



JPC FOURTH QUARTER REPORT 2022/23

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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 Assets 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 fourth quarter of the 2022/2023 Financial Year.

<p>Mr. Siphon Mzobe CA (SA)</p>  <p>Acting Chief Financial Officer</p>	<p><u>20/06/2023</u></p> <p>Date of approval</p>
<p>Ms. Helen Botes</p>  <p>Chief Executive Officer</p>	<p><u>20/06/2023</u></p> <p>Date of approval</p>
<p>Mr. Enos Sithole</p>  <p>Chairperson of the Board</p>	<p><u>26/07/2023</u></p> <p>Date of approval</p>
<p>Ms. Lesego Mpheto</p>  <p>Executive Director: Economic Development</p>	<p><u>4/08/2023</u></p> <p>Date of approval</p>
<p>Cllr. Nomoya Mnisi</p>  <p>Member of the Mayoral Committee Economic Development</p>	<p><u>07/08/2023</u></p> <p>Date of approval</p>

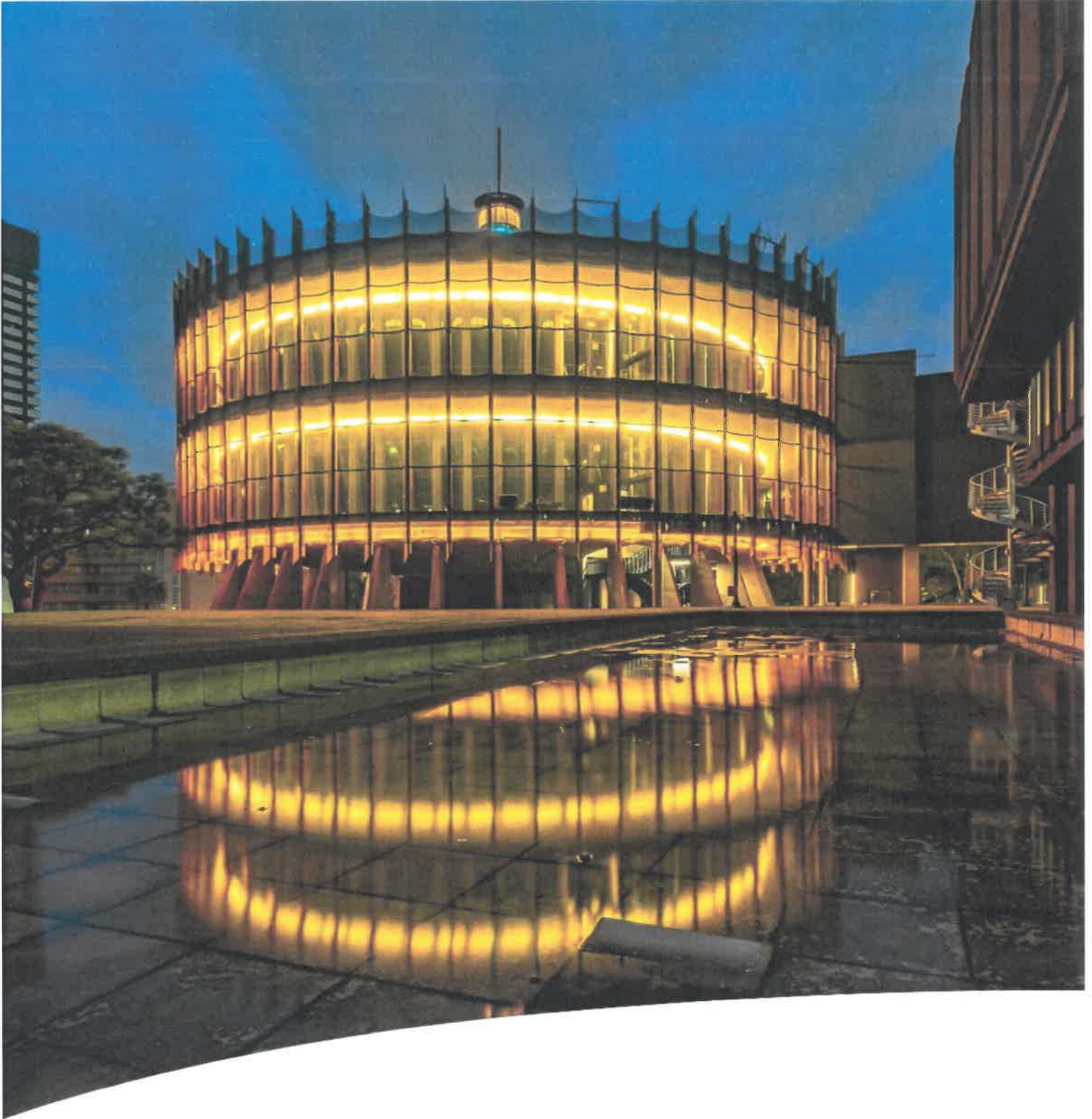
Acronyms & Abbreviations			
Acronym	Name/phrase	Acronym	Name/phrase
AFS	Annual financial statements	IOC	Integrated Operations Centre
AG	Auditor-General	IT	Information Technology
AGM	Annual General Meeting	ITIL	Information Technology Infrastructure Library
AGSA	Auditor-General of South Africa	JPC	City of Joburg Property Company SOC Ltd
IAC	Independent Audit Committee	KPI	Key Performance Indicator
AIDS	Acquired Immune Deficiency Syndrome	LLF	Local Labour Forum
ARC	Audit and Risk Committee	MDG	Millennium Development Goal
B-BBEE	Broad-Based Black Economic Empowerment	ME	Municipal Entity
BSA	Business Software Alliance	MFMA	Municipal Finance Management Act, 2003
CAPEX	Capital Expenditure	MMC	Member of the Mayoral Committee
CBP	Community-Based Planning	MOE	Municipal Owned Entity
CCMA	Commission for Conciliation, Mediation, and Arbitration	MOU	Memorandum Of Understanding
COJ	City of Johannesburg Metropolitan Municipality	MSA	Municipal Systems Act, 2003
CSI	Corporate Social Investment	NED	Non-Executive Director
DED	Department of Economic Development	NGO	Non-Governmental Organisation
EAC	Executive Adjudication Committee	OHASA	Occupational Health and Safety Act, 1993
EAP	Employee Assistance Programme	OPEX	Operational Expenditure
EE	Employment Equity	PIMS	Property Information Management system

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

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Chapter 1: Leadership and Corporate Profile

Section 1: Chairperson's Overview Report



I am honored to present the fourth-quarter report for the 2022/23 financial year on behalf of the JPC Board of Directors (the Board), highlighting the financial and organisational performance of JPC.

During the quarter under review, we conducted a two-day strategic session where the management team provided the Board with comprehensive presentations on the JPC Strategic and Financial Plan, the Human Resources Strategy, as well as the JPC Communication, PR, and Marketing Strategy. This session enabled us to gain valuable insights and align our goals and objectives for the coming financial year.

Furthermore, the Board convened a special seating where we approved over 70 transaction reports. These reports are expected to significantly contribute to service delivery and enhance the overall performance of JPC. In addition, we authorised the write-off of various UIFW items to the value of R42.3 million in line with the prescripts of circular 68 of the National Treasury guidelines, demonstrating our commitment to responsible financial management and corporate governance.

While we acknowledge that JPC has achieved 85% of its targets, falling below the norm of 85%, we are resolute in our collaboration with the management team to improve performance levels. This is evident when comparing the current quarter's performance to the 30% achieved in quarter 3. The current financial and organisational performance indicators reinforce the Board's determination to review our organisational strategy and implement initiatives that will restore JPC's financial position and drive operational efficiency.

In quarter 4, JPC achieved an after-tax profit of R34.7 million, attributed to reduced expenses. The surplus bank balance led to an additional income of R11.5 million with no interest expenditure for the year. Despite the solvency and liquidity ratios, JPC remains commercially solvent with access to R249 million from its sweeping account for settling expenses and trade payables.

Looking ahead, the Board remains committed to scrutinising and evaluating the strategies implemented by management to effect positive change in our performance levels. Our primary objective is to ensure that JPC continues managing COJ's property portfolio for social and economic benefits.

I would like to take this opportunity to express my heartfelt gratitude to the MMC: Economic Development, Cllr. Nomoya Mnisi, for her exceptional leadership and guidance, which has played a pivotal role in the Board's effectiveness.

I also extend my appreciation to my esteemed fellow Board Members, the dedicated Executive Team led by the CEO, and our hardworking staff for their professionalism and unwavering commitment to JPC's success.

With utmost confidence, I believe that the 2023/2024 financial year holds great promise for JPC. Together, we will make significant strides toward a brighter future.

A handwritten signature in black ink, appearing to read "Enos Sithole", written over a horizontal dotted line.

Mr. Enos Sithole
Chairperson of the Board

Section 2: Chief Executive Officer's Overview



I am pleased to present the fourth and final quarterly report for the 2022/2023 financial year, covering the period from 1st April 2023 to 30th June 2023. This quarterly report encompasses both the financial and organisational performance of JPC during this period.

JPC achieved an after-tax profit of R34.7 million in quarter 4, primarily due to reduced operating expenses and maintenance costs. Cleaning services were adequately covered by the fixed rate.

Expenditure was controlled throughout the year, with repairs and maintenance accounting for only 0.47% of total expenses. Despite a solvency ratio of 0.98:1 and a liquidity ratio of 0.94:1, JPC's assets increased by R293.3 million alongside a corresponding rise in liabilities. However, the company remains commercially solvent, with R249 million accessible from its sweeping account to settle all expenses and trade payables promptly.

Our performance has shown significant improvement, from 30% in quarter 3 to the company this quarter achieving 85% of its KPIs due as a result of our focused approach to implementing strategic interventions, such as the establishment of dedicated war rooms to revive stalled transactions, the formation of Bid Specification and Bid Evaluation Committees, and the enhancement of decision-making processes. Through these initiatives, we have achieved remarkable progress and strengthened our overall performance. With the board's support in providing organisational stability, we anticipate that our performance will continue to follow an upward trajectory.

Achievements against predetermined objectives

One annual KPI was achieved in the second quarter. The quarterly highlights include:

- R2 Billion investment attracted/ business facilitated within COJ boundaries based on a signed contract
- The property development projects led to Rand value investment spent of **R286 945 826.51**.
- 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.

In addition, during the 4th quarter, we experienced several noteworthy highlights that further exemplify our commitment to growth and development, such as:

Southern Farms Award:

We recently signed an R27 billion development agreement for the Southern Farms Mixed-Use Development, a substantial investment contributing to job creation and economic growth in the City of Johannesburg.

SAIBPP Partnership:

Our commitment to collaboration and empowerment was evident during our participation in the SAIBPP Masquerade Gala. We proudly launched a property academy in partnership with SAIBPP, providing training opportunities for youth in Property and Facilities Management.

2023/2024 Business Plan Approval:

The JPC Board approved the business plan for the upcoming financial year, aligning our strategic goals for efficient service delivery. In addition, the draft Service Delivery Agreement (SDA) was tabled at the Board for discussion and we anticipate productive engagement with the City for its finalisation.

Human Resources:

During our strategic session, management and the board deliberated on 15 strategic objectives. It was collectively agreed that human capital management is one of JPC's most critical strategic objectives. As a result, to ensure stability and operational effectiveness, we have initiated the recruitment process for key positions, including the CFO, General Manager of Internal Audit, and General Manager of Human Resources. In the interim, a General Manager of Human Resources has been appointed to ensure uninterrupted HR services.

The above reflects our dedication to promoting growth, collaboration, and operational efficiency.

As we conclude the 2022/2023 financial year, I want to express my gratitude to the CoJ as our shareholder, other stakeholders, and the entire JPC team for their unwavering support and effort. Together, we have laid a solid foundation for future growth and success.



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Ms. Helen Botes
Chief Executive Officer

Section 3: Acting Chief Financial Officer Foreword



Quarter four concluded with a significant increase in expenditure related to OPEX and CAPEX as various supply chain management (“SCM”) processes were completed during this period. The finalisation of the midterm budget process in Q3 allowed the organisation to focus on what could be achieved by financial year end while preparing for the next financial year. Increased SCM activity in Q4 also resulted in increased CAPEX spend in Q4 of 2023; as well as ensuring that the cleaning operations of JPC are capacitated with cleaning equipment and materials for the

financial year ahead.

The financial statements detailed in Chapter 5, at present, provide an early indication of the annual financial statements currently under preparation for submission on the legislated deadline of 31 August 2023. The financial performance for Q4 indicates an after-tax profit of R34.7 million for JPC. The profits are attributable to reduced spending on operating expenses and repairs and maintenance as well as the fixed rate for cleaning services being adequate to cover all costs associated with cleaning services. Management has tried to curb expenditure throughout the financial year with R&M being the only significant variable expense component of JPC's budget and expense structure, as a result, R&M only accounts for 0.47% of total expenditure. JPC has maintained a surplus bank balance throughout the financial year and as a result, an additional income of R11.5 million has been generated with no interest expenditure for the financial year.

The financial position of the entity indicates that the solvency position of JPC has remained insolvent and stagnant year-on-year. The solvency ratio resides at 0.98:1 and the liquidity at 0.94:1. The ratios indicate that the increase in the company's assets year-on-year of R293.3 million was mirrored by an increase in the liabilities. Despite the insolvency, JPC is commercially solvent and has access to R249 million from its sweeping account to settle all expenditure and trade payables as they arise.

External monies from the recovering property sector will be explored with an emphasis on generating revenue in the financial years ahead. Revenues from outdoor advertising, property rentals, and developments have the potential to bring in considerable and sustainable revenue streams that can transform the net liability position of the financials to a net asset position again.

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 fleet expenditure totals R18.1 million. The appointment of the COJ group fleet

services is under investigation by GFIS and direction for the write-off or condonation of the irregular fleet services expenditure will be provided after the conclusion of the investigation.

JPC has also incurred irregular expenditure on office accommodation leases as the leases have expired but the COJ's departments are still in occupation and utilising the office accommodation facilities. For the current financial year payments totalling R100 723 740 have been made related to the utilisation of expired office accommodation leases. The process of renewal is going to the evaluation stage in the SCM process in Q1 with the conclusion of the evaluation and adjudication in sight for the end of Q1 and the start of Q2. This will eliminate additional irregular expenditure thereafter.

With the financial year end comes the annual external Auditor General audit and all departments are going through their year-end procedures to gather and reconcile information that will supplement the formation of the annual financial statements and annual report for the 2023 financial year. In the background to this, SCM processes are to be activated in Q1 of 2024 to drive service delivery and performance of the organisation.



Mr. Siphon Mzobe CA (SA)
Acting Chief Financial Officer

Section 4: Overall Company Performance

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

OVERVIEW OF THE ENTITY	
<p>In the period under review, the entity has:</p> <ul style="list-style-type: none"> ✓ Achieved 17 (85%) of its 20 KPIs Due. ✓ The financial performance for Q4 indicates an after-tax profit of R34.7 million for JPC. ✓ The solvency ratio resides at 0.98:1 and the liquidity at 0.94:1. ✓ JPC is commercially solvent and has access to R249 million from its sweeping account to settle all expenditures and trade payables as they arise. ✓ 1 KPI is not due in this quarter under review. 	
Highlights	Lowlights
<ul style="list-style-type: none"> ✓ R286 945 826.51 investment spend on projects within COJ boundaries based on construction value on the ground. ✓ 812 Job Opportunities Created. ✓ One hundred and seventy-seven (177) properties relate to the transfer of residential homes to beneficiaries in respect of the City's service delivery mandate for the provision of housing. ✓ 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. 	<p>The entity has not achieved 3 (15%) of twenty (20) KPIs due to the following reasons:</p> <ul style="list-style-type: none"> ✓ Target dependent on transactions reports for leases being approved by Council. Reports have not been approved by Council. A consequence of reports not getting signed is a reduction in income.

The dashboard below reflects the targets on the corporate scorecard

KPI	JPC Overall Performance			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Achieved	9	7	6	17
Not Achieved	6	12	14	3
KPI at Risk	6	12	14	3
KPI not yet due	7	3	1	1

	Target Exceeded		Target not achieved
	Target Achieved		Not yet due

STRATEGIC PRIORITY: ECONOMIC DEVELOPMENT

1.1. UNLOCKING INVESTMENTS/BUSINESS THROUGH PROPERTY TRANSACTIONS & DEVELOPMENTS

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
R2 billion	R0 investment attracted/ business facilitated within COJ boundaries based on a signed contract	R0 investment attracted/ business facilitated within COJ boundaries based on a signed contract	R1.4 billion investment attracted/ business facilitated within COJ boundaries based on a signed contract	R600 million investment attracted/ business facilitated within COJ boundaries based on a signed contract	R2.billion investment attracted/ business facilitated within COJ boundaries based on a signed contract
Actual	R0 investment attracted/ business facilitated within COJ boundaries based on a signed contract	R0 investment attracted/ business facilitated within COJ boundaries based on a signed contract	R0 investment attracted/ business facilitated within COJ boundaries based on a signed contract	R9-billion investment attracted/ business facilitated within COJ boundaries based on a signed contract	R9 Billion investment attracted/ business facilitated within COJ boundaries based on a signed contract



Target achieved.

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

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
R300 million	R0 investment spend on projects within COJ boundaries based on construction value on the ground	R50 million investment spend on projects investment spend on projects within COJ boundaries based on construction value on the ground	R125 million investment spend on projects within COJ boundaries based on construction value on the ground	R125 million investment spend on projects within COJ boundaries based on construction value on the ground	R300 million investment spend on projects within COJ boundaries based on construction value on the ground
Actual	R116 426 981.21 investment spend on projects within COJ boundaries based on construction value on the ground	R53 411 515.41 investment spend on projects within COJ boundaries based on construction value on the ground	R245 716 493.97 investment spend on projects within COJ boundaries based on construction value on the ground	R286 945 826.51 investment spend on projects within COJ boundaries based on construction value on the ground	R702 500 817.10 investment spend on projects within COJ boundaries based on construction value on the ground



Target exceeded.

1.3. JOB OPPORTUNITIES CREATED

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
735	184 Job Opportunities Created	184 Job Opportunities Created	184 Job Opportunities Created	183 Job Opportunities Created	735 Job Opportunities Created
Actual	61 Job opportunities created	32 Job Opportunities Created	20 Job Opportunities Created	812 Job Opportunities Created	822 Job opportunities created



Target exceeded.

