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JOBURG  
PROPERTY COMPANY

JPC FOURTH  
QUARTER REPORT  
2023/24

## Company Information

**Registration number:**

2000/017147/07

**Registered address:**

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**Telephone number:**

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**Shareholder:**

The City of Johannesburg  
Metropolitan Municipality

**Website:**

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**Global Email Address:**

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**Bankers:**

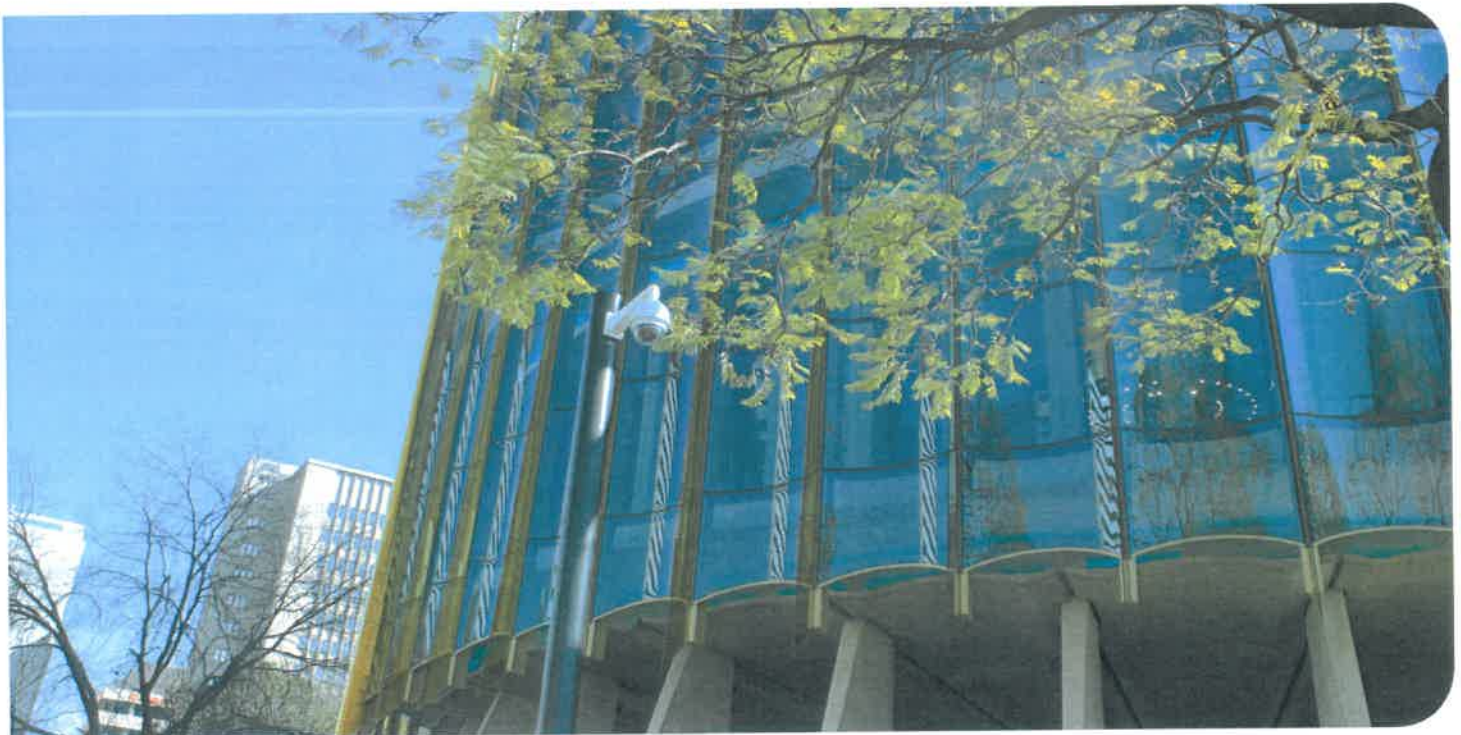
Standard Bank South Africa

**Auditors:**

Auditor-General of South Africa

**Company Secretary:**

Gontse Dlamini



Council Chambers outside





## Vision

Our vision is to provide property management, property development, facilities management, property asset management and outdoor advertising in order to maximise the social, economic and financial benefit to the City of Johannesburg (CoJ) and support the CoJ's delivery objectives on a cost competitive basis.



## Mission

The Joburg Property Company (JPC) is an agent of the CoJ, 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, and 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 CoJ's service delivery objectives.



## 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
- > Trust



Johannesburg Council Chamber Wall Art



## 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.
- Accurately reflects the performance that JPC (SOC) Ltd has achieved in the fourth quarter of the 2023/2024 financial year.



Mr Imraan Bhamjee  
Chief Financial Officer

23/7/2024  
Date of approval



Ms Helen Botes  
Chief Executive Officer

23/7/2024  
Date of approval



Mr Simon Motha  
Chairperson of the Board

26/07/24  
Date of approval



Ms Lulama Ndlovu  
Acting Executive Director: Economic Development

26/07/2024  
Date of approval



Cllr. Nomoya Mnisi  
Member of the Mayoral Committee:  
Economic Development

13/08/2024  
Date of approval



## Acronyms & Abbreviations

<b>AG</b>	Auditor-General
<b>AGM</b>	Annual General Meeting
<b>AGSA</b>	Auditor-General of South Africa
<b>ARC</b>	Audit and Risk Committee
<b>BSC</b>	Bid Specification Committee
<b>CAPEX</b>	Capital expenditure
<b>CCTV</b>	Closed-circuit television
<b>CoJ</b>	City of Johannesburg Metropolitan Municipality
<b>DED</b>	Department of Economic Development
<b>EAC</b>	Executive Adjudication Committee
<b>EAP</b>	Economically Active Population
<b>EE</b>	Employment equity
<b>EESD</b>	Employment equity and skills development
<b>ERDMs</b>	Electronic Records and Document Management System
<b>ESG</b>	Environmental, Social and Governance
<b>FLISP</b>	Finance Linked Individual Subsidy Programme
<b>GCTO</b>	Group Chief Technology Officer
<b>GDS 2040</b>	Growth and Development Strategy 2040
<b>GFIS</b>	Group Forensic and Investigation Services
<b>GRAP</b>	Generally Recognised Accounting Practice
<b>HC</b>	Human Capital
<b>IAC</b>	Independent Audit Committee
<b>ICRP</b>	Inner City Rejuvenation Programme
<b>ICT</b>	Information and communications technology
<b>IDP</b>	Integrated Development Plan
<b>IT</b>	Information technology
<b>JMPD</b>	Johannesburg Metropolitan Police Department
<b>JOSHCO</b>	Johannesburg Social Housing Company
<b>JPC</b>	City of Joburg Property Company (SOC) Ltd
<b>JV</b>	Joint venture
<b>KLM</b>	Kgalema Motlanthe Foundation Trust
<b>KPI</b>	Key performance indicator
<b>MFMA</b>	Municipal Finance Management Act, 2003



## Acronyms & Abbreviations

<b>MMC</b>	Member of the Mayoral Committee
<b>MOE</b>	Municipal-Owned Entity
<b>MSA</b>	Municipal Systems Act, 2003
<b>MTC</b>	Metropolitan Trading Company (SOC) Ltd
<b>NED</b>	Non-Executive Director
<b>OPEX</b>	Operational expenditure
<b>PIMS</b>	Property Information Management System
<b>POPIA</b>	Protection of Personal Information Act
<b>PPE</b>	Personal protective equipment
<b>PPPFA</b>	Preferential Procurement Policy Framework Act
<b>PTI</b>	Public Transport Interchange
<b>RDP</b>	Reconstruction and Development Programme
<b>RFP</b>	Request for proposal
<b>SAIBPP</b>	South African Institute of Black Property Practitioners
<b>SAPS</b>	South African Police Service
<b>SANTACO</b>	South African National Taxi Council
<b>SAPOA</b>	South African Property Owners Association
<b>SARS</b>	South African Revenue Service
<b>SCM</b>	Supply chain management
<b>SDA</b>	Service delivery agreement
<b>SEC, HR REMCO</b>	Social & Ethics, Human Resources & Remuneration & Transformation Committee
<b>SLS</b>	Service level standards
<b>SMMEs</b>	Small, medium and micro-enterprises
<b>SOC</b>	State-Owned Company
<b>TACCP</b>	Transvaal Association for Care of Cerebral Palsy
<b>UIFW</b>	Unauthorised, irregular, fruitless, and wasteful
<b>VAT</b>	Value-added tax
<b>WULA</b>	Water Use License Application
<b>YTD</b>	Year-to-date



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Riversideview Block D



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Metro Centre





## Chapter 1 Leadership and Corporate Profile

## Section 1

### Chairperson's Overview Report

It is with great pleasure that I present the overview of Joburg Property Company's performance for the fourth quarter of the 2023/2024 financial year. As Chairperson of the Board, I am proud to reflect on our organisation's steadfast commitment to fulfilling its pivotal role in managing and maximising the value of the City of Johannesburg's property assets.

Our vision to provide comprehensive property management, property development, facilities management, and property asset management and outdoor advertising services, along with strategic land stewardship, is rooted in maximising the social, economic, and financial benefits to the City of Johannesburg, while enhancing the quality of life for residents and fostering a vibrant, sustainable, and inclusive community. Throughout this quarter, we have continued to uphold this vision through strategic initiatives aimed at enhancing the efficiency and value of the CoJ's property portfolio.

#### Operating Environment

The operating environment in the fourth quarter encompasses various components that influence how the entity functions. These include:

- **Funding and Budget:** The budget allocation is limited because of the City's need to prioritise and strike a balance in allocating resources for basic service delivery requirements, infrastructure development investments and the maintenance of the property portfolio. The City's balancing act has resulted in a budget reduction for the entity, thus impacting negatively on delivery of our mandate.
- **Stakeholder Coordination:** The entity is focusing on collaboration and partnership initiatives with CoJ departments, government agencies, and private sector partners. These collaborative efforts aim to implement repairs and maintenance programmes, promote green building initiatives, address safety concerns, tackle hijackings and illegal occupations and, where necessary, repurpose municipal properties.
- **Unemployment:** CoJ has a high unemployment rate, exacerbated by the influx of people from other provinces seeking job opportunities. This puts pressure on the city's resources and infrastructure, and necessitates the achievement of the strategic priority relating to the creation of job opportunities.
- **Rapid urbanisation:** This has led to an increased need for planning and execution of sustainable mixed-use developments that meet community needs and support



**Mr Simon Motha**  
Chairperson of the Board

economic growth, while transforming the spatial landscape by addressing urban decay, illegally occupied and hijacked buildings, through the stimulation and increase of private sector investment opportunities.

As the board, we are conscious of the fact that this complex operating environment requires a multifaceted approach to governance, property development projects, and financial sustainability.

#### Organisational Performance Highlights

In summarising our performance and achievements over the last quarter of the financial year, I am pleased to report that we have made substantial progress towards meeting our strategic objectives:

- The key performance indicators (KPIs) remain a cornerstone of our operational efficiency. This quarter, we were due to deliver on 20 KPIs, of which 18 were successfully achieved, marking a commendable 90% accomplishment rate.
- The financial performance indicates a year-to-date surplus of R39 563 000.



## Quarterly Board Focus Area

Throughout the fourth quarter, as a board, we focused on several key matters:

- **Governance:**
  - › Approval of strategic risks for 2023/2024.
  - › Delegations of authority framework.
  - › Write-off of unauthorised, irregular, fruitless, and wasteful (UIFW) expenditure.
- **Risk Management and Compliance:**
  - › Review risk mitigation strategies and progress thereof.
  - › Ensure compliance with regulatory requirements.
- **Financial Management and performance:**
  - › Review and analyse quarterly financial statements.
  - › Assess cost-saving opportunities and budget adherence.
  - › Identify revenue-generating opportunities.
- **Operational Efficiency:**
  - › Evaluate supply chain management.
  - › Assess operational performance and productivity.
- **Ethical behaviour and leadership.**

The board remains dedicated to supporting the CoJ's strategic priorities, including economic and social development, and the delivery of essential services. Our mission to manage and develop the CoJ's property assets underscores our commitment to optimising their social and economic impact while ensuring responsible stewardship of public resources.

## Stakeholder Engagements

Our engagement with stakeholders during the quarter was pivotal in reinforcing relationships and driving mutual value.

The property allocation project has presented an opportunity for the organisation to be on the ground in real time to engage our tenants, ward councillors, and city departments on the use of the City's property assets moving forward. The board also applauds the positive use of social media, both internally and externally, to communicate the organisation's initiatives.

## Way Forward

As we look ahead, the Board remains confident in the strategic direction of JPC. We are committed to continuous improvement, innovation, and sustainability, ensuring that we remain agile and responsive to the needs of the community. Our focus will remain on delivering value to our shareholder, residents and employees while upholding our core values of accountability and professionalism. Challenges such as budget cuts and geopolitical risks will be monitored closely, with proactive strategies to mitigate potential impacts.

I wish to extend my sincere appreciation to the MMC for Economic Development, Cllr Nomoya Mnisi, our board members, the executive team, and our employees for their unwavering dedication and exemplary performance. Together, we will continue to uphold our mission and vision, driving positive change and contributing to the prosperity of our city.

Thank you for your continued trust and support as we navigate the opportunities and challenges ahead.



Mr Simon Motha  
Chairperson of the Board



Riverside View

## Section 2

### Chief Executive Officer's Overview

As we conclude the fourth quarter of this transformative fiscal year, I am filled with immense pride and gratitude for each of you who has contributed to JPC's journey. This quarter marks a pivotal moment as we reflect on our achievements and set our sights on future endeavours.

The quarterly report serves to present an update on JPC's organisational and financial performance and initiatives undertaken during the period April to June 2024. I am pleased to highlight the remarkable progress we have achieved together. Amidst an evolving market, municipal dynamics, and global challenges, our commitment to innovation and resilience has been firm.

The focus in this period was on employee engagements, property site verification and inspections, policy review that is aligning with industry best practices, and the commencement of contract negotiations on awarded projects, thus solidifying business relations with our clients and accelerating projects. Our commitment to operational excellence has yielded tangible results such as process optimisation (i.e. eliminating inefficiencies and bottlenecks). The property site verification and inspection programme highlights that several properties within CoJ's portfolio are under severe strain with high exposure for:

- **Property Risks** such as structural weaknesses, fire hazards, or other dangers to occupants and adjacent properties. This is aggravated by a limited budget allocation for repairs and maintenance.
- **Non-Compliance with Regulations** such as zoning laws, building codes, and environmental regulations.

JPC will conduct regular condition-based assessments and continue to liaise with CoJ on increasing the budget allocation to address property risks and explore the new development and repurposing opportunities that exist.

### Organisational Highlights

- Fifteen (15) properties to the value of R1 440 750 000 were packaged and released on tender in terms of Section 79(18) of the local government ordinance and the City's supply chain processes for land.
- **Property Acquisitions:** Council approved twenty (20) acquisitions to the value of R74 million during the quarter under review. However, transfer is anticipated to be concluded within the first quarter of the new financial year, pending negotiations with the property owners.



**Ms Helen Botes**  
Chief Executive Officer

### Achievements Against Predetermined Objectives

- JPC has managed to achieve 90% of its quarterly targets, i.e. 18 of its 20 KPIs, and has attained 100% resolution of the 2022/23 AG findings
- Board has approved the appointment of the acting CFO, and the advertisement for the position has been circulated.
- **R502 149 844.08** investment spend on projects.
- **358** job opportunities created during review and **1 127** YTD.

At this stage, the team has commenced with preparations for the external year end audit conducted by the Auditor-General.




## Focus for the New Financial Year

Looking ahead, there is excitement about the prospects that lie before us due to the new development and repurposing opportunities identified during the property site verification and inspections. I wish to express my heartfelt thanks to all JPC employees who have so eagerly embraced change and participated so passionately in the property site verification and inspection processes. With a clear strategic vision and a talented team driving our initiatives forward, we are well-positioned to navigate complexities and capitalise on emerging trends within the municipal environment.

As we embrace the culture change project, I am confident that our collective efforts will continue to yield positive outcomes for our organisation and the stakeholders we serve. As we enter the new financial year, we remain resolute and unwavering in our commitment to change the property landscape of the City by using the property portfolio as a

catalyst for economic growth. We will continue to focus on delivering exceptional property management services, expanding our portfolio with strategic acquisitions, and embracing innovation to maintain our position at the forefront of industry trends.

A special acknowledgement and word of gratitude must also be extended towards our stakeholders – the JPC Board of Directors, and our clients for their diligent efforts in ensuring that JPC remains responsible and accountable in its efforts to deliver on its mandate.



**Ms Helen Botes**  
Chief Executive Officer



Erf 120 Parktown - Mike's Kitchen

## Section 3

### Financial Overview

I am pleased to provide the fourth quarter overview of the Joburg Property Company's performance for the period 01 April 2024 to 30 June 2024.

JPC is both factually and commercially solvent, with adequate resources to meet our obligations to our creditors. Moving forward, emphasis will be placed on continuing to improve solvency and liquidity ratios in the first quarter of the new financial year. As JPC does not receive regular payments from departments, the entity continues to struggle with converting related party debtors of more than a billion rand into cash.

The financial performance indicates a year-to-date surplus of **R39 563 000**. The main contributors are:

#### Revenue

- Management fees are in line with expectations post finalisation of appointments and SLAs, which translated to increased management fees for JPC in the fourth quarter.
- Several outdoor advertising agreements are currently awaiting Executive Adjudication Committee (EAC) approval, which is delaying generation of income. However, income is expected to materialise in the new financial year (2024/2025).
- Several land transactions awards have been issued. Contract negotiations have commenced for a number of these awards, with the associated revenue expected to be realised in the first quarter of the new financial year (2024/2025).

#### Expenditure

- Included in office operational expenses is office accommodation expenditure relating to alternative accommodation for departments that previously occupied the Metro Centre. The Executive Adjudication Committee has awarded the tenders, and the final process required by MFMA section 33 has been completed. A report was submitted to the Council, and expenditure will start once contracts have been completed. This expenditure is expected to materialise in the first quarter of the new financial year (2024/2025).
- Through the prudent management of JPC's bank account, the entity has successfully avoided incurring any interest charges on expenditure.



**Mr Imraan Bhamjee**  
Acting Chief Financial Officer

During the period under review, CoJ undertook a rebasing exercise, which resulted in a revenue reduction of R50 million. Expenditure was also reduced by the same amount, with a significant reduction in operating costs. CAPEX was reduced from R49 million to R25 million. No deviations were identified for the period under review.

JPC continues to incur irregular expenditure on the following:

- **Office accommodation** – MFMA section 33 feedback will be submitted to Council for noting in April 2024 and contract negotiations have started, which will end the irregular expenditure.
- **Connectivity** – The City is in the process of taking over the contract as part of centralising the Information Technology Strategy.
- **Fleet** – This is a centralised contract procured at the City, and the City is implementing measures to address it.

Looking ahead to the new financial year (2024/2025), we anticipate increased spending on repairs and maintenance, and on capital expenditure. Preparations for the 2024 annual financial year audit, to be conducted by the Auditor General (AG), are underway and will be meticulously executed.

As we navigate through these challenges, JPC remains steadfast in our commitment to financial prudence, operational excellence, and delivering value to our stakeholders.



**Mr Imraan Bhamjee**  
Acting Chief Financial Officer





## Section 4

### Overall Company Performance

This section focuses on organisational performance in respect of the corporate scorecard.



#### OVERVIEW OF THE ENTITY

In the period under review, the entity has:

- Of the 20 KPIs scheduled for evaluation in this quarter, 18 (90%) were achieved and 2 (10%) were not achieved.
- 1 KPI was not due for evaluation this quarter
- The financial performance of the JPC for the fourth quarter reflects a surplus of **R39 563 000**.
- Ratios: Liquidity ratio of 1.01:1 and a solvency ratio of 1.05:1 against the City's benchmarks of 1:1 and 2:1, respectively.



#### HIGHLIGHTS

- 100% resolution rate of the Auditor-General's (AG's) findings.
- **Property Acquisitions:** Council approved twenty (20) acquisitions to the value of R74 million during the quarter under review. However, transfer is anticipated to be concluded within the first quarter of the new financial year, pending negotiations with the property owners.
- Twenty-two (22) 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.
- Fifteen (15) properties to the value of **R1 440 750 000** were packaged and released on tender in terms of Section 79(18) of the local government ordinance and the City's supply chain processes for land.
- **358 job opportunities were created during the review period and 1 127 YTD.**
- **R502 149 844.08** investment spend on projects
- Board approved appointment of acting CFO and the advertisement for the position has been circulated.



#### LOWLIGHTS

- Total number of vacant positions is 633, of which 548 are unfunded, with only 85 funded.
- The entity is attempting to strike a balance between addressing the salary parity issue for cleaners and filling critical vacancies. This salary parity issue has the potential to cause labour disputes.
- 2 (10%) KPIs were not achieved.

