



JPC FIRST QUARTER REPORT 2023/24

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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 first quarter of the 2023/2024 Financial Year.

<p>Mr. Sipho Mzobe CA (SA)</p>  <p>General Manager: Finance and SCM</p>	<p><u>19/10/2023</u></p> <p>Date of approval</p>
<p>Ms. Helen Botes</p>  <p>Chief Executive Officer</p>	<p><u>20/10/2023</u></p> <p>Date of approval</p>
<p>Mr. Enos Sithole</p>  <p>Chairperson of the Board</p>	<p><u>20/10/2023</u></p> <p>Date of approval</p>
<p>Ms. Lesego Mphefo</p>  <p>Executive Director: Economic Development</p>	<p><u>25/10/2023</u></p> <p>Date of approval</p>
<p>Cllr. Nomoya Mnisi</p>  <p>Member of the Mayoral Committee Economic Development</p>	<p><u>25/10/2023</u></p> <p>Date of approval</p>

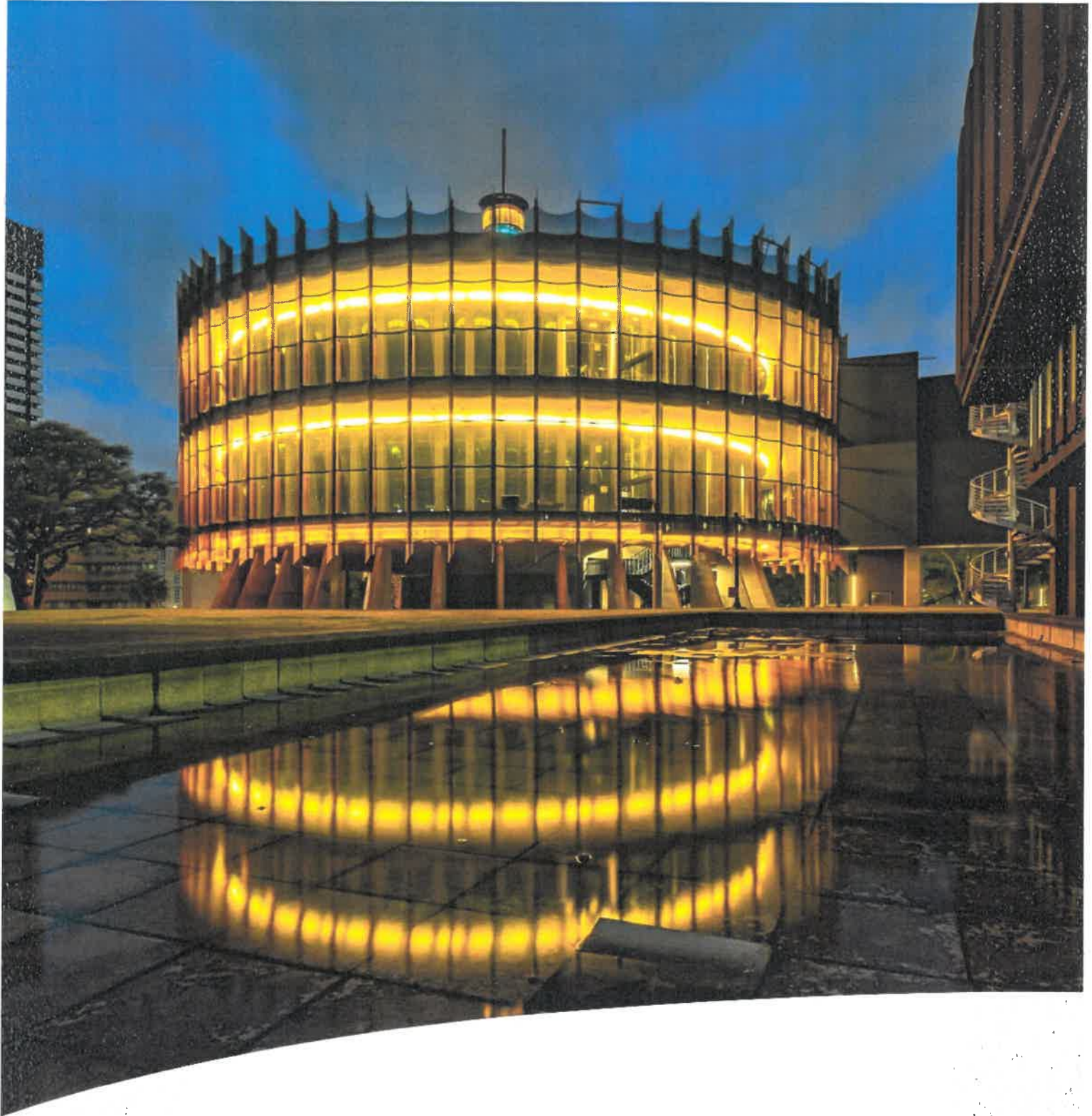
Acronyms & Abbreviations			
Acronym	Name/phrase	Acronym	Name/phrase
AFS	Annual financial statements	IOC	Integrated Operations Centre
AG	Auditor-General	IT	Information Technology
AGM	Annual General Meeting	ITIL	Information Technology Infrastructure Library
AGSA	Auditor-General of South Africa	JPC	City 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 delighted to present to you the first quarter report for the 2023/24 financial year on behalf of the JPC Board of Directors (“the Board”). The first quarter report shares the JPC progress, achievements, as the entity strive to drive our shareholder’ strategic objectives, while turning around the organizational and financial performance.

As a Board, we express our deep sadness and a serious concern in respect of the safety and the standard OHASA compliance over the fire tragedy in Marshall town, that lead to the loss of lives and injuries of the residents of the City.

The entity is collaborating with its Shareholder, the City of Johannesburg, all key stakeholders to provide safe shelter for the victims, as well to address the serious issue of illegal invasions of buildings and land of the City of Johannesburg.

During the quarter under review, the Board and its Committees focused on matters relating to corporate governance such as the review and approval of the following policies:

- The JPC Supply Chain Management (SCM);
- Cost Containment Policy;
- The Supply Chain Management Policy for Land (SCMPL), inputs of which have recommended to the City of Johannesburg for approval);
- The JPC Debtors Policy;
- The Fixed Asset Policy;
- The Compliance Risk and Management Plan; and
- The Overtime Policy (new)

While the Board acknowledges that JPC has achieved 57% of its first quarter targets, falling below the norm of 85%, The Board is resolute in its collaboration with the management team to improve the performance levels of the entity. The Board has been given an assurance by Management that continued improvement in respect of organizational performance will be a priority, while focus on driving initiatives that will lead to the financial sustainability for the entity.

The Board's primary objective is to ensure that JPC continue managing COJ's property portfolio for social and economic targets in an effective manner for the benefit of the Shareholder. The current socio-economic situation in respect of the City's properties is reducing the urban decay from unsafe, illegally occupied and hijacked buildings, while ensuring there is in increased investment attraction opportunities for the private sector.

The Board will continue to provide strategic direction to management and focus on the critical dimensions of corporate governance processes, such as:

- Ethical behaviour and leadership
- Corporate strategy aiming at driving long-term strategic vision,
- Accountability, transparency, and fairness; and
- Sound Financial and Risk Management.

The Board's commitment to the City of Johannesburg as its sole Shareholder remains unwavering. We believe that a thriving, vibrant City is essential for the prosperity of its residents and businesses environment. It is against this background that the Board remains dedicated in providing its oversight role and ensuring that JPC develop optimizing properties that not only enhancing the urban landscape, but also improve the quality of life of the residents of the City.

In conclusion, I am excited about the prospects that lies ahead for JPC and extend my appreciation to my fellow Board Members, the Management Executive Team led by the CEO, and our hardworking staff for their professionalism and unwavering commitment to JPC's success.

I am confident that, with everyone's support and commitment, the JPC mission will transform the City and become a beacon of excellence in the property industry.



.....
Mr. Enos Sithole
Chairperson of the Board

Section 2: Chief Executive Officer's Overview



I am honoured to present the first quarterly report for the 2023/2024 financial year, covering the period from 1st July 2023 to 30th September 2023. This quarterly report encompasses both the financial and organisational performance of JPC during this period.

This quarter has proved to be challenging for the City and the entity as we deal the impact of the disastrous fires that occurred in the Inner City precinct. The entity together with our shareholder, COJ is consulting, engaging relevant stakeholders to determine sustainable measures that will reduce the urban decay caused by abandoned, unsafe, illegal invasions of buildings.

Furthermore, our efforts has been on Outdoor Advertising initiatives which involves the verifications of sites and contract management. In our view, these efforts will in the short to medium term result in an increased revenue for the City and entity. Our initiatives are undertaken in collaboration with COJ 's planning department as the intention is bring the necessary transformation, stability in respect of the applicable leagisative framework.

Achievements against predetermined objectives

During the first quartter of this new financial year, JPC has made signifcant progress across various fronts and managed to achieve 57 % in its quarterly targets i.e. 11 of its 19 KPI ,The quarterly highlights include:

- ✓ A profit of R59 062 799
- ✓ One hundred and sixty-four (164) 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.
- ✓ 100% achievement of Service Standards.
- ✓ 203 employees trained.

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

Southern Farms Mega Project:

Following the conclusion the sign off of the land availability, we held planning workshop with developer to unpack the project milestones such as the project launch, public participation engagements, stakeholder analysis, mapping and engagements sessions. The project launch is anticipated take place in January 2024.

AGSA 2022/23 Audit:

ASGA has commenced with 2022/23 audit and the audit strategy finalised and steering committee established. It is anticipated that the AGSA audit will be concluded by 30th November 2023.

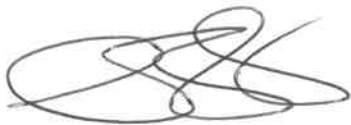
Human Resources:

The interviews for these positions were concluded General Manager: Internal Audit, and General Manager: Human Resources. The negotiations with the recommended candidate for General Manager: Internal Audit has began.

As the City's entity we are dedicated to promoting growth, stimulating economic growth through property transaction while changing the property landscape within COJ boundaries while promoting collaboration, and operational efficiency.

In conclusion, I am excited about the possibilities and opportunities that lie ahead for JPC in this new financial year. With your continued support and collaboration, we will continue to shape the future of Johannesburg and leave a lasting legacy of prosperity and progress.

Thank you for your trust and partnership. I look forward to sharing more successes with you in the upcoming quarters.



.....
Ms. Helen Botes
Chief Executive Officer

Section 3: Financial Overview



JPC is unable to present the CFO foreword as it currently does not have a CFO or Acting CFO. The Acting CFO stepped down at the end of July 2023. The reasons for stepping down were articulated in a memo to the board. The latest advert for filling the CFO vacancy closed on 9 May 2023 and the board is still processing responses received.

In the first quarter, our Finance and Supply Chain Management teams have been dedicated to finalizing the 2022/2023 financial year and preparing for the Auditor General (AGSA) audit, which is now underway. Thanks to the unwavering commitment of our teams, we successfully met the submission deadline for the annual financial statements and report by August 31, 2023. Concurrently, we've been engaged in introspection and planning to enhance our performance in the 2023/2024 financial year. This planning takes on added significance as

we prepare to submit the midterm budget review before the end of the second quarter.

During quarter 1, we also focussed on clearing the accruals from the 2022/2023 financial year. Additionally, JPC has maintained robust control over demand management, with our supply chain actively supervising specification, evaluation, and adjudication committees on a weekly basis. This proactive approach guarantees meticulous oversight and adherence to legislative processes. Consequently, projects for both JPC and COJ are advancing expeditiously through various committees, effectively meeting the service delivery needs of all stakeholders.

The financial performance of the JPC for the first quarter illustrates a profit of R59 062 799. The profit is attributable to the consistency of the subsidy and low expenditure for the first quarter. In Q1, our expenditure was notably low, with General and Operating expenses 52.2% below the YTD budget. However, we anticipate a significant increase starting in November 2023 due to finalizing Metro Centre lease decanting and JMPD security invoice payments. Contracted expenses are currently 70.7% below budget, pending Audit for invoices related to Cleaning, Fleet, and Audit Fees. As the financial year progresses, we expect expenses to rise since many contracted expenses are yet to be incurred.

Emphasis has been placed on the recovery and profitability of the cleaning services that JPC provides to the COJ. In quarter 1 we recovered 98.2% of cleaning service expenditure.

Despite JPC being owed R1.19 billion from trade and intercompany debts, the financial position has marginally improved since the conclusion of the 2023 financial year as our solvency and liquidity ratios currently reside at 1.13:1 and 1.08:1 respectively. This is a result of cash collections in excess of R200 million as well as a positive sweeping account balance of R368 million. The solvency ratio indicates that we currently have sufficient assets to cover all liabilities. 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.

In Q1, no fruitless and wasteful expenditure was incurred. However, we need to address irregular expenditure, which stands at R48,192,160. This irregular expenditure is associated with office accommodation leases currently under evaluation for awards, as well as IT-related matters. We are actively working to resolve and rectify these irregularities.

Looking ahead to quarter two, the AGSA will continue their fieldwork on the 2023 financial year audit with the final audit and management reports being issued by 30 November 2023. The midterm budget review will commence in October with final submission being due by the start of December 2023. Quarters two and three will also see significant strides in the utilisation of 2023/2024 CAPEX budgets which currently reside at 11% as the SCM processes are due to conclude during quarter two for these projects.



Mr. Sipho Mzobe CA (SA)

GM: FINANCE AND SCM





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"> ✓ 19 out of 23 KPI's were due in this quarter, where 11 (57%) KPI's were achieved and 8 (43%) KPI's were not achieved. ✓ 4 KPIs not due or applicable in this quarter under review ✓ The financial performance of the JPC for the first quarter illustrates a profit of R59 062 799 ✓ CAPEX Q1: Spent R5.4m (11%) against a budget of R 49.6m . ✓ Service Delivery Standards: 100%(10 of 10) were achieved. ✓ OPEX: Spend was R181m (68%) against a budget of R295.m. ✓ Ratios: Liquidity ratio of 0.99:1 and a solvency ratio of 1.05:1 against the City's benchmarks of 1:1 and 2:1 respectively. 	
Highlights	Lowlights
<ul style="list-style-type: none"> ✓ One hundred and sixty-four (164) properties relate to the transfer of residential homes to beneficiaries in respect of the City's service delivery mandate for the provision of housing. ✓ 100% achievement of Service Standards. ✓ 203 employees trained. ✓ External Audit Findings: 100% (of 2022/23FY AGSA Findings were resolved. 	<p>The entity has not achieved 8 (43%) of sixteen (19) KPIs due to the following reasons:</p> <ul style="list-style-type: none"> ✓ Most CAPEX projects at this stage are committed and will be spent in the financial year. ✓ Targets dependent on transactions reports for leases being approved by Council. Reports have not been approved by Council and also SCM processes that are still underway.

The dashboard below reflects the targets on the corporate scorecard

KPI	JPC Overall Performance			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Achieved	11			
Not Achieved	8			
KPI at Risk	0			
KPI not yet due	4			

	Target Exceeded		Target not achieved
	Target Achieved		Not yet due

STRATEGIC PRIORITY: SUSTAINED ECONOMIC DEVELOPMENT

1.1. UNLOCKING INVESTMENTS/BUSINESS THROUGH PROPERTY TRANSACTIONS & DEVELOPMENTS


Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
R1.5 billion	R0 investment attracted/ business facilitated within COJ boundaries based on a signed contract	R500million investment attracted/ business facilitated within COJ boundaries based on a signed contract	R500million investment attracted/ business facilitated within COJ boundaries based on a signed contract	R500 million investment attracted/ business facilitated within COJ boundaries based on a signed contract	R1.5billion 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				Target not yet due

 Target not yet due

STRATEGIC PRIORITY: SUSTAINED ECONOMIC DEVELOPMENT


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
R500 million	R125 investment spend on projects within COJ boundaries based on construction value on the ground	R125 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	R500 million investment spend on projects within COJ boundaries based on construction value on the ground
Actual	R58 561804 investment spend on projects within COJ boundaries based on construction value on the ground				R58 561804 investment spend on projects within COJ boundaries based on construction value on the ground

 **Target not achieved;** this will be achieved in the coming quarters at this stage the construction work has just commenced.


1.3. JOB OPPORTUNITIES CREATED

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
1000	250 Job Opportunities Created	250 Job Opportunities Created	250 Job Opportunities Created	250 Job Opportunities Created	1000 Job Opportunities Created
Actual	51 Job opportunities created				51 Job opportunities created

 **Target not achieved:** Repairs and Maintenance work will commence in the second quarter as SCM processes are still underway.