1.4. SMME'S SUPPORTED THROUGH PROPERTY TRANSACTIONS

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
500	0 SMME's supported	167 SMME's supported	167 SMME's supported	166 SMME's supported	500 SMME's supported
Actual	61 SMME's supported	10 SMME's supported	16 SMME's supported	61 SMME's supported	148 SMME's supported



Target not achieved.

1.5 ASSETS VERIFICATION PROJECT

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
100%	0% Asset Verification Project	25% Asset Verification Project	60% Asset Verification Project	15% Asset Verification Project	100% Asset Verification Project
Actual	0% Asset Verification Project	0% Asset Verification Project	12% Asset Verification Project	100% Asset Verification Project	100% Asset Verification Project



Target exceeded.

1.6 LAND STRATEGY IMPLEMENTATION: ANALYSIS OF LAND PARCELS THAT ARE CATEGORISED FOR LEASING OPPORTUNITIES

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
10	0 Analysis of Land parcels that are categorised for leasing	3 Analysis of Land parcels that are categorised for leasing	3 Analysis of Land parcels that are categorised for leasing	4 Analysis of Land parcels that are categorised for leasing	10 Analysis of and parcels that are categorised for leasing
Actual	0 Analysis of Land parcels that are categorised for leasing	0 Analysis of Land parcels that are categorised for leasing	3 Analysis of Land parcels that are categorised for leasing	7 Analysis of Land parcels that are categorised for leasing	10 Analysis of Land parcels that are categorised for leasing



Target Achieved.

1.7 NUMBER OF ASSET MANAGEMENT PLANS FORMULATED

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
300	75 asset management plans formulated	75 asset management plans formulated	75 asset management plans formulated	75 asset management plans formulated	300 asset management plans formulated
Actual	75 asset management plans formulated	75 asset management plans formulated	75 asset management plans formulated	79 asset management plans formulated	304 asset management plans formulated



Target Achieved.

1.8 NUMBER OF PROPERTIES ACQUIRED ON BEHALF OF CITY DEPARTMENTS AND ENTITIES

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
19	Acquisition of 4 properties	Acquisition of 4 properties	Acquisition of 4 properties	Acquisition of 7 properties	Acquisition of 19 properties
Actual	Acquisition of 3 property	Acquisition of 3 properties	Acquisition of 1 property	Acquisition of 13 property	Acquisition of 20 properties



Target Achieved. This relates to three (3) acquisitions together with properties acquired from Gauteng Housing through devolution for housing purposes.

1.9 RELEASE OF 140 PROPERTIES ON SOCIAL AND ECONOMIC LEASES INCLUDING SERVITUDES AND SALES

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
140	0 Number of properties released on social and economic leases including servitudes and sales	40 Number of properties released on social and economic leases including servitudes and sales	50 Number of properties released on social and economic leases including servitudes and sales	50 Number of properties released on social and economic leases including servitudes and sales	140 Number of properties released on social and economic leases including servitudes and sales
Actual	12 properties released on social and economic leases including servitudes and sales	12 properties released on social and economic leases including servitudes and sales	16 properties released on social and economic leases including servitudes and sales	525 properties released on social and economic leases including	565 properties released on social and economic leases including servitudes and sales



Target Achieved.

1.10 IMPLEMENT TRAINING AND DEVELOPMENT INITIATIVES TO ADDRESS COMPETENCY GAPS

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
500	125 Number of employees trained	125 Number of employees trained	125 Number of employees trained	125 Number of employees trained	500 Number of employees trained
Actual	100 employees trained	1070 employees trained	0 employees trained	320 employees trained	1490 employees trained



Target Exceeded.

1.11 INCOME GENERATED THROUGH PROPERTY TRANSACTIONS

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
R105 million	R20m income raised from leases and servitudes sales	R24m income raised from leases and servitudes sales	R30.5m income raised from leases and servitudes sales	R30.5m income raised from leases and servitudes sales	R105 million income raised from leases and servitudes sales
Actual	R23.9 million income raised from leases and servitudes sales	R27.6 million income raised from leases and servitudes sales	R26.5 million income raised from leases and servitudes sales	R18.45 million income raised from leases and servitudes sales	R96.45 million income raised from leases and servitudes sales



Target Not Achieved. Target dependent on transactions reports for leases being approved by Council. Reports have not been approved by Council. A consequence of reports not getting signed is a reduction in income.

1.12 SPEND OF ALLOCATED CAPEX

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
100%	20% spend on allocated Capex	30% spend on allocated Capex	35% spend on allocated Capex	15% spend on allocated Capex	100% spend on allocated Capex
Actual	6% spend on allocated Capex	6.63% spend on allocated Capex	27% spend on allocated Capex	47% spend on allocated Capex	87% spend on allocated Capex



Target Exceeded.

1.13 PERCENTAGE SPENT ON OPERATING BUDGET AGAINST APPROVED OPERATING BUDGET

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
100%	25% Percentage spent on operating budget against approved operating budget	50% Percentage spent on operating budget against approved operating budget	75% Percentage spent on operating budget against approved operating budget	100% Percentage spent on operating budget against approved operating budget	100% Percentage spent on operating budget against approved operating budget
Actual	75% Percentage spent on operating budget against approved operating budget	76% Percentage spent on operating budget against approved operating budget	85% Percentage spent on operating budget against approved operating budget	88% Percentage spent on operating budget against approved operating budget	88% Percentage spent on operating budget against approved operating budget



Target Achieved.

1.14 PERCENTAGE OF SPENT ON REPAIRS AND MAINTENANCE TO PROPERTY, PLANT, AND EQUIPMENT IN RESPECT OF JPC FACILITIES

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
100%	0% of spend on repairs and maintenance to property plant and Equipment	100% of spend on repairs and maintenance to property plant and Equipment	100% of spend on repairs and maintenance to property plant and Equipment	100% of spend on repairs and maintenance to property plant and Equipment	100% of spend on repairs and maintenance to property plant and equipment
Actual	4.14% of spend on repairs and maintenance to property plant and Equipment	4.33% of spend on repairs and maintenance to property plant and Equipment	11.2% of spend on repairs and maintenance to property plant and Equipment	20% of spend on repairs and maintenance to property plant and Equipment	20% of spent on repairs and maintenance to property plant and Equipment



Target Not Achieved. Repairs and maintenance projects commenced in this quarter of the financial year after finalisation of conditional assessments and SCM processes

1.15 PERCENTAGE OF VALID INVOICES PAID WITHIN 30 DAYS OF INVOICE DATE

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



Target Achieved.

1.16 PERCENTAGE REDUCTION IN UNAUTHORISED, IRREGULAR, FRUITLESS, AND WASTEFUL (UIFW) EXPENDITURE INCURRED CITYWIDE

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
50%	15% reduction in unauthorised, irregular, fruitless, and wasteful expenditure incurred citywide	15% reduction in unauthorised, irregular, fruitless, and wasteful expenditure incurred citywide	15% reduction in unauthorised, irregular, fruitless, and wasteful expenditure incurred citywide	15% reduction in unauthorised, irregular, fruitless, and wasteful expenditure incurred citywide	15% reduction in unauthorised, irregular, fruitless, and wasteful expenditure incurred citywide
Actual	0% reduction in unauthorised, irregular, fruitless, and wasteful expenditure incurred citywide	0% reduction in unauthorised, irregular, fruitless, and wasteful expenditure incurred citywide	0% reduction in unauthorised, irregular, fruitless, and wasteful expenditure incurred citywide	76% reduction in unauthorised, irregular, fruitless, and wasteful expenditure incurred citywide	76% reduction in unauthorised, irregular, fruitless, and wasteful expenditure incurred citywide



Target Achieved..

1.17 REGULAR INSPECTIONS TO CRACK DOWN ON ILLEGAL BUILDING AND LAND USE

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
3500	0 Inspections of CoJ owned properties	0 Inspections of CoJ owned properties	1750 Inspections of CoJ owned properties	1750 Inspections of CoJ owned properties	3500 Inspections of CoJ owned properties
Actual	0 Inspections of CoJ owned properties	0 Inspections of CoJ owned properties	0 Inspections of CoJ owned properties	4 000 Inspections of CoJ owned properties	4 000 Inspections of CoJ owned properties



Target Achieved.

1.18 PERCENTAGE ACHIEVEMENT OF SERVICE STANDARDS LEVELS IN TERMS OF THE SHAREHOLDER COMPACT (SERVICE STANDARDS LEVELS)

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
100%	100% Compliance to CoJ service standard	100% Compliance to CoJ service standard	100% Compliance to CoJ service standard	100% Compliance to CoJ service standard	100% Compliance to CoJ service standard
Actual	100% Compliance to CoJ service standard	80% Compliance to CoJ service standard	100% Compliance to CoJ service standard	100% Compliance to CoJ service standard	100% Compliance to CoJ service standard



Target Achieved.

1.19 AUDIT OPINION

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
Unqualified Audit	N/A	Unqualified Audit	N/A	N/A	Unqualified Audit
Actual	N/A	Unqualified Audit	N/A	N/A	Unqualified Audit



Target Not Due in this quarter. Target achieved in quarter 2.

1.20 PERCENTAGE RESOLUTION OF AUDITOR GENERAL'S FINDINGS

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
100%	N/A	100% resolution of Auditor General findings	100% resolution of Auditor General findings	100% resolution of Auditor General findings	100% resolution of Auditor General findings
Actual	N/A	44% resolution of Auditor General findings	65% resolution of Auditor General findings	100% resolution of Auditor General findings	100% resolution of Auditor General findings



Target Achieved

1.21 PERCENTAGE RESOLUTION OF INTERNAL AUDIT FINDINGS

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
100%	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
Actual	60% resolution of internal Audit findings	24% resolution of internal Audit findings	26% resolution of internal Audit findings	100% resolution of internal Audit findings	100% resolution of internal Audit findings



Target Not Achieved.

In this reporting cycle, the report reflects amendments affected through the financial year as a result of the internal audit reconciliation of the reported achievements against the evidence provided.

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 1550 employees who 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 – the land strategy guides new business development and focuses on monitoring and evaluating the optimisation of the portfolio i.e. to create a high-yielding asset;
- Assets Register – ensure a compliant asset register, account for movements, safekeeping title deeds, and property valuations;

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. However, should this value be unlocked through developments, a base of long-term recurring income can be 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

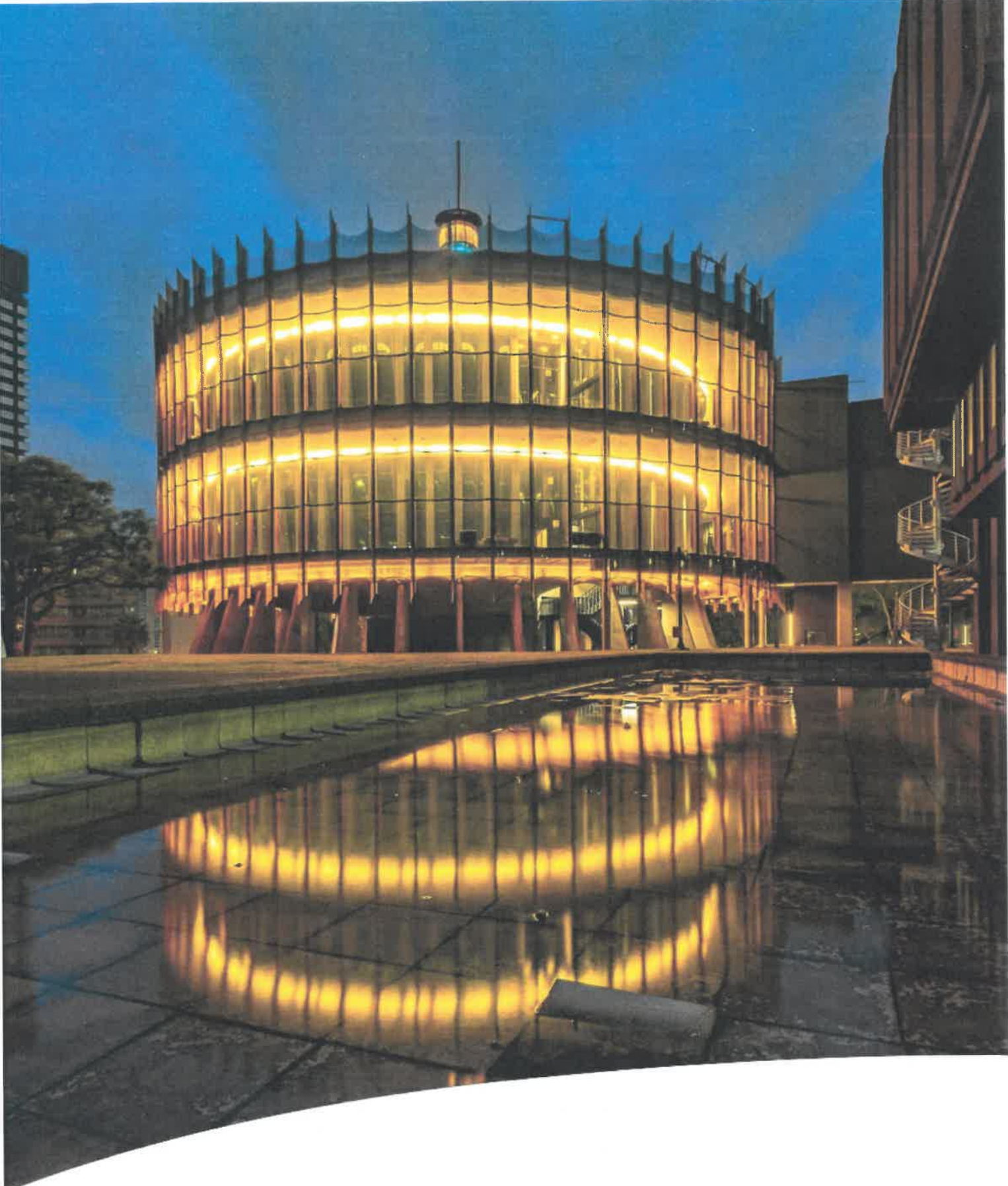
JPC's corporate strategy is aligned with the Growth and Development Strategy (GDS) 2040, the Integrated Development Plan (IDP), and the Mayoral Priorities. JPC recognises and emphasises its role as an economic and social property company to achieve positive developmental outcomes. The City had confirmed eleven (11) Mayoral priorities following the political transition of the Government of Local Unity (GLU) of which the entity contributes to the following:



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

- Supporting economic development;
- Supporting community development and social initiatives;
- Utilising the property portfolio to address social imperatives and priorities;
- Building cooperative and intergovernmental partnerships;
- Utilising the portfolio as a vehicle for transformation;
- Ensuring efficient, economic, and effective service delivery to clients, customers, and stakeholders; and;
- A financially and administratively sustainable and resilient city

Mayoral Priorities	JPC's contribution to the priorities included in the annual corporate scorecard:
Sustained Economic Growth	<ul style="list-style-type: none"> • R2 billion Investment / Rand value attraction of investment on COJ property • R300 million investment spend on COJ property / Construction value on the ground • Acquisition of 19 properties on behalf of Departments and Municipal Entities for the advancement of City's service delivery objectives.
Job Opportunities Creation	<ul style="list-style-type: none"> • 735 Jobs opportunities created through property transactions • 500 SMMEs supported through property transactions • 500 employees trained to address competency gaps
Good Governance	<ul style="list-style-type: none"> • Analysis of 10 land parcels that are categorised for leasing opportunities in terms of: <ul style="list-style-type: none"> ❖ Real Estate Market Analysis (Large Land Parcels) ❖ Best Use Studies • Audit Opinion / Unqualified audit opinion (Clean audit) • 50% reduction in unauthorized, irregular, fruitless, and wasteful (UIFW) expenditure incurred citywide • 100% resolution of Auditor General's findings • 100% resolution of Internal audit findings • 100% of valid invoices are paid within 30 days of the invoice date • 100% completion of Assets Verification Project
Financial Sustainability	<ul style="list-style-type: none"> • R105 million income raised from acquisition, outdoor advertising, leases, servitudes, and sales • 100% spent on the operating budget against the approved operating budget • 100% spent on repairs and maintenance to property, plant, and equipment. In respect of JPC Facilities. • 140 properties released on social and economic leases including servitudes and sales • 100% spend of the allocated capital expenditure budget • 300 asset management plans formulated
Active and Engaged Citizenry	<ul style="list-style-type: none"> • 100% achievement of service standards
Safe City	<ul style="list-style-type: none"> • 3500 Site Inspections of CoJ-owned properties to reduce urban decay



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.

Current Composition of the Board

At its 22nd Annual General Meeting held on 01 March 2023, the following Non-Executive Directors were retired by the Shareholder, namely: - Adv. Brenda Madumise, Mr. Barry Sneece, Ms. Boitumelo Mthimkhulu, Mr. Bongani Mgoza, Ms. Khanyisile Mabaso (previously Ng'ambi), Mr. Rory Gallocher, Mr. Slingsby Mda, and Mr. Thilivhali Ramawa.

JPC welcomes the new Non-Executive Directors appointed effective from 01 March 2023, at the City's Shareholder Annual General Meeting, namely: - Mr. Enos Sithole: (Board Chairperson), Ms. Bettycourt Teffo, Adv. Dali Mpofo, Ms. Ellen Rakodi, Mr. Fulufhelo Ratshikhopha, Ms. Londiwe Mthembu, Mr. Mxolisi Zondo, Mr. Ntalo Mabundza, Ms. Ntombikayise Tini, Mr. Sabelo Mtolo, and Adv Tshepang Thatelo. Ms. Helen Botes (Chief Executive Officer) was re-appointed as Executive Director and Mr. Siphso Mzobe (Acting Chief Financial Officer), was also re-appointed as Executive Director of the entity.

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 by different key factors such as competence, skills, and expertise in different business fields, and lastly gender representation. All the directors bring to the Board a wide range of expertise, as well as significant financial, commercial, and technical experience and knowledge, diversity, and independent judgement.

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

The Board of Directors has incorporated COJ's corporate governance protocol into its Charter, which regulates its relationship with the COJ as its sole member and parent municipality in the interest of good corporate governance and good ethics. The protocol is premised on the principles of the King Code IV. 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),
- Transactions and Service Delivery Committee, and
- Remuneration, Human Resource Committee (REMCO), incorporating Transformation, and Social and Ethics Committee (SEC).