Table 1: Company Performance



The dashboard below reflects the targets on the corporate scorecard



Table 2: Corporate Scorecard Dashboard



### 4.1 UNLOCKING INVESTMENTS/BUSINESS THROUGH PROPERTY TRANSACTIONS AND DEVELOPMENTS

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
R5 billion	R0 million 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	R2 billion investment attracted/business facilitated within CoJ boundaries based on a signed contract	R2.5 billion investment attracted/business facilitated within CoJ boundaries based on a signed contract	R5 billion investment attracted/business facilitated within CoJ boundaries based on a signed contract
Actual	R100 million investment attracted/business facilitated within CoJ boundaries based on a signed contract	R0 investment attracted/business facilitated within CoJ boundaries based on signed contract	R17 276 536 967.29 investment attracted/business facilitated within CoJ boundaries based on signed contract	R0 investment attracted/business facilitated within CoJ boundaries based on signed contract	R17 376 536 967.29 investment attracted/business facilitated within CoJ boundaries based on signed contract



Table 3: KPI 1



## 4.2 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 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	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 561 804.05 investment spend on projects within CoJ boundaries based on construction value on the ground	R27 947 554.03 investment spend on projects within CoJ boundaries based on construction value on the ground	R237 236 744.00 investment spend on projects within CoJ boundaries based on construction value on the ground	R178 403 742.00 investment spend on projects within CoJ boundaries based on construction value on the ground	R502 149 844.08 investment spend on projects within CoJ boundaries based on construction value on the ground



Table 4: KPI 2

## 4.3 JOB OPPORTUNITIES CREATED

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
1 000	250 job opportunities created	250 job opportunities created	250 job opportunities created	250 job opportunities created	1 000 job opportunities created
Actual	53 job opportunities created	77 job opportunities created	639 job opportunities created	358 job opportunities created	1 127 job opportunities created



Table 5: KPI 3

## 4.4 SMMEs SUPPORTED THROUGH PROPERTY TRANSACTIONS

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
700	175 SMMEs supported	175 SMMEs supported	175 SMMEs supported	175 SMMEs supported	700 SMMEs supported
Actual	34 SMMEs supported	37 SMMEs supported	175 SMMEs supported	268 SMMEs supported	514 SMMEs supported



Table 6: KPI 4



### 4.5 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	80 asset management plans formulated	80 asset management plans formulated	320 asset management plans formulated



Table 7: KPI 5

### 4.6 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 4 properties	Acquisition of 0 properties	Acquisition of 5 properties	Acquisition of 11 properties	20 acquired and transferred to the CoJ through the conditions of town establishment



Table 8: KPI 6

### 4.7 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 properties released on social and economic leases including servitudes and sales	40 properties released on social and economic leases including servitudes and sales	50 properties released on social and economic leases including servitudes and sales	50 properties released on social and economic leases including servitudes and sales	140 properties released on social and economic leases including servitudes and sales
Actual	14 properties released on social and economic leases including servitudes and sales.	11 properties released on social and economic leases including servitudes and sales	53 properties released on social and economic leases including servitudes and sales	56 properties released on social and economic leases including servitudes and sales	140 properties released on social and economic leases including servitudes and sales



Table 9: KPI 7



#### 4.8 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	25% implementation of the outdoor advertising masterplan	25% implementation of the outdoor advertising masterplan	100% implementation of the outdoor advertising masterplan



TARGET ACHIEVED

Table 10: KPI 8

#### 4.9 IMPLEMENTATION OF ANNUAL REFURBISHMENT PLAN FOR THE METRO CENTRE PRECINCT

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	0% implementation of annual refurbishment plan for Metro Centre	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 pending Council approval of the proposed repurposing options of the Metro Centre.

Table 11: KPI 9

#### 4.10 RENEWAL OF OFFICE ACCOMMODATION LEASES

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
27	6 renewals of office accommodation leases	7 renewals of office accommodation leases	7 renewals of office accommodation leases	7 renewals of office accommodation leases	27 renewals of office accommodation leases
Actual	0 renewals of office accommodation leases	0 renewals of office accommodation leases	7 renewals of office accommodation leases	20 renewals of office accommodation leases	27 renewals of office accommodation leases



TARGET ACHIEVED

Table 12: KPI 10



### 4.11 IMPLEMENT TRAINING AND DEVELOPMENT INITIATIVES TO ADDRESS COMPETENCY GAPS

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
800	200 employees trained	200 employees trained	200 employees trained	200 employees trained	800 employees trained
Actual	203 employees trained	82 employees trained	200 employees trained	806 employees trained	1 291 employees trained



TARGET ACHIEVED

Table 13: KPI 11

### 4.12 INCOME GENERATED THROUGH PROPERTY TRANSACTIONS

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
R115 million	R28.75 million income raised from acquisition, outdoor advertising, leases, servitudes and sales	R28.75 million income raised from acquisition, outdoor advertising, leases, servitudes and sales	R28.75 million income raised from acquisition, outdoor advertising, leases, servitudes and sales	R28.75 million income raised from acquisition, outdoor advertising, leases, servitudes and sales	R115 million income raised from acquisition, outdoor advertising, leases, servitudes and sales
Actual	R18.9 million income raised from acquisition, outdoor advertising, leases, servitudes and sales	R18.2 million income raised from acquisition, outdoor advertising, leases, servitudes and sales	R35.56 million income raised from acquisition, outdoor advertising, leases, servitudes and sales	R5.52 million income raised from acquisition, outdoor advertising, leases, servitudes and sales	R78.23 million income raised from acquisition, outdoor advertising, leases, servitudes and sales



TARGET NOT ACHIEVED

The 153 transaction reports due for Council approval did not gain traction owing to other Council businesses taking precedence. This has negatively affected JPC's ability to generate income from the released properties.

Table 14: KPI 12

### 4.13 ALLOCATED CAPEX SPEND

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
95%	25% spend on allocated CAPEX	25% spend on allocated CAPEX	25% spend on allocated CAPEX	20% spend on allocated CAPEX	95% spend on allocated CAPEX
Actual	11% spend on allocated CAPEX	16% spend on allocated CAPEX	28% spend on allocated CAPEX	96% spend on allocated CAPEX	96% spend on allocated CAPEX



TARGET ACHIEVED

Table 15: KPI 13



#### 4.14 PERCENTAGE SPENT ON OPERATING BUDGET AGAINST APPROVED OPERATING BUDGET

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
95%	20% spent on operating budget against approved operating budget	50% spent on operating budget against approved operating budget	75% spent on operating budget against approved operating budget	95% spent on operating budget against approved operating budget	95% spent on operating budget against approved operating budget
Actual	68% spent on operating budget against approved operating budget	75% spent on operating budget against approved operating budget	61% spent on operating budget against approved operating budget	95% spent on operating budget against approved operating budget	95% spent on operating budget against approved operating budget



Table 16: KPI 14

#### 4.15 PERCENTAGE OF SPEND ON REPAIRS AND MAINTENANCE BUDGET

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
8%	0% of repairs and maintenance budget spent	4% of repairs and maintenance budget spent	2% of repairs and maintenance budget spent	2% of repairs and maintenance budget spent	8% of repairs and maintenance budget spent
Actual	0% of repairs and maintenance budget spent	13% of repairs and maintenance budget spent	12.2% of repairs and maintenance budget spent	14.8% of repairs and maintenance budget spent	14.8% of repairs and maintenance budget spent



Table 17: KPI 15

#### 4.16 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 invoice date	100% of valid invoices paid within 30 days of invoice date	100% of valid invoices paid within 30 days of invoice date	100% of valid invoices paid within 30 days of invoice date	100% of valid invoices paid within 30 days of invoice date
Actual	100% of valid invoices paid within 30 days of invoices date	100% of valid invoices paid within 30 days of invoice date	100% of valid invoices paid within 30 days of invoice date	100% of valid invoices paid within 30 days of invoice date	100% of valid invoice paid within 30 days of invoice date



Table 18: KPI 16



#### 4.17 PERCENTAGE REDUCTION IN UIFW EXPENDITURE INCURRED CITYWIDE

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
50%	10% reduction in UIFW expenditure incurred citywide	10% reduction in UIFW expenditure incurred citywide	10% reduction in UIFW expenditure incurred citywide	20% reduction in UIFW expenditure incurred citywide	50% reduction in UIFW expenditure incurred citywide
Actual	0% reduction in UIFW expenditure incurred citywide	0% reduction in UIFW expenditure incurred citywide	0% reduction in UIFW expenditure incurred citywide	50% reduction in UIFW expenditure incurred citywide	50% reduction in UIFW expenditure incurred citywide



TARGET  
ACHIEVED

Table 19: KPI 17

#### 4.18 PERCENTAGE ACHIEVEMENT OF SERVICE STANDARDS LEVELS IN TERMS OF THE SHAREHOLDER COMPACT

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
95%	95% compliance with CoJ service standards	95% compliance with CoJ service standards	95% compliance with CoJ service standards	95% compliance with CoJ service standards	95% compliance with CoJ service standards
Actual	100% compliance with CoJ service standards	95% compliance with CoJ service standards	100% compliance with CoJ service standards	100% compliance with CoJ service standards	100% compliance with CoJ service standards



TARGET  
ACHIEVED

Table 20: KPI 18

#### 4.19 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	Unqualified Audit



NOT MET

Table 21: KPI 19



## 4.20 RESOLUTION OF AUDITOR GENERAL’S FINDINGS

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
95%	95% of the previous AG’s letter	95% of the previous AG’s letter	50% of the current/ new AG’s letter	95% of the current/ new AG’s letter	95% resolution of AG’s findings
95%	100% of the previous AG’s letter	100% of the previous AG’s letter	75% of the current/ new AG’s letter	100% of the current/ new AG’s letter	100% of the current/ new AG’s letter



Table 22: KPI 20

## 4.21 PERCENTAGE RESOLUTION OF INTERNAL AUDIT FINDINGS

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
95%	10% resolution of internal audit findings	30% resolution of internal audit findings	70% resolution of internal audit findings	95% resolution of internal audit findings	95% resolution of internal audit findings
Actual	19% resolution of internal audit findings	63% resolution of internal audit findings	81% resolution of internal audit findings	96% resolution of internal audit findings	96% resolution of internal audit findings



Table 23: KPI 21

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



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## Section 5

### Corporate Profile and Overview of the Entity

The 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 was reconstituted as 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, including, but not limited to, the Companies Act. As an independent municipal entity, JPC is also subject to the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA).

#### MANDATE AND CORE BUSINESS

The entity has 1 515 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

JPC 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.
- **Asset register:** Ensure a compliant asset register, account for movements, maintain safekeeping of title deeds, and conduct property valuations.

##### 2. PROPERTY DEVELOPMENT

JPC aims to maximise the return on City-owned land. The objectives for public land development encompass three key types of returns:

- **Delivering on City objectives:** The priorities identified in the Service Delivery and Budget Implementation Plan, Integrated Development Plan (IDP), and Growth and Development Strategy (GDS) 2040.
- **Transforming the property industry:** Empowering emerging developers and contractors, supporting the City's youth programme, 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 function encompasses multiple disciplines to ensure the functionality, comfort, safety, and efficiency of the property and built environment. It is largely rooted in facilities upkeep and improvement of the physical building. The role also includes the implementation of new sustainability and green initiatives. Lastly, the 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, generating rental income on leased properties, and the 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).



Erf 63 and 65 Winston Ridge



## Section 6

### Strategic Objectives

JPC’s corporate strategy is aligned with GDS 2040, the IDP, and the mayoral priorities. JPC recognises and emphasises its role as an economic and social property company in achieving positive developmental outcomes. Following the political

transition of the Government of Local Unity, the City had eleven (11) confirmed mayoral priorities. The entity contributes to these priorities in the areas listed below.



Figure 1: JPC Priorities

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.
- Becoming a financially and administratively sustainable and resilient City.



Fordsburg Informal Market






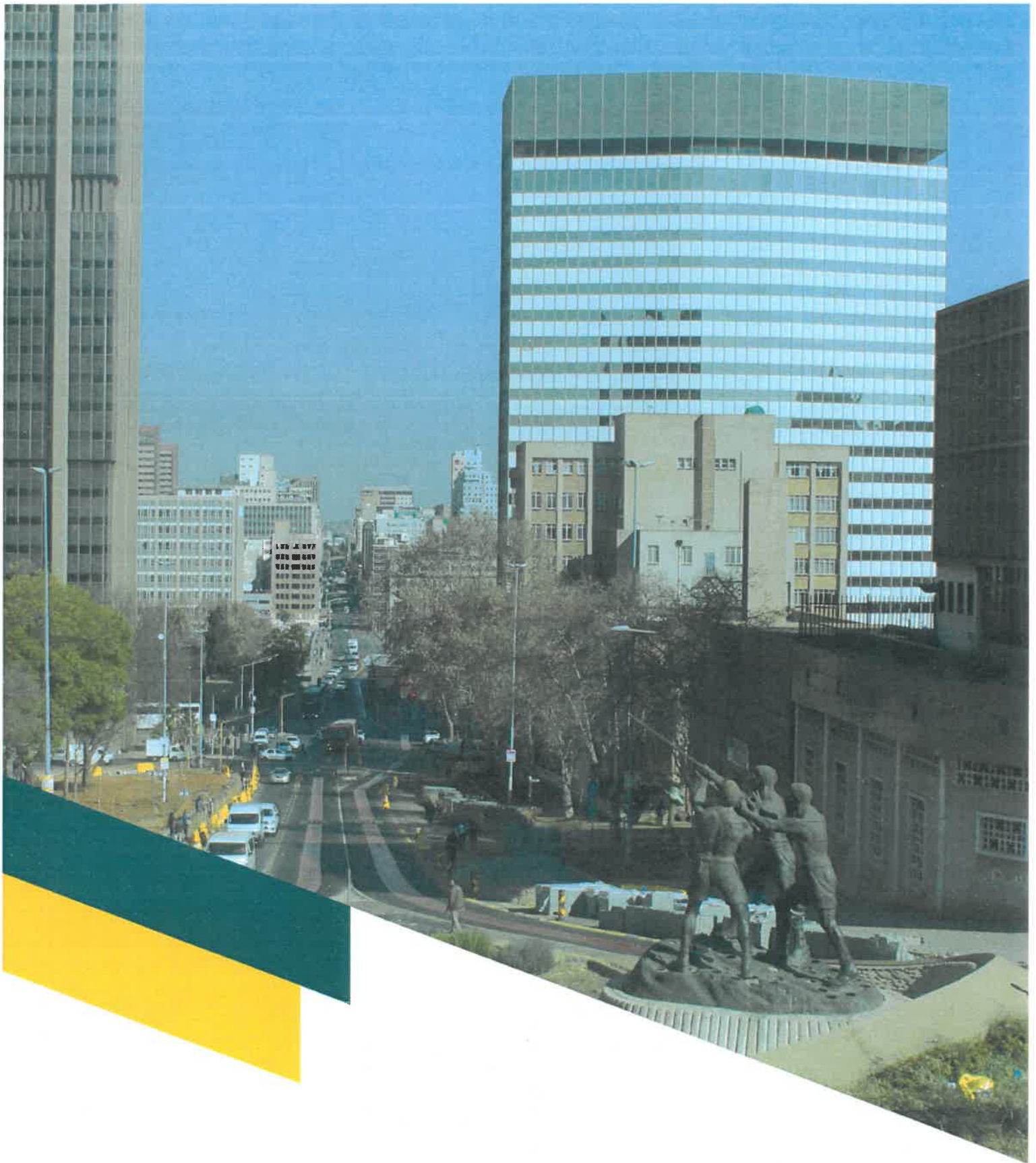
Mayoral Priorities	JPC's contribution to the priorities included in the annual corporate scorecard
 <p><b>Sustained Economic Growth</b></p>	<ul style="list-style-type: none"> <li>• R5 billion investment/rand value attraction of investment on CoJ property</li> <li>• R500 million investment spend on CoJ property/construction value on the ground</li> <li>• Acquisition of 8 properties on behalf of departments and municipal entities for the advancement of the City's service delivery objectives</li> </ul>
 <p><b>Job Opportunity Creation</b></p>	<ul style="list-style-type: none"> <li>• 1 000 job opportunities created through property transactions</li> <li>• 700 SMMEs supported through property transactions</li> </ul>
 <p><b>Good Governance</b></p>	<ul style="list-style-type: none"> <li>• Audit opinion/unqualified audit opinion (clean audit)</li> <li>• 50% reduction in UIFW expenditure incurred citywide</li> <li>• 95% resolution of Auditor-General's findings</li> <li>• 95% resolution of internal audit findings</li> <li>• 100% of valid invoices are paid within 30 days of the invoice date</li> <li>• 800 employees trained to address competency gaps</li> <li>• 100% implementation of annual refurbishment plan for Metro Centre</li> </ul>
 <p><b>Financial Sustainability</b></p>	<ul style="list-style-type: none"> <li>• R115 million income raised from acquisition, outdoor advertising, leases, servitudes, and sales</li> <li>• 95% spent on the operating budget against the approved operating budget</li> <li>• 8% spent on property, plant, and equipment repairs and maintenance in respect of JPC facilities</li> <li>• 140 properties released on social and economic leases, including servitudes and sales</li> <li>• 95% spend of the allocated capital expenditure budget</li> <li>• 320 asset management plans formulated</li> <li>• 100% implementation of the outdoor advertising masterplan</li> <li>• 27 office accommodation leases renewed</li> </ul>
 <p><b>Active % Engaged Citizenry</b></p>	<ul style="list-style-type: none"> <li>• 95% achievement of service standards</li> </ul>

Table 24: JPC's Contribution to Mayoral Priorities



## Section 1

### Corporate Governance Statement

JPC has a unitary board consisting 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 (NED), Mr Simon Motha, is the president of the Board of Directors ("the board"). The board convenes 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, its stakeholders, and the citizens of Johannesburg. A service delivery agreement ("the SDA") and the shareholder compact are concluded in accordance with the provisions of the Municipal Systems Act (MSA) These documents govern the entity's relationship with the CoJ.

The board and management of JPC are committed to the highest standards of corporate governance to enhance accountability, transparency, and stakeholder trust. The board believes that strong governance practices are essential for building trust and delivering long-term value to stakeholders.

#### BOARD COMPOSITION AND DIVERSITY

The board comprises experienced and independent directors who bring a wealth of knowledge and expertise. The board is responsible for providing strategic oversight, ensuring effective risk management, and maintaining compliance with all legal and regulatory requirements.

During the quarter under review, the board received a resignation from Ms Londiwe Mthembu, a Non-Executive Director, effective 01 May 2024. The board thanked Ms Mthembu for her valuable input during her tenure, particularly in her area of expertise: town and urban planning, among others.

Mr Imraan Bhamjee was appointed Acting Chief Financial Officer (ACFO) for a period of three (3) months, pending the finalisation of the recruitment process. The board comprises eight (8) Non-Executive Directors and two (2) Executive Directors, as follows:

#### BOARD MEMBERS (NON-EXECUTIVE DIRECTORS)

- Simon Motha (Chairperson of the Board)
- Mxolisi Zondo (Chairperson of Transactions)
- Ellen Rakodi
- Fulufhelo Ratshikhopha
- Bettycourt Teffo
- Ntombikayise Tini
- Sabelo Mtolo (Chairperson of ARC)
- Tshepang Thatelo (Chairperson of SEC, HR REMCO)

#### BOARD MEMBERS (EXECUTIVE DIRECTORS)

- Helen Botes (Chief Executive Officer)
- Imraan Bhamjee (Acting Chief Financial Officer)

#### INDEPENDENT AUDIT COMMITTEE MEMBERS

- Xola Lingani
- Yongama Pamla
- Rachel Makwela
- Thabang Chiloane

All the directors bring to the board a wide range of expertise, as well as significant financial, commercial and technical experience and, in the case of the non-executive directors, independent perspectives and judgement. The tenure of the current Board of Directors is one (1) year, reviewable annually and appointments are executed at the Annual General Meeting (AGM). The AGM has been postponed and a new date is to be pronounced by the shareholder.

The independence of non-executive directors is periodically assessed by the CoJ's Group Governance Shareholder Unit prior to appointment and/or re-appointment during the AGM.

The board is satisfied that its composition reflects the appropriate mix of knowledge, skills and expertise, experience, diversity and independence.



## Section 2

### 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. 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 sets out the composition and the powers of the board as follows:

- 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 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.
- Identifying 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 the 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 interest.
- Appreciate that stakeholders' 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.



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## 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 the effective discharge of its duties in line with King IV. The board has delegated roles and responsibilities to its three (3) committees, namely the

Audit and Risk Committee (ARC), the Social & Ethics, Human Resources & Remuneration & Transformation Committee (SEC, HR REMCO), and the Transactions and Service Delivery Committee based on relevant legal requirements, as well as what is appropriate for the JPC.