1.4. SMME'S SUPPORTED THROUGH PROPERTY TRANSACTIONS

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
700	175 SMME's supported	175 SMME's supported	175 SMME's supported	175 SMME's supported	700 SMME's supported
Actual	34 SMME's supported				34 SMME's supported

 **Target not achieved:** Repairs and Maintenance work will commence in the second quarter as SCM processes are still underway.

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	25% Asset Verification Project				25% Asset Verification Project



Target achieved

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
15	0 Analysis of Land parcels that are categorised for leasing	5 Analysis of Land parcels that are categorised for leasing	5 Analysis of Land parcels that are categorised for leasing	5 Analysis of Land parcels that are categorised for leasing	15 Analysis of and parcels that are categorised for leasing
Actual	0 Analysis of Land parcels that are categorised for leasing				80 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
320	80 asset management plans formulated	80 asset management plans formulated	80 asset management plans formulated	80 asset management plans formulated	320 asset management plans formulated
Actual	80 asset management plans formulated				80 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
8	Acquisition of 0 properties	Acquisition of 0 properties	Acquisition of 4 properties	Acquisition of 4 properties	Acquisition of 8 properties
Actual	Acquisition of 48 property				48 acquired and transferred to the COJ through the conditions of town establishment



Target Achieved

1.9 RELEASE OF 120 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	164 properties released on social and economic leases including servitudes and sales.				164 properties released on social and economic leases including servitudes and sales.



Target Exceeded

1.10 IMPLEMENTATION OF THE OUTDOOR ADVERTISING MASTERPLAN

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
100%	25% implementation of the Outdoor Advertising masterplan	25% implementation of the Outdoor Advertising masterplan	25% implementation of the Outdoor Advertising masterplan	25% implementation of the Outdoor Advertising masterplan	100% implementation of the Outdoor Advertising masterplan
Actual	25% implementation of the Outdoor Advertising masterplan				25% implementation of the Outdoor Advertising masterplan



Target achieved

1.11 IMPLEMENTATION OF ANNUAL REFURBISHMENT PLAN FOR METRO CENTRE

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
100%	25% implementation of annual refurbishment plan for metro centre	25% implementation of annual refurbishment plan for metro centre	25% implementation of annual refurbishment plan for metro centre	25% implementation of annual refurbishment plan for metro centre	100% implementation of annual refurbishment plan for metro centre
Actual	0% Implementation of annual refurbishment plan for metro centre				0 Implementation of annual refurbishment plan for metro centre



Target Not Achieved: Annual refurbishment plan has been placed on hold due to the decanting and repurposing of the Metro Centre, which is to be approved by Council.

1.12 RENEWAL OF OFFICE ACCOMMODATION LEASES

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
27	6 Renewal of Office Accommodation Leases	7 Renewal of Office Accommodation Leases	7 Renewal of Office Accommodation Leases	7 Renewal of Office Accommodation Leases	27 Renewal of Office Accommodation Leases
Actual	0 Renewal of Office Accommodation Leases				0 Renewal of Office Accommodation Leases



Target not Achieved: Currently 15 RFPs are being tabled at Bid Adjudication Committee for office accommodation leases for the COJ and its Entities. The expected completion date would be November 2023.

1.13 IMPLEMENT TRAINING AND DEVELOPMENT INITIATIVES TO ADDRESS COMPETENCY GAPS

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
800	200 Number of employees trained	200 Number of employees trained	200 Number of employees trained	200 Number of employees trained	800 Number of employees trained
Actual	203 employees trained				203 employees trained



Target Exceeded

1.14 INCOME GENERATED THROUGH PROPERTY TRANSACTIONS

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
R115 million	R28.75m income raised from acquisition, outdoor advertising, leases, servitudes and sales	R28.75m income raised from acquisition, outdoor advertising, leases, servitudes and sales	R28.75m income raised from acquisition, outdoor advertising, leases, servitudes and sales	R28.75m income raised from acquisition, outdoor advertising, leases, servitudes and sales	R115m income raised from acquisition, outdoor advertising, leases, servitudes and sales
Actual	R18 926 694 24m income raised from acquisition, outdoor advertising, leases, servitudes and sales				R18 926 694 24m income raised from acquisition, outdoor advertising, leases, servitudes and sales



Target Not Achieved: Target dependent on transactions reports for leases being approved by Council and leases being renewed.

1.15 SPEND OF ALLOCATED CAPEX

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
95%	25% spend on allocated Capex	20% spend on allocated Capex	25% spend on allocated Capex	25% spend on allocated Capex	95% spend on allocated Capex
Actual	11% spend on allocated Capex				11% spend on allocated Capex



Target not Achieved: Projects are being processed through the SCM process.

1.16 PERCENTAGE SPENT ON OPERATING BUDGET AGAINST APPROVED OPERATING BUDGET

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
95%	25% Percentage spent on operating budget against approved operating budget	20% Percentage spent on operating budget against approved operating budget	25% Percentage spent on operating budget against approved operating budget	25% Percentage spent on operating budget against approved operating budget	95% Percentage spent on operating budget against approved operating budget
Actual	68% Percentage spent on operating budget against approved operating budget				68% Percentage spent on operating budget against approved operating budget



Target Exceeded

1.17 PERCENTAGE OF SPENT ON REPAIRS AND MAINTENANCE BUDGET

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
8%	0% of spend on repairs and maintenance budget	4% of spend on repairs and maintenance budget	6.4% of spend on repairs and maintenance budget	8% of spend on repairs and maintenance budget	8% of spend on repairs and maintenance budget
Actual	0% of spend on repairs and maintenance budget				Target not yet due.

 **Target not yet due**

1.18 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

 **Target Achieved**

1.19 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%	0% reduction in unauthorised, irregular, fruitless, and wasteful expenditure incurred citywide	10% reduction in unauthorised, irregular, fruitless, and wasteful expenditure incurred citywide	20% reduction in unauthorised, irregular, fruitless, and wasteful expenditure incurred citywide	20% reduction in unauthorised, irregular, fruitless, and wasteful expenditure incurred citywide	50% reduction in unauthorised, irregular, fruitless, and wasteful expenditure incurred citywide
Actual	0% reduction in unauthorised, irregular, fruitless, and wasteful expenditure incurred citywide				Target not yet due.

 **Target not yet due**

1.20 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
95%	85% Compliance to CoJ service standard	85% Compliance to CoJ service standard	85% Compliance to CoJ service standard	85% Compliance to CoJ service standard	95% Compliance to CoJ service standard
Actual	100% Compliance to CoJ service standard				100% Compliance to CoJ service standard



Target Achieved

1.21 AUDIT OPINION

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
Unqualified Audit Target	N/A	Unqualified Audit	N/A	N/A	Unqualified Audit
Actual	N/A	Unqualified Audit	N/A	N/A	Target not yet due.



Target not yet due

1.22 PERCENTAGE RESOLUTION OF AUDITOR GENERAL'S FINDINGS

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
95%	95% of the previous AG letter	95% of the previous AG letter	50% of the current/new AG letter	95% of the current/new AG letter	95% resolution of Auditor General findings
Actual	100% of the previous AG letter				100% of the previous AG letter



Target Achieved

1.23 PERCENTAGE RESOLUTION OF INTERNAL AUDIT FINDINGS

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
95%	95% resolution of Internal audit findings	95% resolution of Internal audit findings	95% resolution of Internal audit findings	95% resolution of Internal audit findings	95% resolution of Internal audit findings
Actual	19% resolution of internal Audit findings				19% resolution of internal Audit findings



Target Not Achieved: The internal audits were only completed in the first quarter; and management will be implementing measures to address the findings.

Section 5: Corporate Profile and Overview of the Entity

The City of Joburg Property Company SOC Ltd (JPC) was established in 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 1541 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

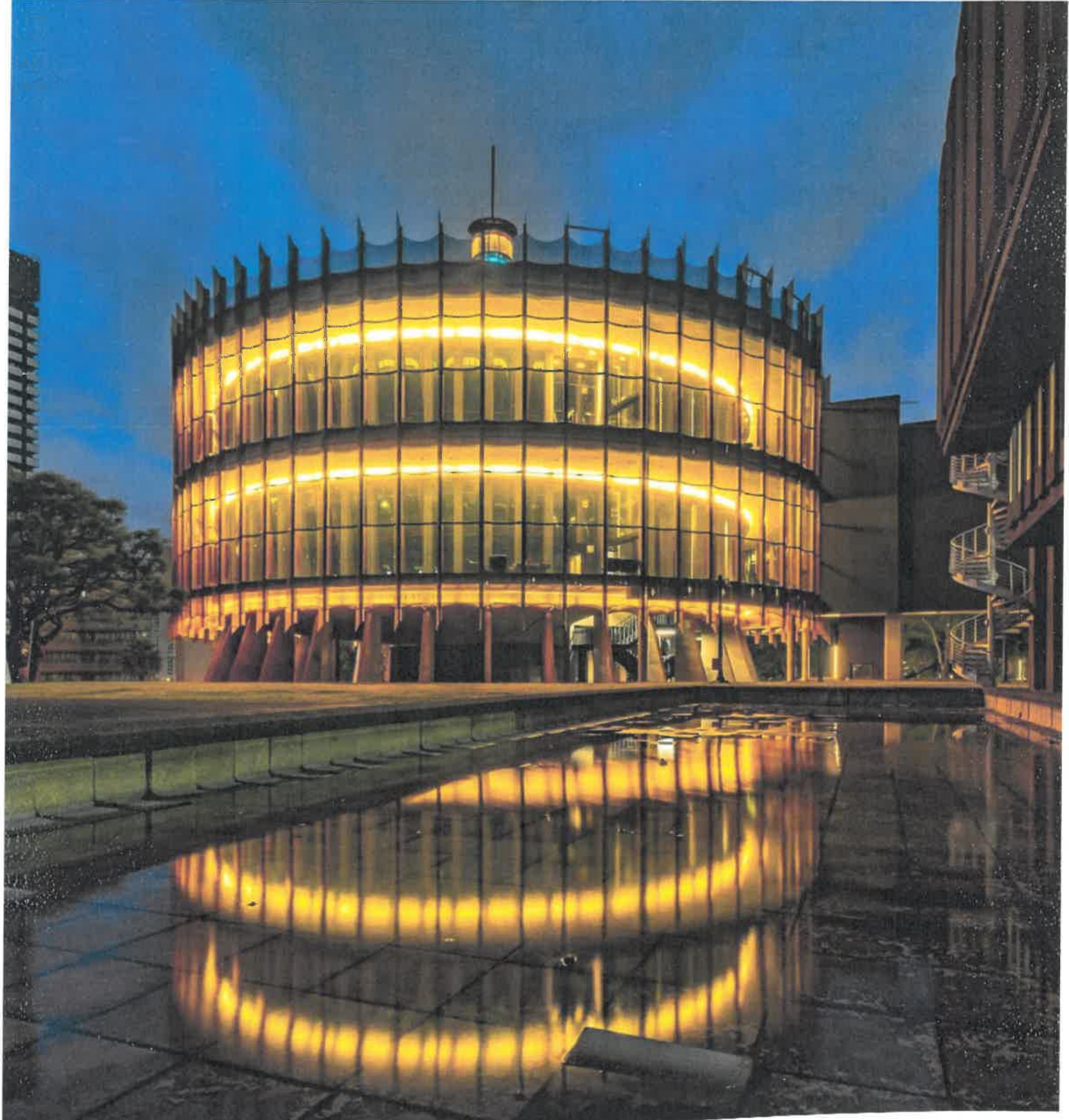
JPC's corporate strategy is aligned with the Growth and Development Strategy (GDS) 2040, the Integrated Development Plan (IDP), and the Mayoral Priorities. JPC recognises and emphasises its role as an economic and social property company to achieve positive developmental outcomes. The City had confirmed 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"> • R1.5 billion Investment / Rand value attraction of investment on COJ property • R500 million investment spend on COJ property / Construction value on the ground • Acquisition of 8 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"> • 1000 Jobs opportunities created through property transactions • 700 SMMEs supported through property transactions
Good Governance	<ul style="list-style-type: none"> • Analysis of 15 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 • 95% resolution of Auditor General's findings • 95% resolution of Internal audit findings • 100% of valid invoices are paid within 30 days of the invoice date • 100% completion of Outdoor Lease Verification Project • 800 employees trained to address competency gaps • 100% Implementation of Annual Refurbishment Plan for Metro Centre
Financial Sustainability	<ul style="list-style-type: none"> • R115 million income raised from acquisition, outdoor advertising, leases, servitudes, and sales • 95% spent on the operating budget against the approved operating budget • 8% 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 • 95% spend of the allocated capital expenditure budget • 320 asset management plans formulated • 100% Implementation of the Outdoor Advertising masterplan • 27 Renewal of office Accommodation Leases
Active and Engaged Citizenry	<ul style="list-style-type: none"> • 95% achievement of service standards



Chapter 2: Governance

Section 1: Corporate Governance Statement

JPC has a unitary Board, which consists of executive and non-executive directors. In accordance with the Companies Act 71 of 2008, and in line with the Principle of King IV, a Non-Executive Director, Mr Enos Sithole, is the presider of the Board of Directors ("the Board"). The Board convene regularly (at least quarterly) with special and statutory meetings to consider statutory reports and any other urgent matters. The Board retains full control of the organisation.

The Board remains accountable to the CoJ Metropolitan Municipality as its sole shareholder and its stakeholders, and the citizens of Johannesburg. A Service Delivery Agreement ("the SDA") and Shareholder Compact concluded in accordance with the provisions of the MSA that governs the entity's relationship with the CoJ.

The Board and management of JPC are committed to the highest standard of corporate governance, accountability, transparency, fairness and integrity. Having examined the controls the Board is satisfied that management is making every effort to comply with all material aspects of the relevant legislations. The JPC Board of Directors and Executive Management team subscribe to the governance principles set out in the Code of Conduct for Directors referred to in Section 93L of the Municipal Systems Act, circular 63 of the MFMA, and the King IV Code. The Board also actively reviews and enhances internal controls and governance procedures to ensure that JPC is managed ethically and within prudently determined risk parameters.

Board Composition & Diversity

At the end of the first quarter, the company had twelve (12) Directors, ten (10) Non-Executive Directors and two (2) Executive Directors, being the Chief Executive Officer and the Chief Financial Officer.

The administrative process of de-registering the directors who resigned or have retired and registering new members with the Company and Intellectual Property Commission (CIPC), is in progress. The City, in its role as shareholder, appoints the entity's Board of Directors. The composition of the Board during the first quarter of the financial year 2023/24 was as follows:

Board Members (Non-Executive Directors)

- Enos Sithole (Chairman)
- Bettycourt Teffo
- Ellen Rakodi
- Fulufhelo Ratshikhopha
- Londiwe Mthembu
- Mxolisi Zondo
- Ntalo Mabundza
- Ntombikayise Tini
- Sabelo Mtolo
- Tshepang Thatelo

Board Members (Executive Directors)

- Helen Botes (Chief Executive Officer)
- Vacant (Chief Financial Officer)

Independent Audit Committee

- Mr. Xola Lingani
- Ms. Yongama Pamla
- Ms. Rachel Makwela
- Mr. Thabang Chiloane

Section 2: Board Committees

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 the City of Johannesburg's corporate governance protocol into its charter, which regulates its relationship with the City of Johannesburg as its sole member and parent municipality as agreed by the Shareholder Compact, in the interest of good corporate governance and good ethics. The protocol is premised on the principles of the King Code. The charter sets out the composition and powers of the Board.

The roles and responsibilities of the Board shall be to:

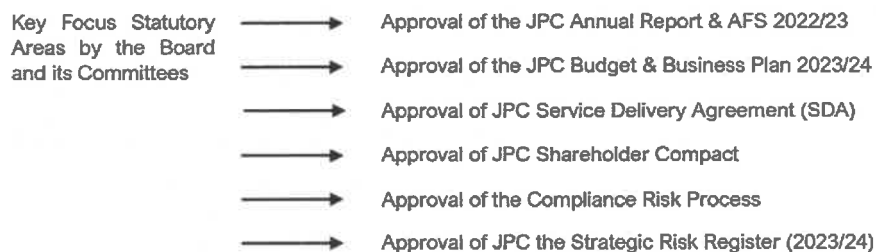
- Act as the focal point for, and custodian of, corporate governance by managing its relationship with management, the shareholders and other stakeholders of the Company along sound corporate governance principles;
- Appreciate that strategy, risk, performance and sustainability are inseparable and to give effect to this by:
 - Contributing to and approving the strategy.