Section 2: Board Committees

Reference	JPC BOARD	AUDIT AND RISK COMMITTEE	TRANSACTIONS & SERVICE DELIVERY COMMITTEE	HUMAN RESOURCES, SEC AND TRANSFORMATION COMMITTEE
Chairman NED	Enos Sithole	Sabelo Mtolo	Mxolisi Zondo	Tshepang Thatelo
Member NED	Bettycourt Teffo	Yongama Pamla	Bettycourt Teffo	Ntombikayise Tini
Member NED	Dali Mpofu	Xola Lingani	Fulufhelo Ratsikhopho	Ellen Rakodi
Member NED	Ellen Rakodi	Rachel Makwela	Ntalo Mabundza	Dali Mpofu
Member NED	Fulufhelo Ratsikhopho	Thabang Chiloane	Londiwe Mthembu	Enos Sithole
Member NED	Londiwe Mthembu	Fulufhelo Ratsikhopho		
Member NED	Mxolisi Zondo			
Member NED	Ntalo Mabundza			
Member NED	Ntombikayise Tini			
Member NED	Sabelo Mtolo			
Member NED	Tshepang Thatelo			
Member ED	Helen Botes	Helen Botes	Helen Botes	
Member ED	Sipho Mzobe	Sipho Mzobe	Sipho Mzobe	
COSEC	Gontse Dlamini	Gontse Dlamini	Gontse Dlamini	
Invitee	Group Governance	Group Governance	Group Governance	
Invitee	DED	DED	DED	

BOARD AND COMMITTEE MEETING FOR THE PERIOD ENDING 30 JUNE 2023

MEETINGS HELD DURING IN THE QUARTER	JPC BOARD	AUDIT AND COMMITTEE	RISK	TRANSACTIONS & SERVICE DELIVERY COMMITTEE	HUMAN RESOURCES, SEC AND TRANSFORMATION COMMITTEE
MEETING	20 April 2023	13 April 2023		18 April 2023	20 April 2023
SPECIAL BOARD MEETING	26 April 2023				25 May 2023
	31 May 2023				
	30 June 2023				
MMC-CHAIRPERSON'S QUARTERLY	29 May 2023				
SPECIAL TRANSACTIONS				11 May 2023 16 May 2023	
JPC STRATEGIC SESSION	15 June 2023 27 June 2023				
SPECIAL ARC		29 June 2023			

During the Period under review, the Board approved the following:

ITEM	DATE APPROVED
1. JPC 3 rd Quarter Performance Report 2022/2023	20 April 2023
1. 2023/2024 JPC Business Plan	31 May 2023
2. Unauthorised, Irregular, Fruitless, and Wasteful Expenditure Write-Off	30 June 2023

Section 3: Entity Remuneration Policy

Entity Remuneration Policy

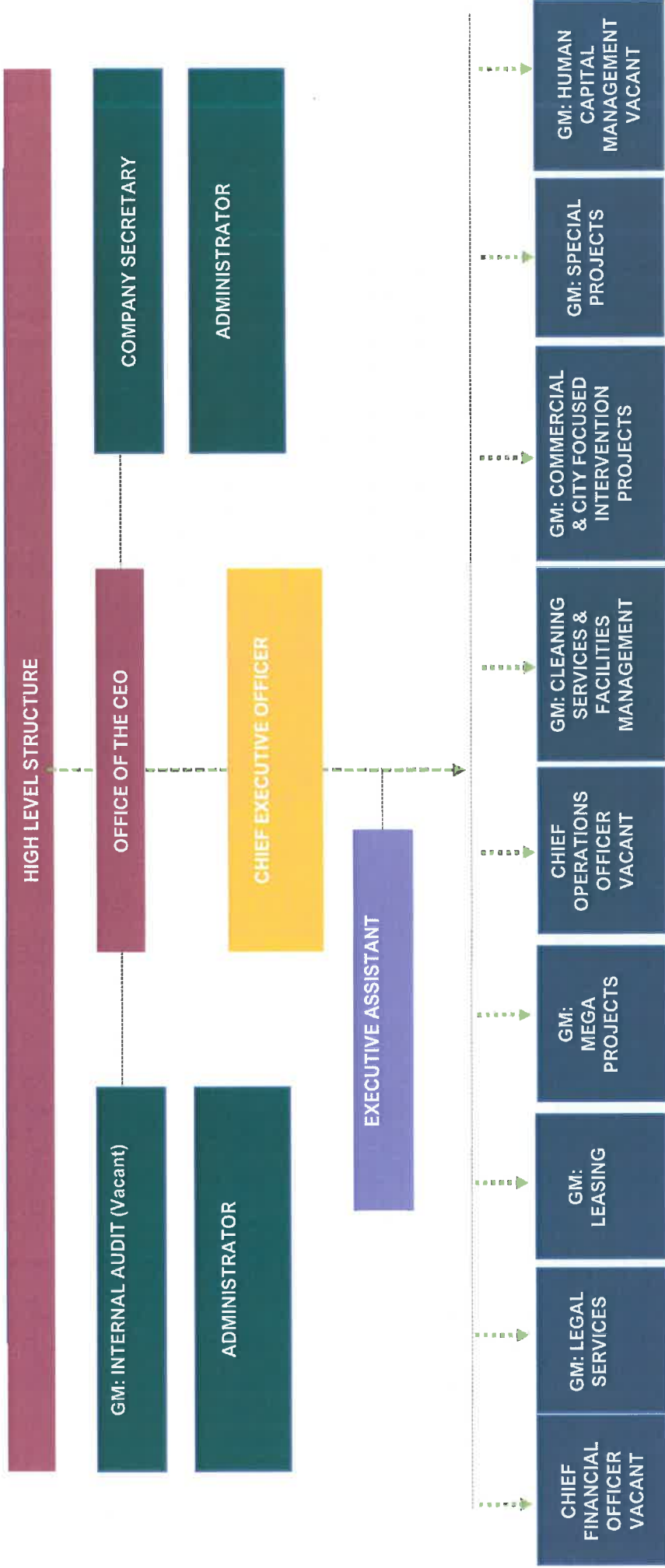
The Directors of the Board are appropriately rewarded as prescribed by the director's emoluments framework.

DIRECTORS MEETINGS FOURTH QUARTER		
Name of Director	Meetings Attended	Emoluments
Enos Sithole	6	R96 000.00
Sabelo Mtolo	5	R44 000.00
Bettycourt Teffo	7	R72 000.00
Tshepang Thatelo	6	R34 000.00
Ntalo Mabundza	5	R72 000.00
Ellen Rakodi	7	R64 000.00
Ntombikayise Tini	6	R52 000.00
Fulufhelo Ratshikhopa	7	R80 000.00
Mxolisi Zondo	7	R79 000.00
Londiwe Mthembu	7	R72 000.00
Xola Lingani	3	R40 000.00
Yongama Pamla	2	R16 000.00
Thabang Chiloane	3	R20 000.00
Rachel Makwela	3	R20 000.00
Total	74	R761 000.00

Executive Management Remuneration for the 2022/2023 Financial Year

YTD EXECUTIVE SALARIES AS AT JULY 2022 TO JUNE 2023													
Name	Basic Salary	Basic Salary Backpay	Travel Allowance	Housing Allowance	Pfa/Arrears Allowance	Non-Pensionable Allowance	Leave Encashment	Allowance	Performance Bonus/13th	Final Leave Pay	Final Bonus Pay	Company Contri. (Uif, Skills, Med Aid, Pension And Bargaining Council)	Total
Helen Botes	R2 722 125	R36 875	R250 000	R-	R29 500	R10 908	R-	R-	R-	R-	R-	R32 119	R3 081 527
Brenda Jacobs	R246 345	R-	R-	R2 024	R-	R-	R-	R41 636	R-	R270 455	R102 644	R60 015	R723 119
Sizeka Tshabalala	R1 593 388	R-	R120 000	R-	R-	R-	R48 065	R19 117	R-	R-	R-	R366 687	R2 147 257
Mduuzi Makhunga	R1 613 727	R-	R96 000	R-	R-	R-	R60 082	R-	R-	R-	R-	R370 325	R2 140 133
Sipho Mzobe	R1 584 157	R-	R120 000	R10 893	R-	R-	R48 065	R113 319	R-	R-	R-	R365 967	R2 242 401
Phaqa Mhlongo	R1 770 706	R-	R-	R-	R-	R-	R-	R-	R-	R-	R-	R308 787	R2 079 493
Tshepo Mokataka	R1 695 083	R-	R-	R-	R-	R-	R-	R83 621	R-	R-	R-	R385 396	R2 164 101
Imraan Bhamjee	R2 090 212	R-	R96 000	R-	R-	R-	R-	R-	R-	R-	R-	R431 571	R2 617 783
Dlamini Gontse	R1 133 247	R-	R-	R12 141	R-	R-	R36 263	R-	R94 437	R-	R-	R226 449	R1 502 538
Kgatuke Mathibela	R1 306 583	R-	R82 500	R165 000	R-	R-	R42 606	R-	R-	R-	R-	R154 009	R1 750 698
Sifiso Mabizela	R921 759	R-	R-	R12 141	R 4 000	R-	R36 870	R110 181	R76 813	R-	R-	R218 012	R1 379 776
Total	R16 677 333	R36 875	R764 500	R202 199	R33 500	R10 908	R271 951	R367 874	R171 251	R270 455	R102 644	R2 919 337	R21 528 826

High-Level Structure



Section 4: Risk Management

The JPC policy and framework on risk management is aligned with the CoJ group policies, ISO 31000, and the King Code of Corporate Governance. The Audit and Risk Committee is mandated to oversee the Risk Management function and ensure that there is an effective system of risk management in place within the company.

There are fifteen (15) strategic risks that have been identified and are being managed, monitored, and progress reported on. During the 4th quarter, there were no emerging risks identified by the management. However, management is committed to improving the risk in the next quarter of 2022/23.

The table below outlines the strategic risks in the risk register.

No	Risk Description	IR	RR
1	Inadequate internal and external stakeholder management resulted in a negative brand reputation	Very High	High
2	A perceived lack of trust between Management and the board.	Very High	High
3	Theft and loss of assets due to lack of physical security at premises.	Very High	High
4	Threat to the future existence of JPC due to lack of land banking under acquisition	High	High
5	Inadequate maintenance of COJ properties	High	High
6	Lack of Adequate document storage and security	High	High

The above table reflects the top risks that are facing the organisation as of 30 June 2023. These risks are inherent in nature and have influenced the achievement of strategic objectives and a robust control environment. Management will continue to monitor their movements on a quarterly basis to ensure that they remain within the risk appetite level throughout the financial year and pose no threat to the achievement of objectives and a better control environment.

Below are the total Strategic Risks for JPC, as captured below:

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

Risk Register Legend in terms of impact and likelihood

RISK MITIGATION		RISK IMPLICATIONS
Inability to maximise revenue	<ul style="list-style-type: none"> Implementation of the outdoor advertising master plan as it depends on the City's finalisation of the new by-laws. Develop Financial Turnaround Strategy (i.e. Growth of outdoor income; increasing land sales, land acquisitions, property development, property management, and repairs & maintenance for other depts.). Review and Implementation of Facilities Management Strategy. Timely renewal of leases so that revenue generation can be enhanced as per the pipeline of transactions. Formalization of traders' leases and collection of rentals from informal traders also depended on the Department of Economic Development's informal trading policy. 	Medium to Long-term
Possible loss of life due to the occupation of buildings that are not OHASA compliant	<ul style="list-style-type: none"> Implementation of facilities management strategy and assessment of all properties to allow the assessment of repairs and maintenance. Proactive implementation of Repairs and Maintenance strategies. Acceleration of setting up effective governance structures on OHSA Identify the capacity needed to conduct inspections. Develop MOU with all Law Enforcement Agencies to tackle crime in our buildings/properties. Quarterly meetings with the residents to identify their needs and problems. Educate the residents about cleanliness until it makes sense to them. The JPC-approved Organogram be filled with competent officials in order to effectively execute the CBAs of Corporate Buildings. Working with the relevant COJ team such as OHASA, EMS, and department of labour on the non-compliant building. A follow-up is to be made on the commitment made by entities and departments on OHASA issues. Encourage Public Private Partnerships to redevelop the properties Audit and verification of the asset register. Approval and implementation of the Land Strategy and Asset Management Plans. Increase capacity for projects and leased Asset Management. The lease renewal process is to be started timeously and at least 6 months before the contract ends to provide sufficient time for the tender process. Continuous promotion of fraud prevention and fraud hotline awareness with GFIS. 	Medium to Long-term
Loss of value of city-owned land and properties due to invasion, vandalism, fraud and corruption, and theft.	<ul style="list-style-type: none"> Reviewing placing cleaning staff at JPC or obtaining the requisite salary budget from CoJ. Capacitated the cleaning with sufficient cleaning staff, equipment material, cleaning supervisor, and management. Approval and adoption of the hybrid model for cleaning. SLA is to be signed with all the city departments regarding the recoverability of the cleaning services rendered. 	Long-term
Lack of Financial viability of cleaner insourcing and prevalent unhygienic conditions prevailing at COJ buildings	<ul style="list-style-type: none"> Monitor changes in labour and statutory laws, and ensure adherence. Ongoing Probity and regulatory and legislative compliance reviews of bid processes. Quarterly reporting on JPC compliance checklist. Quarterly reporting on JPC compliance checklist. HR Conducts awareness workshops annually. Reviewing all the policies annually. 	Medium-term
Reputational and Financial losses due to Non-compliance with legislation, policies, and procedures		Short-medium term

DESCRIPTION OF RISKS	RISK MITIGATION	RISK IMPLICATIONS
	<ul style="list-style-type: none"> Update JPC Compliance Management Framework which is aligned with the City-Wide Compliance Management Framework. Consequences management to be implemented. Work with GFIS on fraud corruption issues and implement them based on consequence management measures. 	
Inability to attract investment	<ul style="list-style-type: none"> PPP implementation/Investment summit. Hold an investors' property conference/submit to attract investors to the City. Engage the property funders to fund CoJ developments. Develop friendly bid specifications. Timeous evaluation and adjudication of RFP responded to Timeous conclusion of the property development agreement and leases. 	Medium to Long-term
Inadequate Contract Management	<ul style="list-style-type: none"> Budget to be secured for Legal Services to appoint dedicated Contract Management officials. Portfolio management will appoint dedicated staff to manage and monitor new and current leases of facilities. Integrated automated contract management system to be implemented. 	Medium-term
Inadequate ICT delivery and electronic storage system	<ul style="list-style-type: none"> Project for ERDMS and POPI at SCM awaiting dates from BSC, this project will extract business analytics for every documented process within-in each department in order to extract a methodology and framework that will incorporate Electronic documents and records management with POPI/A compliance and regulatory compliances. Additional training would be required for new employees to use the system HR induction pack for all new recruits, that should also cover IT induction to JPC 	Medium-term
Inadequate internal and external stakeholder management resulted in a negative brand reputation	<ul style="list-style-type: none"> Re-establishment of the marketing and communications unit. Integrate internal and external communication channels through policy and strategy. communicate clear Change management processes. Rebrand the organisation . Cascade down the stakeholder matrix to all JPC employees. 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. Client Business Organisation (CBO) to Respond timeously to all queries. External stakeholder engagement aligning JPC strategic objectives. Property indaba and outdoor indaba. 	Short-medium term
A perceived lack of trust between Management and the board.	<ul style="list-style-type: none"> Approval of Board & Sub committees Terms of Reference and delegation of authority to management. Delegation of Authority (DOA) is to be approved by the Board. Scorecard and business plan to be approved by the Board. CEO scorecard to be approved by the Board 	Medium-term

DESCRIPTION OF RISKS	RISK MITIGATION	RISK IMPLICATIONS
	<ul style="list-style-type: none"> Quarterly Board and Management relationship and building Engagement sessions. Management to implement all approved Board resolutions 	
<p>Theft and loss of assets due to lack of physical security at premises.</p>	<ul style="list-style-type: none"> Installation of technological security (CCTV, biometrics). Develop Security guard access control protocol for JPC buildings and sign SLA with Service Provider. Assess CCTV and access control requirements for JPC and budget for funding. Approval and implementation of Land strategy. 	<p>Short-medium term</p>
<p>Threat to the future existence of JPC due to lack of land banking under acquisition</p>	<ul style="list-style-type: none"> Proactive implementation of Repairs and Maintenance strategies by JPC. Quarterly meetings with the residents to identify their needs and problems. Educate the residents about cleanliness until it makes sense to them. 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. Implement a comprehensive facilities management plan for all properties of the City. Facilities management plan to be informed by needs analysis/condition assessments. 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. Fill scarce skills in line with the approved budget for critical vacancies Audit and verification of the asset register 	<p>Medium-long term</p>
<p>Inadequate maintenance of COJ properties</p>	<ul style="list-style-type: none"> Proactive implementation of Repairs and Maintenance strategies by JPC. Quarterly meetings with the residents to identify their needs and problems. Educate the residents about cleanliness until it makes sense to them. 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. Implement a comprehensive facilities management plan for all properties of the City. Facilities management plan to be informed by needs analysis/condition assessments. 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. Fill scarce skills in line with the approved budget for critical vacancies Audit and verification of the asset register 	<p>Medium-long term</p>
<p>Inadequate Human Capital management</p>	<ul style="list-style-type: none"> Implementation of a wellness programme. Approval of the wellness strategy. Approval of the HR policies. Review corporate KPIs. Review the HR strategies. Review and implement all organizational policies. Review and implement organizational structure in line with the strategy. Ailing the strategic objective to perform deliverables and outcomes. Review the performance target for the whole organization. Appointments of all the critical vacancies. Develop a consequence framework for non-performance. Develop employee wellness and initiative team building. Develop and implement the delegation of authority throughout the company. All employees are to be informed about the outcome of all disciplinary cases to increase. Employment wellness. 	<p>Short-medium term</p>
<p>Lack of adequate Document Storage and Security</p>	<ul style="list-style-type: none"> A tender has been put in place for service providers to construct adequate storage facilities 	<p>Medium-long term</p>

Section 5: Company Secretarial Function

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

In addition, provides guidance to the executive on all governance matters and provides guidance with respect to the efficacy of Board Resolutions. This function acts as a link between Board and Management, as well as the Board and Shareholders. The detailed activities of the Company Secretarial unit during the period under review are provided in the beginning sections of this Chapter.

Section 6: 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. Internal Audit findings are reported to management, the ARC, and the Auditor General.

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 7: Sustainability Report

The company is currently exploring various pillars to be incorporated into the sustainability framework. These proposed initiatives to be catered for under the sustainability framework ranges from energy efficiency, space optimization, corporate social responsibility (CSI), ICT innovations, and trends. The sustainability framework will be based on and informed by the United Nations' seventeen (17) sustainability development goals (SDG).