#### JPC BOARD AND COMMITTEE DELEGATION

Committees	Audit and Risk Committee	Transactions and Service Delivery Committee	SEC, HR REMCO Committee
Focus Area	<ul style="list-style-type: none"> <li>Annual Financial Statements and Integrated Annual Report</li> <li>Budget and Business Plan</li> <li>Approval of the JPC Procurement Plan</li> <li>External and Internal Audit Strategy and Matters</li> <li>Risk Management Strategy and Reporting</li> <li>Financial Reporting</li> <li>Information Technology, Governance and Cyber Security</li> </ul>	<p>Consider and recommend to the Council for approval, the following property-related transactions:</p> <ul style="list-style-type: none"> <li>Alienation of property</li> <li>Acquisition of property</li> <li>Granting, amending, acquiring and/or cancellation of servitudes</li> <li>Property donations</li> <li>Outdoor advertising and cellular masts</li> <li>Leases, use, management agreement and/or control agreements</li> <li>Property development</li> </ul>	<ul style="list-style-type: none"> <li>HCM Strategy and Policies</li> <li>Human Capital Management</li> <li>Good Corporate Citizenship</li> <li>Ethical Leadership and Conduct</li> <li>Social and Economic Development</li> <li>Stakeholder Relationships</li> <li>Reputational Management</li> </ul>
Composition	<p>Mr Sabelo Mtolo (Chairperson)</p> <p>Mr Fulufhelo Ratshikhopha (NED)</p> <p>Mr Xola Lingani (IAC)</p> <p>Ms Yongama Pamla (IAC)</p> <p>Ms Rachel Makwela (IAC)</p> <p>Mr Thabang Chiloane (IAC)</p>	<p>Mr Mxolisi Zondo (Chairperson)</p> <p>Ms Bettycourt Teffo (NED)</p> <p>Mr Fulufhelo Ratshikhopha (NED)</p> <p>Ms Londiwe Mthembu (NED)</p> <p>Mr Simon Motha (NED)</p>	<p>Ms Tshepang Thatelo (Chairperson)</p> <p>Ms Ntombikayise Tini (NED)</p> <p>Ms Ellen Rakodi (NED)</p> <p>Mr Simon Motha (NED)</p> <p>Ms Bettycourt Teffo (NED)</p>

Table 25: JPC Board Committees



## CROSS-FUNCTIONAL RESPONSIBILITIES

The board acknowledges the cross-functional responsibilities that exist between committees. These committees are regulated and statutory, and have a framework to monitor their

activities and responsibilities. To avoid parallel decision-making, joint committees are convened for specific items that have a cross-functional impact.

## BOARD AND COMMITTEE MEETINGS FOR THE PERIOD UNDER REVIEW

Meetings Held During the Quarter	JPC Board	Audit and Risk Committee	Transactions & Service Delivery Committee	SEC, FIR REMCO Committee
Meeting	25 May 2024	22 April 2024	17 April 2024	19 April 2024
MMC-Chairperson's Quarterly Review Meeting	24 May 2024			
GRGC Meeting	16 May 2024			
Special Meeting	19 April 2024 17 May 2024 25 June 2024	20 June 2024		24 April 2024 18 June 2024 21 June 2024

**Table 26:** Board and Committee Meetings for the Period Under Review

During the period under review, the board approved the following submissions recommended by the sub-committees:

Retrospective CEO's performance bonus payment
Third-Quarter Performance Report 2023/2024 and JPC Third-Quarter Acquisition Plan 2023/2024
Strategic Risk Register for 2023/2024 Financial Year
Delegations of Authority Framework
Write-offs in respect of UIFW submissions: <ul style="list-style-type: none"> <li>a. Irregular expenditure relating to internet solutions</li> <li>b. Fruitless and wasteful expenditure relating to office accommodation (Braampark)</li> <li>c. Fruitless and wasteful expenditure relating to office accommodation (222 Smit Street)</li> <li>d. Fruitless and wasteful expenditure relating to lease agreements of existing office accommodation</li> </ul>
Irregular expenditure relating to supply and delivery of wheelie bins
Appointment of the JPC Acting Chief Financial Officer

**Table 27:** Board-Approved Submissions

## Section 4

### Entity Remuneration Policy

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

Name of Director	Meetings Attended	Emoluments
Simon Motha	10	R108 000.00
Sabelo Mtolo	7	R88 000.00
Bettycourt Teffo	9	R92 000.00
Tshepang Thatelo	8	R88 000.00
Ellen Rakodi	8	R80 000.00
Ntombikayise Tini	8	R80 000.00
Fulufhelo Ratshikhopa	7	R72 000.00
Mxolisi Zondo	6	R70 000.00
Londiwe Mthembu	3	R32 000.00
Independent Audit Committee Members		
Xola Lingani	2	R18 400.00
Yongama Pamla	2	R16 000.00
Thabang Chiloane	2	R16 000.00
Rachel Makwela	2	R16 000.00
<b>TOTAL</b>		<b>R776 400.00</b>

Table 28: Director Emoluments

The discrepancy in payments to IAC members stems from differences in VAT status: one member is a registered VAT vendor, and therefore submits invoices inclusive of VAT.

### DISCLOSURE OF INTEREST

Prior to each meeting of the board or of its sub-committees, a specific agenda item is included for the declaration of any conflicts of interest and their nature. During the period under review, no conflicts of interest were recorded. The attendance registers and declaration of conflict of interest records are kept on file by the Company Secretary and remain open for scrutiny.

In addition to the specific item agenda, Section 75(5) of the Companies Act stipulates that if a non-executive director or an independent audit committee has a personal financial interest in any matter the entity is involved with, a declaration of conflict of interest be submitted annually. These declarations are also kept on file by the Company Secretary.

## EXECUTIVE MANAGEMENT REMUNERATION FOR THE PERIOD UNDER REVIEW

Employee No.	Name	Basic Salary	Travel Allowance	Housing Allowance	Leave Encashment	Acting Allowance	Performance Bonus/13th	Final Leave Pay	Non-Pensionable Allowance	Company Contribution	TOTAL
10005164	Helen Botes	R2 744 250	R250 000	R-	R-	R-	R419 195	R-	R10 908	R35 869	R3 460 222
10018008	Sizeka Tshabalala	R1 690 308	R120 000	R-	R63 689	R-	R288 407	R-	R-	R391 403	R2 553 806
10018010	Mluduzi Makhunga	R1 710 815	R96 000	R-	R-	R-	R288 407	R-	R-	R394 307	R2 489 528
10018011	Sipho Mizobe	R1 681 076	R120 000	R10 893	R50 951	R30 943	R288 407	R-	R-	R409 948	R2 572 193
10018012	Phaqha Mhlongo	R1 841 569	R-	R-	R-	R-	R-	R-	R-	R326 803	R2 168 372
10018144	Tshepo Mokataka	R1 792 003	R-	R-	R63 689	R-	R288 407	R-	R-	R409 948	R2 554 048
10018147	Imraan Bhamjee	R2 212 807	R96 000	R-	R-	R-	R363 060	R-	R-	R460 712	R3 132 579
10022875	Dlamini Gontse	R1 217 160	R-	R12 797	R-	R-	R100 294	R-	R-	R268 214	R1 598 464
10100166	Kgatuke Mathibela	R-	R-	R-	R-	R-	R-	R132 806	R-	R1 328	R134 134
10101510	Sifiso Mabizela	R1 276 963	R-	R4 266	R45 970	R48 442	R81 718	R-	R-	R245 873	R1 703 232
10114737	Sathekge Ogcithe	R883 000	R-	R-	R-	R-	R-	R-	R-	R126 488	R1 009 488
<b>Total</b>		<b>R17 049 951</b>	<b>R682 000</b>	<b>R27 956</b>	<b>R224 298</b>	<b>R79 385</b>	<b>R2 117 893</b>	<b>R132 806</b>	<b>R10 908</b>	<b>R4 484 049</b>	<b>R23 376 066</b>

Table 29: Executive Management Remuneration for the Period Under Review

The discrepancy in payments to EXCO members stems from resignations and appointments that resumed duties in the middle of the year.



Erf 44 Far East Bank 1

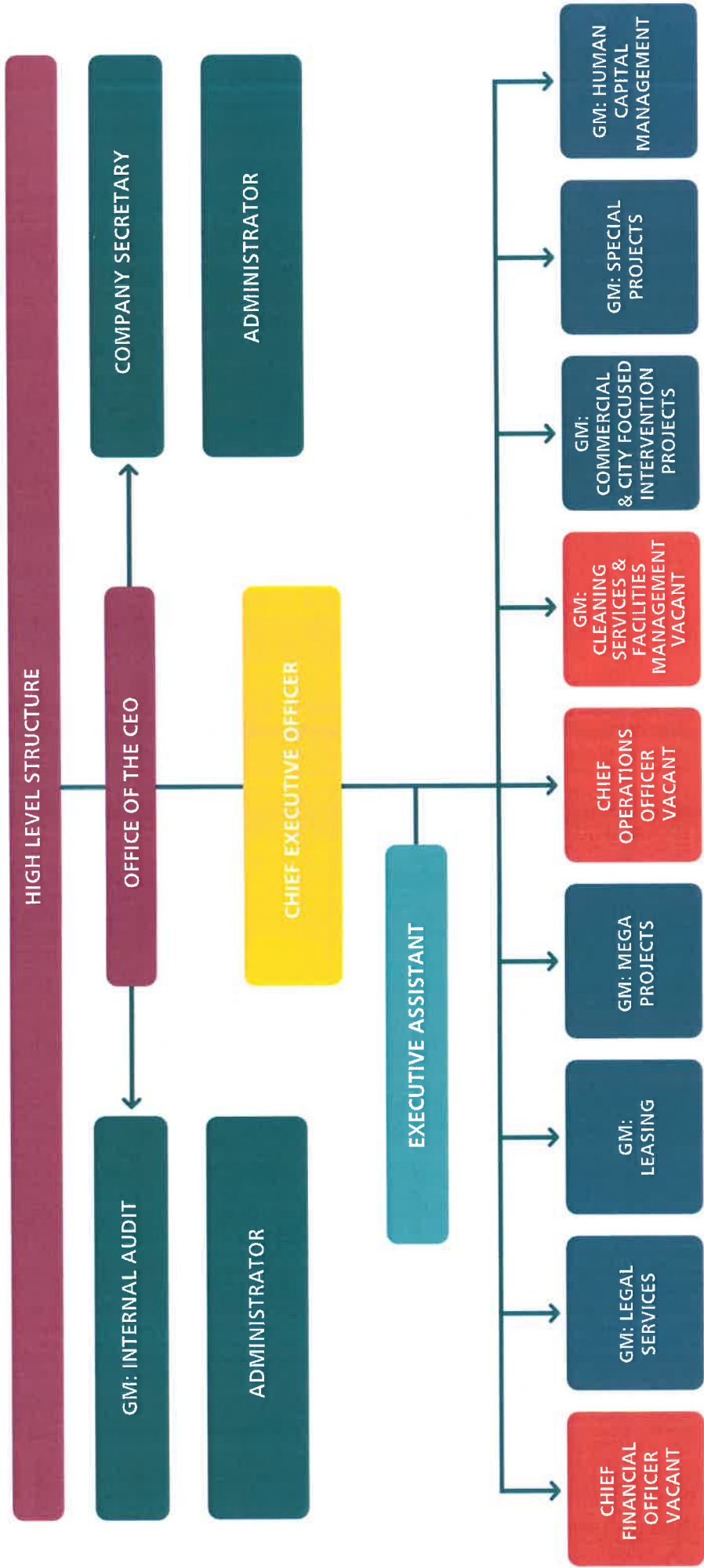


Figure 2: High-Level Structure



## Section 5 Risk Management

The JPC’s board monitors risk through the Audit and Risk Committee (ARC), which ensures an effective risk management process and system. The committee recommends for approval the risk management strategies and policies implemented, and monitors the mitigation plans in place.

The entity has a Risk Management Framework that identifies, assesses, and manages risk across the organisation. Management monitors the efficiency of the internal controls as part of ensuring the accuracy of financial reporting and compliance with regulations.

Risk Management, as applied throughout the organisation, focuses on improving internal controls and operational efficiencies, and enhancing service delivery and customer relations.

### RISK MANAGEMENT PROCESS

Risk identification and assessment is an ongoing process. The JPC’s management conducts an annual strategic and operational risk assessment and to ensure that the organisation is proactively addressing risks and strengthening its internal control environment. There are no operational risks that will be escalated to strategic risk register.

### STRATEGIC RISK REGISTER

A total of 13 (thirteen) strategic risks were identified in the 2023/24 financial year. No changes were made to the strategic risk rating during the fourth quarter.

The entity has adopted a 5 x 5 (25) rating scale method as reflected in the table below.

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

Table 30: Rating Scale Method Adopted by JPC

**LEGEND**



No.	Risk Description	Inherent Risk Exposure	Residual Risk Exposure	Movements	Interventions / Actions to Improve Management of the Risk
01	Inability to maximise revenue	Very High	High	↕	<ul style="list-style-type: none"> <li>Implement the outdoor advertising master plan as it depends on the City's finalisation of the new by-laws.</li> <li>Develop a financial turnaround strategy (i.e. growth of outdoor income, increasing land sales, land acquisitions, property development, property management, and repairs and maintenance for other departments), which includes lease renewal.</li> <li>Manage and reduce dependency on the CoJ's assistance.</li> <li>Verify traders and collection of rental. (Leases are dependent on the rollout of a permit system by the Department of Economic Development (DED)).</li> </ul>
02	Inadequate facilities management	Very High	High	↕	<ul style="list-style-type: none"> <li>Manage asset life cycles.</li> <li>Conduct facilities assessments.</li> <li>Develop a detailed, three-tiered facilities management plan:                             <ul style="list-style-type: none"> <li>a) Proactive, ongoing, day-to-day facility maintenance;</li> <li>b) Addressing findings from the building assessment.</li> </ul> </li> <li>Implement preventative maintenance programmes.</li> <li>Develop employment and occupant engagement programmes to encourage proactive reporting.</li> <li>Implement energy efficiency practices and technologies.</li> <li>Provide safety and compliance training.</li> <li>Establish emergency response plans.</li> <li>Develop and implement sustainability programmes.</li> <li>Manage suppliers and contracts.</li> <li>Utilise facilities management software.</li> <li>Provide skills development and training.</li> <li>Establish an independent facilities committee.</li> <li>Proactively implement repair and maintenance strategies.</li> <li>Accelerate setting up of effective governance structures on OHSA.</li> <li>Conduct quarterly conditional assessment of all the facilities.</li> <li>Hold quarterly meetings with stakeholders of the various facilities to identify their needs and problems.</li> <li>Educate residents about cleanliness until it makes sense to them.</li> <li>The JPC-approved organogram should be filled with competent officials to effectively execute the cost-benefit analyses of corporate buildings.</li> <li>Engage with the OHSA department on health and safety issues.</li> </ul>



## LEGEND



No.	Risk Description	Inherent Risk Exposure	Residual Risk Exposure	Movements	Interventions / Actions to Improve Management of the Risk
03	Loss of value of City-owned land and properties	Very High	High	↔	<ul style="list-style-type: none"> <li>Conduct audit and verification of the asset register.</li> <li>Approve and implement the Land Strategy and Asset Management Plans.</li> <li>Partner with Group Forensic and Investigation Services (GFIS), Johannesburg Metropolitan Police Department (JMPD) and South African Police Service (SAPS) on the land invasion strategy.</li> <li>Continuously promote fraud prevention and fraud hotline awareness with GFIS.</li> <li>Initiate an awareness campaign.</li> </ul>
04	Unhygienic conditions prevailing at Col buildings	Very High	High	↔	<ul style="list-style-type: none"> <li>Review placing of cleaning staff at JPC or obtain the requisite salary budget from Col.</li> <li>Capacitate the cleaning function with sufficient cleaning staff, equipment, cleaning materials, cleaning supervisor, and management.</li> <li>Approve and adopt the hybrid model for cleaning.</li> <li>Sign SLA with all City departments regarding the recoverability of the cleaning services rendered.</li> <li>Ensure monthly cleaning and deep cleaning.</li> <li>Engage with organised labour at Local Labour Forum to agree on cleaners' salaries.</li> </ul>
05	Non-compliance with legislation, policies and procedures	High	Low	↔	<ul style="list-style-type: none"> <li>Monitor changes in labour and statutory laws, and ensure adherence.</li> <li>Conduct ongoing probity and regulatory and legislative compliance reviews of bid processes.</li> <li>Perform quarterly reporting on the JPC compliance checklist.</li> <li>HR to conduct annual awareness workshops.</li> <li>Review all policies annually.</li> <li>Update the JPC Compliance Management Framework, which is aligned to the City-Wide Compliance Management Framework.</li> <li>Implement consequence management.</li> <li>Work with GFIS on fraud corruption issues and implement based on consequence management measures.</li> </ul>



**LEGEND**



No.	Risk Description	Inherent Risk Exposure	Residual Risk Exposure	Movements	Interventions / Actions to Improve Management of the Risk
06	Inability to attract investment	High	Medium	↔	<ul style="list-style-type: none"> <li>Hold an investors property conference/submit to attract investors to the City.</li> <li>Timeously conclude the property development agreement and leases.</li> <li>Hold a property summit.</li> <li>Ensure legal compliance with bid specification.</li> </ul>
07	Inadequate Contract Management	Very High	High	↔	<ul style="list-style-type: none"> <li>Secure budget for JPC to appoint dedicated contract management officials.</li> <li>Portfolio management will appoint dedicated staff to manage and monitor new and current leases of facilities.</li> <li>Implement integrated automated contract management system.</li> </ul>
08	Inadequate information communications technology (ICT) delivery and electronic storage system	Very High	High	↔	<ul style="list-style-type: none"> <li>The implementation of the Electronic Document/Records Management System will ensure adherence to regulations over three years, while safeguarding personal information. The project has commenced, with Phase 1 having been completed via extraction of business analytics for every documented process and then developing a methodology and framework that will incorporate electronic documents and records management to ensure compliance with the Protection of Personal Information Act (POPIA) and other regulations.</li> <li>Training to enable employees to use the system is underway.</li> <li>Prepare an onboarding pack for all new recruits, which should also cover ICT induction processes for JPC.</li> </ul>





**LEGEND**



No.	Risk Description	Inherent Risk Exposure	Residual Risk Exposure	Movements	Interventions / Actions to Improve Management of the Risk
09	Negative public perception	Very High	High		<ul style="list-style-type: none"> <li>Re-establish the Marketing Communications Unit.</li> <li>Integrate internal and external communication channels through policy and strategy.</li> <li>Communicate clear change management processes.</li> <li>Rebrand the organisation.</li> <li>Cascade the stakeholder matrix down to all JPC employees.</li> <li>Implement business processes and systems integration (link the JPC Call Centre to the Property Information Management System (PIMS) and the Total Records and Information Management System, which will improve the tracking and monitoring of stakeholder and client inquiries.</li> <li>Conduct roadshows on the Col asset per region.</li> <li>Client Business Organisation to respond timeously to all queries.</li> <li>Facilitate external stakeholder engagement aligning JPC strategic objectives.</li> <li>Organise property indaba and create outdoor advertisements.</li> <li>Educate residents and other stakeholders on how the JPC works.</li> <li>Encourage stakeholders to report any crime committed against the JPC.</li> <li>Induct the media on the JPC's and City's processes.</li> </ul>
10	Inadequate acquisition of land to support the spatial development framework of CoJ.	High	High		Approval and implementation of Land Strategy.



**LEGEND**



No.	Risk Description	Inherent Risk Exposure	Residual Risk Exposure	Movements	Interventions / Actions to Improve Management of the Risk
11	Insufficient capacity and misalignment of skills for current business model and demand	High	High	↔	<ul style="list-style-type: none"> <li>Review the Human Capital Strategy and Operating Model.</li> <li>Develop and implement an integrated Talent Management System and Process.</li> <li>Review and implement updated Human Capital Policies and Procedures.</li> <li>Develop a Line Management Guide in relation to HR processes.</li> <li>Capacitate Human Capital in line with reviewed structure.</li> </ul>
12	Incomplete asset register	Very High	High	↔	Asset register must be checked quarterly.
13	Environmental, Social and Governance (ESG) Risk	High	Medium	↔	Comprehensive ESG policy to be drafted and implemented within the organisation.

Table 31: The Strategic Risk Register



Council Chambers - inside

## RISK MATURITY ASSESSMENT APPROACH

Based on the Risk Maturity Assessment conducted using the Maturity Model outlined in the CoJ’s Enterprise Risk Management Framework, the Maturity Model allows CoJ entities to use a single, effective risk management framework to manage their risk management programme while providing reports to meet any standard their internal or external stakeholders require. JPC is deemed to be at an established maturity level, as depicted in the diagram below.