- Satisfying itself that the strategy and business plans do not give rise to risks that have not been thoroughly assessed by management.
- Identify key performance and risk areas.
- Ensuring that the strategy will result in sustainable outcomes.
- Considering sustainability as a business opportunity, that guides strategy formulation.
- Provide effective leadership on an ethical foundation.
- Ensure that the Company is and is seen to be a responsible corporate citizen by having regard to not only financial aspects of the business of the Company but also impact that business operations have on the environment and the society within which it operates.
- Ensure that there is an effective risk-based internal audit.
- Disclose real and potential conflicts of interests.
- Appreciate that stakeholder’s perceptions affect the Company’s reputation.
- Ensure the integrity of the Company’s integrated report.
- Act in the best interests of the Company by ensuring that individual directors:
 - Adhere to legal standards of conduct.
 - Are permitted to take independent advice in connection with their duties following an agreed procedure.
 - Commence business rescue proceedings as soon as the Company is financially distressed.

Section 3: Board & Committees Meetings

The Board ensures that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and effective discharge of its duties in line with King IV. The JPC Board has delegated particular roles and responsibilities to Board Committees based on relevant legal requirements, as well as what is appropriate for the JPC and achieving the objectives of delegation. The Board recognises that duties and responsibilities can be delegated but that accountability cannot be abdicated and, that the Board therefore remains ultimately accountable.

To discharge its responsibilities the Board is assisted by three (3) Board Committees, namely; the Audit and Risk Committee, the Social and Ethics Committee, Transformation and Remuneration Committee and the Transactions and the Transactions Service Delivery Committee.



JPC BOARD & COMMITTEES DELEGATION

Committees	Audit & Risk Committee	Transactions and Service Delivery Committee	Remco, Transformation, Social and Ethics Committee
Focus Area	<ul style="list-style-type: none"> ▪ Recommendation of the JPC Annual Financial Statements 2022/23. ▪ Recommendation of the JPC Budget and Business Plan for the 2022/23 financial year. ▪ Approval of the JPC Procurement Plan ▪ Approval of the Audit Strategy. ▪ Recommendation of the JPC Risk Management Strategy. ▪ Integrated Reporting ▪ Financial Reporting ▪ Internal Audit and External Audit Matters ▪ Risk - Management Information and Technology Governance ▪ Information & Cyber Security 	<p>Consider and to recommend to the Council for approval, the following property related transactions:</p> <ul style="list-style-type: none"> ▪ Alienation of Property; Acquisition of Property ▪ Acquisition of Property; ▪ Granting Amending, Acquiring and/or cancellation of servitudes; ▪ Property Donations; ▪ Barter; ▪ Outdoor Advertising and Cellular Masts; ▪ Leases, use, management agreement and/or control agreements; ▪ Property Development 	<ul style="list-style-type: none"> ▪ Remuneration Strategy and Policy ▪ Succession Planning ▪ Human Capital Management ▪ Good Corporate Citizenship ▪ Ethical Leadership and Conduct ▪ Social and Economic Development ▪ Stakeholder Relationships ▪ Reputation Management
Composition	<p>Mr. Sabelo Mtolo (Chair) Mr. Xola Lingani Ms. Yongama Pamla Ms. Rachel Makwela Mr. Fulufoelo Ratshikhopha'</p>	<p>Mr. Mxolisi Zondo (Chair) Ms. Bettycourt Teffo Mr. Fulufoelo Ratshikhopha Ms. Londiwe Mthembu</p>	<p>Ms. Tshepang Thatelo (Chair) Ms Ntombikayise Tini Ms. Ellen Rakodi Mr. Ernos Sithole</p>

Cross-Functional Responsibilities

The Board acknowledges the cross functional responsibilities that exist between the Social and Ethics Committee and the Audit and Risk Committees. Both Committees are regulated and statutory Committees, each Committee has developed a framework of monitoring its activities and responsibilities. These are executed through sharing of information in relation to matters serving and considered at each Committee. If necessary, Joint Committees are convened for specific items that requires Joint decisions to avoid parallel decision-making.

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.

BOARD AND COMMITTEE MEETING FOR THE PERIOD UNDER REVIEW

MEETINGS HELD DURING IN THE QUARTER	JPC BOARD	AUDIT AND RISK COMMITTEE	TRANSACTIONS & SERVICE DELIVERY COMMITTEE	HUMAN RESOURCES, SEC AND TRANSFORMATION COMMITTEE
MEETING	19 July 2023 01 August 2023 11 September 2023	10 July 2023	06 July 2023	10 July 2023
SPECIAL Unaudited AFS M	30 August 2023	14 July 2023	06 September 2023	12 July 2023
MMC-CHAIRPERSON'S QUARTERLY Review Meeting	02 August 2023	22 August 2023		
Shareholder Board Meeting	28 September 2023	24 August 2023		
SHORTLISTING INTERVIEWS	21 July 2023			
GM HCM/ GM INTERNAL AUDIT/ COO	25 July 2023 22 August 2023			
INTERVIEWS	7 August 2023			
GM HCM & GM INTERNAL AUDIT	11 August 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 FIRST QUARTER		
NAME OF DIRECTOR	MEETINGS ATTENDED	EMOLUMENTS
Enos Sithole	12	R96 000.00
Sabelo Mtolo	10	
Bettycourt Teffo	6	R64 000.00
Tshepang Thatelo	11	R48 000.00
Ellen Rakodi	6	R60 000.00
Ntombikayise Tini	5	R48 000.00
Fulufhelo Ratshikhopa	10	R96 000.00
Mxolisi Zondo	6	R46 000.00
Londiwe Mthembu	6	R52 000.00
Xola Lingani	3	R18 400.00
Yongama Pamla	4	R32 000.00
Thabang Chiloane	4	R32 000.00
Rachel Makwela	4	R32 000.00
TOTAL	87	R620 400.00

Board and sub-committee Chairperson's were engaged in additional meetings such as Shareholder quarterly's and GM Interviews

Board Assessment 2022/2023

The Shareholder through its Group Governance Department conducts formal assessment of the Board annually. The purpose of the assessment is to establish insight into how well the Board could be improved or enhanced. Group Governance Department in addition convenes Quarterly Governance Forums to upskill and enhance expertise within Boards, and strengthen communication and the importance of governance and regulatory compliance by the Boards within COJ entities.

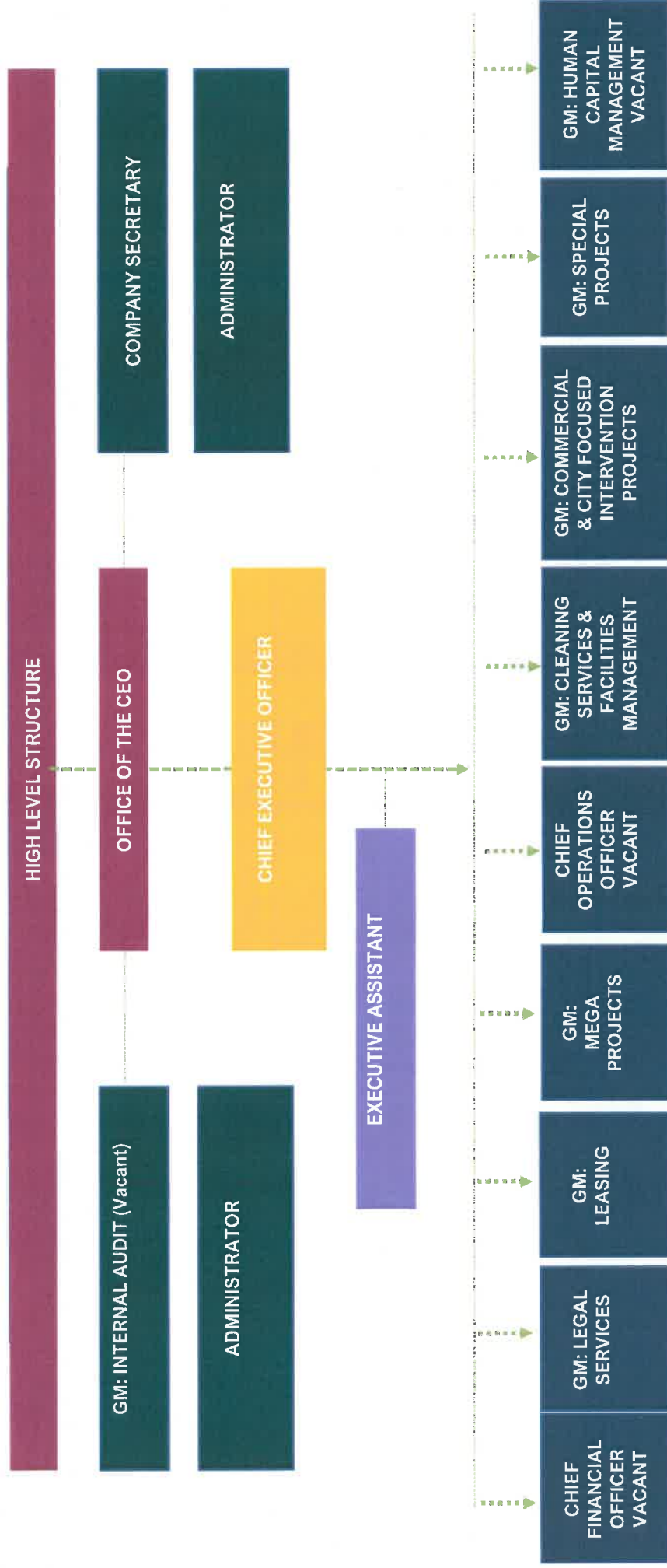
Disclosure of Interest

Each time the meeting of the Board or one of its sub-committees convenes, a specific item is included in the agenda in respect of declaration of conflict of interest. During the period under review, there were no conflicts of interests recorded. The attendance registers and declaration of conflict of interests' records are kept on file by the Company Secretary, and remain open for scrutiny.

Executive Management Remuneration for the period under review

YTD EXECUTIVE SALARIES AS AT JULY TO SEPTEMBER 2023										
EMPLOYEE NO.	Name	BASIC SALARY	TRAVEL ALLOWANCE	HOUSING ALLOWANCE	LEAVE ENCASHMENT	ACTING ALLOWANCE	PERFORMANCE BONUS/13TH	FINAL LEAVE PAY	COMPANY CONTRI.	TOTAL
10005164	Helen Botes	R686 063	R62 500	R-	R-	R-	R-	R-	R7 947	R756 509
10018008	Sizeka Tshabalala	R422 577	R30 000	R-	R63 689	R-	R-	R-	R97 603	R613 869
10018010	Mduduzi Makhunga	R427 662	R24 000	R-	R-	R-	R-	R-	R97 894	R549 555
10018011	Sipho Mzobe	R420 269	R30 000	R2 723	R-	R30 943	R-	R-	R96 860	R580 796
10018012	Phaqa Mhlongo	R468 248	R-	R-	R-	R-	R-	R-	R81 332	R549 580
10018144	Tshepo Mokataka	R448 001	R-	R-	R63 689	R-	R-	R-	R102 240	R613 929
10018147	Imraan Bhamjee	R553 440	R24 000	R3 025	R-	R-	R-	R-	R114 028	R694 494
10022875	Dlamini Gontse	R300 881	R-	R3 199	R-	R-	R-	R-	R66 138	R370 218
10100166	Kgatuke Mathibela	R-	R-	R-	R-	R-	R-	R132 806	R1 328	R134 134
10101510	Sifiso Mabizela	R245 154	R-	R3 199	R-	R28 830	R-	R-	R57 279	R334 462
Total		R3 972 294	R170 500	R12 147	R127 378	R59 773	R-	R132 806	R722 649	R5 197 547

High-Level Structure



Section 4: Risk Management

Approach to Risk Management

Enterprise Risk Management (ERM) is a critical component of the Company's Strategic Management. It is a tool that enables the achievement of its strategic objectives and the long-term sustainable growth of the business. The CoJ's ERM Framework is consistent with the relevant standards, including ISO 31000, the ERM Framework of the Committee of Sponsoring Organisations of the Treadway Commission (COSO) and the King IV Report. The framework provided a structured, dynamic and consistent approach to managing Company risks as mandated by Section 95 (c) (i) of the MFMA.

Board Risk Oversight

The Board is the governance structure accountable for ensuring that significant risks to the business are adequately identified and effectively managed. In carrying out this responsibility, the board has delegated this oversight responsibility to the Audit and Risk Committee. The Committee fulfilled its role during the period under review with quarterly reports reviewed and submitted to the Board at each quarterly reporting cycle.

Strategic and Operational Risk Management

During the year under review, the Board considered and approved the 2022/23 Strategic Risk Register. The Strategic Risk Register has 10 risks identified with the residual risk exposure which are "HIGH" risks making up 67% of the profile with 27% of the risks being "MEDIUM" and "LOW" risks making up 6% of the risks respectively. The ERM processes continued to function as intended through the annual risk management implementation plan approved by the Board. Strategic and Operational Risks were regularly monitored and reported upon every quarter. Adequate oversight was exercised by the Audit and Risk Committee and the Board and through the City of Johannesburg's Group Risk and Governance Committee.

During the 2nd Quarter of 2023/24 Management is planning to conduct a Risk workshop with the members of the Audit and Risk Committee and the Board. During the 1st quarter, there were no emerging risks identified by the management

Performance on the Strategic Risk Register 2022/23

The approved 2022/2023 Strategic Risk Register profile as of Q1 of 2023-24 is still depicted in Table 22 below. The spread of the risk exposure post-consideration of the risk exposure was as follows:

- High at 67%;
- Medium at 27%; and
- Low risks at 6%

RISK REF	RISK DESCRIPTION	END OF 2022/23		Q1 OF 2023-24		RISK EXPOSURE
		IR	RR	IR	RR	
1	Inability to maximise revenue	Very High	High	Very High	High	↔
2	Possible loss of life due to the occupation of buildings that are not OHASA compliant	High	Moderate	High	Moderate	↔
3	Loss of value of city-owned land and properties due to invasion, vandalism, fraud and corruption, and theft.	Very High	Moderate	Very High	Moderate	↔
4	Lack of Financial viability of cleaner insourcing and prevalent unhygienic conditions prevailing at COJ buildings	Very High	High	Very High	High	↔
5	Reputational and Financial losses due to Non-compliance with legislation, policies and procedures	High	Low	High	Low	↔
6	Inability to attract investment	High	Moderate	High	Moderate	↔
7	Inadequate Contract Management	Very High	High	Very High	High	↔
8	Inadequate ICT delivery and electronic storage system	Very High	Moderate	Very High	Moderate	↔
9	Inadequate internal and external stakeholder management resulted in a negative brand reputation	Very High	High	Very High	High	↔
10	A perceived lack of trust between Management and the board.	Very High	High	Very High	High	↔
11	Theft and loss of assets due to lack of physical security at premises.	Very High	High	Very High	High	↔
12	Threat to the future existence of JPC due to lack of land banking under acquisition	High	High	High	High	↔
13	Inadequate maintenance of COJ properties	High	High	High	High	↔
14	Inadequate Human Capital management	High	High	High	High	↔
15	Lack of Adequate document storage and security	High	High	High	High	↔

↔ No movement

RISK MATRIX

In line with the City’s Risk Management Framework, the following risk matrix provides a guide on the risk exposure levels.

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 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 	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"> 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. 	Long-term
Lack of Financial viability of cleaner insourcing and prevalent unhygienic conditions prevailing at COJ buildings	<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. 	Medium-term
Reputational and Financial losses due to Non-compliance with legislation, policies, and procedures	<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. 	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/summit 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 	
Theft and loss of assets due to lack of physical security at premises.	<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. 	Short-medium term
Threat to the future existence of JPC due to lack of land banking under acquisition		Medium-long term
Inadequate maintenance of COJ properties	<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 	Medium-long term
Inadequate Human Capital management	<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 organization 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. A tender has been put in place for service providers to construct adequate storage facilities 	Short-medium term
Lack of adequate Document Storage and Security		Medium-long term

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 1st quarter of 2023/2024, the entity identified irregular expenditure of R 47 166 880.87. The incidents that gave rise to Irregular expenditure due to leases and IT Expenditure
- During the 1st quarter of 2023/2024, the entity has no Fruitless and Wasteful expenditure.

Failure to pay Service Providers within 30 days.