Section 8: 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.

Section 9: IT Governance

As part of governance, audits are conducted by Internal Audit on an annual basis with a focus on systems security, protocol, processes, and policies. The department's governance is included in the AGSA audit of the entity annually.

The IT governance framework adopted is based on 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 10: 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.

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. The first quarter compliance status of the MFMA Circular 68 report is illustrated as follows:

Irregular and Fruitless expenditure:

- During the 4th quarter of 2022/2023, the entity identified irregular expenditure of R150 682 652. The incidents that gave rise to the Irregular expenditure are fleet services and Non-compliance with MFMA.
- During the 4th quarter of 2022/2023, the entity has any Fruitless and Wasteful expenditure of R47 934 related to the Court Judgements.

Failure to pay Service Providers within 30 days.

- During the 4th Quarter of 2022/23, there were no invoices paid after 30 days.

Declaration of interest.

- During the 4th Quarter of 2022/23, 99% of employees declared their interest .

Compliance with Core Acts

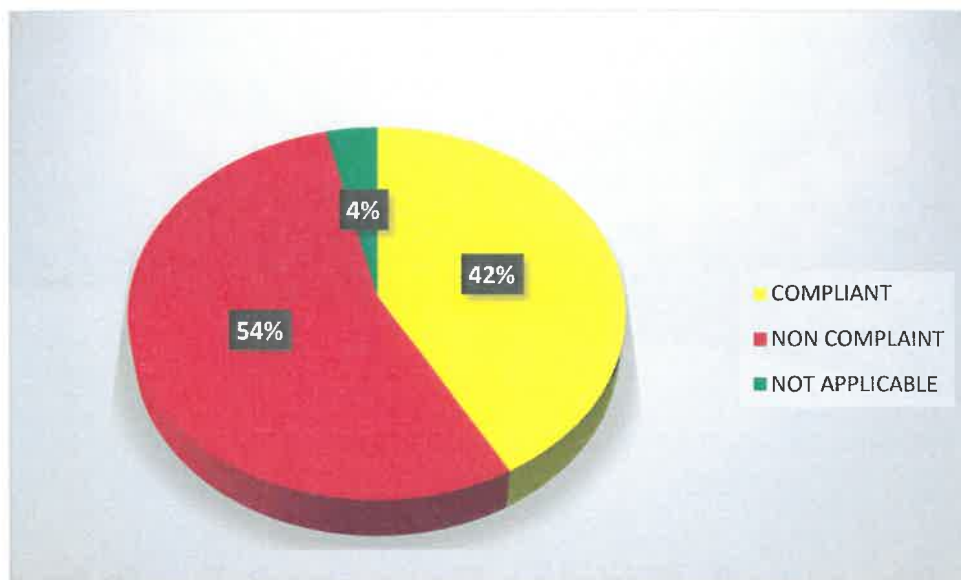
JPC Compliance Universe reflects 55 (Core 40 and Generic 15) pieces of legislation that the Company needs to comply with. However, for reporting purposes, only Core Acts, which could have a high impact, are monitored and reported.

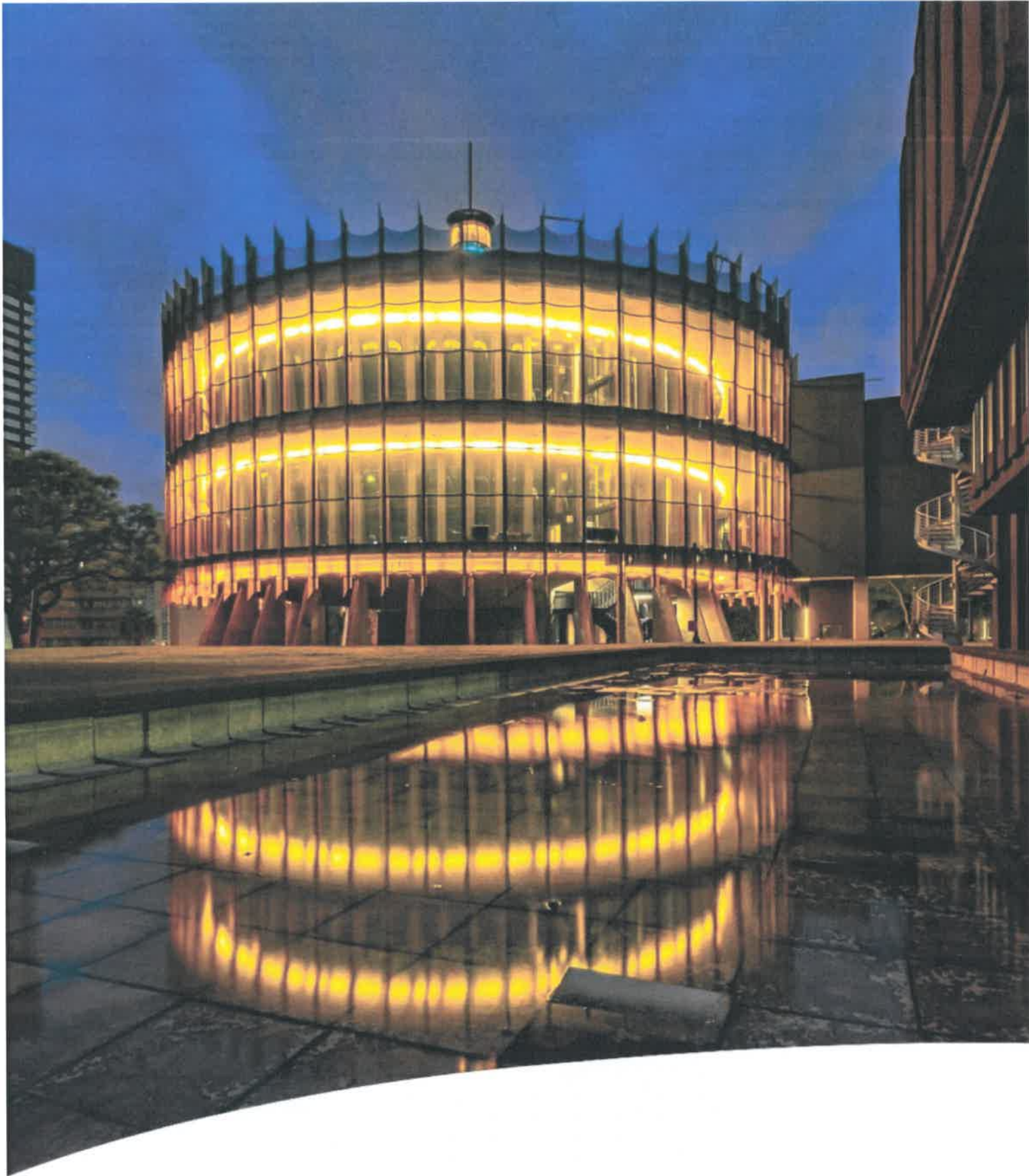
During the period under review, the risk and compliance unit embarked on a process of reviewing the following core Acts, to ensure the entity is complying. The process began with the risk profiling of individual legislation, subsequent to which existing controls were assessed for adequacy and effectiveness in ensuring that the legislation complies with the spirit of the law.

Management performs a quarterly assessment of the level of compliance with key legislation to ensure that adequate controls are in place and implemented accordingly.

Below provide a graph in terms of compliance with the acts and legislations.

SUMMARY REPORT FOR REGULATORY ACT





Chapter 3: Service Delivery & Performance

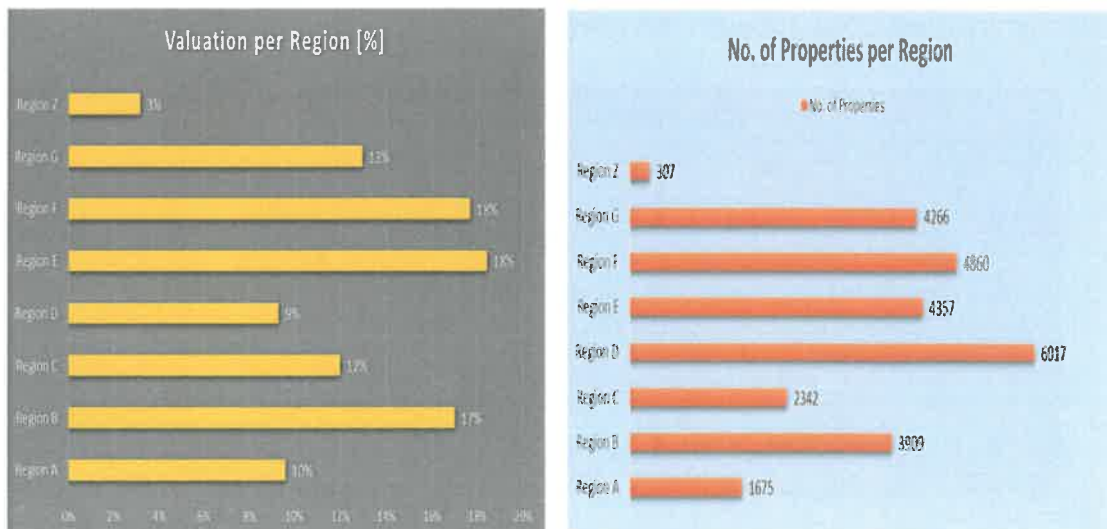
Section 1: Leasing Department

Section 1.1 Asset Management

The portfolio of the City has a total value of R9, 381 billion and it comprises 27 733 properties as at the quarter ending 30 June 2023. The table below illustrates a high-level summary, which outlines the number of properties and values per region.

Region	No. of Properties	Value %	Historical Book Value
Region A	1 675	10%	R898 306 797.28
Region B	3 909	17%	R1 594 100 710.10
Region C	2 342	12%	R1 124 250 161.38
Region D	6 017	9%	R871 045 782.35
Region E	4 357	18%	R1 726 748 270.18
Region F	4 860	18%	R1 658 009 295.97
Region G	4 266	13%	R1 214 855 846.73
Outside COJ	307	3%	R293 697 936.01
Grand Total	27 733	100%	R9 381 014 800.00

Region D has the highest number of Council properties at 6 050, followed by Region F, which reflects 4 882 properties, Region E shows 4 445 properties, then Region G at 4 280 properties, while Region B reflects 3 912 properties. Region C is the second lowest with 2 350 properties followed by Region A, which has the least number of properties at 1 682. A graphical outline of the summary portfolio of properties is outlined below.



Regions E, F, and B represent the highest value expressed as a percentage of the total value of City-owned properties at 18%, 18%, and 17% respectively, totalling 53% of the value of the entire portfolio.

Region G is the fourth highest in value at 13%, followed by Region C at 12%, Region 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 the movements and updates of the Asset during the quarter under review.

Monthly movements by quantity

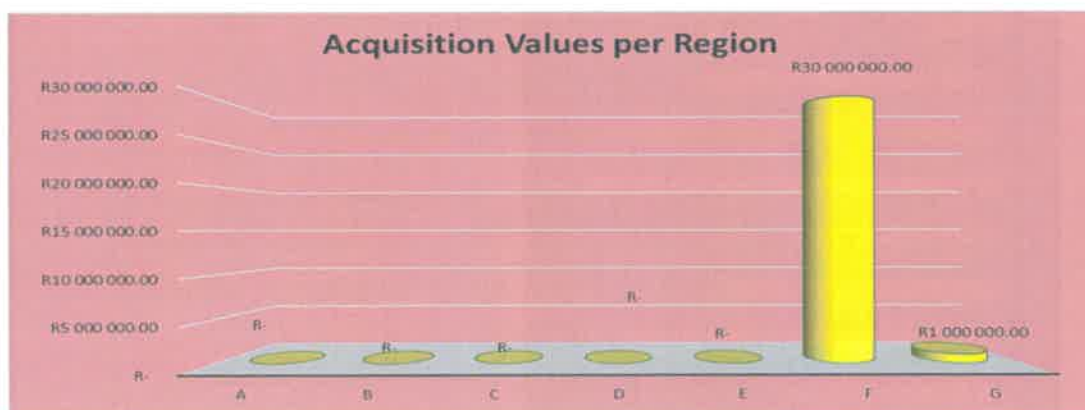
Movement	Apr-23	May-23	Jun-23	Total
Acquisitions	1	1	0	2
Disposals	-5	-2	-170	-177
Net Movement	-4	-1	-170	-175

Monthly movements by value

Movement Category	Apr-23	May-23	Jun-23	Total
Acquisitions	R1 000 000.00	R30 000 000.00	R0.00	R31 000 000.00
Disposals	-R81 310.00	-R5 240.00	-R5 428 412.28	R-5 514 962.28
Total	R918 690.00	R29 994 760.00	R-5 428 412.28	R25 485 037.72

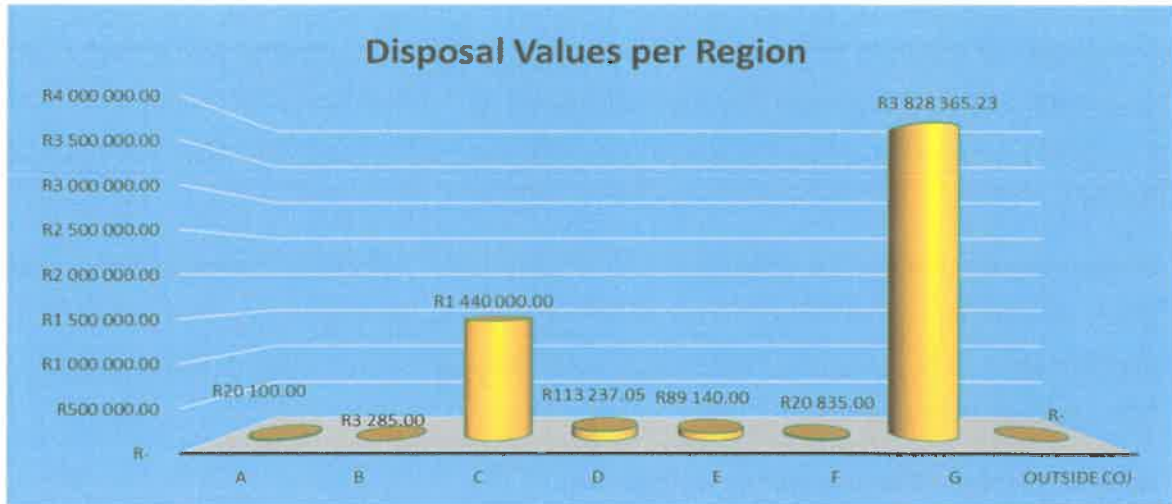
Acquisitions

Two (2) properties to the value of R31 000 00.00 were taken on during the reporting period. These properties were acquired through the City's Capital Budget on behalf of the CoJ Housing Department for housing provision in Region G and on behalf of the CoJ Transport Department for the development of the Johannesburg International Transport Interchange (JITI) facility in the Inner City Region F.



Disposals

One hundred and seventy-seven (177) properties to the value of R5 514 962.28 were disposed of in the reporting period. These properties are situated in Regions A, B, C, D, E, F, and G. The regional representation of the movements is outlined in the graph below:



- **Housing Conversions**

All these one hundred and seventy-seven (177) properties relate to the transfer of residential homes to beneficiaries, which is done in terms of the City's service delivery mandate of the provision of housing through the COJ Housing Department.

The properties reported herewith were transferred to beneficiaries during the reporting period in fulfilment of the City's housing delivery mandate as prescribed by the Housing Act. These transfers comprises 34 properties that are full-title residential houses and 143 sectional title units.

Net Movements

This section indicates the movement impact on the value of the Asset Register. The reporting period shows a positive net movement of R25 485 037.72, which translates to an increase of 0.27% of the entire portfolio as outlined in the table below.

NET ASSET REGISTER MOVEMENT IN VALUE			
Month	Opening Balance	Movement	Closing Balance
Apr-23	R9 355 529 762.28	R918 690.00	R9 356 448 452.28
May-23	R9 356 448 452.28	R29 994 760.00	R9 386 443 212.28
Jun-23	R9 386 443 212.28	R-5 428 412.28	R9 381 014 800.00
NET MOVEMENT		R25 485 037.72	
		0.27%	

Asset Verification Project

The service provider has completed the assets verification and to date, 27866 properties have been verified, the verification included site inspections and the checking for ownership of the property with the deed office for completeness.

Asset Management Plans

The purpose of the asset management plans is to ensure that council-owned land is used to optimally support the delivery objectives of the City of Johannesburg. As the custodian of the City of Johannesburg Municipality's properties, JPC's mandate is to provide users with property/land requirements for Service Delivery.

Service delivery includes the accomplishment of government objectives, especially where immovable assets are used for land reform, economic empowerment, alleviation of poverty, the creation of jobs, and transformation. JPC recognizes that strategic asset management is necessary for the successful long-term operation of its projects.

Asset Management Plan may include the following:

Acquisition Plans: An acquisition plan contains a summary of current or proposed acquisitions, as informed by the City's service delivery objectives.

Disposal Plans: A disposal plan includes properties that may no longer support the service delivery objectives of the City or surrendered to 3rd Parties to support other service delivery objectives.

Leasing Plans: Leasing plans include properties that are in the process of being leased out to 3rd Parties for revenue generation purposes.

Asset Management Plans have an impact on the effective and efficient management of the property portfolio on disposal, lease management, rental income of properties, and associated budgets, as well as asset management practices and decision-making.

A cumulative of three hundred and four (304) Asset Management Plans were formulated during the 4th quarter of the 2022/23 financial year in the form of disposal plans (sale/lease/development).

The table below provides a regional summary of the plans.

Region	No of AMP's
Region A	4
Region B	12
Region C	17
Region D	07
Region E	11
Region F	22
Region G	06
Total	79

Section 1.2 Informal Trading

The focus with regards to informal trading is on traders operating within Transport and Market facilities. JPC is steadfast in visioning a City that will develop markets of the future to create dignified, clean, and simple to trade in world-class facilities.

INCOME COLLECTION

During the reporting period for the quarter ending June 2023, the Informal Trading Unit has collected R390 142.52. Traders are resisting paying their monthly rentals due to a lack of making a profit in their businesses. In some facilities, traders have started to pay their rentals after engagements on the importance of revenue collection.