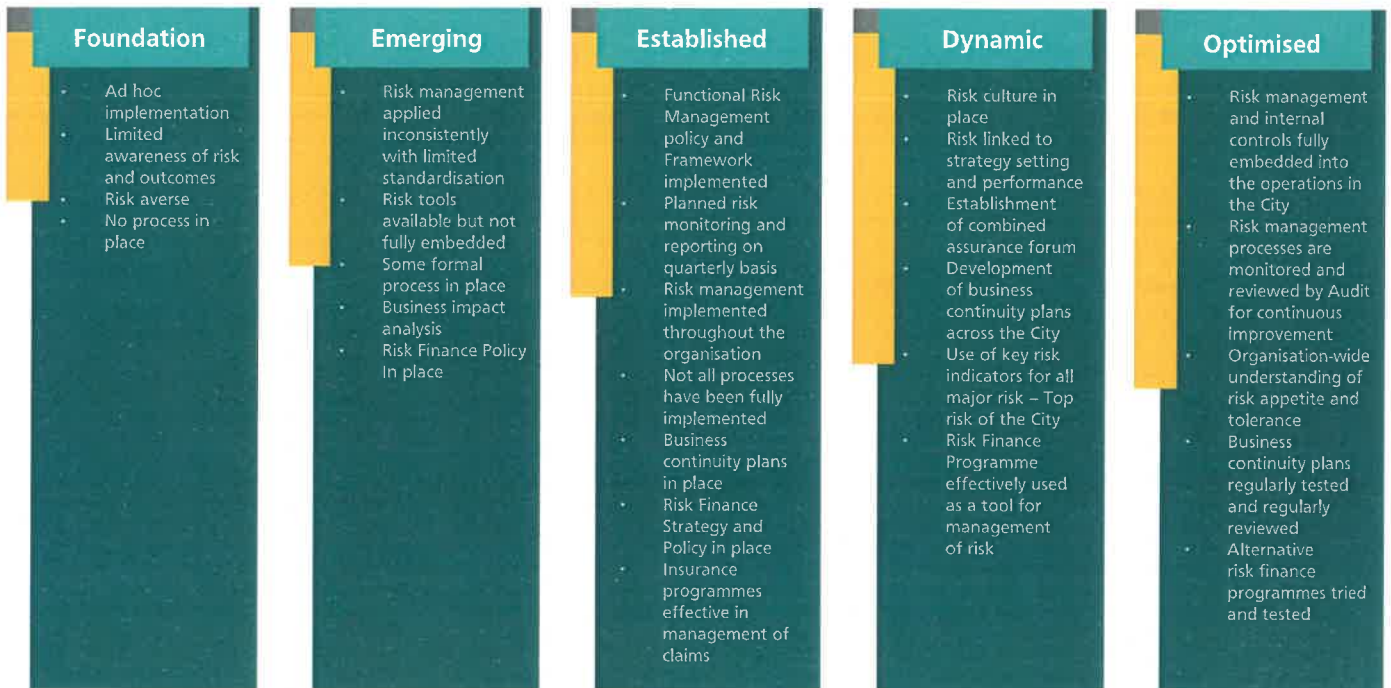


Figure 3: Risk Maturity Levels

## Section 6

### Company Secretarial Function

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

In addition, this role provides guidance to management on all governance matters and acts as a link between the shareholder, the board and management.

## Section 7

### Stakeholder Engagement

The entity values its shareholder and stakeholders, including tenants, employees, and suppliers, and engages with them through regular communications and meetings to ensure their interests are considered in this decision-making process.

## Section 8

### Anti-Corruption and Fraud

JPC has zero tolerance for fraud and corruption and related irregularities. This is in line with the JPC's 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 shareholder's anti-fraud policy.

## Section 9

### Sustainability and CSR

JPC is committed to sustainable development and environmental stewardship. The entity's CSR initiative will focus on community development, employee wellbeing, and environmental conservation.

## Section 10

### Compliance with Laws and Regulations

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 and includes identification, measurement, management, and monitoring.

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

During the fourth quarter of 2023/2024, no fines and/or other forms of sanction were issued against the JPC, and no directors or senior management members were accused of or held liable for non-compliance with any laws, regulations, or codes of conduct.

### IRREGULAR AND FRUITLESS EXPENDITURE

During the fourth quarter of 2023/2024, the entity identified irregular expenditure amounting to **R42 967 065.65**. The incidents that gave rise to the irregular expenditure and non-compliance with MFMA are as follows:

- Deviation from Regulation 36 requirements: **R38 344 438.43**.
- Fleet contract: **R3 317 117.05** (leases).
- Contracts expired – the City to take over the process: **R1 305 510.17** (internet solutions).

During the fourth quarter of 2023/2024, the entity had no fruitless or wasteful expenditure.

### FAILURE TO PAY SERVICE PROVIDERS WITHIN 30 DAYS

During the fourth quarter of 2023/24, no invoices were paid after 30 days.

### DECLARATION OF INTEREST

During the fourth quarter of 2023/24, 87% of employees declared their interest.



Wesbank



## REGULATORY COMPLIANCE

- JPC Compliance Universe reflects 55 (40 core and 15 generic) pieces of legislation that the Company needs to comply with (Refer to Annexure A). However, for reporting purposes, only core acts that could have a high impact are monitored and reported accordingly.
- An update on compliance is presented at each ARC meeting. 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.
- During the period under review, the Risk and Compliance Unit embarked on a process of reviewing the core acts, to ensure the entity is complying. The process began with the risk profiling of individual legislation, sub-

sequent to which existing controls were assessed for adequacy and effectiveness in ensuring that the legislation complies with the spirit of the law.

- Management performs a quarterly assessment of the level of compliance with key legislation to ensure that adequate controls are in place and implemented accordingly.
- During the financial year of 2023/2024, no fines and/or other forms of sanction were issued against the Company, and no directors or senior management members were accused of, or held liable for, non-compliance with any laws, regulations, or codes of conduct.

Refer to Annexure A for the list of all the acts and legislation.

## COMPLIANCE REGULATORY REQUIREMENTS FOR 2023/2024FY

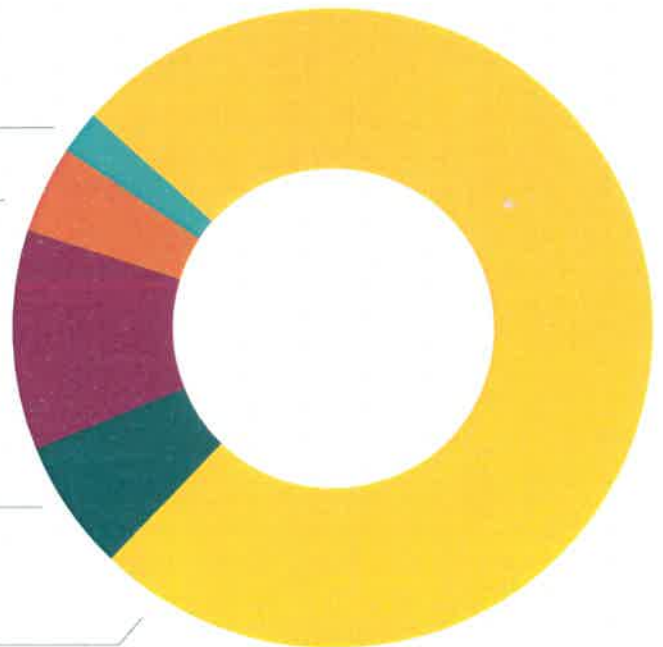
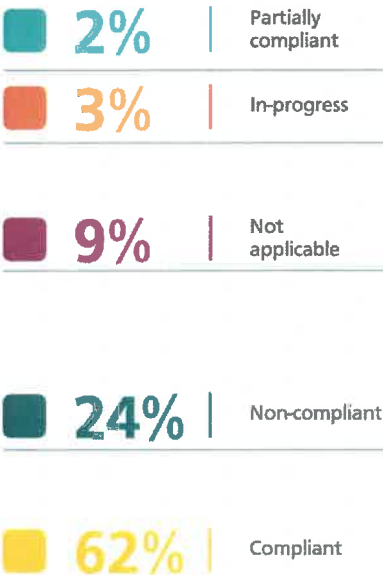


Figure 4: Compliance Regulatory Requirements for 2023/24 Financial Year



Council Chambers Outside



## Section 1 Asset Management

The City’s portfolio comprises 29 001 properties as of the quarter ending 30 June 2024, with a total value of R10.2 billion. The table below provides a high-level summary outlining the number of properties and value per region.

Region	No. of Properties	Value %	Historical Book Value
Region A	1 719	11%	R1 154 535 386.28
Region B	3 516	16%	R1 624 962 941.10
Region C	2 575	11%	R1 129 294 930.86
Region D	5 914	8%	R831 122 642.23
Region E	4 345	16%	R1 644 673 723.18
Region F	5 305	16%	R1 674 428 950.97
Region G	5 331	17%	R1 768 275 723.28
Outside COJ	296	4%	R429 026 050.01
<b>GRAND TOTAL</b>	<b>29 001</b>	<b>100%</b>	<b>R10 256 320 347.90</b>

Table 32: Number and Value of Properties per Region

Region D has the highest number of Council properties at 5 914, followed by Region G, which reflects 5 331 properties, Region F showing 5 305 properties, then by Region E at 4 345 properties, while Region B reflects 3 516 properties.

Region C is the second lowest with 2 575 properties followed by Region A, which has the least number of properties, at 1 719. A graphical outline of the summary portfolio of properties is outlined below.



Figure 5: Summary per Region – % Value

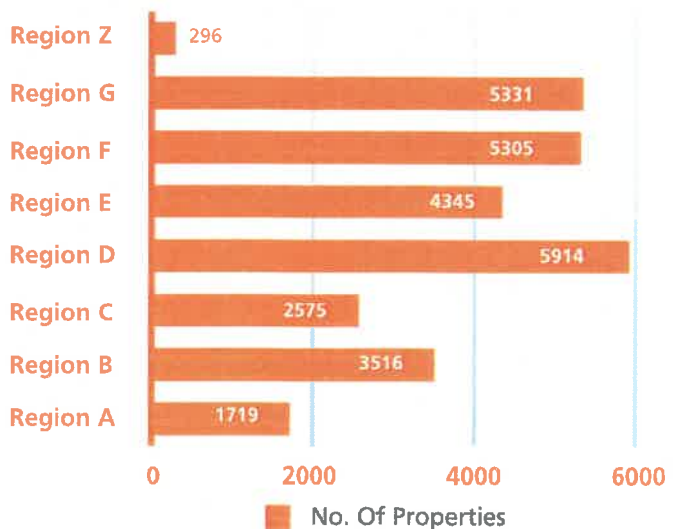


Figure 6: Summary per Region – Quantity

At 17%, Region G represents the highest value expressed as a percentage of the total value of City-owned properties, followed by Regions B, E and F, which are equal at 16%. Regions A and C are third highest in value at 11% each, while Region D is the lowest at 8%. Region D’s low value may be attributed to the large number of residential holdings, which are inherently lower in valuation.



## ASSET REGISTER MOVEMENTS

The following tables illustrate the movement updates of the asset register in relation to the property transfers that occurred during the fourth quarter of the 2023/2024 financial year.

Movement Category	April 2024	May 2024	June 2024	TOTAL
Acquisitions	174	68	14	256
Disposals	-5	-17	-11	-33
Net Movement	169	51	3	223

Table 33: Monthly Movements by Quantity

Movement Category	April 2024	May 2024	June 2024	TOTAL
Acquisitions	R60 863 298.48	R148 430 582.00	R42 724 542.00	R252 018 422.48
Disposals	-R40 903 010.00	-R43 787 971.00	-R41 768 452.00	-R126 459 433.00
Net Movement	R19 960 288.48	R104 642 611.00	R956 090.00	R125 558 989.48

Table 34: Monthly Movements by Value

## ACQUISITIONS

Two hundred and fifty six (256) properties to the value of R252 018 422.48 were taken on during the reporting period as follows: Twelve (12) properties were acquired on behalf of the CoJ Housing Department using the allocated capital budget; one hundred and seventy-three (173) properties were transferred to the CoJ in terms of the Conditions of Township Establishment; fifty-six (56) properties were vest-

ed into the CoJ; two (2) properties were devolved by the Gauteng Provincial Government to CoJ; two (2) properties were subjects of consolidation; and eleven (11) properties were subjects of sub-division. These properties are situated in Regions A, B, C, E, F and G. The regional representation of the properties is outlined on the graph below.

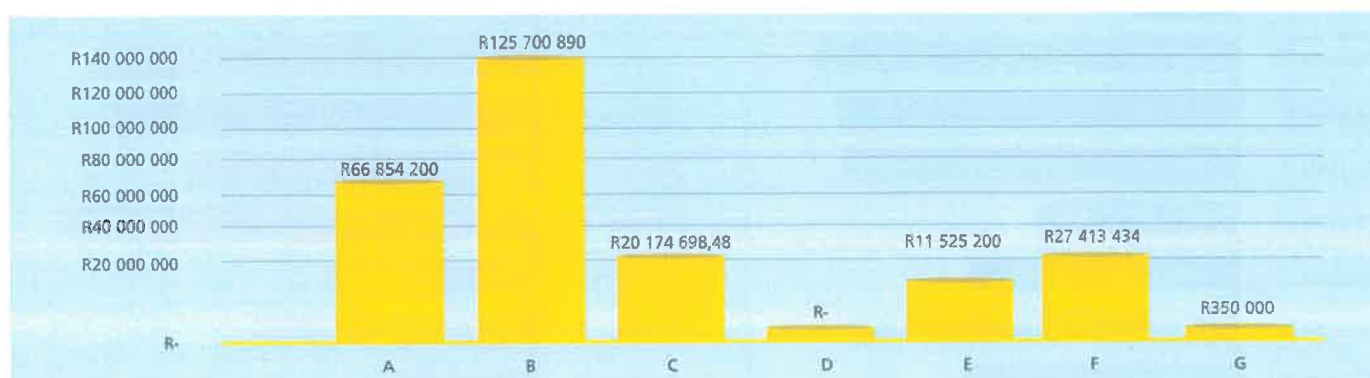


Figure 7: Acquisition Values per Region



## DISPOSALS

Thirty-three (33) properties to the value of R126 459 433.00 were disposed of in the reporting period, as per the following graph showing the regional representation of movements.

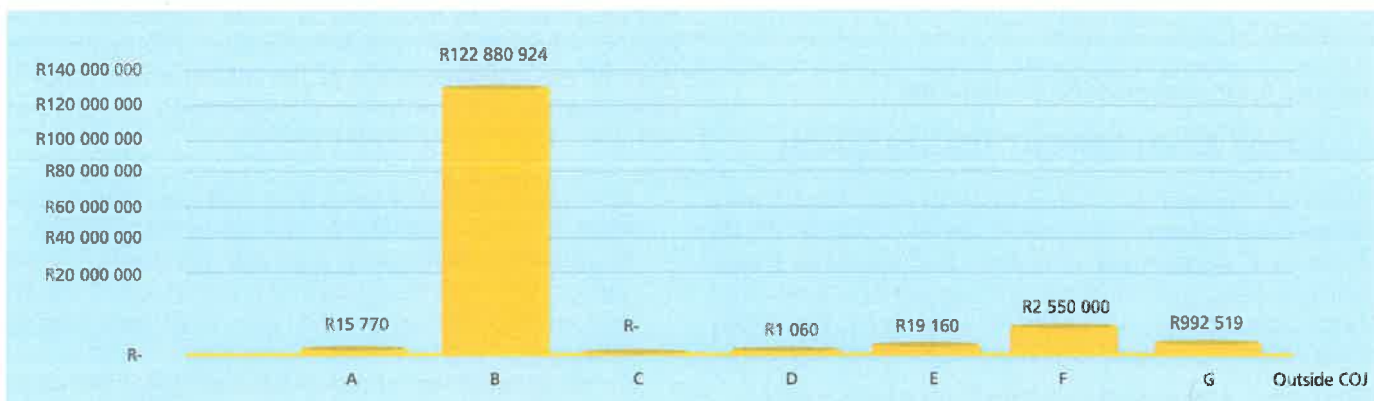


Figure 8: Disposal Values per Region

## HOUSING CONVERSIONS

Twenty-two (22) 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 comprise forty-four properties that are full title residential houses. No sectional title units were processed in the third quarter.

## LAND REGULARISATION

Two (2) properties (a church and a shop) were transferred to entitled beneficiaries in terms of the conversion of rights governed by the Conversion Act 81 of 1988.

## UNBUNDLING

Nine (9) properties were subjects of unbundling wherein five (5) properties were consolidated and four (4) properties were subdivided.

## 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 R125 558 989.48, which translates to an increase of 1.22% of the entire portfolio, as outlined on the table below.

Month	Opening Balance	Movement	Closing Balance
April 2024	R10 130 761 358.42	R19 960 288.48	R10 150 721 646.90
May 2024	R10 150 721 646.90	R104 642 611.00	R10 255 364 257.90
June 2024	R10 255 364 257.90	R956 090.00	R10 256 320 347.90
<b>NET MOVEMENT</b>		<b>R125 558 989.48</b>	
		<b>1.22%</b>	

Table 35: Net Asset Register Movement in Value

## Section 2

### Commercial and City-Focused Interventions Projects

#### Section 2.1: Development Facilitation Unit

#### MIXED-USE DEVELOPMENT TRANSACTIONS

Fifteen (15) properties to the value of R1 440 750 000 were packaged and released on tender in terms of Section 79(18) of the local government ordinance and the City's supply chain processes for land. The properties were released on 27 March 2024, closing on 07 June 2024. However, the validity of the tender closing period was extended to 05 July 2024.

#### PROJECTS AT CONSTRUCTION PHASE/STAGE

##### Erf 53 Alan Manor

This property is located at the corner of Caro and Constantia Avenues, 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 R64 823 112.58.

The lifestyle complex will comprise 83 units. This two-storey-building comprises four residential typologies: two-bedroomed units and one-and-a-half bedroomed units.

- 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.
- 50 out of 83 units have been sold.

The value of work completed for the period from 01 October 2023 to 31 December 2023 is R5 million, and the total value of work completed, including spend to date, is R33 million (VAT excluded). The developer has not created any new jobs, but continues to use the team that was initially appointed.

##### Erven 14 & 15 Jabulani Ext 1 (Proposed Portion 15 of Erf 2612)

As part of the Jabulani CBD Precinct, the Jabulani Development Company (Pty) Limited, together with Calgro M3, has initiated plans to develop rental housing units in partnership with International Housing Solutions on the proposed Portion 15 of Erf 2612, Jabulani Extension 1 (Parcel A). This land parcel is located directly to the south of the Soweto Theatre site and is bordered to the west by Legogo Street. The estimated development value is R270 million.

The development on this erf aims to accommodate approximately 576 sectional housing units. A full professional development team has been appointed and is currently working towards the implementation of the Joburg Water requirements, including the provision of engineering services that will cater for the newly created portions.

- Blocks 9, 10 & 11 underwent their final inspection in June 2023. The first phase of this development is complete.
- Currently the developer is busy with 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, comprising 180 units, will commence once 90% of the initial 396 units have been sold and fully transferred.

The overall value of work completed since the inception of the project, including spend to date, is R218.5 million (excluding VAT). The developer has not created any new jobs, but continues to use the team that was initially appointed.

##### Riverside View Mega Housing Development – Diepsloot

Riverside View is located directly north of Steyn City and west of the Riversands Incubation Hub along Winnie Mandela Drive. The location of the site is between the lower income area of Diepsloot and the prestigious high-income area of Dainfern, which provided a unique opportunity for development to integrate Diepsloot with the rest of Johannesburg and develop it into an urban network. It is a high-density, mixed-use, and mixed-income development. It maximises the use of strategically located land to ensure vibrancy and sustainability. It addresses a wide range of housing demands and ensures that housing is delivered to poorer beneficiaries in a way that lifts people out of poverty. Valumax Northern Farms (Pty) Ltd is the developer.

The total residential yield is approximately 10 414 residential units, comprising 3 113 single residential Gap or Finance Linked Individual Subsidy Programme (FLISP) units, approximately 4 332 high-density walk-up Reconstruction and Development Programme (RDP) units, and approximately 2 969 high-density walk-up rental units. To date, 10 089 units have been completed. The project will be completed over the next two years. The reason for this extended timeline is the budgetary constraints within the Johannesburg Social Housing Company (JOSHCO) for completing the JOSHCO units, with the last FLISP units scheduled for completion next year.



- Single residential FLISP – 2 948 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 – 4 320 units completed to date
- Total completed to date – 8 253 units

Still to be registered/completed/occupied: JOSHCO (928) and Sectional Title (908), totalling 1 836 units.

All bulk infrastructure has been completed, with the exception of the third transformer in the Riverside View substation, which is planned for the current financial year, including the switch over of the medium voltage lines. In terms of development progress, the status has not changed since the previous reporting period, and the number of units remain the same. Currently, 216 multi-storey FLISP units are under construction, with estimated completion dates between May and July 2024. Valumax anticipates that the project will be completed 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 744 units. The total project area is approximately 3.5 hectares and the estimated development cost is R550 million.