- During the 1st Quarter of 2023/24, there were no invoices paid after 30 days

Declaration of interest

- During the 1st Quarter of 2023/24, 10% of employees declared their interest

Compliance with Core Acts

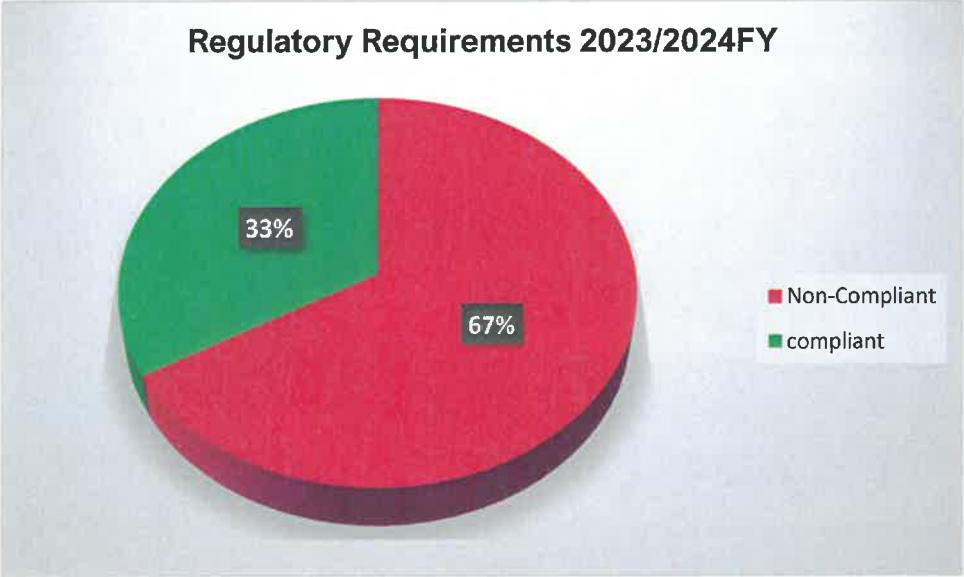
JPC Compliance Universe reflects 55 (Core 40 and Generic 15) pieces of legislation that the Company needs to comply with. However, for reporting purposes, only Core Acts, which could have a high impact, are monitored and reported

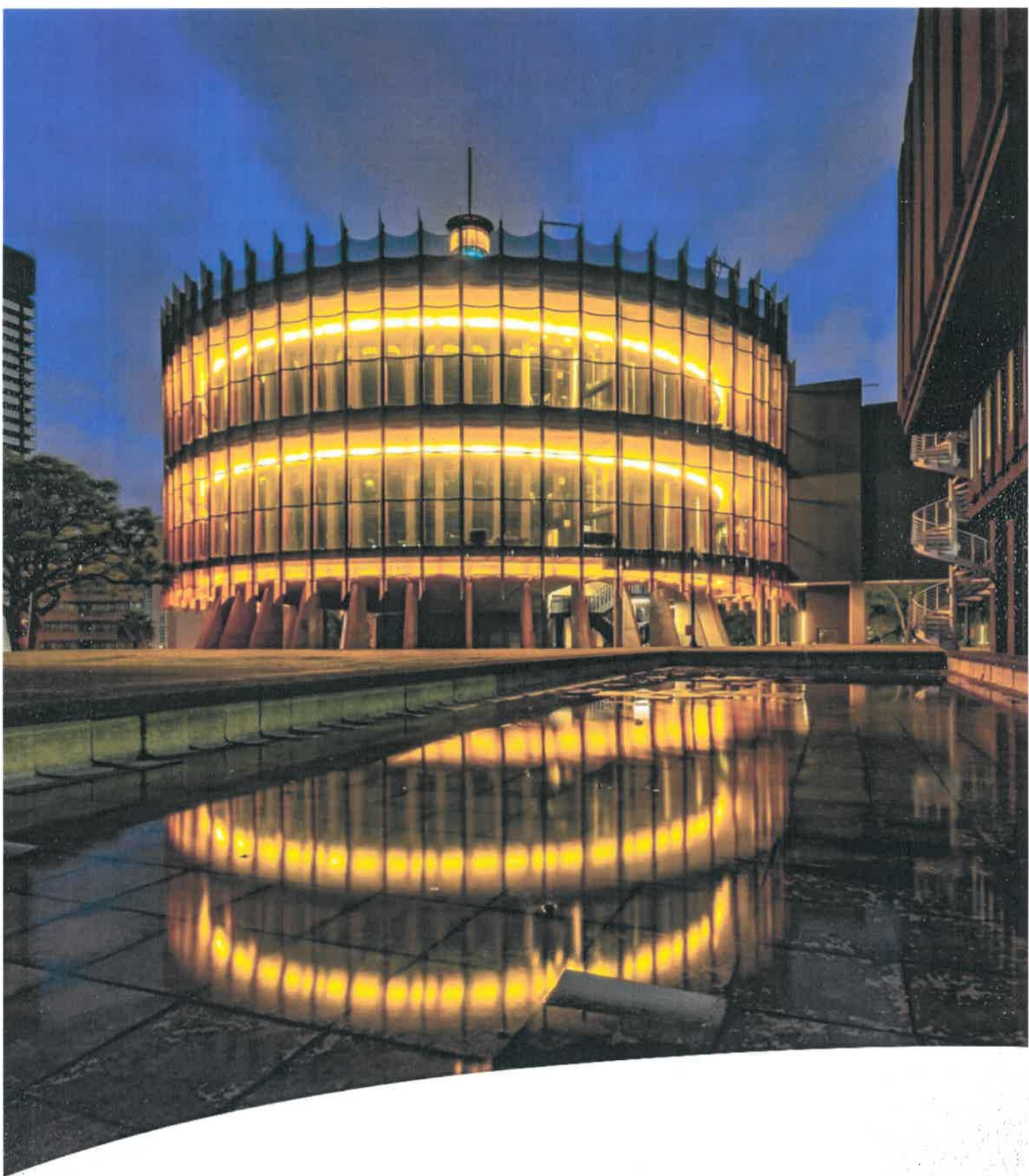
During the period under review, the risk and compliance unit embarked on a process of reviewing the following core Acts, to ensure the entity is complying. The process began with the risk profiling of individual legislation, subsequent to which existing controls were assessed for adequacy and effectiveness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

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

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

SUMMARY REPORT FOR REGULATORY ACT





Chapter 3: Service Delivery & Performance

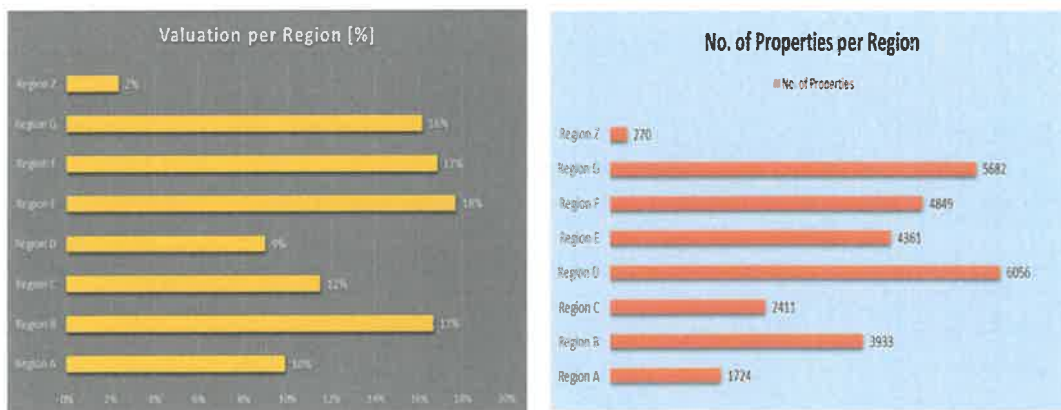
Section 1: Leasing Department

Section 1.1: Asset Management

The portfolio of the City has a total value of R10.1billion and it comprises of 29 286 properties as at the quarter ending 30 September 2023. The table below illustrates a high-level summary, which outlines the number of properties and value per region.

Region	No. of Properties	Value %	Historical Book Value
Region A	1 724	10%	R1 004 701 517.28
Region B	3 933	17%	R1 687 750 683.10
Region C	2 411	12%	R1 166 595 656.38
Region D	6 056	9%	R911 546 619.35
Region E	4 361	18%	R1 792 552 528.18
Region F	4 849	17%	R1 706 757 130.97
Region G	5 682	16%	R1 635 122 032.53
Outside COJ	270	2%	R237 102 271.01
Grand Total	29 286	100%	R10 142 128 438.80

Region D has the highest number of Council properties at 6 056, followed by Region G, which reflects 5 682 properties, Region F showing 4 849 properties, then by Region E at 4 361 properties, while Region B reflects 3 933 properties. Region C is the second lowest with 2 411 properties followed by Region A, which has the least number of properties at 1 724. 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%, 17% and 17% respectively, totaling 52% of the value of the entire portfolio. Region G is the fourth highest in value at 16%, 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 Register in relation to the property transfers that occurred during the 1st quarter of the 2023/2024 financial year.

Monthly movements by quantity

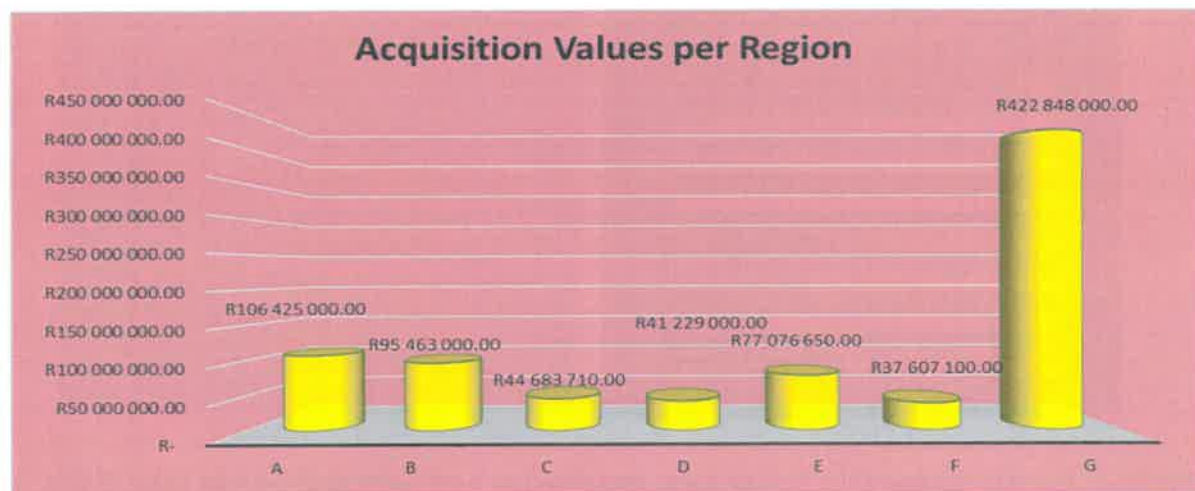
Movement Category	Jul-23	Aug-23	Sep-23	Total
Acquisitions	1582	122	48	1752
Disposals	-78	-74	-47	-199
Net Movement	1504	48	1	1553

Monthly movements by value

Movement Category	Jul-23	Aug-23	Sep-23	Total
Acquisitions	R440 264 000.00	R327 389 460.00	R57 679 000.00	R825 332 460.00
Disposals	-R2 551 974.00	-R4 844 497.20	-R56 822 350.00	R-64 218 821.20
Total	R437 712 026.00	R322 544 962.80	R856 650.00	R761 113 638.80

Acquisitions

One thousand seven hundred and fifty two (1 752) properties to the value of R825 332 460.00 were taken on during the reporting period as follows: 48 properties were transferred to the CoJ through the conditions of township establishment, 122 properties were vested to the CoJ, while 1 582 properties were devolved by the Gauteng Provincial Government. These properties are situated in Regions A, B, C, D, E, F and G. The regional representation of the properties is outlined on the graph below.



Disposals

One hundred and ninety nine (199) properties to the value of R64 218 821.20 were disposed of in the reporting period as follows:

- **Housing Conversions**

One hundred and sixty-four (164) properties relate to the transfer of residential homes to beneficiaries, which are done in terms of the City's service delivery mandate for 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 of 65 properties that are full title residential houses and 97 sectional title units.

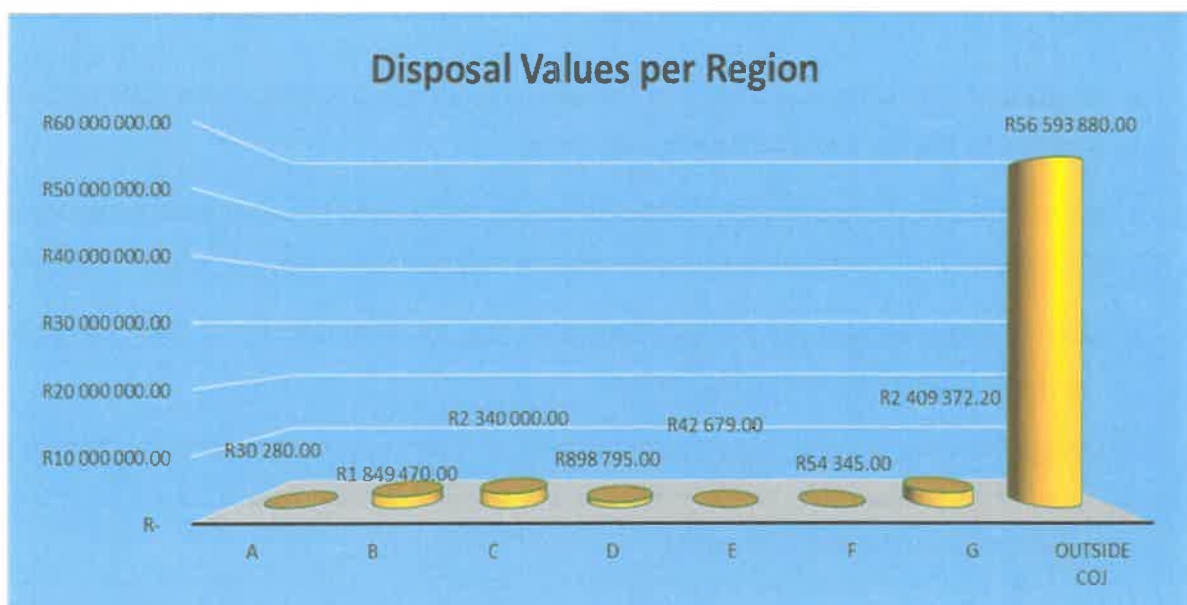
- **Land Regularisation**

Two (2) shops were transferred to entitled beneficiaries in terms of the conversion of rights governed by the Conversion Act 81 of 1988.

- **Ekurhuleni Properties**

Thirty-five (35) properties were transferred to City of Ekurhuleni. These properties vest in Ekurhuleni as they are situated within their municipal boundaries.

The regional representation of the movements is outlined on the graph below.



Net Movements

This section provides an indication of the movement impact on the value of the Asset Register. The reporting period shows a positive net movement of R761 113 638.80, which translates to an increase of 7.50% of the entire portfolio as outlined on the table below.

NET ASSET REGISTER MOVEMENT IN VALUE			
Month	Opening Balance	Movement	Closing Balance
Jul-23	R9 381 014 800.00	R437 712 026.00	R9 818 726 826.00
Aug-23	R9 818 726 826.00	R322 544 962.80	R10 141 271 788.80
Sep-23	R10 141 271 788.80	R856 650.00	R10 142 128 438.80
NET MOVEMENT		R761 113 638.80	
		7.50%	

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.

Eighty 80 Asset Management Plans were formulated during the first quarter of the 2023/24 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	7
Region B	14
Region C	06
Region D	12
Region E	10
Region F	28
Region G	03
Total	80

Section 1.2: Informal Trading

Income Collection

During the reporting period for the first quarter ending September 2023, the Informal Trading Unit has collected R330 603.54. Traders are resisting paying their monthly rentals due to non-profit in their businesses. In some facilities, traders have started to pay their rentals after engagements with market traders committees on the importance of revenue collection.

NO	FACILITY NAME	INCOME COLLECTED		
		JULY	AUGUST	SEPTEMBER
1	Metro Mall Informal & Formal Shops	R54 465.10	R57 060.00	R43 322.55
2	Advertising & Promotions	R0.00	R25 424.09	R0.00
3	Fleet Africa	R0.00	R800.00	R0.00
4	Kliptown Informal & Formal Shops	R460.00	R280.00	R220.00
5	Streets Traders	R17 990.00	R18 400.00	R14 060.00
6	Hillbrow	R8 810.00	R4 410.00	R6 270.00
7	Yeoville	R350.00	R650.00	R2 040.00
8	Fordsburg	R16 263.60	R11 782.60	R5 869.60
9	Bara & Formal Shops	R3 730.00	R15 390.00	R4 210.00
10	Jeppe	R0.00	R0.00	R600.00
11	Lenasia	R0.00	R0.00	R250.00
12	Faraday Formal & Informal	R0.00	R500.00	R450.00
13	Doornfontein	R0.00	R350.00	R400.00
14	Big Ben	R0.00	R150.00	R0.00
15	Midrand	R250.00	R250.00	R250.00
16	Rosebank	R610.00	R480.00	R850.00
17	Kwamai mai	R2 890.00	R5 151.00	R3 015.00
18	Alexandra	R0.00	R0.00	R0.00
19	Diepsloot	R400.00	R650.00	R850.00
20	Various Formal Traders	R0.00	R0.00	R0.00
Total		R106 218.70	R141 727.69	R82 657.15

STAKEHOLDER ENGAGEMENT

- **Informal trading policy awareness campaign in Diepsloot:** JPC outlined its role, which is the management of facilities, lease agreements and revenue collection.
- **Faraday & Trump Market:** The verification took place on the 4th and 5th of September 2023 and 101 traders were verified.
- **Hillbrow Market:** On 11th and 12th September 2023, the total number of verified traders was 93.
- **Hoek Linear Market:** On 14th and 15th September 2023, 50 traders were verified.
- **Yeoville Market:** The verification took place on 18th and 19th September 2023

The total number of verified traders in the four market and transport facilities was 441, as traders in some facilities were not in possession of the required documents.