Rental collection from April, May, and June 2023

NO	FACILITY NAME	INCOME COLLECTED		
		April	May	June
1	Metro Mall Informal & Formal Shops	R85 404.57	R85 454.57	
2	Advertising & Promotions	R25 424.09	R25 424.09	
3	Fleet Africa	R0.00	R0.00	
4	Kliptown Informal & Formal Shops	R760.00	R280.00	
5	Streets Traders	R18 542.00	R15 950.00	
6	Hillbrow	R5 490.00	R7 180.00	
7	Yeoville	R350.00	R350.00	
8	Fordsburg	R11 271.60	R38 664.60	
9	Bara & Formal Shops	R21 385.00	R9 980.00	
10	Jeppe	R0.00	R0.00	
11	Lenasia	R220.00	R0.00	
12	Faraday Formal & Informal	R0.00	R350.00	
13	Doornfontein	R0.00	R0.00	
14	Big Ben	R100.00	R0.00	
15	Midrand	R0.00	R480.00	
16	Rosebank	R120.00	R480.00	
17	Kwamai mai	R16 949.00	R18 113.00	
18	Alexandra	R0.00	R300.00	
19	Diepsloot	R650.00	R700.00	
20	Various Formal Traders	R0.00	R0.00	
Total		R186 666.26	R203 476.26	

Informal Trading Stakeholder Engagement

On the 2nd June 2023 taxi operators operating in Metromall Public transport facility led by Faraday Taxi Association embarked on a cleaning and removing of illegal traders campaigns without informing JPC or Transport Department. The operation was meant to clean up the facility and remove illegal foreigners trading in the facility. The taxi queue marshals who were involved in this particular operation were carrying sjamboks beating up anyone presumed to be illegal in the facility. This operation has improved the facility with regard to the removal of illegal traders, traders on the aisles on the pavement around Metromall, the reduction of vandalism and robberies, the eradication of mobile trading, loitering, and urinating over the facility

However, the intervention of the operators did not come without problem, as when they began their operation there was no clear communication line between them, the traders' committee, and JPC management as the following occurred;

- Muggings
- Alleged to have taken monies from traders
- 3 shops were broken into in the name of searching for drugs and alcohol
- GBH as some trader committee members were assaulted by those with Sjamboks
- Threatening of JPC officials in the facility
- Erecting illegal outdoor

Fleet Africa

A joint operation led by CBRTA was conducted on 14 June 2023 in Fleet Africa Cross border facility, quite a number of compliance issues were identified and raised by EMS such as:

- Diesel tank that had no certification
- Gas cylinders in kitchens that were not properly installed
- Illegal or pirate bus operator
- Shops incorrectly partitioned
- Expired bus license and roadworthy disks

EMS issued a notice to close the facility sighting the above reasons as it posed a fire hazard. However, a meeting was held on the 20th of June 2023 at Johannesburg Central police station to deal with the citations of EMS. In the meeting, there was the Joburg Transport Department, SAPS, JPC, JMPD, Gauteng provincial police, and CBRTA to deliberate on the subsequent closure of Fleet Africa. The meeting resolved that JPC, EMS, and Transport Department will resolve areas of concern and report back to the task team meeting scheduled for July.

SITE INSPECTIONS WITH REGARD TO ILLEGAL ADVERTISING

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

Faraday Market – Tisetso Projects erected two new billboards (Mukuru & Atlas Finance) on the 20th of June and it is not clear who appointed them.

JITI

Acquisition of JITI land

The acquisition of the JITI land has been concluded. The property was transferred by the Deed's office into the City's name in April. JPC is currently busy with the Notarial Tie for Erf 603 Newtown and Portion 27 of the Farm Johannesburg 91 IR (JITI) on behalf of the Transport Department. The process will enable the finalization of the building plans and the issuance of the occupation certificate for the JITI.

Appointment of Managing Agent

The meeting was held between Transport Department, JPC, and the City Manager regarding the appointment of the management agent to manage JITI. The resolution was taken that Transport Department will submit the report back on the public participation and the SCM process will be handled by the City Manager's office.

Sandton Holding for minibus taxis

Transport Department requested JPC to source space for leasing for the accommodation of minibus taxis around the Sandton public transport interchange (PTI) for 3 years. The Sandton community and law enforcement have been complaining about minibus taxi illegal parking around the Sandton CBD causing a lot of traffic problems. The aim is to obtain a site close to the Sandton PTI where taxis can hold thereby resolving the issue of taxis traffic problems. The JPC signed a service-level agreement with Transport Department and the Supply chain management process will be finalized in the new financial year

Break-ins and theft in the facilities

Transport Department has a service-level agreement with JMPD to secure and guard all the transport facilities. The transport facilities under the management of JPC continue to experience break-ins and theft though JMPD security is guarding the facilities. In particular, the Cosmo City taxi rank and Florida taxi rank have been broken into. An incident report has been compiled by the JMPD and forwarded to Transport Department.

CAPITAL EXPENDITURE

The Fire and Safety compliance project in informal trading areas

An assessment has been done in most of the facilities, list, and amounts of Fire Fighting equipment and other OHASA-related requirements consolidated and submitted to the Head of the Maintenance Department for approval and then will be sent to SCM to acquire and appoint Contractors to upgrade and service the equipment.

Dobsonville Transport Facility launch

The market has not been launched due to lack of security and the trader's committee is still consulting the entire traders community. The date will be confirmed after Stakeholder engagement.

JPC is supporting DED in the process of ensuring that the permit system is piloted to create the environment for the issuing of the permits and verification of the Traders. Once the piloting is completed in the period under review it is envisaged that the rollout of the permits will occur in the coming quarters, however, this is dependent upon DED. No leases can be entered into at this stage.

Informal Trading Challenges and Mitigating Measures

Challenges	Mitigating Measures
<ul style="list-style-type: none">• Cleaning services lack capacity and inadequate equipment to keep all the facilities hygienically clean.• Lack of visibility by security guards and shortage of staff securing our facilities and JMPD security not understanding their terms of reference.• Increased incidents of crime, especially in our busiest facilities such as Bara, Metro Mall, and Park Central whereby there has now been a trend in WIG snatching from female commuters.• Increased number of illegal traders in all major facilities• Operation Dudula caused a major threat in some of our facilities that have foreign nationals.• Illegal overnight parking of taxis and further stolen vehicles have been found by police parked in our facilities,• Illegal selling of counterfeit goods and -alcohol in our facilities.• Illegal selling of stolen property such as laptops and cell phones especially in Metro Mall B block.• Slow response regarding maintenance issues in all our facilities which causes a strain between Property Administrators and the stakeholders.	<ul style="list-style-type: none">• Trader engagement to communicate the lease renewal process and its importance.• Implement credit control measures and lock stalls where Traders are not paying.• CoJ Informal Trading policy implementation to deal with all pertinent issues e.g. allocations, rights, and duties of Traders, law enforcement, permits, etc.• JMPD has promised a hybrid model of security to deal with current challenges.• Stricter by-law enforcement to eliminate illegal activities in the facilities.• Finance to implement debit order mechanism.

Section 1.3 Property Management

During the period under review, the following progress was made:

Finalised Sales and Leases

Two (2) Lease and One (1) sale transaction were finalised with an income value of R6 350 per month and R2 037 000.00 respectively.

Matters with Attorneys for Finalisation

Conveyancing Attorneys have been appointed to conclude sales on Eight (8) transactions to the value of R8 370 145.00 for sale/road closures.

Matters at Legal for Agreements to be Finalised

Legal instructions were issued to the Legal Services Department for two (2) transactions to the value of R411 000 (sales/road closures) and R9 500 p/m (leases) for the drafting of lease and sale agreements.

Transactions to be Tabled at Mayoral

Thirty-eight (38) transactions to the value of R16 207 000 for sales/road closures and R357 666.33 per month for leases respectively are envisaged to be tabled at the next Mayoral Committee meeting. The transactions are in all regions.

Section 2: Commercial and City-Focused Interventions Projects

Section 2.1 Development Facilitation Unit

ERF 53 ALAN MANOR

Erf 53 Alan Manor is located at the corner of Caro and Constantia Avenue, which is situated in the South of the City of Johannesburg in Region F. It is surrounded by the prestigious suburbs of Mondeor, Winchester Hills, Meredale, Mulbarton, and Aspen Hills. The estimated development value is R 64 823 112.58 million.

The value of work done to date is **R17 915 788.14**.



ERVEN 14 AND 15 JABULANI EXT 1 (PROPOSED PORTION 15 OF ERF 2612)

As part of the Jabulani CBD Precinct, the Jabulani Development Company Pty Ltd together with Calgro M3 has initiated plans of developing rental housing units in partnership with International Housing Solutions on the proposed Portion 15 of Erf 2612 Jabulani Extension 1 (Parcel A). The land parcel is located directly below/ to the south of the Soweto Theatre site and is bordered to the west by Legogo Street. The Estimated development value is R 290 million.

The development of this Erf aims to cater to approximately 576 sectional housing units.

A full development professional team has been appointed and is currently working towards the implementation of the Joburg Water comments/ requirements i.e. in the form of provision of engineering services that will cater to the newly created portions.

- The Sectional Title Consent SPLUMA Certificates for the initial four blocks (1, 2, 7, 8) of Jabulani Junction's Phase 1 were obtained on February 3, 2023, from the Land Use Management Department of the CoJ
- The first set of units from Phase 1 was officially registered at the Deeds Office for transfer on February 23, 2023.
- The final handovers to customers for this batch of Phase 1 units were successfully completed on February 25, 2023.
- Currently, our focus is on the construction and preparation for inspections of blocks 3, 4, 5, and 6 for Phase 2 of the project.

The value of work done to date is **R216 million**.



RIVERSIDE VIEW MEGA HOUSING DEVELOPMENT – DIEPSLOOT

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 is between the lower-income area of Diepsloot, and the prestigious high-income area of Dainfern, which provided a unique opportunity for development to integrate Diepsloot with the rest of Johannesburg and develop it into an urban network. It is a high-density mixed-use and mixed-income development. It maximises the use of strategically located land to ensure vibrancy and sustainability. It addresses a wide range of housing demands and ensures that housing is delivered to poorer beneficiaries in a way that helps people out of poverty. Valumax Northern Farms Pty (Ltd) is the developer.

The total residential yield is approximately 10 414 residential units with 3113 single residential GAP/FLISP units, approximately 4332 high-density walk-up RDP units, and approximately 2969 high-density walk-up Rental units.

To date, 10 089 units have been completed.

We are completing the last FLISP units next year

- Single residential FLISP - 2948 units completed to date
- Multi-storey FLISP units - 528 units completed to date
- Multi-storey Rental units - 457 units completed to date
- Multi-storey RDP units - 4320 units completed to date
- Total completed to date - **8253 units**

Work still to be done:

- Joshco - 928
- Sectional Title (Housing) - 908
- Total - **1 836**

All bulk infrastructure is completed with the exception of the third transformer in the Riverside View Substation which is planned in the current financial year including the switchover of the MV lines. The developer anticipates the project to be completed over the next two years, due to Joshco's unavailability of budget to complete the Joshco units. There is a possibility that it might roll over into 2025.



Section 2.2 Acquisitions and Large Service Providers' Servitude Transactions

Property Acquisitions at the Transfer Stage

Conveyancers have been appointed to effect the transfer of the properties listed in the table below. The transfer will be finalised within the first month of the 2023/2024 financial year.

NO.	PROPERTY DESCRIPTION	AMOUNT	COMMISSION
1	ERF 1875 JOHANNESBURG	R4 330 000.00	R433 000.00
2	ERF 1876 JOHANNESBURG		
3	ERF 1877 JOHANNESBURG		
4	ERF 1862 JOHANNESBURG	R10 240 000.00	R1 024 000.00
5	ERF 1863 JOHANNESBURG		
6	ERF 1866 JOHANNESBURG		
7	ERF 1867 JOHANNESBURG		
	TOTAL	R14 570 000.00	R1 457 000.00

Section 2.3 Reports Approved by Council

A total of 30 reports were approved by Council in November 2022 and the negotiations with property owners are underway. Agreements will be drafted as soon as valuations have been received.

The following reports were approved by Council on the 12th of May 2023 and negotiations with the property owner will be finalised within the first quarter of the new financial year

NO	PROPERTY DESCRIPTION	EXTENT
1	ERF 28 YEOVILLE	495M
2	ERF 29 YEOVILLE	495M
3	ERF 30 YEOVILLE	495M
4	ERF 1221 YEOVILLE	4957M

Released of Properties

A total of 11 Properties were released to other departments through Permission To Occupy and Build (PTOB) for service delivery purposes.

Reports at Committee Stages

27 Reports were considered by Mayoral Committee on the 08th of May 2023.

Transferred Property

The property listed below was transferred within the current quarter under review:

NO	PROPERTY DESCRIPTION	PURCHASE PRICE	JPC COMMISSION
1	Portion 27 of the farm Johannesburg 91 IR	R30 000 000.00	R3 000 000.00

Section 3: Facilities Management and Cleaning Services

Section 3.1 Facilities Management Unit

Projects progress to date:

Planned Projects:

Project Name	Project Type	Project Status	Project Budget
Dobsonville Civic Centre	Repairs and Maintenance	QS appointed	R5 000 000
Corobrick-Lenasia Civic Centre	Repairs and Maintenance	QS appointed	R5000 000
Newtown Building	Repairs and Maintenance	QS appointed	R5 000 000
20 Public Convenience Facilities (Phase 02)	Repairs and Maintenance	QS appointed	R5 000 000
5 PC repairs and maintenance to start June 2023.	Repairs and Maintenance	Contractor appointed	R1 800 000

Section 3.2 Cleaning Services Unit

A panel of service providers was awarded a 3-year contract to supply and deliver cleaning materials. As part of the provision of PPE, a total of 320 employees received their uniforms during May 2023. The award to supply and deliver equipment to seven regions was finalised on 21 June 2023.

Cleaning Services Challenges and Mitigation Measures

CHALLENGES	MITIGATIONS
No supervisors in the portfolio	The Role profile has been drafted and awaiting budget approval and advertisement thereafter. Approximately, 9 Supervisors will be considered for appointment.
Shortage of staff, due to retirement, resignations, and deceased	<p>Since insourcing the Unit lost 80 cleaning staff, due to resignations, retirements, and death and these have affected the various sites.</p> <p>The Unit will introduce the hybrid model, which will be designed to suit the needs of the stakeholders.</p> <p>The hybrid model for cleaning services will consist of both insourced and outsourced cleaners.</p> <p>The tender process is underway for outsourcing services as it will be cost-effective.</p>

Section 4: Mega Projects

Section 4.1 Development Projects

Southern Farms

Progress to date is as follows:

- Following the award of Stage Two by the CoJ, JPC issued a letter of award to VS/JV on 14 October 2022 which was accepted by VS/JV on 10 November 2022.
- An Acquisition Report has also been submitted to JPC’s Transactions Committee for acquiring the 11 privately owned portions of the land that are within the Southern Farms Precinct as it is critical in ensuring that the Southern Farms Project is developed as one large uninterrupted integrated development.
- The report has been doing its rounds through the Committee System. The Report was tabled and approved at the Mayoral Committee in April 2023, however, some questions were raised that needed answering when the report served at Council. The report has since been amended in respect of the questions asked and will serve at Mayoral Committee and Council again.
- A Land Availability and Development Agreement has been signed on 18 May 2023

The Developer has received the Power of Attorney from JPC that provides the necessary authority to now proceed with the submission of the Township Establishment, Environmental Impact Assessment (EIA) and Water Use License Applications (WULA) for Phase 1.

The Focus program for the new financial year is as follows:

Submission of the above applications is expected to take place before the end of July 2023

Anticipated approval of the said application in February/April 2024

To commence with bulk and internal infrastructure installation in April 2024.

Phase 1 of the Southern Farms Mega City project will consist of Precincts A1, A2, C1, C2, C3, and B – located to the west of the N1 highway. Phase 1 is anticipated to yield approximately 15 195 units.

The City of Joburg through the Department of Housing can now proceed to budget and provide USDG funding for the bulk and link infrastructure program for the Southern Farms Project.

Soweto Gateway

The development has a total project area of approximately 30.5 hectares and the estimated development cost is R3.2 billion.

The total development yield consists of the following: approximately 3366 mixed-income residential units, public open space, retail space, educational space, medical facilities, hotel/ conference centre, community facilities, commercial, and some light industrial.



PROGRESS TO DATE:

The property underwent a tender process in 2019, but due to Covid-related delays, the validity period expired, resulting in no award. Subsequently, on November 12, 2021, the property was put out for tender again; however, no bids met the functionality criteria and scoring, leading to no award. The property is now open for tender once more, as of June 2, 2023, with the deadline for submission on July 7, 2023. A non-compulsory briefing session took place on June 12, 2023.

INNER CITY

- Progress Update



The key focus of the Inner City Rejuvenation Programme (ICRP) is to ensure that all the awarded properties reach construction. The ICRP requires the collaboration and intervention of various key Stakeholders who play a vital role in resolving the existing challenges prior construction commencement.

Between May and June 2023, all contractor engagements were held with the aim of identifying the current challenges experienced by the developers as well as providing them with possible mitigation strategies. Based on these engagements, the following challenges have been identified as well as the City Stakeholders who will assist in unlocking the door to construction:



With the intervention and collaboration of the abovementioned stakeholders, the ICRP can commence with construction and enhance previously disadvantaged communities by providing affordable housing, job creation, and local SMME support.

PHASE 4 ACQUISITION OF PRIVATELY OWNED PROPERTIES

Although Council has approved the budget for the acquisition of various privately owned properties, it must be noted that the acquisition of these properties would expose the City to various other cumulative costs (i.e. valuation, security, decanting, demolition, and packaging).

The alternative suggested course of action is to appoint an Urban Designer to establish a precinct plan for 50 Storey buildings that would:

- Provide credible and useful information in terms of land ennoblements (i.e. revenue, investment attraction, air rights).
- Identify projects and investment opportunities that can aid in achieving the CoJ's priorities and objectives, as well as planning for buildings, spaces, transportation, and community housing.
- Promoting accessibility to economic and social opportunities within the Inner City
- Provide financial modelling for the precinct plan and a transaction adviser in addition to the standard team. Costing of Bulk Services, Rezoning, and Consolidation

Section 5: Information Technology Unit (IT)

The 2022/2023 risk register has been submitted for review and update, ensuring business continuity and effective risk management within JPC.

INFORMATION TECHNOLOGY PROJECT SCOPE AND DELIVERABLES.

COJ SAP Integration With MOEs

The City of Joburg integrated SAP System to simplify municipal operations, enhance service delivery, and support its Smart City strategy. Employees and residents can now access various functionalities, including leave application and supply chain management. The successful implementation of SAP modules achieved automated HR functionality, enabling paperless processes and a 100% transition to ESS and MSS. Implementation concluded in October 2022.