#### 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.
- Request for proposal (RFP) for the appointment of the Development Facilitator for the relocation of the depots advertised and closed end of August 2023.
- RFP for the appointment of the Development Facilitator for the relocation of the depots bid evaluation completed; bids were non-responsive.



#### Targeted milestones:

- Re-issue of the RFP for the appointment of the Development Facilitator for the relocation of the JRA and Pikitup depots.
- RFP (first phase of development of 744 mixed-income residential units) for development and sale/long-term lease of the site to be released in the fourth quarter of 2023/2024.

## Power Park

The Power Park student accommodation development project will yield numerous benefits for students residing there, the wider community, and stakeholders involved. Some of the key benefits include:

- Proximity to campus: Will reduce commuting time and costs.
- Academic support: Will foster a better studying environment and provide easier access to academic resources.
- Social interactions: Will facilitate student-built social networks, e.g. study groups and participation in campus activities.
- Safety and security: Will offer better security measures, including surveillance and onsite staff.
- Economic benefits: Will create jobs and stimulate the local economy.

Power Park student accommodation – Phase 1 of 3 – construction is 70% complete. Phase 2 and Phase 3 (collectively a further 1 500 beds) will commence in July or August 2024.



## Section 2.2: Acquisition and Municipal Unit

### ACQUIRED PROPERTIES

Acquisitions by means of registration of land rights and transfer of properties were accomplished during the period under review.

No.	Property Description	Beneficiary Department	Amount	Commission
01	Erf 1875 Johannesburg	Department of Human Settlements	R4 330 000	R433 000
02	Erf 1876 Johannesburg			
03	Erf 1877 Johannesburg			
04	Erf 1862 Johannesburg			
05	Erf 1863 Johannesburg	Department of Human Settlements	R10 240 000	R1 024 000
06	Erf 1866 Johannesburg			
07	Erf 1867 Johannesburg			
08	Holding 46 Sonnedal	Department of Human Settlements	R5 569 200	R556 920
09	Holding 48 Sonnedal	Department of Human Settlements	R5 604 900	R560 490
10	Holding 33 Sonnedal A.H	City Power	R12 000	R1 200
<b>TOTAL</b>			<b>R25 756 100</b>	<b>R2 575 610</b>

Table 36: Property Acquisitions

### ACQUISITIONS AT NEGOTIATION STAGE

Council approved twenty (20) acquisitions to the value of R74 million during the quarter under review. However, transfer is anticipated within the first quarter of the new financial year, pending negotiations with the property owners.

### MANAGEMENT OF SANITARY LANES CITY-WIDE (RELEASED PROPERTIES)

Three (3) properties to the value of R9 000.00 were processed for management contracts.

### SERVICE DELIVERY (RELEASED PROPERTIES)

The Acquisition & Municipal Unit has received numerous requests for the allocation of Council-owned properties for service delivery purposes, in line with the mandate of the requesting entity. Seven (7) properties were released to the departments by means of Permission to Occupy and Build agreements.



**Section 2.3: Leasing and Sales Unit**

**TRANSACTIONS APPROVED AT EAC LEVEL**

One (1) transaction to the value of R40 million was approved by the EAC during the quarter under review. The road closure and alienation will facilitate the development of the adjoining property, which is Erf 175, Glenadrienne. The sale agreement will be concluded and the conveyancers will be appointed to effect the transfer of the property during the first quarter of the 2024/2025 financial year. This project will empower ten (10) SMMEs and create sixty (60) jobs.

**Section 2.4: Informal Trading Unit**

**INCOME COLLECTION**

During the reporting period ending June 2024, income collected equates to R407 256.55 for stalls and shops occupied by traders.

**STAKEHOLDER ENGAGEMENT**

The table below depicts the facilities that have had movement in the number of vacant stalls, occupied stalls, paying, and non-paying traders. The figures in the table are extracted from the rent roll and verified by the Property Administrator at the facilities, as verification of traders has been halted subsequent to the approval of the Informal Trading Policy.

Facility	No. of Stalls	Vacant	Occupied	Paying	Non-Paying
Yeoville	166	0	166	3	163
Jeppe	108	3	105	34	74
Hilbrow	193	7	186	6	180
Rosebank	9	1	8	8	0
Hoek	52	0	52	0	52
Baragwanath	462	0	462	0	462
<b>TOTAL</b>	<b>822</b>	<b>23</b>	<b>799</b>	<b>43</b>	<b>779</b>

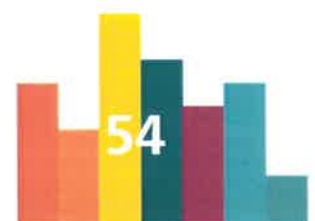
Table 37: Stall Occupations by Informal Traders

**LEASING OF SHOPS AND STALLS LOCATED AT VARIOUS PUBLIC TRANSPORT FACILITIES AND TRADER MARKETS**

JPC is currently supporting DED in the process of ensuring that the permit system is piloted for ease of verification of traders. It is envisaged that the roll-out of the permit system will occur in the new financial year; however, this is dependent upon DED. Until then, no leases will be entered into at this stage.

**VERIFICATION OF INFORMAL TRADERS**

The verification of traders in JPC’s facilities is pivotal and will further boost efforts to reduce or eradicate sub-letting and selling of stalls between informal traders in the entity’s facilities. Furthermore, this effort will assist in the collection of revenue through the issuing and signing of leases amid the roll-out of the Informal Traders Permit System by DED. It can, therefore, be reported that 63% verification of traders has been achieved to date.



## PILOTING OF PERMIT SYSTEM AT KWA MAI-MAI

The CoJ embarked on its first dry-run testing of the online permit system in May 2024 at Kwa Mai-Mai market, which was identified as a strategic market to pilot the Informal Trading Permit System. Furthermore, DED outlined the process of application to the traders.

The Informal Trading Unit is grappling with the following challenges that are influencing its ability to generate revenue, secure, and maintain the facilities:

- Inadequate capacity to secure and maintain the cleanliness of the facilities.
- Lack of repairs and maintenance of the facilities by the Transportation Department.
- Ageing of some of the markets and transport facilities.
- Competition amongst informal traders and taxi operators for the space to operate.
- Some resistance and a lack of willingness by some of the traders to enter into leases.
- Sense of entitlement by some traders who want to claim family inheritance of the municipal stalls.
- Subletting of trader stalls.
- The intended imminent takeover of the management of certain aspects of transport facilities by taxi associations.
- Continuous burglaries due to lack of security.
- Crime inside JPC facilities, such as pickpocketing, robberies, etc.
- Non-payment of water and electricity, resulting in cut-offs.

These are the mitigating measures to address the challenges:

- Trader engagement to communicate the lease renewal process and its importance.
- Implementation of credit control measures and locking stalls where traders are not paying.
- Internal engagement with JPC Project Managers to

provide an execution plan for distressed Informal Trading Unit facilities.

- Implementation of the CoJ Informal Trading Policy to address all pertinent issues, e.g. allocations, rights and duties of traders, law enforcement, permits, etc.
- JMPD has promised a hybrid model of security to deal with current challenges.
- Stricter by-law enforcement to eliminate illegal activities in the facilities.
- Finance to implement debit order mechanism.

## WORLD ENVIRONMENT DAY

JPC, together with the South African National Taxi Council (SANTACO), participated in a World Environment Day event on 02 May 2024, in collaboration with the Bombela Concession. The focus was to attend to the cleanliness and environmental aspects at the taxi rank and its surroundings, specifically by:

- Restoring the ecosystem by halting pollution, reducing waste generation through avoidance, re-use, and recycling.
- Replanting forests to prevent fires (e.g. from incorrectly disposing of cigarette butts), stopping soil and land pollution, and promoting indigenous plant growth.
- Rehabilitating marshes and reviving soil by combatting sources of pollution such as oil leaks and poor disposal, vehicle emissions, and improper waste handling. Enhancing waste management practices in shops, and addressing environmental health concerns.

The programme included cleaning inside and around the Sandton Gautrain Station and clearing of alien plants behind the Sandton PTI. The campaign will continue with the training of informal traders at the PTI on waste handling and food safety. Passengers were educated on ground and water pollution. The partnership with Bombela Concession and SANTACO aims to promote working together in co-managing the facility.



CoJ Council Chamber at night

## Section 3 Mega Projects

### SOUTHERN FARMS

The Southern Farms Biodiversity Development Project concept entails the establishment of a network of conservation-based inclusionary mixed-use precincts. The Precinct Plan provides for seven (7) sub-precincts or “urban villages” referred to as Precincts A, B, C, D, E, F and G. Each of these precincts is designed to be a self-sustaining human settlement that integrates into the larger Southern Farms Development.

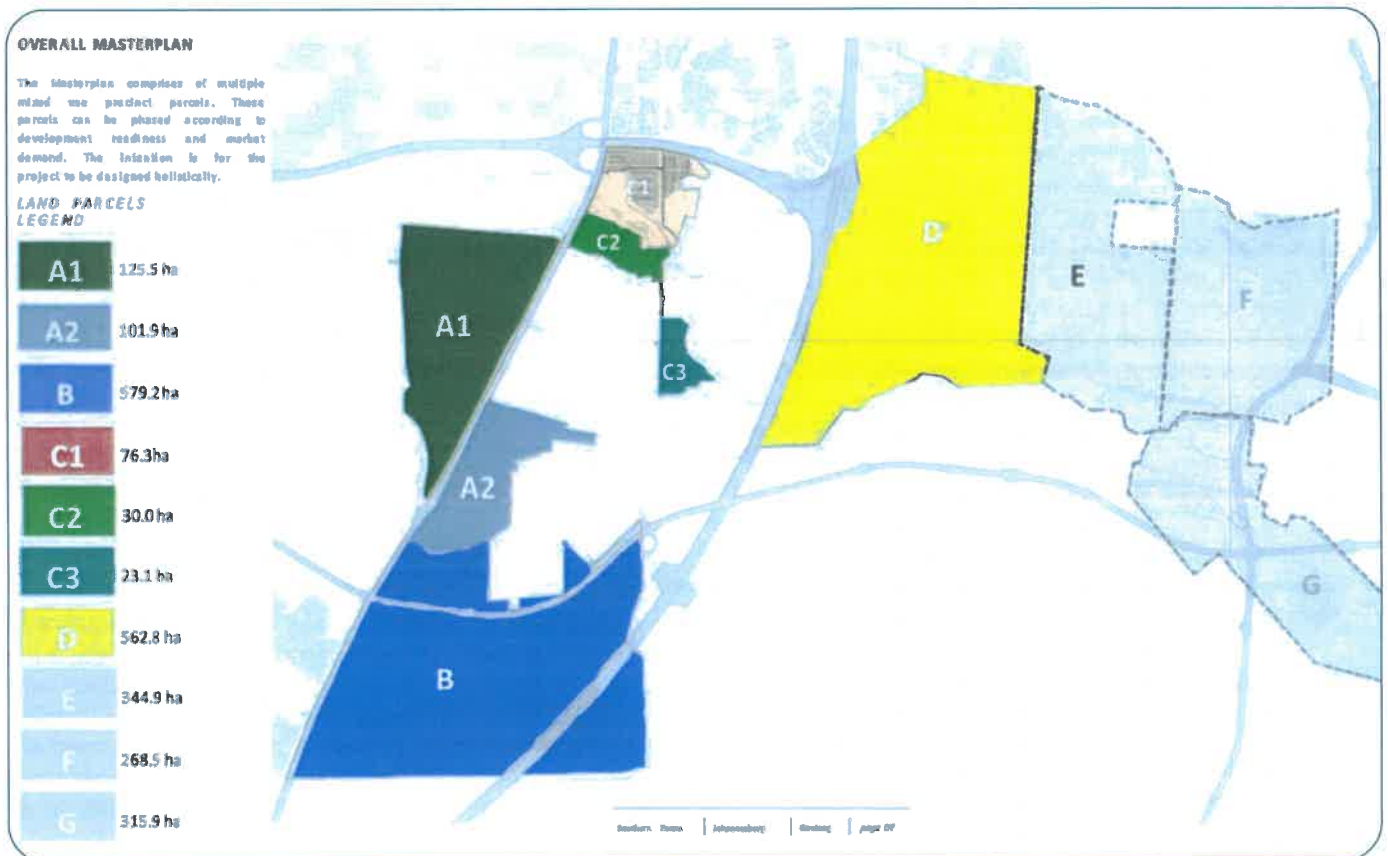


Figure 9: Southern Farms Development

The Precincts will have the following components/mix:

#### PHASE 1

PRECINCTS A1, A2 & C1, C2 & C3 will yield as follows:

Total number of residential units = 12 364

Types of units:

- > Multi-storey RDP = 4 495
- > Res. 3 multi-storey FLISP = 4 819
- > Res. 1 single storey FLISP = 3 173

Phase 1 will also include the construction of filling stations, schools, community facilities, businesses, restaurants, sport facilities, commercial facilities, industrial warehouses, and storage facilities, as well as public open spaces.





Figure 10: Southern Farms - Phase 1

### PROGRESS TO DATE IS AS FOLLOWS

- Section 14(2) obtained.
- **Stage 1** of the two-stage appointment is concluded with a Business Precinct Plan developed and workshopped with all stakeholders and approved by Council.
- **Stage 2**, the Land Development Agreement, was signed off, providing the necessary authority for the developer to proceed with the submission of the township

establishment, environmental impact assessment, and Water Use License Applications (WULAs) for Phase 1.

- Township establishment applications were submitted to the CoJ Planning Department in July 2023 for a total of 17 townships; anticipated township establishment approval to be concluded by end July 2024.
- The Outline Scheme Report, the Storm Water Management Plan and the Traffic Impact Assessment Report have been completed and submitted to the relevant entities for approval.
- The CoJ, through the Department of Human Settlements, has to secure a budget for the 2024/2025 financial year to fund the project and also provide Urban Settlements Development Grant funding for the bulk and link infrastructure programme for the Southern Farms Project.
- Scoping reports have been submitted to the Gauteng Department of Agriculture and Rural Development for Precincts A1, A2, C1, C2 & C3 for environmental approval. This approval is expected sometime in June 2024.
- A WULA for Precincts C1 to C3 has been submitted, has moved to Stage 3 of the WULA process, and is awaiting approval. This should be concluded by the end of July 2024.
- Installation of infrastructure will commence in August 2024, subject to township approval, roll-out date, and WULA being issued, as well as budget confirmation by CoJ for this process.
- A land availability and development agreement between JPC and the Valuemax/Safdev joint venture was signed on 18 May 2024.
- An acquisition report has been submitted to JPC's Transactions Committee for acquiring the 11 (eleven) privately owned portions of the land that are within the Southern Farms Precinct, as this is critical in ensuring that the Southern Farms Project is developed as one large uninterrupted integrated development.

## SOWETO GATEWAY

This proposed development is a mixed-use initiative, accommodating a mix of land uses and taking advantage of the location of the site as an entrance into the Soweto/Baralink Node. It will reinforce surrounding uses and activities such as institutional, educational, local manufacturing, training facilities, commercial, etc. It will be supported by medium- to

high-density, mixed-income residential, community facilities, recreation, and public spaces within a well-balanced and sustainable urban structure that is connected and accessible to the rest of Soweto and the City. It is envisaged that it will be an iconic entrance point into Soweto. A place to live, work and play.

## SOWETO GATEWAY DEVELOPMENT PERSPECTIVE



**HOSPITAL**



**LIFESTYLE MALL**



**RESIDENTIAL**

Figure 11: Soweto Gateway Development



Metro Centre Street View

## CURRENT STATUS

- Property Plan completed.
- Section 14(2) obtained.
- On 29 November 2023, the City Manager approved the award of the RFP 33/2023 FY/PF for the development, sale and/or lease of Portion 159 of the Farm Diepkloof 319 IQ, to the Kgalema Motlanthe Foundation Trust Joint Venture (KLM – JV) with Columbia Falls Properties 80 (Pty) Ltd.
- A letter of award was sent to the KLM – JV on the same day, informing them thereof and that the award is subject to a long-term development sale and lease agreement to be concluded between JPC and the KLM – JV.
- Environmental authorisation obtained.
- Township establishment is currently underway.
- JPC's legal department has drafted the agreement that is still to be made available to the appointed JV before contract negotiations begin.
- JPC, together with the Department of Human Settlements, has drafted a joint letter to the HOD: Gauteng Department of Human Settlements to request permission to remove the title deed restrictive conditions. This action will give the development more flexibility to strategically lay out its various mixed-use components.
- Section 33 notices were sent to the National and Provincial Treasury for their comments. Notices were also advertised in newspapers, as well as on the JPC website for comments, together with an information statement and the Draft Agreement.
- At a meeting with the KLM – JV on 12 June 2024 to finalise the Agreement, The JV indicated that the development was not feasible for them and that they did not want to proceed with the development. They followed up with a letter on 18 June 2024 to the CEO of JPC, reiterating their repudiation of the award.
- In terms of the EAC award, it was resolved that in the event of the JV's withdrawal, the tender would be awarded to the second highest bidder, and we would like to exercise this clause (see attached EAC Resolutions).

## WAY FORWARD

- JPC to meet with the second-highest bidder to determine whether they remain interested in the Soweto Gateway Development, as per their submitted proposal.
- Conclude township establishment and proclamation.

## INNER CITY REJUVENATION PROGRAMME

The primary goal of the Inner City Rejuvenation Programme (ICRP) remains that all awarded developments are secured and developed into student accommodation and 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 TO DATE

In an effort to unlock the challenges causing delays in the projects' progress, the ICRP has been collaborating with various stakeholders within the City (including CoJ Housing: Human Settlements and Development Planning, and the Office of the Chief Operating Officer) to expedite the projects. Below is a summary of the challenges experienced and the mitigation measures undertaken during the fourth quarter with the assistance of the abovementioned stakeholders.



Council Chambers Inside






	Challenges	Mitigation
	Finalising town planning approvals Phase 3 (i.e. consolidation)	Upon consulting the Legal Department, we were advised to appoint a Town Planner from the JPC panel to conclude the town planning applications through the SCM process.
	Resolutive measures for privately owned properties	As of 01 April 2024, an Urban Designer has been appointed to strategically develop a precinct plan for the development of the Inner City.
	Lease addendum	16 projects (lease addenda) have been signed and collected from developers, which has re-initiated the funding process. Extensive engagement is underway with the developers for the outstanding lease addenda to determine a proposed way forward.
	Occupancy audits	On 25 April and 11 June 2024, consultations were held with Human Settlements to discuss the occupancy audits to be conducted and provide CoJ Housing with a list of possible sites (identified by JPC) that could be used as temporary alternative accommodation/temporary emergency accommodation.
	Lack of temporary alternative accommodation/temporary emergency accommodation and the relocation of occupants	

Table 38: Challenges and Mitigation Measures for ICRP



Metro Centre Street View



## Section 4 Special Projects

### PROPERTY ANALYSIS

#### The Usindiso Block Regeneration

The Usindiso Block comprises Erf 1210 (Marshalltown), Erven 342 & 343 (City and Suburban), and Erven 339, 340, 341, 344, 345, 346 & 347 (City and Suburban).

The vision is to develop the Usindiso Block into a medium- to high-density, mixed-use node, with good quality, affordable rental housing units of different typologies as the main driver. The redevelopment of the block into one development will also:

- Support densification that can accommodate more than five times the population that was housed at the Usindiso building plus the ones at Erven 342 & 343 (City and Suburban).
- Revitalise and regenerate the Inner City.
- Generate economies of scale.
- Ensure a cleaner and safer city.
- Promote job creation and SMME empowerment during construction.

The CoJ only owns Erf 1210 (Marshalltown) and Erven 342 & 343 (City and Suburban), equating to 61.3% of the block. The remainder of the block (38.7%) comprising Erven 339, 340, 341, 344, 345, 346 & 347 (City and Suburban) is privately owned.

In order to realise the vision of the block, development opportunities, and precinct linkages, it is recommended that the 38.7% privately owned portion of the block be acquired. This acquisition would provide additional support and stimulus for the development of the CoJ-owned properties and increase income to the CoJ. A report recommending the acquisition (and simultaneous development and lease) of the properties is scheduled to be tabled at the Transactions Committee meeting in July 2024. Reports relating to the

development and lease of 68% of the CoJ-owned properties was completed and is scheduled to be tabled at the July 2024 Transaction Committee meeting.

**Progress made to date:** A Section 14(2) report has been completed and submitted to the Transactions Committee meeting scheduled for July 2024.



Figure 12: Usindiso Block – Marshalltown

#### YEOVILLE PRIORITY BLOCK

The Yeoville Priority Block comprises Erven 658, 1304, 729, 730, 731, 732 & 737 (Yeoville) and is bounded by Hunter and Raleigh Streets and Bedford and Cavendish Roads in Yeoville. Erven 729, 730, 731 & 732 are owned by CoJ. Erven 737 & 1304 are still registered under Metropolitan Trading Company (SOC) Limited (MTC). On 29 and 30 July 2020, Council approved the transfer of Erven 737 & 1304 to CoJ at no cost to CoJ, following the implementation of the Municipal Entities Restructuring phase of its Institutional Review phase. The transfer of the properties is scheduled to be finalised prior to the release of the properties for development.