Site Inspections (Illegal Advertising)

There has been a growing problem of illegal advertising being conducted in the majority of our facilities. Outdoor is in negotiations for a new agreement with of Outsmart for advertising rights at Bara and the other 2 taxi facilities.

The following facilities experienced vandalism, break-ins, and theft:

- **Cosmo City:** The fence has been stolen and the public toilets have been vandalized with the taps and pipes being stolen. The Transport Department has been informed of the incidents as they need to liaise with JMPD as the custodians of law enforcement.
- **Florida Taxi Rank:** The office was vandalized with taps stolen as well as the electric cables including the plugs. There are no security officers on site and the matter was escalated to The Transport Department to date there has been no resolution.
- **Zandspruit Transport Facility:** The facility has only one security officer on each shift and that has led to vandalism of the property with copper pipes and the concrete fence being stolen. The matter has been reported to the Transport Department as the facility needs additional officers.

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.

CHALLENGES

- Security – Inadequate security has proven to be a challenge when effecting lockouts for none payments of rentals or any other reported matter that may need to be addressed at the time.
- Cleaning services lack capacity and inadequate equipment to keep all the facilities hygienically clean and complying with Covid-19 protocol.
- Lack of visibility by security guards and shortage of staff securing our facilities.
- Overcrowding in our facilities caused by commuters and traders in our major facilities as lockdown is eased resulting into social distancing not being observed.
- Inadequate response time to urgent maintenance callouts.
- Flooding during rainy seasons.
- Increased number of illegal traders in all major facilities.

Section 2: Commercial and City-Focused Interventions Projects

Section 2.1: Development Facilitation Unit

Mixed-Use Development transactions that are currently advertised on tender

NO	PROPERTY DESCRIPTION	MARKET VALUE
1	Ptn 246 and 247 Braamfontein (Parkhurst Bowling Club)	R11 100 000.00
2	Erf 24460 Diepkloof (Bara Corner Sites)	R2 049 600.00

PROJECTS AT CONSTRUCTION PHASE/STAGE

ERF 53 ALAN MANOR

Erf 53 Alan Manor is located at the corner of Caro and Constantia Avenue, situated in the South of the City of Johannesburg in Region F. The site 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 lifestyle complex will comprise 83 Units. This 2 – storey-building project comprises of four residential typologies, two bedroomed units and one and a half beds.

- The first phase of this development was completed on 15 April 2023
- Blocks C, D, E, and F will commence once blocks A and B have been registered
- 35 out of 83 Units have been sold.
- The value of work done including spend to-date is R33million (VAT excluded).



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 have 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 270 million.

The development on this Erf aims to cater for approximately 576 sectional housing units. A full development professional team has been appointed and are currently working towards the implementation of the Joburg Water comments/ requirements i.e. in the form provision of engineering services that will cater for the newly created portions.

- Blocks 9, 10 & 11 underwent their final inspection in June 2023.
- Currently the developer is busy with the handovers for the various units that were sold in the first phase of the development, 55% of the 396 units have been sold to date.
- Construction of the second phase, which is 180 units will commence once 90% of the 396 units have been completely sold and transferred.

The value of work done including spend to-date is R 218.5 million (excluding Vat).



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 developing 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. The units comprise of the following mix - Registered/Completed/Occupied to date: The project will be completed over the next 2 years, reason being Joshco's unavailability of budget to complete the Joshco units. 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**

Still to be Registered/Completed/Occupied

- Joshco: 928
- Sectional Title: 908
- Total: **1836**

All bulk infrastructure is completed with the exception of the third transformer in the Riverside View Substation that is planned in the current financial year including the switch over of the MV lines. In terms of development progress, status has not changed since previous reporting period and number of units remain the same.

Currently 216 multi-storey FLISP units are under construction with estimated completion dates between October and November 2023. Valumax anticipates the project to be completed over the next two years by 2025, depending on the availability of funding for the Joshco units.



PATERSON PARK (VICTORIA)

This development is located in Paterson Road in Norwood. It is a mixed income residential development comprising of 744 units. The total project area approximately is 3.5 hectares and the estimated development cost is R550m.

Progress to date is as follows:

- Property Plans complete.
- Section 14(2) approval obtained.
- Rezoning application approved.
- Subdivision and Consolidation application submitted to CoJ Planning, awaiting approval.
- Urban Design Framework approved.
- Construction of bulk services completed (sewer, water, internal roads and storm water).
- Relocation strategy for City Parks completed.
- Structural assessment of Bowling Club completed.
- RFP for the appointment of the Development Facilitator for the relocation of the depots advertised and closed end of August 2023

Targeted milestones for 2023:

- RFP for the appointment of the Development Facilitator for the relocation of the depots bid evaluation by no later than end of October 2023.

- RFP (first phase of 744 mixed income residential development) for development and sale/ long-term lease of the site to be released in the Fourth quarter of 2023/2024.

Section 3: Mega Projects

Section 3.1: Development Projects

Southern Farms

- Township establishment applications for Phase 1 of the development was submitted to Planning for processing and approval around July 2023, with anticipated approval of the said application in February/April 2024.
- Following this approval, bulk and internal infrastructure will commence around April 2024.
- VS/JV to enter into a Funding Agreement with the Department of Human Settlements for USDG and HSDG funding for the planning, design and construction of all bulk and internal services.
- The City of Joburg through the Department of Housing has secured some budget for this financial year and will proceed to budget and provide USDG funding for the bulk and link infrastructure program for the Southern Farms Project.

Soweto Gateway

The City Manager approved the Bid Evaluation Committee (BEC) composition on 25th July 2023 and the Bid Evaluation Committee meetings took place on 31 July 2023 and the 1st and 2nd of August 2023. The BEC evaluated the bids for Functionality, Price and Specific Goals. Only two out of the six bidders met the 70% functionality threshold and went on to be evaluated on financial offer and specific goals. Following this process, the BEC then resolved whom the highest scoring bidder is and recommended them for award. External Audit then conducted a full audit on the tender and the process followed and raised questions of clarity and the financial capability of the proposed bidder.

The report was tabled at the Executive Adjudication Committee (EAC) on 14th and 21st September 2023 for consideration and award. On the 14th September the EAC Chair requested that the BEC Chairperson presents the report and not the Project Manager. The report went back to EAC on the 21st September, however, the EAC meeting did not take place due to the Committee not having a quorum. The report will go back to EAC on the 28th September 2023.

INNER CITY

The primary goal of the Inner City Rejuvenation Programme (ICRP) ensuring remains that all awarded developments are secured and developed into mixed use housing. This will in turn result in economic growth through investment attraction, retention and expansion, while also improving the City's property portfolio.

Progress made in the period under review

The ICRP requires the intervention and collaboration of the various stakeholders within the City. These stakeholders (i.e CoJ Housing: Human Settlements, Development Planning, JOSHCO) are consistently engaged to assist with unlocking the current challenges that has resulted in the delay of the progress of the project.

Below is a summary of the challenges experienced and,through assistance of the stakeholders mentioned above, the following mitigation measures have been undertaken during (July and August 2023) :

No	Challenges	Mitigations
1	Obtaining town planning approvals Phase 3	The appointment of a Town Planner to conclude the necessary town planning applications for the Orange Grove and Houghton Estate projects up until consolidation registration is underway. <ul style="list-style-type: none"> • Bid specification committee set • Awaiting SCM to go on advert
2	Resolutive measures for Privately owned properties	Appointment of an Urban designer to strategically develop a precinct plan for the development of the Inner City <ul style="list-style-type: none"> • Bid specification committee set • Awaiting SCM to go on advert
3	Lack of TAA and the relocation of occupants	<ul style="list-style-type: none"> • As a mitigation for TAA structures, on 8 August 2023 the JPC CEO has examined and authorised the idea of hiring temporary tin huts and portable toilets as an alternative to brick buildings, with the JPC Hamburg depo being recommended as a suitable site for TAA • The appointment of a service provider to provide rentals of tin huts and portable toilets for the purpose of temporary alternative accommodation (TAA) is underway. • Furthermore, engagements with JOSCHO and CoJ Human Settlements for the occupancy audits is underway.

The following is an overview of the proposed TAA site (inline with CoJ TAA policy):



Above is an illustration of the proposed land for TAA

Rissik Street Post Office (RSPO)

The RSPO's reconstruction was meant to give the ancient structure new life between 2019 and 2020; however, work was suspended due to Covid-19, which led the property to be invaded. Additional alternatives have now been considered, including negotiations with the heritage foundation about possibly taking over the property to assist in the restoration of the property as a mitigation action to help avoid additional vandalism and invasion.

A service provider has also been appointed to close off entry points for vagrants, reducing the number of occupants who would eventually be relocated to a TAA site.

Section 4: Outdoor Advertising

During the quarter under review, meetings were held between JPC and media companies, the focus being on the commercial aspects of leasing contracts for media companies. The commercial aspects of the negotiations dealt with current draft leases and proposals submitted by the media companies. A report will be tabled at the next EAC.

The engagements held with media owners the following were discussed and we hope to achieve the following;

- To increase the revenue
- Improve the profitability of the out-of-home advertising media within the City of Johannesburg;
- Ensure that all outdoor media owners are properly contracted to display their signs, once the EAC and Council report are approved.
- To ensure that the outdoor advertising sector is on the transformation course as per the transformation objectives of the City of Johannesburg;
- To remove all non-compliant advertising structures situated on Council owned land and this be dealt with in a phase out approach once contracted has been signed.

Section 5: Information Technology (IT)

Information Technology Project Scope and Deliverables through the Corporate Scorecard

Digital Transformation Strategy

The Digital Transformation Strategy is JPC's comprehensive plan to seamlessly integrate digital technologies across all business functions, ensuring a secure digital environment. This initiative aims to enhance capabilities through robust, scalable system architecture, fostering innovation and resilience for uninterrupted operations. Phase One of the project implementation, focused on Electronic Document and

Records Management with POPIA Integration, business process assessment and mapping has been concluded.

City of Joburg Property Company Electronic Records Document Management System

JPC is implementing an Electronic Document/Records Management System (EDRMS) in line with its smart city and environmental strategy. This system, incorporating a POPIA compliance module, will ensure adherence to regulations over three years. It safeguards personal information in accordance with the Protection of Personal Information Act, benefiting employees, stakeholders, and Joburg residents. Phase One of implementation is in progress, with plans for self-sufficiency in Phase Two as part of the Digital Transformation Strategy.

ICT Infrastructure

Installation of Access Control, CCTV and Boardroom Accessories

JPC's IT department aims to install Access Control, CCTV, and Boardroom Accessories at the Braampark office space. Initial attempts to secure these services from COJ proved unsuccessful, leading to delays. To rectify this, a Business Case (BC) and Bill of Quantity (BOQ) have been prepared for engaging COJ Group ICT to ensure project success. The goal is to complete the installation by December 2023, providing a secure environment and enhanced boardroom facilities for JPC employees and stakeholders.

The installation of Telecommunications and communication services

The lines for the telecommunications and VOIP services has been installed, at this stage configuration is underway. Once the configuration is concluded the 010 219 9000 numbers will be deployed and activated.

ICT Infrastructure for JPC Employee

The tender for the acquisition of 327 laptops is awaiting approval from the Bid Adjudications Committee and thereafter the SLA will be signed off between JPC and the Service Provider.

The JPC Website

A SLA will be entered into with Group ITC for hosting and maintaining the JPC website over 36 months. At this stage JPC and Group ITC are engaged in discussions that crafts services that will be rendered by Group ITC.

Section 6: Client Business Operations

Finalised Petitions

There was one petition raised against JPC relating to the Seventh Adventist Church request to secure land adjacent to their property. The matter was investigated and it was established that the required site belonged

to the church, therefore deemed as resolved and closed. Petitions are dealt with the City's established committee to address concerns/pleas raised by the communities.

Stakeholder engagements

To enhance service delivery, it is crucial to engage with stakeholders and address the challenges posed by problem properties contributing to urban decay. The following approach is recommended:

- **Interrogate the asset register:** Analyse the asset register to identify properties that fall under the responsibility of other departments and entities. Communication with these Stakeholders is vital to establish their role and responsibilities in managing these properties.
- **User Agreements and permissions:** Ensure that user agreements or permissions to occupy and build are in place for properties. This helps define the agreement between the COJ and the relevant departments, providing clarity on roles and responsibilities.
- **Robust management program:** Implement a robust program to manage residual properties that are the responsibility of the Johannesburg Property Company (JPC). This program must include adequate systems, processes, and skilled personnel to effectively manage these properties.
- **Proactive lease renewal:** Adopt a proactive approach to renewing leases for properties under the COJ's management. Undertaking regular review and renewal of leases to ensure ongoing and uninterrupted use of the properties.
- **Effective Facilities Management:** Implement effective Facilities Management practices to ensure that properties are well-maintained and efficiently utilized. This includes regular maintenance, repairs, renovations and adherence to compliance and safety standards.

Site inspections are conducted to ascertain occupancy, property state, habitability, and engagement with tenants and illegal occupiers. This promotes contract management, rental collection, the commencement of eviction processes where necessary, and the identification of properties contributing to urban decay to advise Property Management Unit for further intervention.

Client Servicing Unit (CSU)

The Client Servicing Unit (CSU) attended to a total of two hundred and seventy (270) walk-in clients with enquiries for period under review. A total of thirty-eight (38) enquiries were forwarded to Asset Management for further analysis. All enquiries were attended to and resolved and stakeholders have been informed accordingly of the process to be undertaken. The assessments are done to determine if properties can be recommended for the circulation process.

JPC Performance service standards

In compliance to the Service Level Standards, the JPC has adhered to the COJ Shareholder Compact relating to client service functionality and turnaround times. Ten (10) Service Level Standards are applicable for JPC. Although the SLS marks the 70% average performance, it is still indicative of a 100% successful performance. Below are the three (3) standards that are not measured and therefore are not counted:

- KPI 1.7: was not measured as “No tender placed after Council and COJ Executive Adjudication Committee.
- KPI 1.8: No request for internal allocation for land and buildings with budget was received from departments and entities” during this period.
- 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.

CLIENT BUSINESS OPERATIONS (UPDATE OF REPORTS IN COMMITTEE PROCESSES)

A total of Hundred and Seventeen (117) reports are in the approval process at the various Committees, this will result in properties being made available for tender. Various reports have been submitted for registration of services. Reports in process of approval include development leases.

JPC PERFORMANCE SERVICE STANDARDS ANALYSIS FOR THE PERIOD UNDER REVIEW

Core Service	Service Level Standard	July	August	September	YTD TOTAL	Variance explanation
SLS 1.1 Response in acknowledgement of requests, enquiries and complaints	Within 1 day of logged call	134	195	0	329	None
SLS 1.2. Provision of answers and/or results related to the receipt of the requests and enquiries regarding properties	Within 3 days of logged call	107	135	0	242	None
SLS 1.3. The performance of emergency work for JPC managed facilities	Within 1 day of logged call	91	81	0	172	None
SLS 1.4. Performance of minor works on facilities managed by JPC	Within 2 days of logged call	43	56	0	99	None
SLS 1.5. Performance of major works on facilities managed by JPC	Within 5 days of logged call	2	0	0	2	None
SLS 1.6. Complete the sale or lease and registration of servitudes of Council owned land	Within 6 months after Council Approval in terms of Section 14(2) of the Municipal Finance Management Act	0	4	0	4	None
SLS 1.7. Tender placed after Council approval and CoJ Executive Adjudication Committee	Within 4 months of CoJ Executive Adjudication Committee approval	0	0	0	0	None
SLS 1.8. Internal allocation of land and buildings to City Departments and Entities (PTOB: Permission to occupy and build and lease office space from third parties)	Within 60 days of application and budget confirmation	1	1	0	2	None
SLS 1.9. Performance of surveys on the condition of plant and equipment to allow the assessment of the required repairs and maintenance of facilities managed by JPC	Quarterly	0	0	0	0	None
SLS 1.10. Response to applicants/interest to lease or acquire (formal applications) land and/or buildings	Within 30 days of application	17/17= 100%	21/21= 100%	0	38/38 = 100%	None



Chapter 4: Human Resources & Organisational Management

Section 1: Human Resource and Organisational Management

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

The business success of any organisation is underpinned by the Human Capital Factor, and at JPC our return on investment is measured in terms of the following strategic focus areas:

- ✓ Aligning the HR strategy to the JPC Strategy, IDP, and the Mayoral Priorities by positioning JPC as an Employer of Choice.
- ✓ An HR Strategy that serves as a vehicle for facilitating transformation from a human capital perspective, and ensures that JPC has a workforce that is fit for purpose and productive.
- ✓ Aligning focus areas to contribute to the JPC mandate.