Facilities Management Information System Project Implementation and Rollout.

The implementation of the Facilities Management Information System (FMIS) for the City of Joburg Property Company is underway, enabling efficient tracking of maintenance and repair requests for all JPC property buildings. The system will benefit stakeholders by improving service delivery and streamlining inquiries and requests. Budget approval for license renewal and training has been confirmed, allowing real-time management of repairs and maintenance. A call center environment is being established, and the IT department is preparing an RFP for a service provider.

Electronic Records Document Management System

JPC is implementing an Electronic Records Document Management System (EDRMS) as part of its smart city strategy and compliance with POPIA regulations. The system will enable the electronic management of records and ensure adherence to data protection principles. A service provider has been appointed, and negotiations for the service level agreement are in progress. The implementation is expected to begin in the fourth quarter of 2022/2023, with a suitable service provider appointed in June 2022, Phase one of The ERDMS project has commenced.

ICT INFRASTRUCTURE

Security and Boardroom Capacitation Capex Allocation

IT has initiated the process for installing Access Control, CCTV, and Boardroom Accessories after unsuccessful attempts to obtain services from COJ. The implementation is scheduled to begin in the first quarter of the 2023/2024 financial year, benefiting employees and ensuring uninterrupted service delivery through enhanced security measures.

The installation of Telecommunications and communication services.

The installation of Telecommunications and communication services for the Braampark Forum 2 phase 2 project is underway. VOIP services will be implemented, allowing for the activation of telephone extensions and numbers. Due to the non-delivery of services from COJ, JPC leveraged the National Treasury Transversal Contract with Vodacom PTY Ltd. The implementation of the project is currently underway, completion date of 30th July 2023.

ICT Infrastructure for JPC Employee

IT plans to provide new laptops to all employees for enhanced business operations and uninterrupted service delivery. The project, financed through a 36-month lease, aims to ensure agility and longevity. The Bid Evaluation Committee will resume in the first quarter of 2023/2024 for evaluation and appointment, benefiting JPC employees, stakeholders, and clients with efficient services.

The JPC Website

JPC IT is seeking a suitable service provider for hosting and maintaining the JPC website for 36 months. The tender process will be completed in the first quarter of the 2023/2024 financial year, benefiting JPC employees, stakeholders, customers, and Joburg residents citywide. The appointment of the service provider is expected to begin in the first quarter of the 2023/2024 financial year.

Section 6: Client Business Operations

Service Standards

STAKEHOLDER ENGAGEMENTS

Below are the key interventions executed by the Stakeholder Management to date. This is for a period beginning from 1 July 2022 to June 2023.

- 83 RVSD/ JOC meetings
- 19 Ward Councillor Forum (WCF);
- 19 Councillors Meetings;
- 8 IDP Meetings;
- 61 Meetings / Site Visits Depts / Entities;
- 32 Site Visits / Meetings Other;
- 1 Site Visit for Transactions/queries;
- 102 Site Visits to projects and facilities;
- A Re Sebetseng & Other Cleaning Exercises;
- 152 S14(2) Circulations to RD's & Ward Councillors;
- 2 Petitions Site Visits / Round Table Meetings

REGIONAL STAKEHOLDER ENGAGEMENTS

Various stakeholder engagements were held whereby JPC attended meetings, operations, and forums. It is necessary to mention that CBO Stakeholder Consultants conducts site inspections only upon request by the core Departments to provide the conditional status found on site. Client servicing and stakeholder engagement/management play an inherent role in supporting the business in resolving internal or external enquiries. Due to the limited number of Stakeholder Consultants in the Unit, this has impacted negatively consequently adversely affecting the operations of the Unit. There are currently only three (3) Stakeholder Consultants available.

The table below indicates the key stakeholder engagements and includes interventions by Asset Management, Acquisitions, Client Business Operations, Property Management, and Stakeholder Consultants wherein meetings and/or site visits were conducted outside JPC offices. This list excludes management attendance at COJ meetings such as Service Delivery Joint Operations Committee, Technical Cluster (Economic Growth and Inner City), Sub-Mayoral (Economic Growth and Inner City), Mayoral (normal, Shareholder & Visible Service Delivery), Section 79 (Economic Growth) and Petitions

which meetings are included in the annual year planner and must be attended by JPC. Special meetings are also convened from time to time to table additional items not included in normal agendas or where a matter is urgent or an emergency.

CASE MANAGEMENT (CSU)

For the financial year, CSU attended to and closed (477 YTD) enquiries relating to general property information, zoning, and ownership. A total of (156 YTD) enquiries were escalated to Asset Management for further analysis. The escalations are to determine if properties can be commenced for the circulation process. These include matters wherein a caveat exists on a particular property and/or there is some information on hand that suggests that there were potential transactions and/or complexities that require resolution by either a COJ entity or department or another sphere of government before JPC can transact. In some instances even though the outcome of such assessment is negative for the client in that JPC may not transact by way of circulating for comments it enables JPC to resolve encumbrances that are largely legacy related.

The Client Servicing Unit (CSU) attended to a total of 477 walk-in clients for the period under review. The table below depicts all the activities that transpired within the Unit which is in line with the Service Level Standards set by the City of Joburg:

Category	Service	Q1	Q2	Q3	Q4	YTD
		Total Walk-In Clients	Total Walk-In Clients	Total Walk-In Clients	Total Walk-In Clients	Total Walk-In Clients
All Regions	Follow-Up Enquiries	159	55	51	49	314
All Regions	New Enquiries	48	41	35	14	138
All Regions	Ward Councillors	14	2	7	2	25
	Total	221	98	93	65	477

JPC Performance Service Standards

Client Business Operations (CBO) adhered to the service standards set by the COJ contained in the Shareholder Compact which relate to client service functionality and turnaround times of enquiries. Service standards KPIs 1, 2, and 10, relate to and are managed by CBO. Whilst other departments are responsible for the other KPIs, CBO reports on a monthly basis to the COJ on all service standards based on information and evidence received from the various contributing departments.

Core Service	Service Level Standard Target	Apr	May	June	Variance explanation	Mitigation
KPI 1.1 Response in acknowledgement of requests, enquiries and complaints	Within 1 day of logged call	94	140	0	None	None
KPI 1.2. Provision of answers and/or results related to the receipt of the requests and enquiries regarding properties	Within 3 days of logged call	55	101	0	None	None
KPI 1.3. The performance of emergency work for JPC managed facilities	Within 1 day of logged call	59	92		None	None
KPI 1.4. Performance of minor works on facilities managed by JPC	Within 2 days of logged call	20	55	0	None	None
KPI 1.5. Performance of major works on facilities managed by JPC	Within 5 days of logged call	0	2	0	None	None
KPI 1.6. Complete the sale or lease and registration of servitudes of Council owned land	Within 9 months after Council Approval in terms of Section 14(2) of the Municipal Finance Management Act	0	0	0	No tender was placed after Council and COJ Executive Adjudication The committee, KPI was not measured	None
KPI 1.7. Tender placed after Council approval and CoJ Executive Adjudication Committee	Within 5 months of CoJ Executive Adjudication Committee approval	0	0	0	No tender was placed after Council and COJ Executive Adjudication The committee, KPI was not measured	None

Core Service	Service Level Standard Target	April	May	June	Variance explanation	Mitigations
KPI 1.8. Internal allocation of land and buildings to City Departments and Entities (PTOB): Permission to occupy and build and lease office space from third parties)	Within 6 months of receipt of the request of Permission to Occupy and build (PTOB) from Departments and Entities with confirmation of budget allocation.	0	2	0	KPI not measured. No requests for internal allocation for land and buildings with the budget were received from departments and entities during this period.	None
KPI 1.9. Performance of surveys on the condition of all plant and equipment in order to allow the assessment of the required repairs and maintenance of facilities managed by JPC	Quarterly (from date of instruction received)	0	0	0	None	None
KPI 1.10. Response to applicants/interest to lease or acquire (formal applications) land and/or buildings	Within 30 days of application	0/0= 100%	15/15=100%	0/0= 100%	None	None



Chapter 4: Human Resources & Organisational Management

Section 1: Human Resource and Organisational Management

Strategic Highlights and Achievements

1.1 Revised Human Resources Strategic

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. 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.

Employment Equity Targets

JPC has initiated and completed the EE Awareness sessions as part of the consultation process to ensure that employees understand the Act provision and the role of the EE plan and committee according to Sections 16 and 17 of EEA.

Organisational Development

The high-level structure was reviewed and approved by the Board on 29 July 2022 to ensure business continuity and improved performance with increased productivity and accountability. This has also necessitated for the lower level structures to be reviewed in line with the organisational design principles being cognisant that JPC is a dynamic company mandated to manage and develop the City of Johannesburg's (CoJ) property assets to maximise both social and commercial opportunities for the Council.

The preceding process is for management to engage in consultation with Local Labour Forum for final consensus. On approval of the lower level structures, the departmental staff engagements will be conducted to create business awareness on the changes effected.

The overall structural information is as follows:

- The total number of unbudgeted vacant positions as of June 2023 is **596**.
- The process of reviewing the organisational structures in mitigating the high vacancy rate is underway to support the revised business strategy.
- The talent attraction process will commence once the restructuring process is finalised subject to budget availability.

Declaration of Interest

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

A total number of **1531** submissions were received out of **1549** employees, and only **15** employees out of the total number have declared their personal interests in terms of business conducted outside their JPC work.

Section 2: Employee Remuneration and Cost Including

The table below depicts the remuneration expenses reported for the period under review (April – June 2023) and based on all-inclusive packages:

SALARY BILL: Q4 FOR 2022/2023 (April – June 2023)	
MONTH	AMOUNT
Apr-23	R35 681 467
May-23	R35 199 880
Jun-23	R34 876 073
Total	R105 757 421

The overall salary bill for the Fourth-quarter review (Apr-Jun 2023) amounts to **R 105 757 421.00**. The transactions mainly consisted of the reinstatement and back payment of employees who had been awarded at the bargaining council. The table above illustrates an increase in the salary bill in April 2023 due to the reinstatement of employees and Bargaining awards paid by the City. The respective employees have also been transferred to the City pool which sums up the terminations realised.

Fourth Quarter Overtime Costs:

Overtime expenditure comes as a result of services rendered to the public by JPC in respect of public convenience facilities and cleaning services in corporate buildings. The increase in overtime hours worked is caused by JPC’s continued maintenance of all public facilities and corporate buildings which is a mandatory country-wide requirement following the Covid-19 pandemic. JPC will continue to manage and maintain the expenses effectively to manage overtime costs.

The table below indicates Q4 overtime expenses: **(April to June 2023)**

Monthly	Staff Working Overtime	Hours Claimed	Total Costs
Apr-23	449	13524	R1 498 138.34
May-23	343	9175	R1 048 386.32
Jun-23	325	8556	R1 016 850.10
TOTAL AMOUNTS	1117	31 255	R3 563 375

The table above shows the overtime costs incurred from April to June 2023, the total staff required to work overtime, and the number of hours claimed for overtime worked. The total budget spent on overtime in this quarter equates to **R 3 563 375.00** worked by an average of **372** employees per month.

The public convenience facilities' operating model requires that employees work over the weekends thus resulting in overtime expenses being incurred.

Staff Movements

Terminations: It is reported during the period under review, sixteen (16) terminations were actioned.

Occupational Levels	MALE				FEMALE				Foreign Nationals		TOTAL
	A	C	I	W	A	C	I	W	M	F	
Top Management	0	0	0	0	0	0	0	0	0	0	0
Senior Management	1	0	0	0	0	0	0	0	0	0	1
Professionally qualified and mid-management	0	0	0	1	0	0	0	0	0	0	1
Jun. Management, Superintendents, and Skilled Technical	2	0	0	0	1	0	0	0	0	0	3
Semi-skilled and discretionary decision making	2	1	0	0	0	0	0	0	0	0	3
Unskilled and defined decision making	1	0	0	0	7	0	0	0	0	0	8
Total Permanent Staff	6	1	0	1	8	0	0	0	0	0	16
Temporary Employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	6	1	0	1	8	0	0	0	0	0	16

The table above illustrates the terminations realised inclusive of temporary and permanent employees as per occupational levels, race, and gender.

The terminations constituted mainly retirements. Below are the reasons for terminations realised during this period under review (April to June 2023).

- ✓ **Medical Boarding:** One (1) employee was medically boarded
- ✓ **Early Retirement:** One (1) employee opted for early retirement in this period
- ✓ **Resignation:** Four (4) employees resigned.
- ✓ **Retirement:** Ten (10) employees retired in this period under review. This indicates that JPC has an aging workforce and needs to ensure that skills are transferred to the new generation or the younger workforce for business continuity.

The impact of the termination rate of 1% realised contributes to the under-capacitation within key business areas. The rate is however at an acceptable level taking into consideration that a healthy turnover rate is between 5% and 10% in line with the best practice benchmark.

The 1% staff turnover rate is at an acceptable level and it has been a trend that the organisation experiences employees who stay longer in the employ of JPC. This is indicative that JPC is fair and consistent when it comes to remuneration and benefits offered to employees.

Section 3: Key Vacancies

The following positions were advertised,

1. General Manager: Human Capital Management
2. Chief Financial Officer
3. General Manager: Internal Audit

Position	Department	Status
General Manager: HCM	Human Capital Management	Recruitment process is in progress
Chief Finance Officer	Finance	
General Manager: Internal Audit	CEO's Office	

Section 4: Employment Equity

The total JPC EE demographics in the table below include permanent and temporal employees. The total workforce is 1549 permanent for EE reporting purposes.

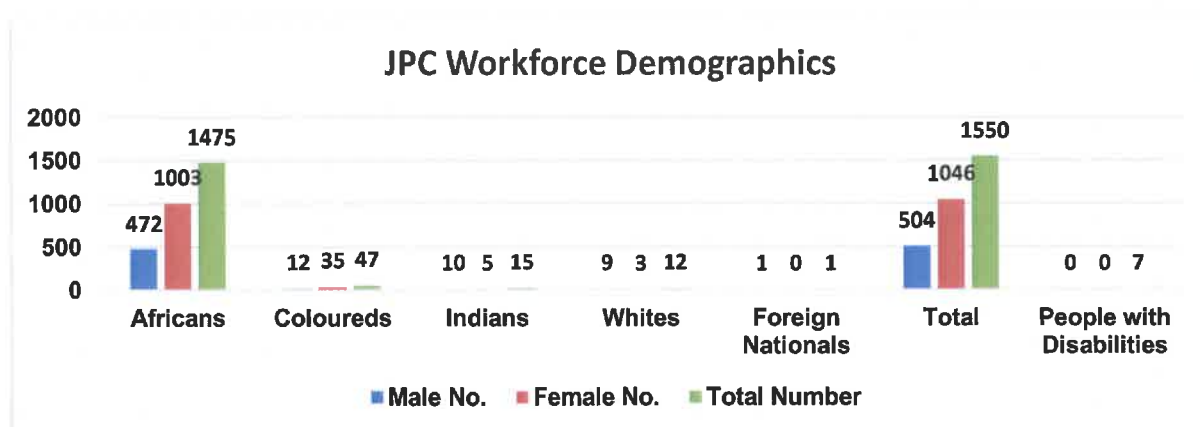
EE WORKFORCE ANALYSIS AS @ JUNE 2023												
Occupational Levels	MALE				FEMALE				Foreign Nationals		TOTAL	
	A	C	I	W	A	C	I	W	M	F		
Top Management 1-2	0	0	0	0	0	1	0	0	0	0	1	
Senior Management 3-4	5	0	0	0	3	0	0	0	0	0	8	
Prof. qualified & experienced specialists and mid-management 5-6	19	1	3	3	20	1	3	3	0	0	53	
Skilled & qual. workers, jnr mgt., supv, foremen, supt. 7-8	78	5	6	5	91	14	2	0	1	0	202	
Semi-skilled and discretionary decision making 9-10	49	4	1	0	5	2	0	0	0	0	61	
Unskilled and defined decision making 11	320	2	0	1	884	17	0	0	0	0	1224	
Total Permanent Staff	471	12	10	9	1003	35	5	3	1	0	1549	
Temporary Employees	0	0	0	0	0	0	0	0	0	0	0	
GRAND TOTAL	471	12	10	9	1003	35	5	3	1	0	1549	

The increase in headcount emanates from the reinstatement of seven (7) employees in April 2023 and one (1) employee who was transferred from the City into the Client Service department effective June 2023.

Five employees were terminated at the end of March 2023 and were a headcount for Quarter 3 and four employees have been terminated at the end of June 2023 who are part of the total head count for this current quarter

Racial and Gender Split per population groups as well as the gap analysis against EAP targets as at the end of June 2023.

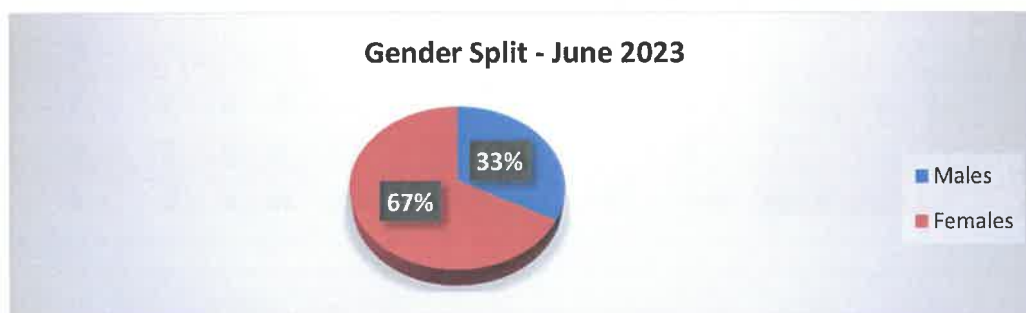
The JPC workforce status based on the current Provincial Economic Active Demographics Population (EADP) is as follows:



Racial Split per population group in line with Economic Active Demographic Population

Racial Split – June 2023	Target	Actual	Current Numerical
Africans	81%	94.70%	1474
Coloureds	3.30%	3.00%	47
Indians	3.20%	1.10%	16
Whites	12.70%	1.40%	12
Total			1549
People with Disabilities	2%	0.45%	7

Gender Split Analysis



JPC has 67% female representation and 33% male in the gender split. There were no significant changes in percentages recorded under terminations emanating from resignations and early retirements.

