progress made by management on the implementation of recommendations and action plans

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

### Internal Audit Findings

The entity has forty-five (45) internal audit findings that remain unresolved because the verification process is still in progress. It is envisaged that the verification process by internal audit will be completed by end of the fourth quarter. The breakdown of the unresolved findings are as follows:

Category	Total	Resolved	Not Resolved
Very High	2	0	2
High	38	6	32
Medium	11	0	11
<b>Total</b>	<b>51</b>	<b>6</b>	<b>45</b>

IA Review And Progress

## Section 3: Progress on Resolution of External Findings

The dashboard for external audit findings is as follows:

Category	Total as at 31 <sup>st</sup> March 2022	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>10</b>	<b>100%</b>	<b>0</b>	<b>0%</b>

TABLE: UNRESOLVED EXTERNAL AUDIT FINDINGS

FINANCIAL YEAR	TOTAL FINDINGS	REPEAT FINDINGS	RESOLVED	IN PROGRESS	UNRESOLVED
2016/17	0	0		0	
2017/18	10	0	10	0	
2018/19	10	0	10	0	
2019/20	17	0	16	0	1
Total number as at 31 March 2022	10	0	10	0	0
Percentage			100%		0%

TABLE: PREVIOUS YEARS' FINDINGS

#### UNRESOLVED EXTERNAL AUDIT FINDINGS

#	FINDING HEADING	REPEAT FINDING	MANAGEMENT ACTION PLAN	STATUS PER MANAGEMENT ASSERTION
1	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 an internal audit and was only incurred in the first two quarters. JPC has increased the level of reviews on the panel by subjecting all panels to probity audits.	Resolved

#### 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.