The envisaged success of the strategic objectives will be achieved by focusing on the following HR Strategic priorities:



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

Employment Equity Compliance

The initiative to establish a functional Employment Equity and Skills Development committee stalled as the approach to the nomination of committee members process has not been decided upon.

Organisational Development

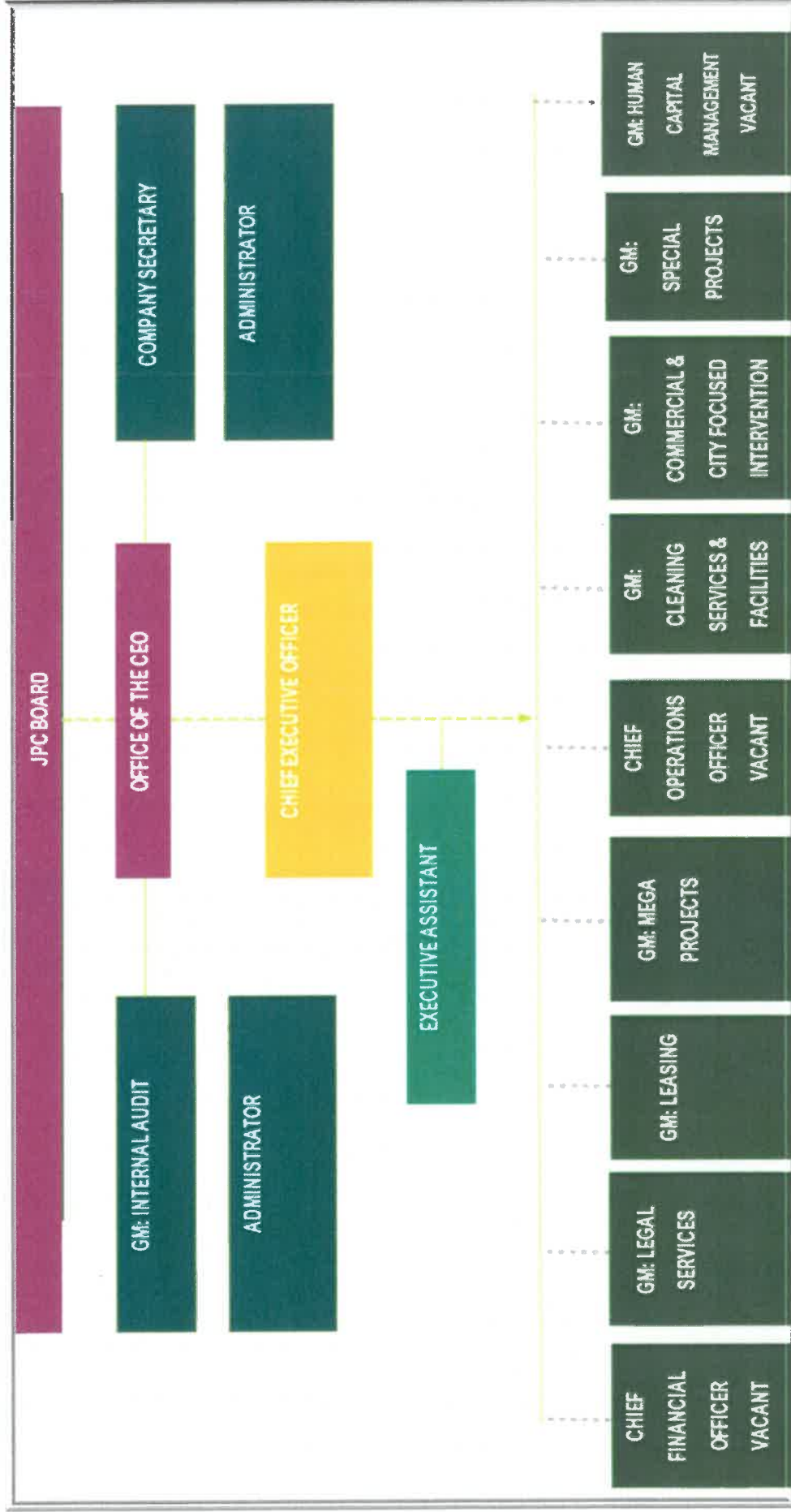
The proceedings to review the lower levels structures in line with the organisational design principles and consultation with internal stakeholders, Local Labour Forum for consensus is still under discussion taking into consideration JPC mandate to manage and develop City of Johannesburg (CoJ) property assets to maximise both social and commercial opportunities for the Council.

On approval of the proposed organisational structures, and Departmental staff engagements 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 30 September 2023 is **606**.
- ✓ The process of reviewing the organisational structures to mitigate the high vacancy rate is underway to support the revised business strategy.
- ✓ The recruitment process of filling vacancies will commence once there is conclusion given to budget availability.

High-Level Structure



Section 2: Employee Remuneration and Cost Including

The overall salary bill for Quarter 1 (Jul – Sep 2023) amounts to **R117 031 915**, which was made up of the following transactions:

- ✓ 5.4% Cost of living increase for 2023/2024 financial year.
- ✓ Adjustment of all related employee benefits such as homeowners allowance which was increase to **R1 066.41** and medical aid new limit is now **R5 277.38**.
- ✓ Payment of Acting Allowances for critical vacancies that have not been filled due to budget constraints.
- ✓ Encashment of leave.
- ✓ Arbitration awards against JPC

The overtime costs incurred from July to September 2023, the total staff required to work overtime, and the number of hours claimed for overtime worked. The total budget spent on overtime in Quarter 1 equates to **R 3 948 340** worked by an average of **373** employees within the public convenience facilities', which its operating model requires that employees work over the weekends thus resulting in overtime expenses.

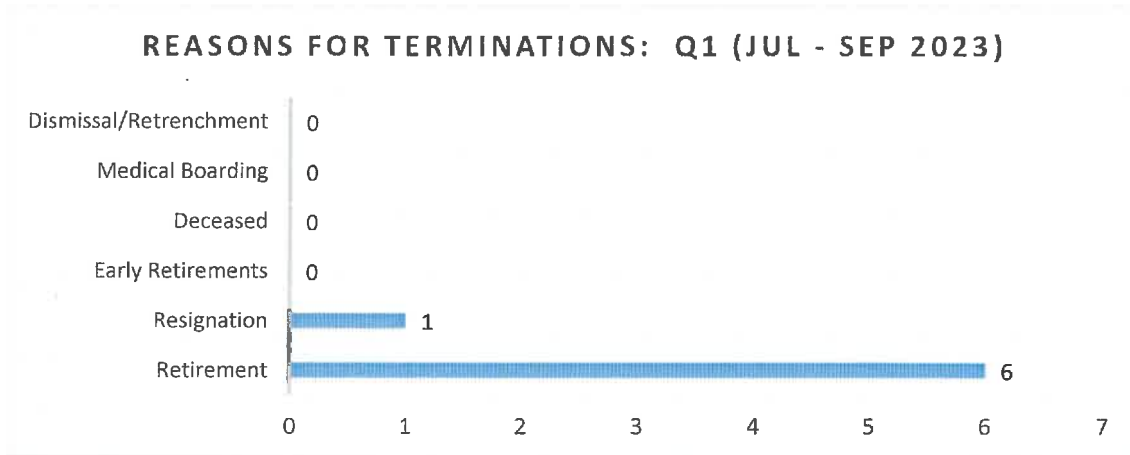
Staff Movements

Terminations: Seven (7) terminations which entails to two (2) registrations and six (6) retirements for the period under review.

Occupational Levels	MALE				FEMALE				Foreign Nationals		TOTAL
	A	C	I	W	A	C	I	W	M	F	
Top Management	0	0	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and mid-management	0	0	1	0	0	0	0	0	0	0	1
Jun. Management, Superintendents and Skilled Technical	0	0	0	0	0	0	0	0	0	0	0
Semi-skilled Administration /	1	0	0	0	0	0	0	0	0	0	1
Unskilled and defined decision making	0	0	0	0	5	0	0	0	0	0	5
Total Permanent Staff	1	0	1	0	5	0	0	0	0	0	7
Temporary Employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	1	0	1	0	5	0	0	0	0	0	7

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

The graph below indicates the reasons for terminations:



The impact of the termination rate realised contributes to the under-capacitation within key business areas and translated to a low staff turnover rate indicative of the trend for longer tenure.

Section 3: Key Vacancies

The process of filling strategic and critical positions commenced and the following positions were advertised.

Position	Department	Status
General Manager: HCM	Human Capital Management	The recommendation to head-hunt for this position to be pursued.
Chief Financial Officer	Finance	The recruitment process is still underway and not yet finalised.
General Manager: Internal Audit	Office of the CEO	The recruitment and selection process has been completed. Pending approval of contract from selected candidate.

Section 4: Employment Equity and Workforce Demographics

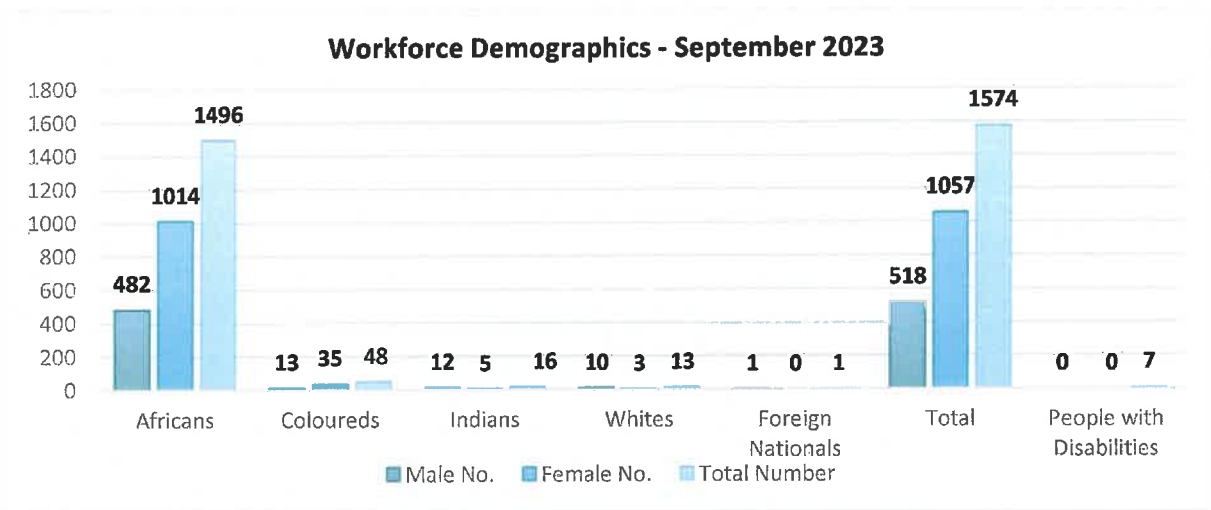
The total JPC EE demographics in the table below include permanent and temporal employees. The total workforce is 1541 permanent for EE reporting purposes as of 30 September 2023.

EE WORKFORCE ANALYSIS AS @ SEPTEMBER 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)	4	0	1	0	2	0	0	0	0	0	7
Prof. qualified & experienced specialists and mid-management (5&6)	19	1	2	2	21	1	3	3	0	0	52
Skilled & qual. workers, jnr mgt., supervisors, foremen, superintendents (7&8)	77	5	6	5	91	14	2	0	1	0	201
Semi-skilled and discretionary decision making (9&10)	48	4	1	0	5	2	0	0	0	0	60
Unskilled and defined decision making (11)	321	2	0	1	879	17	0	0	0	0	1220
Total Permanent Staff	470	12	10	8	998	35	5	3	0	0	1541
Temporary Employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	469	12	10	8	998	35	5	3	1	0	1541

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

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

EADP TARGET			JPC ACTUALS						
Demographics	Male %	Female %	Target Total %	Male %	Female %	Total %	Male No.	Female No.	Total Number
Africans	45.00%	35.90%	80.90%	30.43%	64.76%	95.20%	469	998	1467
Coloureds	1.70%	1.60%	3.30%	0.78%	2.27%	3.05%	12	35	47
Indians	2.10%	1.10%	3.20%	0.65%	0.32%	0.97%	10	5	15
Whites	7.00%	5.70%	12.70%	0.52%	0.19%	0.71%	8	3	11
Foreign Nationals							1	0	1
TOTAL	55.80%	44.30%	100.10%	32.45%	67.55%	100.00%	500	1041	1541
People with Disabilities			2.00%			0.45%			7

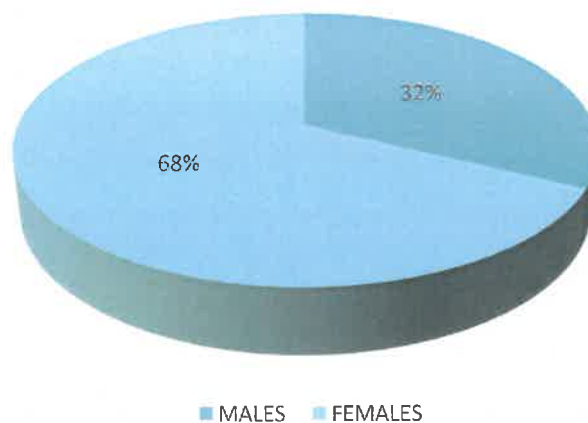


Racial Split per population group in line with Economic Active Demographic Population

RACIAL SPLIT SEPTEMBER 2023	TARGET	ACTUAL	CURRENT NUMERICAL
Africans	81%	94.70%	1468
Coloureds	3.30%	3.00%	47
Indians	3.20%	1.10%	15
Whites	12.70%	1.40%	11
Total			1541
People with Disabilities	2%	0.45%	7

Gender Split Analysis

Gender Split - September 2023

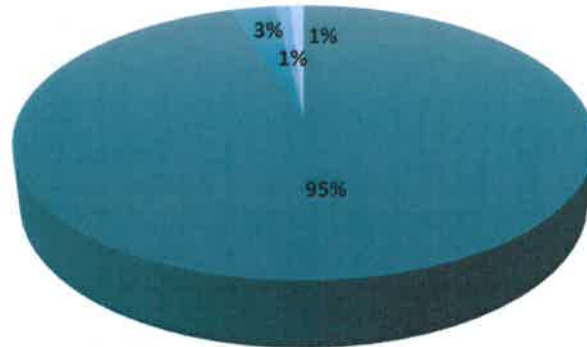


JPC has 68% female representation and 32% male in the gender split. There were no significant changes in percentages recorded under terminations emanating from resignations and early retirements.

Racial Split Analysis

There were no significant changes on the racial split in period this quarter.

Racial Split - September 2023



■ AFRICAN ■ COLOURED ■ INDIAN ■ WHITE

Section 5: Employee Capacitation

Implemented training and development initiatives to address competency gaps

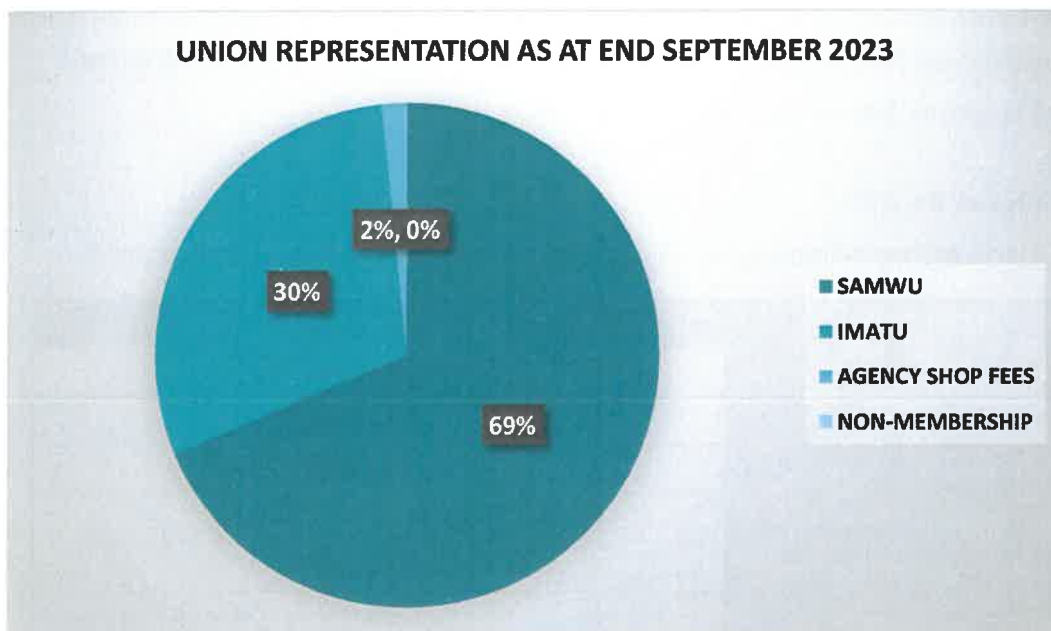
The signing of SLA's was finalised mid-August 2023. The implementation of the prioritized training commenced in September with two of key functional competencies targeted for the Cleaning Services staff, namely: Handling Hazardous Materials and Occupational Health and Safety Act.