Section 5: Disciplinary Matters and Outcomes

Current Internal Cases

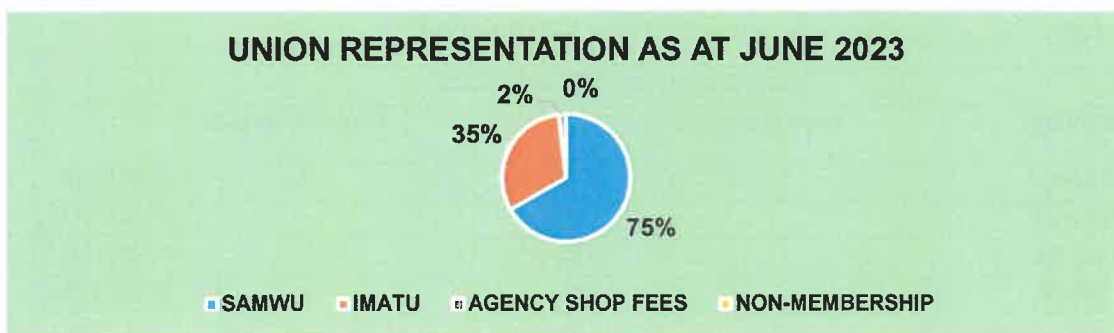
Currently, there are no disciplinary matters.

External Disputes

One (1) Matter was referred for arbitration.

Bargaining Council Matters: Matters that were set down at the South African Local Government Bargaining Council. (SALGBC) and the outcomes for the period as at the end of March 2023.		
External Dispute Resolution Forum		Nature of Dispute Progress and Next Steps
South African Local Government Bargaining Council		Sixteen (1) Matters were referred for arbitration
No.	Nature of Dispute	Progress and Next steps
1.	One (1) Matter has been partially heard and is still to be finalised	In progress

Union representation



The union representation and membership graph above shows that from a staff complement of 1549 permanent employees, 75% belong to SAMWU, 35% belong to IMATU, and 2% fall within the Agency shop fees.

Section 6: Employee Wellness

Healthy employees result in a more productive workforce with less absenteeism, fewer accidents, lower healthcare 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 healthcare measures.

Based on best practice JPC has to provide an Employee Assistance Program for employees as it goes without saying that healthy employees are more present to perform their duties optimally. Human Capital Management is in the process of engaging the Supply Chain Management process toward ensuring that the EAP program is existent within JPC.

Section 7: Leave and Productivity Management

Leave Provision: for the period under review

The leave liability amount based on 27 814 leave days amounts to **R33 263 694**. The leave liability amount indicates a steady increase as employees accumulate 2 leave days per month.

Leave Encashment for the period under review:

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 Management Policy provision. In addition, prior to the encashment application, an employee is required to utilise their 16-day compulsory leave.

The table below indicates the monthly leave encashment during the fourth quarter review. Employees encashed **635** non-compulsory days at a total cost of **R 668 245.00**.

Leave Encashment: Q4 2022/2023		
Monthly	Days Encashment	Financial Impact
Apr-23	249	R 291 816
May-23	160	R 144 141
Jun-23	226	R 232 289
Totals	635	R 668 245

Absenteeism: Fourth Quarter Review period (Apr-Jun 2023)

JPC has an absenteeism rate of 0.23% and the department with the highest absenteeism rate is Cleaning Services and Portfolio Management. These departments are where the majority of employees, as well as our aging workforce, are situated.

Section 8: Employee Benefits

The table below indicates the pension funds membership distribution as at the end of June 2023:

PENSION FUND MEMBERSHIP	TOTAL	REMARKS
E-Joburg Retirement Fund	1501	Defined Contributions
City of Joburg Pension Fund	36	Defined Benefits
Municipal Employee Pension Fund	4	Defined Contributions
Municipal Gratuity Pension Fund	4	Defined Contributions
Joint Municipal Workers Pension Fund	1	Defined Benefits
Non-Membership	3	Not compulsory & Medical Boarding
TOTAL	1549	

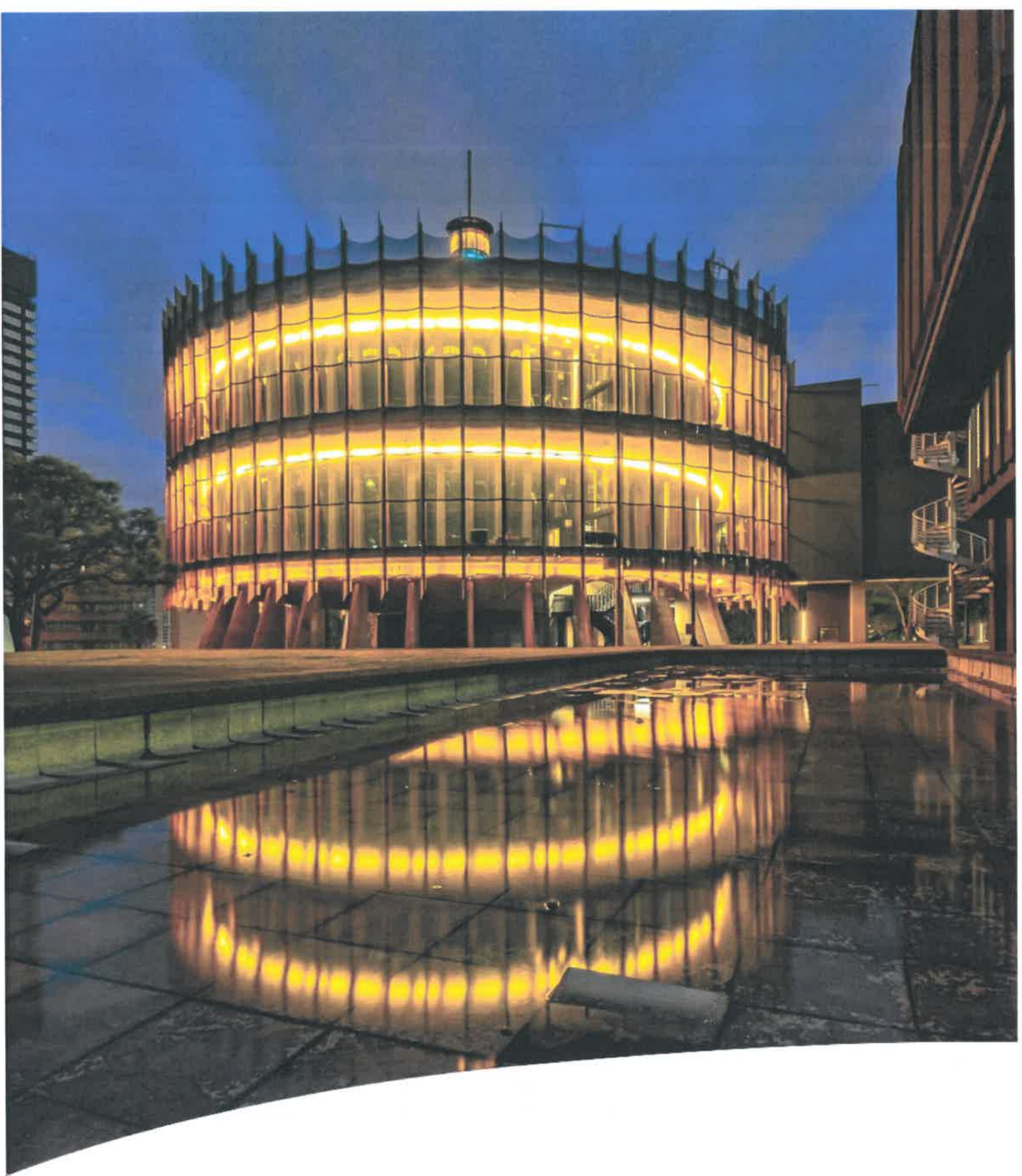
The table above demonstrates the membership distribution of JPC to accredited pension funds. This condition is compulsory for all JPC employees with the exception of the Chief Executive Officer, employees medically boarded, who are already being paid by their respective pension funds. In terms of the salary and wage collective agreement, the pension fund contributions increase whenever there is a salary increase.

The Accredited Medical Aid Schemes membership distribution as at the end of June 2023 is as follows:

MEDICAL AID SCHEME	MEMBERSHIP
BONITAS	201
DISCOVERY	10
HOSMED	48
KEYHEALTH	78
LA HEALTH	190
SAMWUMED	172
TOTAL MEMBERSHIP	699

The table above specifies the accredited medical aid schemes and membership distribution to each scheme as of the end of June 2023. The provision that is set out in relation to medical aid, is based on the 60/40 principle as set out in the Main Collective Agreement. The current maximum medical aid employer contribution rate to the employer-accredited medical schemes has increased to **R5007.00** for the 2022/2023 financial year.

Medical aid membership is mandatory for all employees except for lower-level employees i.e. General workers and cleaners. In addition, some employees are dependent on their spouse's medical aid schemes hence the medical aid membership totals are half of the total staff complement.



Chapter 5: Financial Performance

Section 1: JPC Statement of Financial Position

	Note			Variance	
		2023	2022	R	%
Assets					
Current assets		1 405 152 190	1 101 565 433	303 586 758	27.56%
Cash and cash equivalents	1	2 000	2 000	-	0.00%
Receivables from exchange transactions	2	1 144 713 603	773 062 205	371 651 398	48.08%
Loans to shareholders	3	259 450 317	328 410 301	-68 959 984	-21.0%
Receivables from non-exchange transactions	4	90 927	90 927	-	0.00%
Prepayments	5	895 344	-	895 344	0.00%
Non-current assets		60 767 090	71 012 828	-10 245 738	-14.4%
Property, plant and equipment	6	25 078 682	22 189 444	2 889 238	13.02%
Intangible assets	7	13 203 578	13 544 214	-340 636	-2.51%
Deposits	8	600 587	600 586	1	0.00%
Deferred Tax Asset	9	17 739 271	30 532 897	-12 793 626	-41.9%
Current tax receivable	10	4 144 972	4 145 687	-715	-0.02%
Total Assets		1 465 919 281	1 172 578 261	293 341 020	25.02%
Liabilities					
Current Liabilities		1 499 969 105	1 230 682 938	269 286 167	21.88%
Payables from exchange transactions	11	237 186 176	178 411 285	58 774 891	32.94%
Loans from shareholders	12	1 254 705 001	1 024 501 919	230 203 081	22.47%
Provisions	13	5 958 717	27 569 601	-21 610 884	-78.4%
Operating lease liability	14	2 119 210	200 133	1 919 077	958.9%
Non-Current Liabilities		714 000	714 000	-	0.00%
Employee benefit obligation	15	714 000	714 000	-	0.00%
Total liabilities		1 500 683 105	1 231 396 938	269 286 167	21.87%
Net Assets		-34 763 824	-58 818 679	24 054 855	-40.90%
Share Capital	16	5 142 721	5 142 721	-	0.00%
Accumulated Surplus/(Deficit)	17	-39 906 545	-63 961 400	24 054 855	-37.6%
Total Net Assets / (Liabilities)		-34 763 824	-58 818 678	24 054 853	-40.90%

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 R29 502 824. The total outstanding debt from related parties is R1 137 310 721 of which +/-R420 million relates to cleaning services that have not been recovered due to challenges with the service level agreements with the COJ departments.
3. Represents the COJ: Portfolio loan account with JPC and the sweeping account of R249 million. The cash position of JPC has declined due to dwindling receipts from the COJ and JPC still having to service its operational obligations within 30 days.
4. Staff debtors relate to personnel that has signed an acknowledgement debt for monies owed to JPC.
5. Per the new lease agreement for Forum1, JPC received credits for rentals paid for the March and April 2023 months. The remaining balance will utilised against the July 2023 rental.
6. Property, plant, and equipment are measured at the lower cost or carrying amount. Where possible, the useful life of fixed assets has been extended due to their good condition.
7. Intangible assets comprise computer software that has been procured or internally generated.
8. Electricity deposits with Eskom for the Baragwanath informal trading facility and the Lenasia facilities management buildings. Interest on the deposit is accrued at financial year-end.
9. The deferred tax has been calculated to account for movements in the balance sheet and temporary differences. Due to the profitability of the reporting period, deferred tax assets were utilised in the financials of the 2023 financial year.
10. Provisional tax payments made for the 2022 financial year.
11. 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 an increase in trade payables due to year-end accruals for operational expenses.
12. 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.
13. Relates to the provision for EXCO bonuses for the 2020/21, 2021/22, and 2022/23 financial years. The significant year-on-year reduction in the provision relates to R23 975 459 for the white-boxing of Proton House was utilised in the current financial year as a settlement was reached in August 2022.
14. GRAP 13 adjustment for the straight-lining of operating leases over the lease duration of office accommodation buildings. Currently, only Forum 1 at Braampark Office Park meets the criteria for straight-lining.
15. Provision of Post-retirement Medical Aid raised based on the 2021/22 actuarial valuation report in respect of personnel that qualifies for the benefit.
16. There are no changes to the share capital of JPC in the current financial year.
17. The accumulated surpluses and losses from previous and current financial years.

Section 2: JPC Statement of Financial Performance

	Note	Year-to-date			Annual	Variance
		Actual	Budget	Variance	Budget	%
Revenue						
Revenue from non-exchange transactions		501 904 771	501 680 000	224 771	501 680 000	0.04%
COJ - Subsidies received	1	500 680 000	500 680 000	-	500 680 000	0.0%
Other Income	2	1 224 771	1 000 000	224 771	1 000 000	22.5%
Revenue from exchange transactions		278 785 608	364 778 000	85 992 392	364 778 000	23.6%
Cleaning Services Recoveries	3	219 696 730	236 511 000	16 814 270	236 511 000	7.1%
Management Fees	4	11 127 063	10 000 000	-1 127 063	10 000 000	-11.3%
Commission on Portfolio Rentals	5	14 646 936	21 336 000	6 689 064	21 336 000	31.4%
Commission on Outdoor Advertising	6	9 331 911	13 572 000	4 240 089	13 572 000	31.2%
Commission on Property Acquisition	7	1 480 586	-	-1 480 586	-	0.0%
Assets Under Management Fees	8	7 000 000	7 000 000	-	7 000 000	0.0%
Facilitation fees	9	-	56 661 000	56 661 000	56 661 000	100.0%
Ad hoc Fees	10	117 969	-	-117 969	-	0.0%
Cell Mast	11	15 384 412	19 698 000	4 313 588	19 698 000	21.9%
Other income		11 503 048	-	-11 503 048	-	0.0%
Interest received	12	11 503 048	-	-11 503 048	-	0.0%
Total Revenue		792 193 427	866 458 000	74 714 115	866 458 000	8.6%
Expenditure						
Board of directors fees and expenses	13	2 492 442	2 630 000	137 558	2 630 000	5.2%
Operational expenses	14	238 664 913	273 489 000	34 824 087	273 489 000	12.7%
Contracted expenses	15	22 651 485	26 667 000	4 015 515	26 667 000	15.1%
Cleaning materials	16	7 909 560	6 000 000	-1 909 560	6 000 000	-31.8%
Repairs & Maintenance	17	3 500 127	28 992 000	25 491 873	28 992 000	87.9%
Salaries	18	470 807 499	497 782 000	26 974 501	497 782 000	5.4%
Interest Paid	19	-	15 442 000	15 442 000	15 442 000	100.0%
Depreciation	20	5 060 105	15 456 000	10 395 895	15 456 000	67.3%
Profit/Loss on disposal of assets		3	-	-3	-	0.0%
Provision for bad debts	21	-2 876 481	-	2 876 481	-	0.0%
Total expenditure		748 209 652	866 458 000	118 248 348	866 458 000	13.6%
(Deficit)/surplus before taxation		43 983 776	-	-43 534 233	-	
Taxation	22	-12 795 878	-	-12 795 878	-	
Net (Deficit)/Surplus		31 187 898	-	-30 738 356	-	

Notes:

1. The subsidy was provided to JPC for the 2022/23 financial year. The subsidy was revised during the midterm budget review.
2. JPC received refunds from Old Mutual for employees that have been placed on medical boarding.
3. Cleaning service costs are billed and recovered for services rendered. The cleaning cost rate has been revised as a fixed rate that will cover all costs associated with the cleaning services that JPC provides. This should yield higher revenue and collections from previous financial years. The rate will increase in line with the COJ's budget indicators.
4. JPC earns a 10% management fee for facilitating and managing R&M and CAPEX projects for the COJ's departments and other MOEs. Income has exceeded the budget for the year-to-date as the completion of the Nelson Mandela Market and emergencies for the departments of Health and Transport occurred in Q4.
5. The COJ Rental Collection Commission, Servitudes, and Rates & Taxes are 31.4% 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.
6. The outdoor advertising commission that is collected in the Portfolio is below budgeted objectives as contracts with advertisers and the conclusion of the by-laws is still to be resolved.
7. JPC earned commissions for facilitating the acquisition of various properties for the Department of Housing.
8. Relates to the management fee for the administration of the COJ's fixed asset register.
9. 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.
10. No budget is provided for ad hoc fees as it relates to the recovery of property services within JPC from MOEs and is utilised as and when the need arises.
11. Cell mast revenue is below the budgeted objectives for Q4 as the upliftment fee is still being independently computed and audited. The upliftment fee for Q4 will be accounted for before the submission of the annual financial statements.
12. JPC accrued interest on the sweeping account throughout the 2023 financial year as the account is in surplus of R249 million
13. Board of directors' fees and expenses are in line with board activity as well as costs associated with conducting various strategic sessions. Overall for the year-to-date, the expenditure is within the budget allocated.
14. General and operating expenditure is 12.7% below the YTD budget. Cost management measures have been implemented throughout the year to manage expenditures. Operational expenditure includes large expenditure items such as rental, utilities, and security.

15. Contracted expenses remained within the budget allocation for the YTD. The expenditure is expected to increase as accruals are finalised for the annual financial statement submission.
16. Cleaning materials have exceeded the budget for the financial year as capacitation for JPC's cleaning services was prioritised in Q4 to ensure adequate consumables are available throughout Q1 and Q2 of 2024.
17. Repairs & Maintenance are significantly below the YTD budget. R&M budgets and projects are likely to only activate in Q1 of 2024 as assessments of critical facilities were conducted in Q4 of 2023.
18. Salary expenditure is 5.4% below the year-to-date budget for the financial year. The payroll and budget reflect all annual escalations and cost of living adjustments for JPC and cleaning staff alike. The budget reflects a surplus as additional monies were allocated to JPC for this expenditure during the midterm budget review to enable JPC to cover its critical vacancies and budget shortfalls.
19. JPC incurred no interest on the sweeping account as the account has been in surplus throughout the financial year.
20. Depreciation is 67.3% below the budget. This is in line with the fixed asset register. JPC has a significant number of assets that have reached the end of their useful lives but are still in service.
21. The recoverability of third-party debtors is assessed annually and the provision for bad debts is adjusted accordingly in line with the requirements of GRAP 104.
22. JPC has a deferred tax expense for the 2023 financial year as deferred tax assets were utilised due to the profitability for the current financial year. The most notable deferred tax assets utilised are the assessed losses brought forward from the 2022 financial year and the provision for the white-boxing of Proton House.