A hijacked and dilapidated five-storey residential building currently stands on Erf 737 (Yeoville). Erven 1304, 729, 730, 731 & 732 (Yeoville) currently houses the Yeoville Market, which is run by the JPC and the Yeoville Taxi Rank. Currently, no parking is available on the site to support the informal traders and their customers. The Yeoville Market possesses significant unrealised potential but has never been able to absorb all traders. Erf 658 is a burnt-down structure that was used as a CoJ library.

The Yeoville area has experienced rapid decay over the past 30 years and now contains a substantial number of dilapidated and hijacked buildings, including Erf 737.

The vision is to consolidate Erven 1304, 729, 730, 731, 732 & 737 into the Yeoville Priority Block development, and to densify in terms of the Regional Spatial Development Framework and applicable town planning scheme.

The proposed Yeoville Priority Block development comprises high-density residential units, retail spaces to complement the existing retail establishments along Cavendish Road, and a well-designed informal traders' space (Yeoville Market) as part of the redevelopment of the area.



Figure 13: Yeoville Priority Block

The expected outcomes of the redevelopment of the block are:

- Economic stimulation and growth.
- Rejuvenation of Yeoville to its former glory and

- transformation into a tourist attraction.
- Prevention of the illegal usage of the building and restoration/rehabilitation of structures previously deemed irrecoverable.
- Elimination of the maintenance burden on the City.
- Revenue generation over the lease period.
- Job creation and SMME empowerment within the local community

**Progress made to date:** A report requesting permission to initiate a public participation process in line with the Municipal Asset Transfer Regulations has been compiled and is to be tabled at the Transactions Committee meeting scheduled for July 2024.

### Erf 1182 Marlboro (Alex Auto Hub)

This building is in a residential zone and is occupied by squatters. Furthermore, the building lacks sufficient parking to support a motor hub concept. A review of suitable repurposing options is therefore required. A report seeking permission to initiate and conduct a 60-day public participation process is currently in circulation. It will be tabled with CoJ governance structures for approval, in line with Municipal Asset Transfer protocols. JPC must verify the existence of approved building plans and an occupation certificate, while JMPD needs to submit the required compliance document to CoJ Planning.

**Progress made to date:** A report requesting permission to initiate public participation was tabled at the Sub Mayoral meeting in May 2024, and we anticipate obtaining Council approval by the first quarter of 2024/2025.

### Erf 2004 Rosettenville

This property is currently being used by a number of car dealerships and has been invaded. An instruction has been submitted to JPC Legal to commence with the eviction process.

**Progress made to date:** A Section 14(2) report has been completed and submitted to the Transactions Committee meeting scheduled for July 2024.

### Erf 246 Mayfair (Mayfair Bowling Club)

The site is currently occupied illegally and used for parking. A report requesting permission to initiate public participation, in line with Municipal Asset Transfer Regulations approved by Council in 2019, has been submitted. Once approval is granted, JPC will conduct the public participation process. In addition, a report has been submitted to the Transactions Committee requesting approval for a permanent park closure of the site. GFIS is currently investigating the possibilities of illegal subletting and collection of rent. The outcome of the GFIS investigation report will inform the course of action to be taken.

### PROPERTIES AT LAND PREPARATION STAGE

Listed below are properties that need to undergo a range of activities to improve them and make them attractive to potential purchasers or development partners. This stage pre-empts the activities that would need to be undertaken by a developer. Completion of these activities in advance not only adds valuable real rights to the property but also removes risk and lengthy time delays from the development equation, thereby maximising returns to the CoJ.

### STREET-BY-STREET: BANK CITY PRECINCT

**Project overview:** An Urban Designer has been appointed to strategically develop a precinct plan for the Inner City street-by-street approach, encompassing a total of 50 streets. The bid advertisement to appoint a professional team that would be commissioned to complete the precinct plan and prospectus closed on 02 April 2024.

**Progress made to date:** Subsequent to the tender closing, the CoJ Group Chief Operating Officer recommended that the project be put on hold and all stakeholders (CoJ departments and entities) to provide input on the document.

### PROPERTIES WITH REPURPOSING OPPORTUNITIES

This section focuses on properties earmarked for repurposing, aimed at proposing a range of development opportunities and precinct linkages. These initiatives are intended to provide additional support and stimulus for property development, thus enhancing its potential and increasing income for CoJ.

#### Portion 45 of the Farm Driefontein 41R

This property does not have a permanent structure and is currently invaded and land locked. It can only be accessed through the adjoining property, Portion 373 of the Farm

Driefontein. The adjoining property was donated by the CoJ to Transvaal Association for Care of Cerebral Palsy (TACCP). The donation was subject to the following title deed conditions:

1. "The property shall be used solely for the purposes provided in the TACCP Constitution."
2. "In the event of a breach of paragraph 1 or 2, the CoJ shall have the right to claim the retransfer of the property, at the cost of TACCP, without being obliged to compensate it for improvements."
3. Current income to the CoJ: R99.00 per annum.
4. Potential income to the CoJ: an estimated amount of R10 million (once off).

For the process of repurposing, the following will need to be implemented and obtained:

- Approval for a structured land exchange deal with TACCP, which will help unlock the development of the River Park Precinct. This should include, amongst other key considerations, the removal of the restrictive title deed condition, subject to the following:
  - TACCP to agree for CoJ to be part of the tripartite agreement relating to the development of the site.
  - Grant TACCP the power of attorney to establish a township (on the land that was donated by CoJ to TACCP and the CoJ-owned one) and provisions of services at the cost of the appointed developer.
  - All income to be paid to CoJ.
  - Partial proceeds of the income to be ring-fenced for the development of a new facility for TACCP at a fixed amount.
  - Remaining income to be paid to the CoJ.
  - If found that TACCP is in breach of the title deed conditions, the title deed conditions should not be removed and the land should revert back to the CoJ.

**Progress made to date:** Negotiations pertaining to this project are still underway.



## PORTION 145 OF THE FARM SYFERFONTEIN 51-IR (KILLARNEY GOLF COURSE)

This property is currently being utilised as a golf course – a zoned private open space with a property extent of 298 354m<sup>2</sup>. The proposed repurposing concept would be an improved sports centre and community residential precinct comprising three-storey walk-up residential units to a maximum density of 120 units per hectare. The average size of the units will range between 40–50m<sup>2</sup>. JPC is currently negotiating a settlement with the lessee.

**Potential income to the CoJ would be derived from the following:**

- Outdoor advertising income of approximately R1 318 096 per month, escalating by 3% a year, totalling R148 677 116 over 50 years.
- Rental to the approximate value of R600 000 a month, totalling approximately R30 million over 50 years.
- Rates and taxes to the approximate value of R642 978 747 over 50 years.

**Progress made to date:** Negotiations still underway.

## PROPERTIES AT LAND RELEASE STAGE

This is the stage when requests for proposals (RFPs) are prepared in order to invite bidders to submit proposals for the sale and/or lease of the properties by means of public tender. The following properties are to be released in the upcoming financial year:

**Progress made to date:** The BSC composition memo has been approved by the City Manager and the RFPs are scheduled to be release in the first quarter of the 2024/2025 financial year.

### Erven 1633, 1637, 1638, 1639, 1640 – Turffontein

This property is located at the corner of Hay and Church Streets, in Turffontein with an extent of 2 477m<sup>2</sup>. There are currently no permanent structures on the site and no

illegal occupants, except for makeshift structures used for cooking and selling food. The current zonings are Business 1 and Residential 4. Developers will be responsible for all land ennoblement approvals required for the proposed development.

The proposed mixed-use development will comprise ground-floor retail space to support the public realm, with mixed-income residential units on the upper floors. The proposed salient conditions of the RFP would be as follows:

- The lease shall be entered into for a period of 50 years. Upon expiry of the lease, the land and all improvements to it are to revert to the City at no cost to the CoJ.
- The lessee is to bear all costs related to the land ennoblement and statutory approvals required for development, including, but not limited to, the consolidation of the subject properties.
- The lessee, the lessee’s professional team and the lessee’s contractors shall at all times comply with all the statutory requirements, including, but not limited to, compliance with all applicable by-laws, the Construction Industry Independent Board, and the National Home Builders Registration Council.

### Erf 776 Turffontein

The property is located on De Villiers Street in Turffontein with an extent of 495m<sup>2</sup> and Residential 4 zoning. The current state of the building is a stand-alone house with outbuildings.

The proposed development would be to sell the property for the development of residential units. The proposed salient conditions of the RFP would be that the bidder is to submit proof of availability of funds (purchase price), which will need to be transferred to the JPC-appointed conveyancing firms within 30 days of signature of the agreement.





## Section 5

### Outdoor Advertising

During the quarter under review, meetings were held between JPC and media companies. The focus was on the commercial leasing contracts and proposals submitted by media companies, with the aim to:

- Increase revenue generation.
- Improve the profitability of out-of-home advertising media.
- Ensure that transformation is implemented in the outdoor advertising sector.
- Remove all non-compliant advertising structures through a phased-out approach once leases have been formalised and signed off.

At this stage, seven (7) signed agreements are in place with the media owners indicated below for three hundred and forty-eight (348) billboard sites:

- JCDecaux = 193 sites
- Primedia = 98 sites
- Kena Outdoor = 43 sites
- Rishile Advertising = 3 sites
- New Era Outdoor = 2 sites
- Front Seat One = 5 sites
- Media Genius = 4 sites

The outdoor advertising audit has led to:

- The verification and formalisation of one hundred and seventy-five (175) sites that are either awaiting finalisation of contract negotiation or EAC resolutions and approval of submitted lease reports.
- Investigation to address instances where sites are operated by unknown media entities, which JPC is still investigating.
- Re-leasing of sites no longer required by the media owner or where media owners no longer exist; these sites will be removed using a phased approach.
- Removal of illegal sites through a phased approach.

## Section 6

### Information Technology (IT)

#### ELECTRONIC RECORDS DOCUMENT MANAGEMENT SYSTEM

The implementation of Phase 2 of the Electronic Records Management System will lead to a fully operational ERDMS system. This phase will incorporate the framework and methodology adopted in Phase 1, completing departmental file analysis and conducting comprehensive business process mapping. It will also ensure integration of department file plan mapping approvals into the system, ensuring compliance with the Electronic Communications and Transactions Act, 2002 (Act No. 25 of 2002) and POPIA.

Training for all JPC administrators in Group 1 has been successfully concluded. Group 2 training for JPC managers will commence before the end of the financial year, as JPC moves closer to a paperless environment. Activation of the ERDMS Odoo Record Management System is anticipated for the first quarter of 2024.

#### ICT INFRASTRUCTURE INSTALLATION OF ACCESS CONTROL, CCTV AND BOARDROOM ACCESSORIES

The installation of access control, closed-circuit television (CCTV), and boardroom accessories at the Braampark office space has been delayed, while a business case and bills of quantities have been prepared and submitted for engagement with Group ICT.

The CoJ Group Chief Technology Officer assisted in installing boardroom projection equipment for use in the two auditoriums in Braampark. JPC, in collaboration with CoJ and the central Chief Information Office forum, will continue to enhance IT services within JPC. The CoJ's Centralised Infrastructure Framework adopted City-wide, and the installation of access control and CCTV will be addressed in the same manner, thus providing a secure environment for JPC employees and stakeholders. The business case and bills of quantities have been tabled to MTC including progress discussions held to ensure successful completion in 2024/2025.

#### JPC WEBSITE

The budgetary requirements for hosting and content management services has been made available for the sourcing of JPC's website service; therefore, MTC will proceed with procurement processes.



## Section 7

### Client Business Operations

#### BUSINESS OPERATIONS

During the period under review, one hundred and eight (108) transactions were processed within the CoJ Committees System and forty (40) outstanding matters arising are awaiting MMC signature.

#### OPEN PETITIONS

Seven (7) open petitions, as listed below, are being addressed by the relevant departments. Due to the nature of the petitions, a number of variables ought to be addressed and investigated. This results in delays in closing petitions.

1. P107/11/19 – Closure of passageways in Kenilworth.
2. P222/06/17 – Request for construction of churches on institution sites (Erf 383, 554, 838 & 1017) in Naledi Ext. 2, Soweto.
3. P65/02/21 – The illegal occupation of municipal-owned property adjacent to Forest Farm Centre on the western bank of the Braamfontein Spruit, opposite the Field and Study Centre Bryanston.
4. P104/02/16 – Conversion to a multi-purpose centre and verification of ownership of Mampuru Hall in Dube (author to submit a closure form as a report was previously tabled at the meeting – please see attachment).
5. P221/04/19 – Request for fencing, maintenance, security or demolition of a structure on Erf 419 between Twala and September Streets (Ward 25, Region D), due to its dilapidated condition and use as a criminal hide-out.
6. P250/04/18 – Request for institutional land allocation in Lefhereng (Ward 53) for building of a church on Erf 1915 (Cnr Nkelenga and Manamane Streets), Erf 521 (Cnr Umvumvu and Shimapana Streets), Erf 1002 (Monee Street), Erf 11324 (Cnr Nkelenga and Monamane Streets), Erf 1883 (Cnr Nkelenga and Mulembu Streets).
7. P135/01/24 – Request for removal of illegal occupants at Parkhurst Bowling Club and Soccer Club on Victory Road, Parkhurst (Portion 246 and 247, Farm Braamfontein 53-IR) in Ward 117, covering Ward 87, Ward 117, Ward 90, Ward 80 and Ward 99 (Region B).



Council Chambers wall art & stairway

#### STAKEHOLDER MANAGEMENT

Forty-six (46) stakeholder engagements have been undertaken in the period under review. These engagements include site inspections, educational awareness for the public, and Kleena Joburg campaigns. These engagements are critical in resolving stakeholders' queries and concerns.

#### CLIENT SERVICING UNIT

A total of 336 walk-in clients seeking general property information, zoning details, and ownership information were attended to during the period under review. Ten (10) enquiries were forwarded to Asset Management for further analysis. These assessments are conducted to determine whether properties are eligible to undergo circulation processes. They include matters where a caveat exists on a particular property and/or where information on hand suggests potential transactions or complexities. These issues may require resolution by either a CoJ entity, department, or another sphere of government before JPC can proceed with the transaction.

#### JPC PERFORMANCE SERVICE STANDARDS

In compliance with the service level standards (SLS), the JPC has adhered to the CoJ's Shareholder Compact relating to client service functionality and turnaround times. Ten (10) SLS are applicable for JPC. Table 39 outlines the SLS over the current financial period.

Listed below are the three (3) standards that are not measured and therefore not counted:

- KPI 1.6 was not measured as no transactions were initiated or approved.
- KPI 1.7 was not measured as "No tender was placed before the Council and CoJ Executive Adjudication Committee. No request for internal allocation of land and buildings with budget was received from departments and entities" during this period.
- KPI 1.9 relates to 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. This KPI is reported quarterly, but only three quarters were accounted for in this financial year.



Core Service	Service Level Standard (SLS)	April	May	June	YTD TOTAL	Variance explanation
SLS 1.1 – Response in acknowledgement of requests, enquiries, and complaints	Within 1 day of logged call	137	188	0	325	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	90	117	0	207	None
SLS 1.3 – The performance of emergency work for JPC-managed facilities	Within 1 day of logged call	87	85	0	172	None
SLS 1.4 – Performance of minor works on facilities managed by JPC	Within 2 days of logged call	45	28	0	74	None
SLS 1.5 – Performance of major works on facilities managed by JPC	Within 5 days of logged call	2	4	0	6	None
SLS 1.6 – Completion of 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 MFMA	1	1	0	2	None
SLS 1.7 – Placement of tender after Council approval and CoJ EAC	Within 4 months of CoJ EAC	0	0	0	0	None
SLS 1.8 – Internal allocation of land and buildings to City departments and entities (Permission to occupy and build and lease office space from third parties)	Within 60 days of application and budget confirmation	0	0	0	0	None
SLS 1.9 – Performance of surveys on the condition of plant and equipment to allow 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	10/10 = 100%	10/10 = 100%	0/0 = 100%	20/20 = 100%	None

Table 39: Service Level Standards Performance



Metro Mall



## Section 8

### Marketing and Communications

During the quarter under review, the following interventions/ activities were undertaken:

#### SAIBPP CONVENTION



JPC was the headline sponsor of the Annual South African Institute of Black Property Practitioners (SAIBPP) Convention, which was held on 26 and 27 June 2024 at the International Convention Centre in Durban.

The JPC also had an exhibition stand during the convention, hosted under the theme: **LEVELLING THE PLAYING FIELD.**

The 2024 annual convention's aim was to delve deeply into solutions-driven conversations and activities that create equity and unlock equal opportunities in the industry. Acknowledging the structural blockages that continue to characterise the sector and exclude black players from full participation is a crucial step towards achieving equity.

The annual convention is a critical touchpoint between the SAIBPP and the industry, aimed at shaping advocacy efforts. As such, the convention focused on targeted topics and activities geared towards the following: property for economic development, knowledge and opportunity sharing, access to funding, and networking opportunities.

The SAIBPP annual convention was attended by key stakeholders in the property value chain of South Africa and the African continent as a whole.

#### MEDIA COVERAGE

JPC addressed several media queries regarding various matters, including the Usindiso Commission of Inquiry report, the Walter Sisulu Square of Dedication, crèches and church owners from Orange Farm, Marlboro property, and a billboard in Wendywood. All queries were responded to promptly.

#### OUTREACH AND AWARENESS CAMPAIGNS

JPC participated in the IDP meeting at the Brixton Multipurpose Centre in Region F on 18 April 2024. On 24 April 2024, JPC hosted an education and awareness campaign in Region A, Diepsloot, with a focus on educating and informing residents about the organisation and the services it provides.

On 10 May 2024, JPC participated in the Kleena Joburg Campaign, held at Pennyville Park in Region B. On 17 May 2024, JPC conducted a presentation on the JPC enquiry process at the Capacitation and Support Group Workshop held at Roodepoort City Hall for non-governmental organisations, community-based organisations, and faith-based organisations.

JPC hosted an education and awareness campaign on 22 May 2024 in Region A, Modderfontein Road. On 05 June 2024, the JPC team joined the City's Transport Department, Environmental Health, Pikitup, and Bombela to celebrate World Environment Day. The team undertook a clean-up campaign around the Gautrain Station in Sandton.



## NEWSLETTER

The department launched an internal newsletter aimed at sharing information with employees and keeping them informed about ongoing developments and activities within the Company.

## BRAND VISIBILITY AND SOCIAL MEDIA UPDATES

A webinar was hosted on 23 May 2024, titled “Levelling the Playing Field”, together with the SAIBPP team and other stakeholders. During the reporting period, JPC’s social media posts focused primarily on the SAIBPP Convention. Its tweets and posts on other social media platforms receive an average of one thousand impressions per post.



Wesbank



## Chapter 4 Human Resources and Organisational Management

## Section 1

### Human Resources and Organisational Management

The JPC's Human Capital (HC) Strategy outlines plans to effectively acquire, develop, and retain brand ambassadors across all employment groups, aligning with its strategic goals. This strategy was developed with consideration of the new JPC strategic direction, current market conditions, and evolving employee demographics in both the property industry and the global context.

As part of this strategy, HC is undergoing a transformational journey to establish itself as a strategic partner to the business. This transformation aims to cultivate leadership, nurture talent, and foster a positive organisational culture that

benefits employees and enhances customer satisfaction for sustained success. By empowering human capital practitioners and equipping line managers to navigate the competitive landscape, JPC aims to solidify its position as an employer of choice. This initiative aims to redefine the narrative of JPC, ensuring it remains adaptive and responsive to evolving industry dynamics and stakeholder expectations.

The measures listed below are designed to strengthen HC practices, support organisational goals, and ensure alignment with JPC's evolving needs.

- **Capacitate HC:** Build capabilities within the HC team to effectively manage people practices and contribute strategically to organisational goals.
- **Onboard and induct employees:** Develop comprehensive onboarding and induction programmes for new and existing employees to integrate them into the organisation effectively.
- **Automate and digitise HC processes:** Implement technology solutions to streamline and automate HC processes, improving efficiency and data management.
- **Enhance the feeder pipeline through youth development and employment initiatives:** Launch campaigns to develop and recruit young talent, fostering a pipeline of skilled employees for the future.
- **Develop and implement organisational design and strategic workforce planning:** Design organisational structures and align workforce planning strategies to support the achievement of strategic objectives.



## Section 2

### Human Capital Landscape

#### ORGANISATIONAL MANAGEMENT

The approved staff establishment comprises 2 148 positions. The total number of vacant positions as of June 2024 is 633, of which 548 are unfunded and 85 are funded.