Section 6: Disciplinary Matters and Outcomes

Current Internal Cases: There are no internal disciplinary matters.

EXTERNAL DISPUTES	
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 end of September 2023.	
External Dispute Resolution Forum	Nature of Dispute: Unfair Labour Practices Progress and Next Steps: Reviewing matter at Labour Court awaiting hearing date.
Bargaining Council	An award (1) has been issued in favour of the employee and JPC has filed for a review at the Labour Court.

Union representation



The union representation and membership graph above shows that from a staff complement of 1541 permanent employees, 69% belong to SAMWU, 30% belong to IMATU, and 2% fall within the Agency shop fees.

Section 7: Leave and Productivity Management

Leave Provision

The leave liability amount based on the annual leave balances as at end of September 2023 equates to **R 36 188 898**. The leave liability reflects a decrease in the month of August due to encashment of leave as according to the leave management policy prescribes.

Leave Encashment

The monthly leave encashment during the first quarter equates to **R3 636 960**.

Absenteeism: First Quarter Review period (July – September 2023)

The absenteeism rate in the period under review is 0.92%, in comparison to the acceptable norm of an overall absenteeism rate of between 3.5% and 6%.

Section 8: Employee Wellness

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.

The terms of reference for the Health and Wellness service provider have been presented at REMCO. A mandatory supply chain process to source a service provider that will offer Health and Wellness services with an Employee Assistance Program should follow.

Section 9: Employee Benefit

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

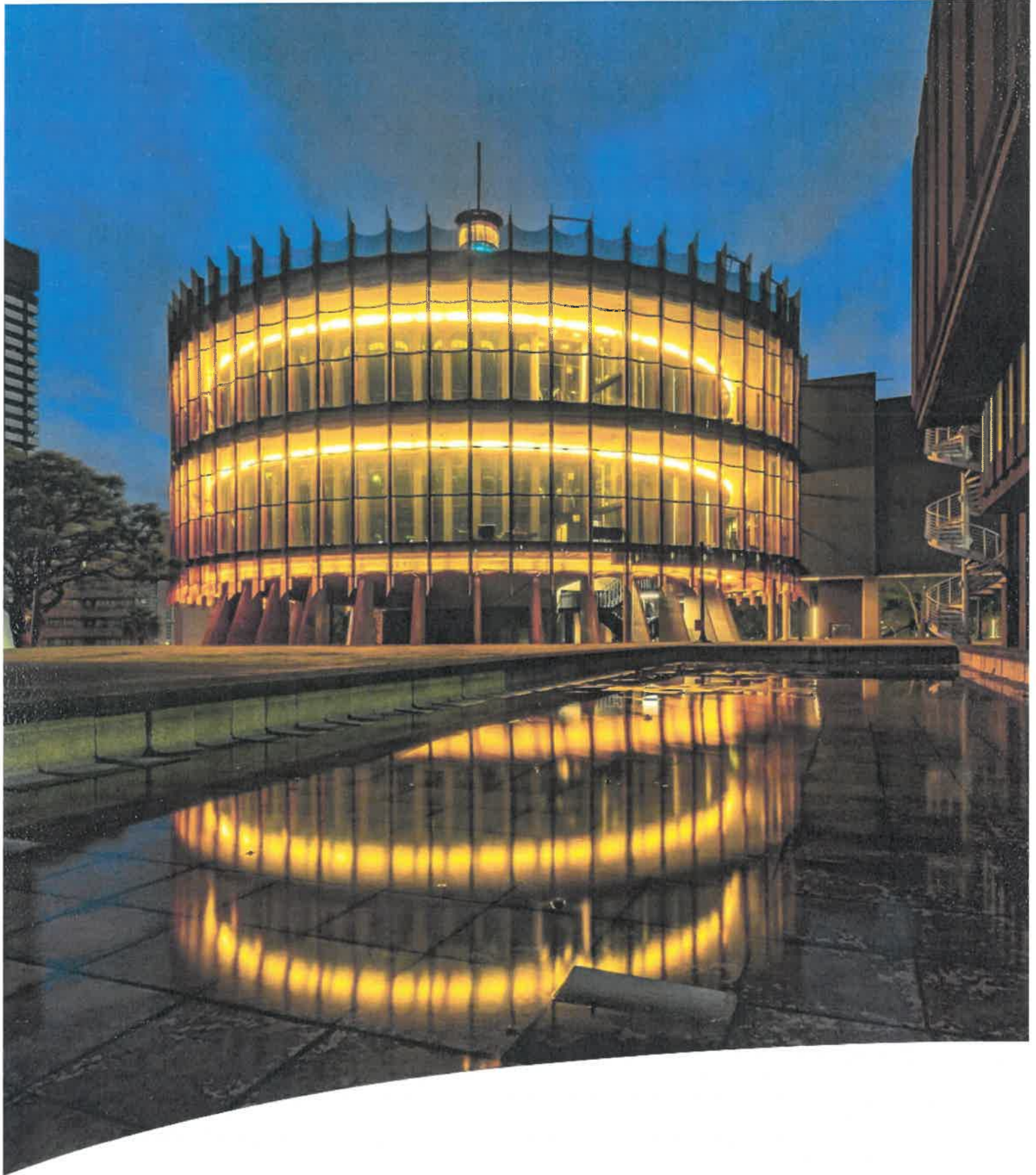
PENSION FUND MEMBERSHIP	TOTAL	REMARKS
EJoburg Retirement Fund	1496	Defined Contributions
City of Joburg Pension Fund	35	Defined Benefits
Municipal Employee Pension Fund	4	Defined Contributions
Municipal Gratuity Pension Fund	2	Defined Contributions
Joint Municipal Workers Pension Fund	1	Defined Benefits
Non-Membership	3	Not compulsory & Medical Boarding
TOTAL	1541	

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, and those on temporary employees. 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:

MEDICAL AID SCHEME	MEMBERSHIP
BONITAS	197
DISCOVERY	9
HOSMED	47
KEYHEALTH	78
LA HEALTH	195
SAMWUMED	169
TOTAL MEMBERSHIP	695

The table above specifies the accredited medical aid schemes and membership distribution to each scheme as at end of September 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 accredited medical schemes is now **R5 277.38** for the 2023/2024 financial year.



Chapter 5: Financial Performance

Section 1: JPC Statement of Financial Position as at 30 September 2023

	Note	31-Sep-2023	2023	Variance	
				R	%
Assets					
Current assets		1 437 316 325	1 227 116 330	210 199 995	17.13%
Cash and cash equivalents	<u>1</u>	2 000	2 000	-	0.00%
Receivables from exchange transactions	<u>2</u>	1 067 728 800	965 322 804	102 405 996	10.61%
Loans to shareholders	<u>3</u>	368 690 170	260 896 171	107 793 999	41.32%
Receivables from non-exchange transactions		-	-	-	0.00%
Prepayments	<u>4</u>	895 355	895 355	-	0.00%
Non-current assets		79 576 780	87 800 246	(8 223 466)	-9.37%
Property, plant and equipment	<u>5</u>	37 680 725	42 572 583	(4 891 858)	-11.49%
Intangible assets	<u>6</u>	13 191 163	13 267 309	(76 146)	-0.57%
Deposits	<u>7</u>	600 587	600 587	-	0.00%
Deferred Tax Asset	<u>8</u>	24 440 220	27 695 683	(3 255 463)	-11.75%
Current tax receivable	<u>9</u>	3 664 084	3 664 084	-	0.00%
Total Assets		1 516 893 104	1 314 916 576	201 976 528	15.36%
Liabilities					
Current Liabilities		1 449 102 147	1 314 064 205	131 037 942	9.97%
Payables from exchange transactions	<u>10</u>	257 977 964	245 919 459	12 058 505	4.90%
Loans from shareholders	<u>11</u>	1 179 046 255	1 060 066 819	118 979 436	11.22%
Provisions	<u>12</u>	5 958 717	5 958 717	-	0.00%
Operating lease liability	<u>13</u>	2 119 210	2 119 210	-	0.00%
Non-Current Liabilities		671 000	671 000	-	0.00%
Employee benefit obligation	<u>14</u>	671 000	671 000	-	0.00%
Total liabilities		1 445 773 147	1 314 735 205	131 037 942	9.97%
Net Assets		66 316 380	181 370	66 135 010	36464.14%
Share Capital	<u>15</u>	5 142 721	5 142 721	-	0.00%
Accumulated Surplus/(Deficit)	<u>16</u>	65 977 236	-4 96 351	70 938 587	-1429.82%
Total Net Assets / (Liabilities)		71 119 957	181 371	70 938 586	39112.42%

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 1 062 059 131 of which +/-R420 million relates to cleaning services. Group Finance (Merchant Payment) has committed to release the parked invoices and we are still waiting for receipts.
3. The cash position of JPC improved as payments for related party loans were suspended to maintain liquidity in the balance sheet of the entity by only servicing operational and commercial obligations. Related party payments will be effected as soon as Merchant Payment release JPC Receipts.
4. Per the new lease agreement for Forum1, JPC received credits for rentals paid for the March and April 2023 months. The remaining balance will be utilised against the 2024 financial year rental.
5. Property, plant and equipment is measured at the lower of cost or carrying amount. Where possible, the useful life of fixed assets has been extended due to their good condition.
6. Intangible assets comprise of computer software that has been procured or internally generated.
7. Electricity deposits with Eskom for the Baragwanath informal trading facility and the Lenasia facilities management buildings. Interest on the deposit is accrued for at financial year end.
8. 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.
9. Provisional tax payments made for the 2023 financial year.
10. 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.
11. Relates to loan accounts payable between JPC and various COJ departments for the JPC and insourced cleaners payroll as well as transactional loan accounts for the acquisition of property for the COJ.
12. Relates to provision for EXCO bonuses for the 2020/21, 2021/22 and 2022/23 financial years.
13. 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.
14. Provision on Post-retirement Medical Aid raised based on 2022/23 actuarial valuation report in respect of personnel that qualify for the benefit.
15. There are no changes to the share capital of JPC in the current financial year.
16. The accumulated surpluses and losses from previous and current financial year.

Section 2: JPC Statement of Financial Performance as at 30 September 2023

	Note	Actual	Year-to-date Budget	Variance	Annual Budget	Variance %
Revenue						
Revenue from non-exchange transactions		167 968 459	168 080 750	112 291	672 323 000	0.07%
COJ - Subsidies received	1	167 817 500	167 817 500	-	671 270 000	0.0%
Other Income	2	150 959	263 250	112 291	1 053 000	42.7%
Revenue from exchange transactions		70 224 172	96 124 000	25 899 828	384 496 000	26.9%
Cleaning Services Recoveries	3	61 230 469	62 357 750	1 127 281	249 431 000	1.8%
Management Fees	4	2 038 576	2 632 500	593 924	10 530 000	22.6%
Commission on Portfolio Rentals	5	3 646 883	5 616 750	1 969 867	22 467 000	35.1%
Commission on Outdoor Advertising	6	279 336	3 572 750	3 293 414	14 291 000	92.2%
Commission on Property Acquisition		-	-	-	-	0.0%
Assets Under Management Fees	7	1 750 000	1 842 750	92 750	7 371 000	5.0%
Facilitation fees	8	-	14 916 000	14 916 000	59 664 000	100.0%
Ad hoc Fees	9	578 493	-	(578 493)	-	0.0%
Cell Mast	10	700 416	5 185 500	4 485 084	20 742 000	86.5%
Other income		1 940 038	1 711 250	-228 788	6 845 000	-13.4%
Interest received	11	1 940 038	1 711 250	(228 788)	6 845 000	-13.4%
Total Revenue		240 132 669	265 916 000	25 783 331	1 063 664 000	9.7%
Expenditure						
Board of directors fees and expenses	12	562 000	692 250	130 250	2 769 000	18.8%
Operational expenses	13	52 495 376	110 423 750	57 928 374	441 695 000	52.5%
Contracted expenses	14	2 923 984	9 979 250	7 055 266	39 917 000	70.7%
Cleaning materials	15	-	1 829 500	1 829 500	7 318 000	100%
Repairs & Maintenance	16	-	4 610 750	4 610 750	18 443 000	100%
Salaries	17	120 120 512	131 165 500	11 044 988	524 662 000	8.4%
Interest Paid	18	-	4 065 000	4 065 000	16 260 000	100.0%
Depreciation	19	4 967 999	3 150 000	(1 817 999)	12 600 000	-57.7%
Profit/Loss on disposal of assets		-	-	-	-	0.0%
Provision for bad debts		-	-	-	-	0.0%
Total expenditure		181 069 871	265 916 000	84 846 129	1 063 664 000	31.9%
(Deficit)/surplus before taxation		59 062 799	-	(59 062 799)	-	
Taxation		-	-	-	-	
Net (Deficit)/Surplus		59 062 799	-	(59 062 799)	-	

Notes:

1. Subsidy provided to JPC for the 2023/24 financial year. The subsidy covers salary, rental and repairs and maintenance expenditure for the financial year.
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. 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 indicatives.
4. JPC earns a 10% management fee for facilitating and managing R&M and CAPEX projects for the COJ's departments and other MOE's. Income did not exceeded the budget as JPC undertook fewer assignments from departments.
5. The COJ Rental Collection Commission, Servitudes and Rates & Taxes is 35.1% 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. 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. A service provider has been appointed to assist with collections on expired leases and the lease renewal process.
7. Relates to the management fee for the administration of the COJ's fixed asset register.
8. Facilitation fees for the current financial period have not materialise due to challenges related to site preparation for the projects to initiate. Soweto gateway is currently at Executive Adjudication Committee, which is among the projects to contribute to the facilitation fee.
9. No budget is provided for ad hoc fees as it relates to the recovery of property services within JPC from MOE's and is utilised as and when the need arises.
10. Cell mast revenue is below the budgeted objectives for Q1 as the upliftment fee is still being independently computed and audited. The upliftment fee for Q1 will be accounted for before the end of Q2.
11. JPC accrued interest on the sweeping account for Q1 as the account is in surplus of R368 million
12. Board of directors' fees and expenses are in-line with board activity as well costs associated with conducting various strategic sessions. Overall for the year-to-date, the expenditure is below the budget allocated.
13. General and operating expenditure is 52.2% below the YTD budget. The expenditure will significantly increase from November 2023 when the leases for Metro Centre decanting have been finalised and JMPD security invoice payment.
14. Contracted expenses are 70.7% below the YTD budget. We are waiting for Audit for invoices for Cleaning, Fleet and Audit Fees. The expenditure is expected to increase throughout the current financial year as most contracted expenses have not been accrued or entered into as we still at the beginning of the financial year.

15. Cleaning materials are 100% below the YTD budget. The expenditure is expected to increase throughout the current financial year as cleaning materials are sourced as and when they are needed and we still in the beginning of the financial year. Material has been procured via RFQ but awaiting delivery.
16. Repairs & Maintenance are 100% below the YTD budget. Meadowlands Civic Centre is currently under evaluation. Expenditure will increase from November onwards.
17. Salary expenditure is 8.4% below the year-to-date budget for the financial year. The payroll and budget reflects all annual escalations and cost of living adjustments for JPC and cleaning staff alike. The budget reflects as surplus as JPC is yet to finalise critical vacancies of CFO, COO, GM Human Resources, GM Internal Audit, Senior Manager Finance among other critical vacancies.
18. JPC incurred no interest on the sweeping account as the account has been in surplus in Q1.
19. Depreciation is 57.7% above the budget. Depreciation is more than the budget due to the change in the useful lives of the R1 value assets in the fixed asset register.