Section 3: JPC Statement of Cashflows

	2023	2022
Cash flows from operating activities		
Rendering of services	-91 641 019	64 151 935
Subsidies	500 680 000	526 278 000
Interest income	11 503 048	8 005 851
	420 542 029	598 435 786
Payments		
Employee costs	-470 807 499	-463 156 280
Suppliers	-254 083 231	-367 522 454
Finance costs	-	-
Taxation refund	715	-
Taxation paid	12 791 374	-12 962 131
	-712 098 641	-843 640 865
Net cash flows from operating activities	-291 556 612	-245 205 079
Cash flows from investing activities		
Purchase of PPE	-7 608 707	-15 157 475
Proceeds/(Loss) on disposal of PPE	-	-
Purchase of intangible assets	-	-287 035
Payment of deposits		-400 000
Net cash flows from investing activities	-7 608 707	-15 844 510
Cash flows from financing activities		
Loan from Shareholders	299 165 318	261 596 709
Finance lease payments	-	-547 120
Net cash flows from financing activities	299 165 318	261 049 589
Net increase/(decrease) in cash and cash equivalents	-	-
Cash and cash equivalents at 01 July 2022	2 000	2 000
Cash and cash equivalents at 30 June 2023	2 000	2 000

Section 4: Portfolio Statement of Financial Position

				Year-on-year Variance	
	Note	30-Jun-23	30-Jun-22	%	R
Assets					
Current assets		123 746 834	98 182 514	26.04%	25 564 320
Capital Expenditure: Current Year	1	14 612 123	2 120 747	589.01%	12 491 376
COJ Portfolio - VAT Claim/Payable Account	2	5 190 395	2 750 543	88.70%	2 439 852
Debtors - Other: COJ	3	2 689 923	2 338 820	15.01%	351 103
Debtors - Rentals	4	153 211 354	136 899 590	0.00%	16 311 763
Doubtful Debts - Move Provision	5	(73 471 415)	(73 471 415)	0.00%	-
JPC Portfolio Loan Account	6	21 270 799	13 454 971	58.09%	7 815 828
STD/ABSA Bank - Tenant Deposit Account	7	22 736 097	21 299 368	6.75%	1 436 729
Non-current assets		-	-		-
Total Assets		123 746 834	98 182 514	26.04%	25 564 320
Liabilities					
Current Liabilities		246 531 470	258 410 754	-4.60%	-11 879 285
STB COJ Loan Account - Bank Sweeping	9	180 955 557	204 569 170	-11.54%	(23 613 613)
Accruals	10	37 091 575	29 651 650	25.09%	7 439 925
Receipts In Advance - Rentals	11	10 237 039	10 924 744	-6.29%	(687 706)
Deposits Received: Tenants	12	11 310 950	11 310 950	0.00%	-
Property Portfolio Loan: MOE's	13	195 251	105 558	84.97%	89 693
Prepaid - Deposit received on land sales	14	6 741 098	1 848 683	264.6%	4 892 415
Non-Current Liabilities		-	-		-
Total liabilities		246 531 470	258 410 754	-4.60%	-11 879 285
Net Assets		-122 784 636	-160 228 240	-23.37%	37 443 604
Accumulated Surplus/(Deficit)		-122 784 636	-160 228 240	-23.37%	37 443 604
Total Net Assets / Liabilities		-122 784 636	-160 228 240		37 443 604

Notes:

1. From the allocated Capex budget for the 2023 FY, only R14 612 123 from the Portfolio has been paid and due from the COJ. All owed amounts relating to the previous financial year have been fully received.
2. 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.
3. This relates to the rental accommodation of Councillors, and 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.
4. Debtors balance per the age analysis and lease register. The provision for bad debts is to be revised and approved by the COJ Council.
5. The current provision for bad debts related to outstanding debtors in the lease register. The bad debts are comprised primarily of informal trading debtors and will be proposed for write-off by Council in the coming financial year.
6. The loan account between JPC and Portfolio for commission and expense transactions between the two sets of accounting records.
7. Portfolio previously collected monies for JRA. The sweeping account that reflected these collections has been consolidated back into the COJ and transferred to JRA.
8. The amount reflects tenant deposits held for active leases including interest that has accrued on the account while the deposits have been held in trust.
9. The sweeping account is in overdraft due to projects that were previously accounted for as CAPEX being reclassified and accounted for as OPEX. The Portfolio only gets reimbursed for CAPEX projects.
10. Related party accruals are still outstanding for security services from JMPD.
11. This item reflects rental paid in advance for 30 years by RMB properties which are allocated on a straight-line basis, with 15 years remaining on the contract.
12. Tenants' deposits held in the trust account
13. Reflects amounts due to MOEs based on the income received and expenses paid on their behalf. MOE's Rentals are paid into JPC Portfolio Main Account and are normally paid over to MOEs the following month.
14. Deposits received for land sales. The deposit is refunded upon transfer of the land being sold. The transactions are expected to be transferred across Q4 and into Q1 of 2024.

Section 5: Portfolio Statement of Financial Performance

	Note	2023 YTD	2023 YTD Budget	Variance		Annual Budget
				%	R	
Revenue		78 110 692	96 636 750	-19.17%	-18 526 059	128 849 000
Rent of Facilities and Equipment	1	47 736 198	52 500 000	-9.07%	-4 763 802	70 000 000
Interest Received - Arrear Debtors	2	3 483 181	2 886 750	20.66%	596 431	3 849 000
Other Income	3	-	-	-	-	-
Outdoor Advertising - COJ	4	26 891 312	37 500 000	-28.29%	-10 608 688	50 000 000
Gains on Disposal of Assets	5	-	3 750 000	-100.00%	-3 750 000	5 000 000
Total Revenue		78 110 692	96 636 750	-19.17%	-18 526 059	128 849 000
Expenditure						
Contacted Services: Business Advisory	6	1 398 113	22 245 296	-93.72%	-20 847 182	29 660 394
RM: Buildings	7	6 238 224	13 633 205	-54.24%	-7 394 981	18 177 606
Bad and Doubtful Debts	8	-	1 728 750	-100.00%	-1 728 750	2 305 000
Advertising, Publicity and Marketing	9	860 162	1 500 000	-42.66%	-639 838	2 000 000
General Expenses	10	449 634	1 500 000	-70.02%	-1 050 366	2 000 000
Internal Recoveries: JPC Commission	11	24 988 611	26 292 750	-4.96%	-1 304 139	35 057 000
Internal Recoveries: Internal Charges - Security	12	9 824 813	30 888 750	-68.19%	-21 063 937	41 185 000
Internal Recoveries: Internal Charges - Legal	13	-	5 071 500	-100.00%	-5 071 500	6 762 000
Internal Recoveries: Internal Charges - Cleaning	14	9 513 996	35 109 000	-72.90%	-25 595 004	46 812 000
Depreciation: Other Assets	15	-	435 750	-100.00%	-435 750	581 000
Total expenditure		53 273 553	138 405 000	-61.51%	-85 131 447	184 540 000
Surplus/(Deficit)		24 837 138	-41 768 250	-159.46%	66 605 388	-55 691 000

Notes:

1. COJ Rentals: The overall revenue anticipated from the collection of the rental is 8.71% below the targeted budget. Delays in the approval of reports have 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 have also stifled income received from the rental of facilities and equipment.
2. This item reflects interest charged on overdue tenant accounts. The interest generated on the debtor's accounts is 23.74% above the targeted budget.
3. Other income is derived from servitude rights and income billed for services rendered on behalf of COJ Departments. There was no Income derived from servitudes for the Q4 reporting period.
4. Income derived from the outdoor advertising and promotions is 87.31% below the budget. Collections will improve significantly upon the introduction of the revised outdoor advertising by-laws.
5. No gains on disposal of assets have been recognised for the year-to-date Q4 of 2023 as no properties have been sold.
6. The budget is predominantly utilised for the valuation of properties by JPC's Asset Management. Budget provision has also been allocated for the property verification project that is currently underway. A similar project for outdoor advertising is to be initiated in 2024.
7. This line item relates to repairs and maintenance costs on COJ-owned buildings. Works at public convenience facilities have been a priority in this financial year with additional expenditure and work anticipated to continue into Q1 of 2024.
8. No doubtful debts have been written off for the year-to-date.
9. Marketing initiatives were undertaken for the year-to-date position of JPC in the property industry.
10. The expenditure relates to assessment rates, refuse removal, and electricity supply for certain commercial buildings being rented.
11. JPC Commission indicates reduced commissions receivable for JPC due to the performance of the Portfolio. Delay in the conclusion of new leases, lease renewals, servitude registrations, and land sales has resulted in a drop in commission payable to JPC.
12. JMPD 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.
13. Legal services are centralised to COJ Group Legal. For the YTD no legal expenses have been incurred in the Portfolio.
14. Cleaning services are provided by JPC at various informal trading facilities and taxi ranks that are serviced by the Portfolio.
15. 15. No expenditure related to the depreciation of other assets for the year-to-date ending Q4 of 2023.

Section 6: CAPEX

Project Name	2022/23 Budget	YTD Actuals	YTD Variance	% Spent
Acquisition of Cleaning Equipment	7 500 000	7 237 344	262 656	96%
Computer Equipment - New Computer Upgrades	450 000	396 665	53 335	88%
Erf 43-46 Victoria Ext 3(Paterson Park Node) VICTORIA EXT.3 E Regional	2 158 000	-	2 158 000	0%
Metromall Taxi Rank Shop Revitalisation and Waste Management Area Redesign	9 000 000	8 140 547	859 453	90%
Marlboro Station Project Land Preparation	350 000	321 372	28 628	92%
Walter Sisulu Square Upgrade	5 000 000	4 634 494	365 506	93%
Acquisition of various properties in SOWETO	1 000 000	532 553	467 447	53%
Office Space Optimisation Program New Precinct Redevelopment JOHANNESBURG F City Wide	8 550 000	8 462 729	87 271	99%
Revamping of the Informal Trading Stalls within the Inner City Renewal Operational Capex JOHANNESBURG F Ward	4 000 000	3 999 118	882	100%
Site Development Projects New Land Preparation JOHANNESBURG F City Wide	650 000	-	650 000	0%
	38 658 000	33 724 822	4 933 178	87%

Section 7: Ratios Analysis

PART A - JPC

LIQUIDITY RATIO

JPC is currently owed R1.14 billion from trade and intercompany debtors with cash collections in excess of R420 million being achieved for the YTD for trade receivables. JPC has a current ratio of 0.94:1 as compared to the norm of 1:1, the ratio has marginally improved from the 2022 financial year-end.

The sweeping account currently reflects a positive R249 million with related party loans exceeding R1.25 billion for salary costs are still to be paid to the COJ's Group Finance and Corporate Shared Services for previous and current financial year/s. The reduction in the cash position is the result of JPC receiving limited outstanding monies from the COJ for facilities management services that have been rendered to the COJ.

The cash position improved as collections for the subsidy and from related parties streamed in the last quarter of the 2023 financial year, payments to service providers were also halted across the COJ in the weeks leading up to the financial year-end. Upon the conclusion of the cleaning SLA, JPC will recover costs of R420 million from the COJ's departments for cleaning services provided; this will further enhance the liquidity of JPC; and it will also give the entity the cash flow to settle the outstanding loan accounts.

DEBTORS COLLECTION PERIOD

JPC has a debtors' collection ratio in excess of two years for 3rd party/external debtors. The collection of third-party debtors has 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 836 days. The intercompany debtors' collection ratio is due to non-payment by COJ departments and other MOEs for services rendered by JPC as well as for cleaning services that are yet to be recovered.

SOLVENCY RATIO

JPC has a solvency ratio of 0.98:1 against the norm of 2:1 and is factually insolvent, as the financial statements indicate that there are insufficient assets to cover all liabilities. The solvency is illustrated by a net liability position of R34.7 million. Given the financial support, and access to cash facilities, JPC remains commercially solvent and will be able to service its operational obligations as they arise. The solvency position is attributable to losses incurred in previous financial years. Increased revenue from facilitation fees and outdoor advertising and rentals will bolster the solvency position of JPC through commissions receivable from the Portfolio

COST COVERAGE RATIO

Due to the positive cash position of JPC, the cost coverage ratio is positive 3.98:1. Management has reviewed the cash flows of JPC and will seek to maintain the ratio between 1.5:1 to 2:1 into the 2024 financial year. Surplus cash, if any, 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 a current ratio of 0.5:1 as compared to the norm of 2:1, with a negative cash flow of R180.9 million for the period under review as compared to a negative cash flow of R204.6 million for the same period in the 2022 financial year. Debtors currently owe Portfolio R153.2 million with R73.4 million as a provision for bad debts, predominantly related to informal trading. As the Portfolio represents only the debtors' component of the COJ's property portfolio, debtors account for 66% of the total assets of the Portfolio. The financial risk posed to JPC is substantial as the non-recovery of the outstanding debt has a negative impact on JPC's ability to generate commission.

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 owed from other debtors.

SOLVENCY RATIO

CoJ-JPC Portfolio has a solvency ratio of 0.54:1 against the norm of 2:1 and is currently insolvent. As the Portfolio has no non-current assets or liabilities the solvency and liquidity ratio will equate to the same ratio. The ratios for the Portfolio are immaterial as the property revenue-generating assets reside in the COJ. JPC is however exploring avenues to source and grow the revenue generation of the Portfolio.

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 who are deemed irrecoverable. A bad debts report was prepared, and 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 23:1. This is due to a negative sweeping account balance of R180.9 million and an average monthly expenditure being R7.8 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. The average monthly collection is between R5m – R9m which is sufficient to cover the average monthly expenditure.

CREDITORS PAYMENT CYCLE

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

Section 8: Supply Chain Management and BBBEE

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

The SCM Policy ascribes to a procurement system 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 9: Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure refers to expenditure that was made in vain and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure	2023	2022
Opening balance	R70 675 888	R47 938 553
Current year additions	R47 934	R22 737 335
Closing balance	R70 723 822	R70 675 888

Table: Year-on-year fruitless and wasteful expenditure movement

For the financial year fruitless and wasteful expenditure increased by R47 934. The incidents that gave rise to the fruitless and wasteful expenditure are as follows:

Item	Category	Description	Disciplinary Status	Amount
1	Court judgements	JPC incurred interest related to court judgements that were issued against the entity and enforced by the Sheriff of the Court for deemed wrongful termination of employees.	To be investigated	47 934

Treasury Guidelines on irregular expenditure provide that this is only recognised when payment pertaining to non-compliance is actually made. Any irregular expenditure determined prior to a payment being made shall only be regarded as non-compliance until the payment is made; at which point the irregular expenditure shall be recorded.

Irregular expenditure	2023	2022
Opening balance	103 196 390	63 137 567
Current year additions	109 912 681	40 058 823
Closing balance	213109071	103 196 390

Table: Year-on-year irregular expenditure movement

For the financial year irregular expenditure increased by R109 912 681. The incidents that gave rise to the irregular expenditure are as follows:

Item	Category	Description	Disciplinary Status	Amount
1	Fleet services	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.	Under review by COJ	9 188 941

2	Non-compliance with MFMA	The expansion/variation of the contracts was more than the allowed 15% per Circular 62 on office accommodation leases.	Ratification to be provided by EAC	100 723 740
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Section 10: Pending Litigations and Possible Liabilities

JPC Entity

None

City Portfolio

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 11: 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 12: Statement on Amount Owed By and To Government Departments and Public Entities

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

Section 13: Payments within 30 days

% Payments within 30 days	Q4	YTD
100 % Payments within 30 days	R134 873 663.98	R766 510 412.93

Section 14: BBBEE Spend

BBBEE Spend	Q4	YTD
BBBEE Spend	R23 834 197.94	R70 397 299.06



Chapter 6: Internal and External Audit Outcomes

Section 1: Results of Internal Audit

The three-year rolling internal audit plan has been approved annually by the Audit and Risk Committee and the Board during the second quarter of 2022/23. The internal audit for 2022/23 has commenced in accordance with the approved annual plan.

PROGRESS MADE ON THE ANNUAL PLAN

There are 22 audit projects planned for the year ended 30 June 2023 consisting of 19 comprehensive audits, follow-up on AG and Internal audit findings, Adhoc project, and Probity audit.

Two of the comprehensive audit (audit of Pre-determined objectives and Service Level Standards) will be done on a quarterly basis and the remaining ones will commence during the fourth quarter of 2022/23 (in April 2023).

Quarterly projects	Allocated	Actual completed
Quarter 1	2	Completed
Quarter 2	2	Completed
Quarter 3	2	Complete
Quarter 4	19	In progress

Section 2: Progress on Resolution of Internal Audit Findings

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

INTERNAL AUDIT FINDINGS

During the 2021/22 financial year, the internal audit has raised 38 findings and 13 of those findings are repetitive findings (raised in the prior year).

The resolution rate for the internal audit findings for the 2022/23 financial year is 100% (38 of 38 findings) and 13% (5 of 38) are still in progress to be resolved by the management. The breakdown of the unresolved findings is as follows:

Category	Total	Resolved	Not Resolved
Very High	2	2	0
High	16	16	0
Medium	17	17	0
Low	3	3	0
Total	38	38	0

Section 3: Progress on Resolution of External Findings

The Auditor General of South Africa (AGSA) commenced with the audit for the financial year ended 30 June 2022 and the audit was finalised on 30 November 2022.

The breakdown of the unresolved findings is as follows:

Category	Total as 30 Nov 22	Resolved	Not Resolved
Matters affecting the auditor's report	10	10	0
Other Important matters	7	7	0
Administrative matters	0	0	0
Total	17	17	0

FINANCIAL YEAR	TOTAL FINDINGS	REPEAT FINDINGS	RESOLVED	IN PROGRESS	UNRESOLVED
2017/18	10	0	10	0	0
2018/19	10	0	10	0	0
2019/20	40	0	40	0	1
2020/21	17	0	17	0	0
Total number as at 30 Nov 2022	17	0	17	0	0
Percentage			100%		0%

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. There was a significant improvement in resolving Internal Audit & AGSA findings.