#### EMPLOYEE REMUNERATION & COST INCLUDING EXECUTIVES

The year-to-date salary bill for July to June 2024 amounts to R512 012 281, inclusive of the fourth quarter salary bill of R127 847 277. The increase from the second through to the fourth quarter is attributable to the following:

- Payment of thirteenth cheques.
- Leave encashments.

- The 2022/2023 executive performance bonuses.
- Placement of non-management employees who have temporarily acted in positions above their substantive roles for over a year.
- Implementing the LLF resolution to rectify salary disparities and integrate cleaners into the general workforce.

#### OVERTIME

The total overtime expenditure since the commencement of the 2023/2024 financial year amounts to R27 104 795, accrued by an average of 575 employees per month. Human Capital is collaborating with the Functional Head to develop strategies for reducing overtime costs, which are currently high and may pose a risk to employee wellbeing.

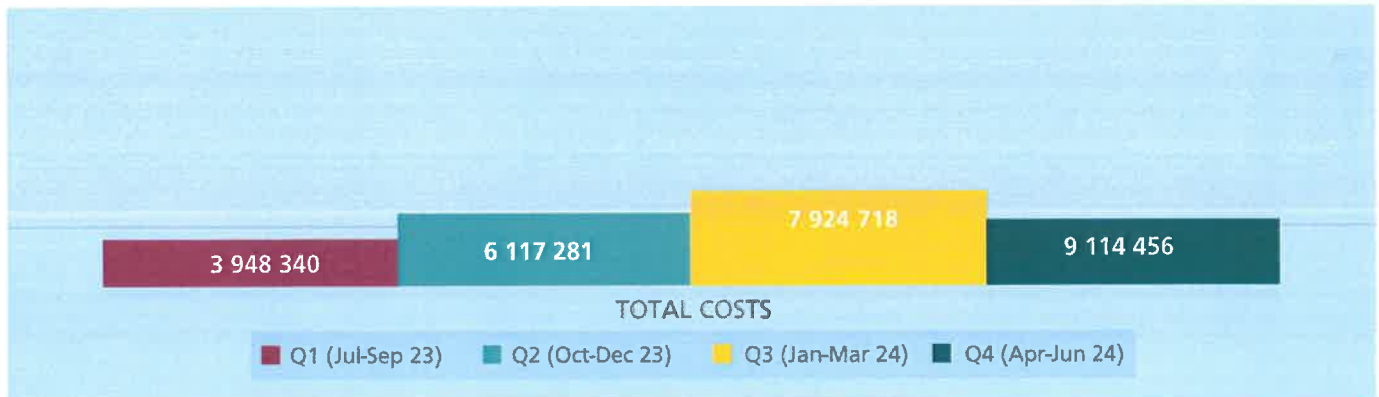


Figure 14: Quarterly Overtime Expenditure 2023/2024

The above graph, which depicts overtime expenditure per quarter, shows a peak in the second and third quarters due to an increase in Council meetings over key mayoral projects. This resulted in an increase in overtime worked by the cleaning department. The total overtime expenditure in this quarter amounts to R9 114 456, accrued by an average of 740 employees per month.

#### STAFF MOVEMENTS

**Terminations:** Thirty-six (36) terminations were realised for the period July 2023 to June 2024. The terminations were primarily the result of retirements and death, as follows:

- **Resignation:** Three (3) employees resigned for better prospects.
- **Deceased:** Eleven (11) employees passed away.
- **Retirements:** Seventeen (17) employees retired.
- **Medical Boarding:** Two (2) employees were medically boarded due to ill health.
- **Early Retirements:** Three (3) employees opted to retire early due to fatigue.

The graph in Figure 15 illustrates a staff turnover rate of 2%. This is considered acceptable, given that industry best practices indicate a healthy turnover rate typically ranges between 5% and 10%.





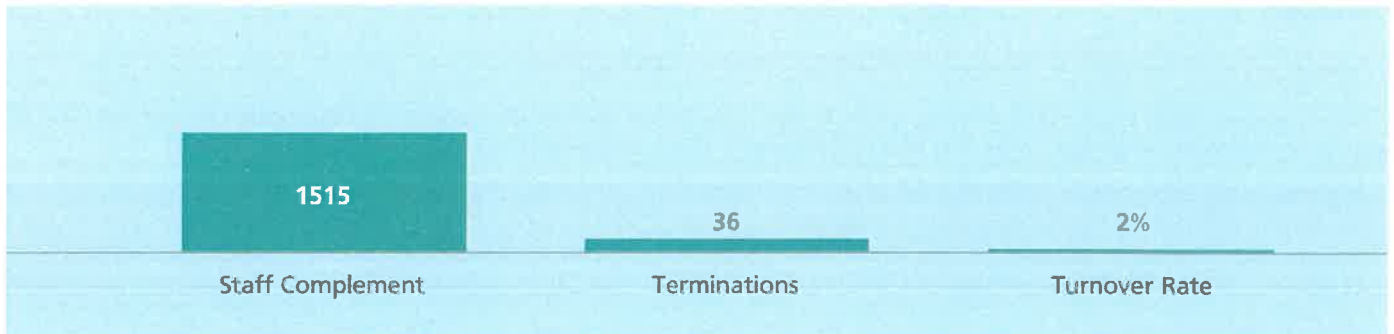


Figure 15: Staff Turnover Rate

### Section 3

#### Key Vacancies

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

Position	Department	Status
Chief Financial Officer	Finance	The position has been advertised both internally and externally.
Chief Operations Officer	Operations	The role profile is currently being reviewed to align with JPC strategy.
Assistant Managers IT	Corporate Support	The recruitment process for this vacancy has been completed. One incumbent has commenced while the other is still serving notice and will commence 01 July 2024
Human Resources Assistants	Corporate Support	The recruitment timelines lapsed owing to the high volume of applications, which exceeded 18 000. Budget constraints, particularly the salary bill overrun of approximately R42 million, pose significant challenges to re-advertising and staffing these critical functions.
Assistant Manager: Credit Control	Finance & SCM	
Property Administrators	Property Management	
Stakeholder Consultants	Marketing & Communications	
Committee Officers	Finance & SCM	
Senior Manager: Finance	Finance & SCM	Recruitment process extended, in the shortlisting stage
Manager: Employee Relations & Wellness	Corporate Services	Position filled through lateral transfer from COJ

Table 40: Key Vacancies

## Section 4

### Employment Equity and Workforce Demographics

The JPC employment equity (EE) demographics in the table below include permanent and temporary employees. For EE reporting purposes, as of June 2024, the total workforce is 1 515, inclusive of two (2) temporary employees.

Occupational Levels	Male				Female				Foreign Nationals		TOTAL
	A	C	I	W	A	C	I	W	I	W	
Top Management (1&2)	0	0	0	0	0	1	0	0	0	0	1
Senior Management (3&4)	6	0	1	0	4	0	0	0	0	0	11
Professional qualified & experienced specialists and mid-management (5&6)	17	1	2	2	23	1	3	3	0	0	52
Skilled & qualified workers, junior management, supervisors, foremen, superintendent (7&8)	84	6	6	5	93	14	2	0	1	0	211
Semi-skilled and discretionary decision making (9&10)	44	5	1	0	13	9	0	0	0	0	72
Unskilled and defined decision making (11)	303	0	0	1	853	9	0	0	0	0	1 166
<b>Total Permanent Staff</b>	<b>454</b>	<b>12</b>	<b>10</b>	<b>8</b>	<b>986</b>	<b>34</b>	<b>5</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>1 513</b>
Temporary Employees	1	1	0	0	0	0	0	0	0	0	2
<b>GRAND TOTAL</b>	<b>455</b>	<b>13</b>	<b>10</b>	<b>8</b>	<b>986</b>	<b>34</b>	<b>5</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>1 515</b>

Table 41: Employment Equity and Workforce Demographics

### EMPLOYMENT EQUITY COMPLIANCE

An upcoming awareness campaign for the election of members to JPC’s Employment Equity and Skills Development (EESD) Forum is scheduled for 8 to 18 July, 2024, involving all employees. The EESD Forum plays a pivotal role in JPC’s mission to foster an inclusive workplace and provide all employees with opportunities to enhance their skills and advance their careers. In alignment with the EE Act, the terms

of reference will be meticulously crafted to ensure that all forum members understand their roles and responsibilities, thereby ensuring compliance with legal requirements. The EESD Forum will undergo comprehensive training to facilitate a smooth transition and promote a shared understanding of its mandate and obligations within the organisation.

Racial Split – March 2024	Target	Actual	Current Numerical
Africans	81%	95.20%	1 441
Coloureds	3.30%	3.02%	47
Indians	3.20%	0.99%	16
Whites	12.70%	0.72%	11
<b>TOTALS</b>	<b>100%</b>	<b>100%</b>	<b>1 515</b>
People with Disabilities	2%	0.46%	7

Table 42: Racial Demographics of the Economically Active Population



## RACIAL AND GENDER SPLIT WITH GAP ANALYSIS AGAINST EAP TARGETS AS AT END JUNE 2024

The JPC workforce status is based on the current provincial Economically Active Population (EAP) demographics as of the end of June 2024.

EAP Target				JPC Actuals					
Demographics	Male%	Female%	Target Total%	Male%	Female%	Total%	Male No.	Female No.	TOTAL NUMBER
Africans	45%	36%	81%	30%	65%	95%	455	986	1 441
Coloureds	2%	2%	3%	1%	2%	3%	13	34	47
Indians	2%	1%	3%	1%	0.33%	1%	10	5	15
Whites	7%	6%	13%	1%	0.20%	1%	8	3	11
Foreign Nationals									0
<b>Total</b>	<b>56%</b>	<b>44%</b>	<b>100%</b>	<b>32%</b>	<b>68%</b>	<b>100%</b>	<b>487</b>	<b>1 028</b>	<b>1 515</b>
People with Disabilities			2.00%			0.46%			7

Table 43: JPC Workforce Demographics in Terms of EAP Target

### GENDER AND RACIAL SPLIT ANALYSIS

JPC’s gender distribution comprises 69% female and 31% male representation. No significant changes in percentages were recorded for terminations or in the racial split.

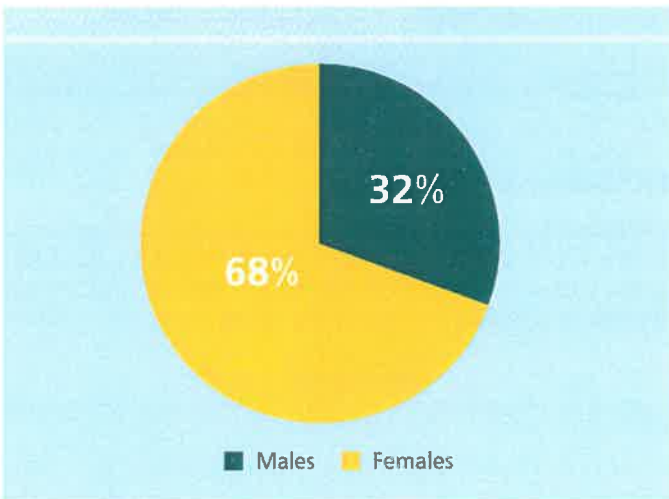


Figure 16: Gender Split

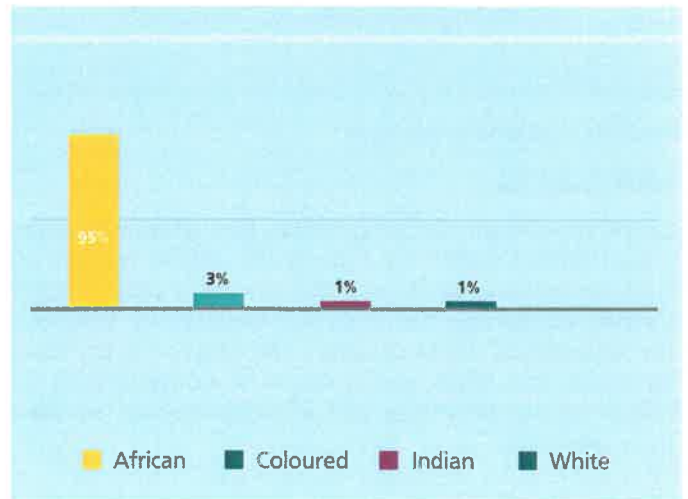


Figure 17: Racial Split

## Section 5

### Employee Capacitation

Training and development initiatives were implemented to address competency gaps. In the 2023/2024 financial year, the annual training target set at 800 employees was exceeded, with 806 employees participating in various training interventions.

## Section 6

### Disciplinary Matters and Outcomes

#### CURRENT INTERNAL CASES

Out of the five (5) precautionary suspensions initiated, one (1) employee had their suspension lifted after the investigation concluded. Two (2) of the employees have also been formally charged, and an external Labour Law firm has been appointed to assist JPC, due to capacity constraints. The

other two (2) employees are still under suspension, pending the completion of the investigation process. These processes will inform the outcome of the respective cases based on their merits.

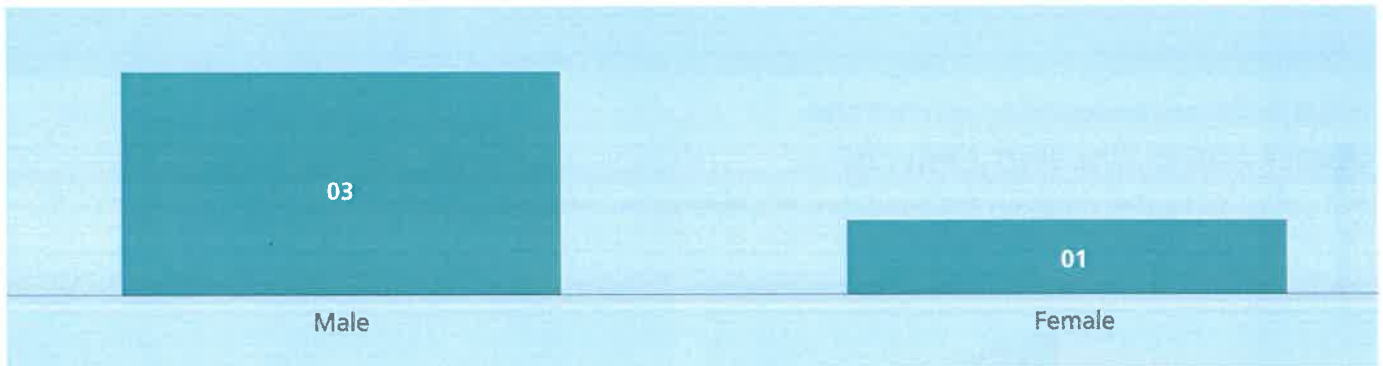


Figure 18: Internal Disciplinary Cases

#### GRIEVANCES

During the current reporting period, two grievance matters were reported within the organisation. These matters are currently in the initial stage of the grievance process, which involves conducting the first step process to determine the appropriate course of action and to address any issues identified. This initial step is crucial in understanding the nature of the grievances and working towards resolving them effectively.

#### EXTERNAL DISPUTES

Year-to-date external dispute matters total 1 (one) – an award was granted in favour of the employee by the South African Local Government Bargaining Council, and JPC has filed for a review with the Labour Court.



## Section 7

### Union Representation

As per the union representation and membership graph below, 70% of employees belong to SAMWU (South African Municipal Workers' Union), 29% belong to IMATU

(Independent Municipal and Allied Trade Union), and 1% are non-union members subject to agency shop fees.

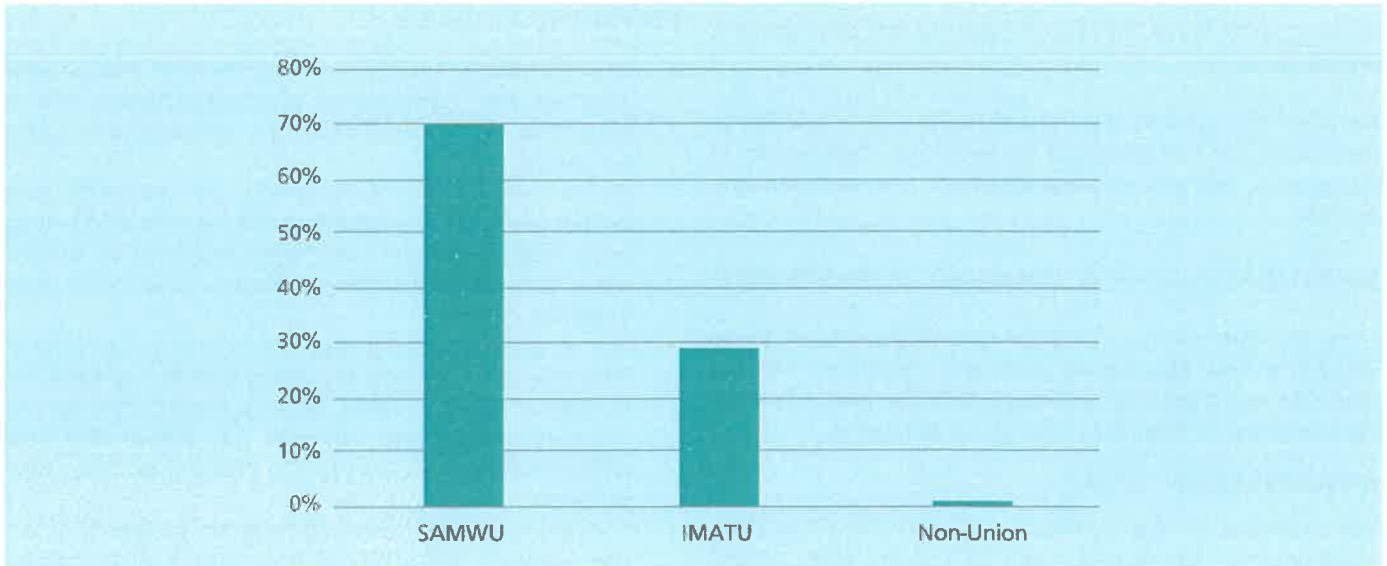


Figure 19: Union Representation as at June 2024

## Section 8

### Leave Provision

The leave liability amount based on the annual leave balances as of the end of June 2024 amounts to **R43 068 215**. The leave liability amount indicates a sturdy progression in line with the monthly two days accumulation per employee less the number of leave days encashed or paid out on termination.

The table below indicates the quarterly leave encashment during the 2023/2024 financial year, which amounted to **R9 467 289**. In this current financial year, the peak months for leave encashments have been towards the end of the calendar year (September, October, and December).

Period	Months	Days Encashment	Financial Impact
Q1	July to September	4 020	R3 636 960
Q2	October to December	4 748	R3 435 768
Q3	January to March	1 853	R1 712 029
Q4	April to June	488	R682 532
<b>TOTAL</b>		<b>11 109</b>	<b>R9 298 889</b>

Table 44: Leave Encashment

## ABSENTEEISM: 2023/2024 YTD

Considering the year-to-date absenteeism rate per department, JPC has an absenteeism rate of 3%, which is within the South African threshold of 3.6% to 6%. The absenteeism rate in the previous quarter was calculated using the following formula:

**Number of sick leave days taken ÷ the number of employees on sick leave**

However, this formula created a skewed view in relation to the benchmark and standards for reporting absenteeism. In this quarter, this anomaly was rectified using the following formula:

**Number of sick leave days ÷ the number of working days**

Using this formula, the sick leave rate dropped from 4% to 3%. JPC is now aligning its goals and objectives with the South African threshold to ensure that the best employee standards are maintained within the organisation.

## ABSCONDMENT CASES

The total cost of abscondments is R2 527 531.67 to date, resulting from employees receiving salaries while absent without authorisation from line management. The salaries

of employees who fail to report for duty for over 10 days are halted; upon their resumption of duty, disciplinary measures are instituted. Human Capital Management ensures that employees sign an Acknowledgment of Debt, enabling the organisation to recover these costs effectively.

## PROGRESS TO DATE

- The disciplinary process has commenced and is now awaiting the appointment of a Chairperson and a Prosecutor to proceed with the abscondment cases accordingly.
- Of the sixteen (16) employees who were reported, nine (9) reported back to work and the days on which they were absent without leave were captured as unpaid leave to recover the salary amounts paid while they were not on duty.
- For employees owing the organisation substantial amounts, arrangements regarding how to pay back the outstanding balance were initiated through the signing of acknowledgements of debt to recover the cost while awaiting line managers to initiate the disciplinary process.
- Four (4) new cases were reported on 10 June and the line manager was advised to institute a disciplinary process following salary stoppages.