Section 3: JPC Statement of Cashflows as at 30 September 2023

	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 as at 30 September 2023

	Note	30-Sep-23	30-Jun-23	Year-on-year Variance	
				%	R
Assets					
Current assets		169 400 481	167 376 239	1.21%	2 024 242
Capital Expenditure: Current Year	1	-	26 069 170	-100%	(26 069 170)
Capital Expenditure: Prior Year		26 069 170	-	100%	26 069 170
COJ Portfolio - VAT Claim/Payable Account	2	8 436 566	8 315 893	1.45%	120 673
Debtors - Other: COJ	3	2 711 397	2 689 923	0.80%	21 474
Debtors - Rentals	4	158 654 880	153 211 354	3.55%	5 443 526
Doubtful Debts - Move Provision	5	(73 471 415)	(73 471 415)	0.00%	-
JPC Portfolio Loan Account	6	23 786 438	27 825 218	-14.51%	(4 038 780)
STD/ABSA Bank - Tenant Deposit Account	7	23 213 447	22 736 097	2.10%	477 350
Non-current assets		-	-		-
Total Assets		169 400 481	167 376 239	1.21%	2 024 242
Liabilities					
Current Liabilities		237 344 722	272 050 517	-4.60%	(11 879 285)
STB COJ Loan Account - Bank Sweeping	8	167 059 448	180 394 547	-7.39%	(13 335 099)
Accruals	9	22 215 210	43 486 774	-48.92%	(21 271 564)
Receipts In Advance - Rentals	10	10 065 112	10 237 039	-1.68%	(171 927)
Deposits Received: Tenants	11	11 310 950	11 310 950	0.00%	-
Property Portfolio Loan: MOE's	12	212 079	139 285	52.26%	72 794
Prepaid - Deposit received on land sales	13	6 741 098	6 741 098	0.00%	-
JMPD		19 649 587	19 649 587	0.00%	-
Creditor (Khulu Outdoor)		91 237	91 237	0.00%	-
Non-Current Liabilities		-	-		-
Total liabilities		237 344 722	272 050 517	-4.60%	(11 879 285)
Net Assets		-67 944 240	-104 674 278	35.09%	36 730 038
Accumulated Surplus/(Deficit)		-67 944 240	-104 674 278	35.09%	36 730 038
Total Net Assets / Liabilities		-67 944 240	-104 674 278		36 730 038

Notes:

1. The approved budget for Capital expenditure is R49 658 000 for the year 2023/2024 and no payment made thus far just accrual.
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 South African Revenue Service. Debtors balance per the age analysis and lease register. The provision for bad debts is to be revised and approved by the COJ Council.
3. The Debtors balance as per age analysis.
4. This relates to rental accommodation of Councillors, Community Participation Projects. It was agreed with COJ that the JPC Portfolio will pay for the monthly rentals for the office space and in turn the City will refund Portfolio for expenses incurred.
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 current financial year.
6. The JPC Loan account reflects the commissions due to JPC, 25% on Rentals, 10% on Land Sales and includes amounts received and paid on behalf of the COJ Portfolio. Offsetting in this regard was not taken into account thus JPC owes the Portfolio.
7. The amount reflects Tenant deposits held in the COJ Trust Account including interest as well as payments received for the Rissik Post Office insurance claims.
8. 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.
9. This item reflects accruals raised of which R22 215 210 still to be paid.
10. This item reflects rental paid in advance for 30 years by RMB properties which is allocated on a straight line basis, 15 years still remaining on the contract.
11. Tenants deposits held in trust account.
12. The Property Portfolio Loan account reflects amounts due to MOE's based on the income received and expenses paid on their behalf. MOE's Rentals are paid into JPC Portfolio Main Account and are normally paid over to MOE's the following month.
13. This item relates to full land purchase price that has been paid over to JPC Portfolio including Bank guarantees but transfer of land to client has not taken place.

Section 5: Portfolio Statement of Financial Performance

	Note	Year-on-year Variance				Approved Budget 2023
		2023 Actuals	2023 YTD Budget	%	R	
Revenue		18 926 694	33 853 250	44.09%	14 926 556	128 849 000
Rent of Facilities and Equipment	1	16 469 510	18 427 500	10.6%	1 957 990	73 710 000
Interest Received - Arrear Debtors	2	1 402 463	1 013 250	-38.4%	-389 213	4 053 000
Other Income	3	-	-	0.00%	-	-
Outdoor Advertising - COJ	4	1 054 721	13 162 500	92.0%	12 107 779	52 650 000
Gains on Disposal of Assets	5	-	1 250 000	100.00%	1 250 000	5 000 000
Total Revenue		18 926 694	33 853 250	44.09%	14 926 556	135 413 000
Expenditure						
Contacted Services: Business Advisory	6	4 258 215	11 794 446	63.9%	7 536 231	47 177 785
Contracted Services: Business Advisory Valuer		-	670 554	100%	670 554	2 682 215
Refuse Removal		-	568 500	100%	568 500	2 274 000
Grass cutting services		-	395 000	100%	395 000	1 580 000
RM: Buildings	7	56 748	10 772 000	99.5%	10 715 252	43 088 000
Bad and Doubtful Debts	8	-	16 938 250	100%	16 938 250	67 753 000
Advertising, Publicity and Marketing	9	-	526 500	100%	526 500	2 106 000
General Expenses: Assessment Rates	10	261 222	395 000	33.9%	395 000	1 580 000
General Expenses: Sundries		-	131 750	100%	131 750	527 000
Internal Recoveries: JPC Commission	11	5 602 353	11 027 000	49.2%	11 027 000	44 108 000
Internal Recoveries: Internal Charges - Security	12	-	10 759 500	100%	10 759 500	43 038 000
Internal Recoveries: Internal Charges Legal	13	-	2 090 500	100%	2 090 500	8 362 000
Internal Recoveries: Internal Charges Cleaning	14	4 575 537	12 229 750	62.6%	7 654 213	48 919 000
Depreciation: Other Assets	15	-	153 000	100%	153 000	612 000
Total expenditure		14 754 075	78 451 750	81.19%	63 697 675	313 807 000
Surplus/(Deficit)		4 172 619	(44 598 500)	109.4%	(48 771 119)	(178 394 000)

Notes:

1. COJ Rentals: The overall revenue anticipated from the rentals collection is 10.6% below the targeted budget. Delays in the approval of reports by EAC has resulted in the lease renewal period being longer than the average 3 months it takes for a lease to be renewed. Delays in council approvals for potential new leases has also stifled income received from the rental of facilities and equipment.
2. This item reflects interest charged on overdue tenant accounts. The interest generated on the debtor's accounts is 38.4% above targeted YTD budget.
3. Other income is derived from servitude rights and income billed for services rendered on behalf of COJ Department. There was no Income derived from servitude in the month ending 30 September 2023.
4. Income derived from outdoor advertising and promotions, 92% below the budget. JPC is in the process of conducting an Outdoor Advertising audit in order to maximise the revenue generation.
5. No gains on disposal of assets have been recognised for the year-to date as no properties have been sold.
6. This line item relates to expenditure spent on Contacted Services: Business Advisory PM& Research, to-date the expenditure is 63.9% below the YTD budget.
7. This line item relates to repairs and maintenance costs on buildings. 99.5% savings on this line item has been recorded in Q1.
8. This line item relates to Bad and Doubtful Debts. No expenditure recorded in Q1.
9. This line item relates to Advertising, Publicity and Marketing. There was no expenditure recorded in Q1.
10. General Expenses: Assessment Rates, Electricity supply- expenditure incurred 33.9% below budgeted expenditure on assessment rates was recorded in Q1 against the YTD budget.
11. Internal Recoveries: JPC Commission is showing a 49.2 % below the YTD budget. The delay in the conclusion of new leases, lease renewals, servitude registrations and land sales will result in JPC not meeting its target.
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 provided by JPC at various informal trading facilities and taxi ranks that are serviced by the Portfolio. There was 62.6% below budget expenditure recorded in Q1.
15. No expenditure related to the depreciation of other assets for the year-to-date ending Q1 of 2024.

Section 6: CAPEX

PROJECT NUMBER	JPC PROJECT NAME	BUDGET 2023/24 R 000	YTD ACTUALS	VARIANCE	% SPENT	NOTES / COMMENTS
2284	Revamping of the Informal Trading Stalls within the Inner City Renewal Operational Capex JOHANNESBURG F Ward	4 000 000	4 000 000.00	-	100%	
3944	Site Development Projects New Land Preparation JOHANNESBURG F City Wide	650 000	-	650 000	0%	At Bid Specification Stage
4142	Erf 43-46 Victoria Ext 3(Paterson Park Node) VICTORIA EXT.3 E Regional	2 158 000	-	2 158 000	0%	Tender closed, currently under evaluation
4184	Office Space Optimisation Program New Precinct Redevelopment JOHANNESBURG F City Wide	20 000 000	-	20 000 000	0%	Work Packages currently being finalised. R2 million moved to Walter Sisulu Project.
6309	Marlboro Station Project Land Preparation	350 000	-	350 000	0%	Contract awarded, awaiting invoice
6358	Metromall Taxi Rank Shop Revitalisation and Waste Management Area Redesign	9 000 000	1 420 465.27	7 579 535	16%	RFQ for security upgrade budgeted for around R2.2 million is currently under evaluation. The balance of R5 million to be used in KwaMai Mai and Faraday
23543	Acquisition of various properties in SOWETO	1 000 000	-	1 000 000	0%	Bid for tracing agent under evaluation. The project will be completed in the period under review
23560	Acquisition of Cleaning Equipment	7 500 000	-	7 500 000	0%	BSC Memo with the CEO for signature to form the committee
24027	23776 Walter Sisulu Square Upgrade	5 000 000	-	5 000 000	0%	Finalisation of Fencing BOQ. RFQ to be advertised by Mid-October 2023
	SUB TOTAL	49 658 000	5 420 465	44 237 535	11%	

Section 7: Ratios Analysis

PART A: JPC

LIQUIDITY RATIO

JPC is currently owed R1.19 billion from trade and intercompany debtors with cash collections in excess of R200 million being achieved for the YTD for trade receivables. JPC has a current ratio of 0.99:1 as compared to the norm of 1:1, the ratio has improved from the 2023 financial year end.

The sweeping account currently reflects as positive R368 million with related party loans exceeding R1.18 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 Q1 of the 2024 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 debtors' collection ratio in excess of two years for 3rd party/external debtors. Collection of third party debtors have declined significantly due to the timing difference for the receipt of cell mast income and the non-recovery of facilitation fees for the 2022 and 2022 financial years. The debtors' collection ratio for intercompany and related party debtors is 926 days. The intercompany debtors' collection ratio is due to non-payment by COJ departments and other MOE's for services rendered by JPC as well as for cleaning services that are yet to be recovered.

SOLVENCY RATIO

JPC has a solvency ratio of 1.05:1 against the norm of 2:1 and is factually solvent, as the financial statements indicate that there are sufficient assets to cover all liabilities. The solvency is illustrated by a net liability position of R71million. Given the financial support, 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 23.7:1. 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 current ratio of 0.71:1 as compared to the norm of 2:1, with a negative cash flow of R167 million for the period under review as compared to a negative cash flow of R208.3 million for the same period in the 2023 financial year. Debtors currently owe Portfolio R146.1 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' accounts for 60% of the total assets of Portfolio. The financial risk posed to JPC is substantial as the non-recovery of the outstanding debt has a negative impact on 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 owing from other debtors.

SOLVENCY RATIO

CoJ-JPC Portfolio has a solvency ratio of 0.71:1 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 which are deemed irrecoverable. A bad debts report was prepared, submitted to Core Accounting weekly follow-ups on the said report are performed, as it has to be presented to Mayoral Committee for approval.

COST COVERAGE RATIO

Portfolio has a cost coverage ratio of negative 23:1. This is due to a negative sweeping account balance of R158.65 million and 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. Average monthly collection is between R5m – R9m that is sufficient to cover average monthly expenditure.

CREDITORS PAYMENT CYCLE

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

Section 8: Supply Chain Management

As per the directive received from the CoJ in accordance with Practice Note 02/2023, which specifically addresses the application of preferential points, during the quarter under review, applied preferential goals in the assessment of bids for both RFQ and RFP, rather than the Broad-Based Black Economic Empowerment (BEE) criteria. This aims to promote local economic growth and inclusivity by giving priority to businesses with majority black ownership, aligning with the directive.

The regulatory framework that supports this preference in the South African Supply Chain Management (SCM) environment is grounded in the Preferential Procurement Policy Framework Act (PPPFA) of 2000. This legislation empowers government entities to establish preferential procurement policies, in alignment with the government's broader objectives of economic transformation and addressing historical disparities.

In quarter 1, JPC awarded three tenders (2 RFQ and 1 RFP), with a total value of R3, 927, 989.48. These bids fell within the range of over R200, 000.00 but under R10 million. The selection criteria included a focus on businesses with 51% or more black ownership and those situated within the City of Johannesburg Metropolitan Municipality, reflecting our dedication to local economic development and empowerment as mandated by the directive.

Deviations

JPC Entity

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

City Portfolio

There are no deviations.

Payment within 30 days

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

Section 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. There was no fruitless and wasteful expenditure in Quarter 1.

FRUITLESS AND WASTEFUL EXPENDITURE	2024	2023
Opening balance	25 716 012	70 675 888
Current year additions	-	78 474
Less: Amount written off-current	-	(45 038 350)
CLOSING BALANCE	25 716 012	25 716 012

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

Treasury Guidelines on irregular expenditure provide that this is only recognised when payment pertaining to the 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	30 SEPTEMBER 2023	30 JUNE 2023
Opening balance	242 662 572	103 196 390
Current year additions	48 192 160	179 616 519
Prior period additions	-	-
Prior period reversals	-	-
Amount written off	-	(40 150 337)
CLOSING BALANCE	290 854 732	242 662 572

Table : Year-on-year irregular expenditure movement

In Quarter 1, irregular expenditure increased by R48 192 160. The incident that gave rise to the irregular expenditure are as follows:

Item	Category	Description	Disciplinary Status	Amount
1	Non-compliance with MFMA	Deviation in relation to corporate leases not meeting the Regulation 36 requirements	Tender process currently underway	R47 166 881
2.	Non-compliance with MFMA	ICT Contract expired. The City to take over the process.	SLA finalised with the City, awaiting connectivity	R1 025 279

Section 10: Pending Litigations and Possible Liabilities

JPC Entity

None

City Portfolio

Legal action brought by JPC on behalf of COJ

None

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 department and public entities.



Chapter 6: Internal and External Audit Outcomes

Section 1: Results of Internal Audit

The three-year rolling plan and annual internal audit plan still need to be reviewed and approved annually by the Audit and Risk Committee. The three-year rolling for 01 July 2023 – 30 June 2026 and the current year annual plan for 2023-24 will be presented to the Audit and Risk Committee during Quarter 2 of 2023/24.

PROGRESS MADE ON THE ANNUAL PLAN

There are twenty-two (22) audit projects planned for the year ended 30 June 2024 consisting of nineteen (19) comprehensive audits, follow-up on AG and Internal audit findings, Adhoc project, and Probity audit.

Two of the comprehensive audits (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 2023/24.

QUARTERLY PROJECT	ALLOCATED	ACTUAL COMPLETED
Quarter 1	2	None
Quarter 2	2	None
Quarter 3	2	None
Quarter 4	19	None

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 first quarter, the internal audit has raised 27 findings. The resolution rate for the internal audit findings for the 2023/24 financial year is 19% of findings that are still in progress to be resolved by the management.

CATEGORY	TOTAL	RESOLVED	NOT RESOLVED
Very High	0	0	0
High	16	0	16
Medium	9	0	9
Low	2	0	2
TOTAL	27	0	27

Section 3: Progress on Resolution of External Findings

The Auditor General of South Africa (AGSA) commenced with the audit for the financial year ended 2023/23 June 2022 and the audit is anticipated to be finalised on 30 November 2023.

There are no unresolved audit finding from the previous financial year's end.

Section 4: State of the Internal Controls

The Internal audit provides the Audit and Risk Committee and management with assurance that the internal controls are adequate and effective in line with section 165 of MFMA, the Institute of Internal Audit (IIA), standards, and the requirement of King IV on Corporate Governance of South Africa. This is achieved by means of regular risk-based approach assessment, as well as the identification of corrective action and suggested enhancement to the control and processes of the key risk areas identified.

Management is committed to addressing control weaknesses identified by internal audit through the implementation of audit recommendations and monitoring of action plans. However, there is still room for improvement as sticer commitment is required from management to ensure that the audit findings are promptly resolved.

Based on the internal audit completed in this financial year, the internal audit 's overall state of internal control that is currently in place is partially adequate and effective. Management is currently in the process of implementing controls and resolving those unresolved findings.

Effective Controls

100% of AGSA findings for 2021/22 have been resolved. This is a significant improvement in the system of internal control.