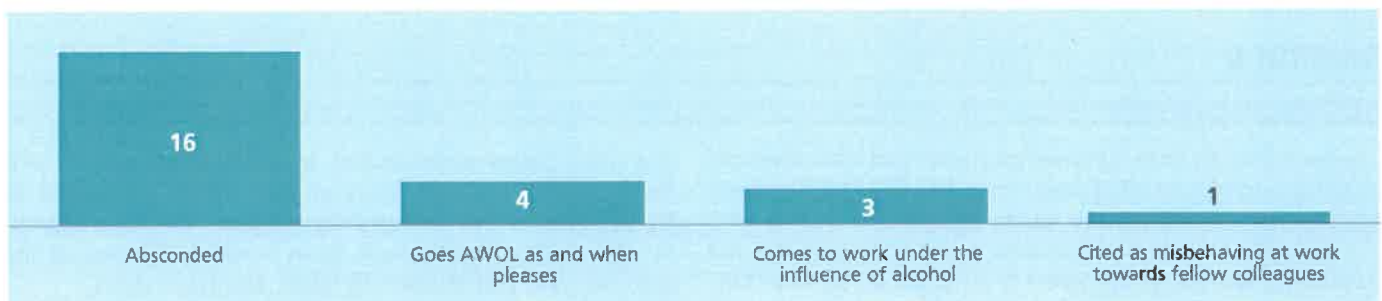


Figure 20: Abscondment Matters

## Section 9

### Employee Wellness

The Employee Wellness procurement process is at its final stage. The service provider will be onboarded in the new financial year, July 2024.



## Section 10

### Employee Benefits

The table below depicts the distribution of JPC memberships across accredited pension funds as of end June 2024. Pension fund membership is compulsory for all JPC employees, with the exception of the Chief Executive Officer, two (2) medically boarded employees who are already being paid by their respective pension funds, and two (2) temporary employees. In terms of the salary and wage collective agreement, pension fund contributions increase proportionally with salary increases.

Pension Fund Membership	TOTAL	Remarks
eJoburg Retirement Fund	1 471	Defined contributions
City of Johannesburg Pension Fund	33	Defined benefits
Municipal Employees Pension Fund	3	Defined contributions
Municipal Gratuity Fund	2	Defined contributions
Joint Municipal Pension Fund	1	Defined benefits
Non-Membership	5	CEO exception rule, temporary employees and employees on medical boarding
<b>TOTAL</b>	<b>1 515</b>	

Table 45: JPC Employee Pension Fund Membership

### ACCREDITED MEDICAL AID SCHEMES MEMBERSHIP DISTRIBUTION

The table below specifies the accredited medical aid schemes and distribution of membership to each scheme as at the end of June 2024. The provision 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.

Medical Aid Scheme	Membership
Bonitas	179
Discovery	9
Sizwe Hosmed	40
KeyHealth	79
LA Health	207
SAMWUMed	212
<b>TOTAL MEMBERSHIP</b>	<b>726</b>

Table 46: JPC Employee Medical Aid Fund Membership

Currently, 789 employees are not on any medical aid, because it is not a requirement for lower-level employees. The risk of having employees without medical cover is significant, as these employees work in public convenience facilities and corporate buildings where they run the risk of collapsing due to unmanaged chronic conditions.

### DECLARATION OF INTEREST

In total, 1 321 (87%) employees have submitted their declaration forms which represents a 32% increase from the previous quarter.







## Section 1

### JPC Statement of Financial Position as at 30 June 2024

	Note	2024	2023	Variance	
				Variance	Variance %
<b>Assets</b>					
<b>Current assets</b>		<b>1 373 803 000</b>	<b>1 227 115 000</b>	<b>146 687 000</b>	<b>-11.95%</b>
Cash and cash equivalents	1	2 000	2 000	-	0.00%
Receivables from exchange transactions	2	1 075 492 000	965 322 000	-110 169 000	-11.41%
Loans to shareholder	3	298 309 000	260 896 000	-37 413 000	-14.34%
Receivables from non-exchanged transactions	4	-	-	-	0.00%
Prepayments	5	-	895 000	895 000	100.00%
<b>Non-current assets</b>		<b>80 554 000</b>	<b>87 799 000</b>	<b>7 245 000</b>	<b>8.25%</b>
Property, plant and equipment	6	48 272 000	42 573 000	-5 699 000	-13.39%
Intangible assets	7	323 000	13 267 000	-12 944 000	97.57%
Deposits	8	601 000	601 000	-	0.00%
Deferred tax asset	9	27 694 000	27 694 000	-	0.00%
Current tax receivable	10	3 664 000	3 664 000	-	0.00%
<b>Total Assets</b>		<b>1 454 357 000</b>	<b>1 314 915 000</b>	<b>-139 443 000</b>	<b>-10.60%</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>		<b>1 404 933 210</b>	<b>1 314 064 000</b>	<b>-90 869 000</b>	<b>-6.92%</b>
Payables from exchange transactions	11	327 572 000	245 919 000	-81 653 000	-33.20%
Finance lease obligation		894 000	-	-894 000	100.00%
Loans from shareholder	12	1 068 389 000	1 060 067 000	-8 322 000	-0.79%
Provisions	13	5 959 000	5 959 000	-	0.00%
Operating lease liability	14	2 119 210	2 119 210	-	0.00%
<b>Non-Current Liabilities</b>		<b>10 314 000</b>	<b>671 000</b>	<b>-9 643 000</b>	<b>-1 437.11%</b>
Finance lease obligation		9 643 000	-	-9 643 000	100.00%
Employee benefit obligation	15	671 000	671 000	-	0.00%
<b>Total Liabilities</b>		<b>1 415 247 000</b>	<b>1 314 735 000</b>	<b>-100 512 000</b>	<b>-7.65%</b>
<b>Net Assets</b>		<b>39 110 000</b>	<b>181 000</b>	<b>-38 929 000</b>	<b>-21 507.73%</b>
Share Capital	16	5 143 000	5 143 000	-	0.00%
Accumulated Surplus/(Deficit)	17	33 967 000	-4 962 000	-38 929 000	784.54%
<b>Total Net Assets/(Liabilities)</b>		<b>39 110 000</b>	<b>181 000</b>	<b>-38 929 000</b>	<b>-21 507.73%</b>

Table 47: Financial Position (30 June 2024)



## 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 593 750. The total outstanding debt from related parties is R1 045 189 364 of which approximately R420 million relates to cleaning services. Group Finance (Merchant Payment) has started paying invoices in the fourth quarter.
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.
4. Per the new lease agreement for Forum1, JPC received credits for rentals paid for March and April 2023. The remaining balance of R895 355, as per the previous financial year: has since been utilised in the new financial year.
5. Property, plant, and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses. Where possible, the useful life of fixed assets has been extended due to their good condition. The increase in asset value can be attributed to the acquisition of laptops through a finance lease.
6. Intangible assets comprise computer software that has been procured or internally generated. The decrease in asset value is a result of amortisation expense as per GRAP 31.
7. Electricity deposits with Eskom are for the Baragwanath informal trading facility and the Lenasia facilities management buildings. Interest on the deposit is accrued 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 were 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 a slight decrease in trade payables year on year due to improvements in the cash position resulting in an improvement in payments made to suppliers.
11. The R10.53 million (current portion of R894 000 plus non-current of R9 643 000) is a result of the new finance lease entered into in November 2023 for the acquisition of new laptops.
12. Relates to loan accounts payable between JPC and various CoJ departments for the JPC and insured cleaners payroll as well as transactional loan accounts for the acquisition of property for the CoJ. Improved receipts from related party receivables will allow JPC to pay its related party liabilities, thus reducing this amount.
13. Relates to provision for EXCO bonuses for the 2020/21, 2021/22 and 2022/23 financial years.
14. GRAP 13 adjustment for the straight-lining of operating leases over the lease duration of office accommodation buildings. The GRAP 13 straight-lining is to be performed at year end.
15. Provision on post-retirement medical aid raised based on the 2022/23 actuarial valuation report in respect of personnel that qualify for the benefit. The reports are prepared annually and a new value will be calculated and provided by the actuaries at year end.
16. There are no changes to the share capital of JPC in the current financial year.
17. The statement includes accumulated surpluses and losses from the previous and current financial year.

## Section 2

### JPC Statement of Financial Performance as at 30 June 2024

	Note	Year-to-date			Annual	Variance
		Actual	Budget	Variance	Budget	%
<b>Revenue</b>						
<b>Revenue from non-exchange transactions</b>		<b>624 413 000</b>	<b>624 184 000</b>	<b>229 000</b>	<b>624 184 000</b>	<b>0.04%</b>
CoJ - Subsidies received	1	623 131 000	623 131 000	-	623 131 000	0.0%
Other income	2	1 053 000	1 053 000	229 000	1 053 000	-21.7%
<b>Revenue from exchange transactions</b>		<b>303 786 000</b>	<b>382 139 000</b>	<b>-78 353 000</b>	<b>382 139 000</b>	<b>-20.5%</b>
Cleaning services recoveries	3	239 990 000	249 431 000	-9 441 000	249 431 000	-3.8%
Management fees	4	7 491 000	10 530 000	-3 039 000	10 530 000	-28.9%
Commission on portfolio rentals	5	18 910 000	22 467 000	-3 557 000	22 467 000	-15.8%
Commission on outdoor advertising	6	11 361 000	50 201 000	-38 840 000	50 201 000	-77.4%
Assets under management fees	7	7 000 000	7 371 000	-371 000	7 371 000	-5.0%
Facilitation fees	8	-	30 397 000	-30 397 000	30 397 000	-100.0%
Ad hoc fees	9	-	-	-	-	0.0%
Cell mast	10	19 034 000	11 742 000	7 292 000	11 742 000	-62.1%
<b>Other Income</b>		<b>23 301 000</b>	<b>6 845 000</b>	<b>16 456 000</b>	<b>6 845 000</b>	<b>240.4%</b>
Interest received	11	23 301 000	6 845 000	16 456 000	6 845 000	-240.4%
<b>Total Revenue</b>		<b>951 500 000</b>	<b>1 013 168 000</b>	<b>-61 668 000</b>	<b>1 013 168 000</b>	<b>-6.1%</b>
<b>Expenditure</b>						
Board of Directors fees and expenses	12	3 208 000	2 769 000	439 000	2 769 000	15.9%
Office operational expenses	13	318 992 000	364 085 000	-45 093 000	364 085 000	12.4%
Contracted expenses	14	26 281 000	29 127 000	-2 846 000	29 127 000	-9.8%
Cleaning materials	15	5 888 000	7 318 000	-1 430 000	7 318 000	-19.5%
Repairs and maintenance	16	13 249 000	29 233 000	-15 984 000	29 233 000	-54.7%
Salaries	17	515 331 000	542 342 000	-27 011 000	542 342 000	-5.0%
Interest paid	18	664 000	16 260 000	-15 596 000	16 260 000	-95.9%
Depreciation	19	15 562 000	22 034 000	-6 472 000	22 034 000	-29.4%
Impairment losses	20	12 762 000	-	12 762 000	-	100%
Provision for bad debts		-	-	-	-	0.0%
<b>Total Expenditure</b>		<b>911 937 000</b>	<b>1 013 168 000</b>	<b>-101 231 000</b>	<b>1 013 168 000</b>	<b>-10%</b>
<b>(Deficit)/Surplus before Taxation</b>		<b>39 563 000</b>	<b>0</b>	<b>39 563 000</b>	<b>-</b>	<b>-</b>
<b>Taxation</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net (Deficit)/Surplus</b>		<b>39 563 000</b>	<b>0</b>	<b>39 563 000</b>	<b>-</b>	<b>-</b>

Table 48: JPC – Financial Performance (30 June 2024)



## Notes

1. Subsidy provided to JPC for the 2023/24 financial year. The subsidy covers salary, rental, fleet repairs, and maintenance expenditures for the financial year.
2. JPC received refunds from Old Mutual for employees who have been placed on medical boarding. The refunds received are higher than budgeted.
3. Cleaning service costs are billed and recovered for services rendered. The cleaning cost rate has been revised as a fixed rate that will cover all costs associated with the cleaning services that JPC provides. This should yield higher revenue and collections from previous financial years. The rate will increase in line with the CoJ's budget indicators.
4. JPC earns a 10% management fee for facilitating and managing R&M and CAPEX projects for the CoJ's departments and other Municipal-Owned Entities (MOEs). Income did not exceed the budget as JPC undertook fewer assignments from departments.
5. The CoJ Rental Collection Commission, Servitudes and Rates & Taxes is 15.8% below the budget, which is in line with rental collections in Portfolio. There is currently an undertaking to renew leases; this will increase the amount of revenue that Portfolio can collect and the commission receivable by JPC.
6. Outdoor advertising commission collected in Portfolio is below budgeted objectives as contracts with advertisers and the conclusion of the by-laws are 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 materialised due to challenges related to site preparation for the projects to initiate. Soweto Gateway, which is among the projects that contribute to the facilitation fee, has been awarded and is currently finalising contractual agreements.
9. No budget is provided for ad hoc fees as it relates to the recovery of property services within JPC from MOEs and is utilised as and when the need arises.
10. Cell mast revenue is over budget by 21.9% with the inclusion of the upliftment fee.
11. JPC accrued interest on the sweeping account for the fourth quarter, as the account is in surplus of R298 million.
12. Board of Directors' fees and expenses are in line with board activity, as well as costs associated with conducting various strategic sessions.
13. General and operating expenditure is 19% below the YTD budget due to office accommodation leases not materialising as planned in the current year.
14. Contracted expenses are 9.8% below the YTD budget.
15. Cleaning materials are 19.5% below the YTD budget; the Metro Centre closure has reduced the materials needed since March.
16. Repairs and maintenance are 54.7% below the YTD budget. Expected work in the fourth quarter did not materialise.
17. Salary expenditure is 5% below the YTD budget. During the mid-term budgets, the salary was adjusted to cover critical vacancies.
18. JPC incurred no interest on the sweeping account as the account has been in surplus. Interest incurred relates to finance leases and South African Revenue Service (SARS) interest.

## Section 3

### JPC Statement of Cashflows as at 30 June 2024

	2024	2023
<b>Cash flows from operating activities</b>		
Rendering of services	74 000 000	82 850 852
Subsidies	623 131 000	500 680 000
Interest income	23 301 000	12 923 142
	<b>720 432 000</b>	<b>596 453 994</b>
<b>Payments</b>		
Employee costs	-515 331 000	-473 327 925
Suppliers	-166 101 000	-219 151 874
Finance costs	-	-
Taxation refund	-	-
Taxation paid	-	580 785
	<b>-681 432 000</b>	<b>-691 899 014</b>
<b>Net cash flows from operating activities</b>	<b>39 000 000</b>	<b>-95 445 020</b>
<b>Cash flows from investment activities</b>		
Purchase of personal protective equipment (PPE)	-10 000 000	-7 634 010
Proceeds/(Loss) on disposal of PPE	-	-
Purchase of intangible assets	-	-
<b>Net cash flows from investment activities</b>	<b>-10 000 000</b>	<b>-7 634 010</b>
<b>Cash flows from financing activities</b>		
Loan from shareholder	-29 000 000	103 079 030
Finance lease payments	-	-
<b>Net cash flows from financing activities</b>	<b>-29 000 000</b>	<b>103 079 030</b>
Net increase/(decrease) in cash and cash equivalents	-	-
Cash and cash equivalents at 01 July 2023	2 000	2 000
Cash and cash equivalents at 30 June 2024	2 000	2 000

Table 49: JPC – Cashflow Statement (June 2024)



## Section 4

### Portfolio Statement of Financial Position as at 30 June 2024

	Note	June 2024	June 2023	%	Variance
<b>Assets</b>					
<b>Current assets</b>		<b>124 794 260</b>	<b>167 376 239</b>	<b>-25%</b>	<b>-42 581 979</b>
Capital Expenditure: Current year	1	10 241 260	26 069 170	-61%	(15 827 910)
Capital expenditure: Prior year		65 000	-	100%	65 000
CoJ Portfolio - VAT claim/payable account	2	12 295 688	8 315 893	148%	3 979 795
Debtors - Other: CoJ	3	3 943 843	2 689 923	47%	1 253 920
Debtors - Rentals	4	134 129 122	153 211 354	-12%	(19 082 232)
Doubtful debts - Move provision	5	(60 400 915)	(73 471 415)	-18%	13 070 500
Standard/ABSA Bank - Tenant deposit account	6	24 520 261	22 736 097	8%	1 784 164
JPC Portfolio Loan Account	11	-	27 825 218	-100%	(27 825 218)
<b>Non-Current Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Assets</b>		<b>124 794 260</b>	<b>167 376 239</b>	<b>-25%</b>	<b>-42 581 979</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>		<b>219 074 187</b>	<b>272 050 517</b>	<b>-19%</b>	<b>-52 976 330</b>
STB CoJ Loan Account - Bank Sweeping	7	103 172 138	180 394 547	-43%	(77 222 409)
Accruals	8	23 927 338	43 486 774	-45%	(19 559 435)
Receipts in advance - Rentals	9	9 549 333	10 237 039	-7%	(687 706)
Deposits received: Tenants	10	11 310 950	11 310 950	0%	-
JPC Portfolio Loan Account	11	29 825 443	-	100%	29 825 443
Property Portfolio Loan: MOEs	12	999 904	139 285	618%	860 619
JMPD	13	33 456 745	19 649 587	70%	13 807 158
Prepaid - Deposit received on land sales	14	6 741 098	6 741 098	0%	-
Creditor (Khulu Outdoor)	-	91 237	91 237	0%	-
<b>Non-Current Liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>		<b>219 074 187</b>	<b>272 050 517</b>	<b>-19%</b>	<b>-52 976 330</b>
<b>Net Assets</b>		<b>-94 279 928</b>	<b>-104 674 278</b>	<b>-10%</b>	<b>10 394 951</b>
Accumulated Surplus/(Deficit)		-94 279 928	-104 674 278	-10%	10 394 357
<b>Total Net Assets/Liabilities</b>		<b>-94 279 928</b>	<b>-104 674 278</b>	<b>-</b>	<b>10 394 951</b>

Table 50: JPC – Portfolio – Financial Position (30 June 2024)

## Notes

1. The approved adjustment budget for capital expenditure is R24 991 000 for the year 2023/2024, and to date, R8 932 872.31 has been spent. An amount of R65 000 still has to be paid from the CoJ's Central Asset Management for the financial year that ended 30 June 2023.
2. The VAT generated by Portfolio is declared to the CoJ each month. The VAT is consolidated in the CoJ's VAT return, which is in turn submitted to SARS.
3. This relates to the rental accommodation of Councillors and Community Participation Projects. An agreement was reached with CoJ whereby JPC Portfolio will pay the monthly rentals for the office space, and the City will subsequently reimburse the Portfolio for these expenses.
4. This item represents the debtors balance as per age analysis.
5. The current provision for bad debts relates 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 amount reflects tenant deposits held in the CoJ Trust Account, including interest, as well as payments received for the Rissik Post Office insurance claims.
7. The sweeping account is in overdraft due to projects that were previously accounted for as CAPEX, which were reclassified and accounted for as OPEX. Portfolio only gets reimbursed for CAPEX projects.
8. This item reflects accruals raised, of which R23 927 338 is still to be paid.
9. This item reflects rental paid in advance for 30 years by RMB Properties, which is allocated on a straight-line basis, with 11 years remaining on the contract.
10. This item refers to tenant deposits held in trust account.
11. The JPC Loan Account reflects commissions due to JPC, 25% on rentals, 10% on land sales and assets under management, and also includes amounts paid on behalf of the CoJ Portfolio. Offsetting in this regard was not taken into account; thus, Portfolio owes the JPC.
12. The Property Portfolio Loan account reflects amounts due to MOEs based on the income received on their behalf. MOEs' rentals are paid into the JPC Portfolio Main Account and are normally paid over to MOEs the following month.
13. This amount relates to the JMPD's security services for the securing of informal trading facilities and properties.
14. This item relates to the full land purchase price that has been paid over to JPC Portfolio, including bank guarantees. However, the transfer of land to the client has not taken place.



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## Section 5

### Portfolio Statement of Financial Performance as at 30 June 2024

Revenue	Note	YTD Actual June 2024	YTD Budget June 2024	Variance	Variance %	Approved Adjusted Bud- get 2023/24
Rent of facilities and equipment	1	69 261 956	250 000 000	-180 738 044	-72.3%	250 000 000
Interest received - Arrear debtors	2	5 513 457	4 053 000	1 460 457	36.0%	4 053 000
Outdoor advertising - CoJ	3	3 458 662	52 650 000	-49 191 338	-93.4%	52 650 000
<b>TOTAL INCOME</b>		<b>78 234 075</b>	<b>306 703 000</b>	<b>-157 303 371</b>	<b>-51.29%</b>	<b>306 703 000</b>
<b>Expenditure</b>						
Contracted services: Business Advisory Project Management & Research	4	15 488 718	47 177 785	-31 689 067	-67.2%	47 177 785
Contracted services: Business valuation advisory		464 775	2 682 215	-2 217 440	-82.7%	2 682 215
Refuse removal		-	2 274 000	-2 274 000	-100.0%	2 274 000
Grass cutting services		-	1 580 000	-1 580 000	-100.0%	1 580 000
<b>RM: Buildings</b>	5	3 280 822	39 088 000	-35 807 178	-91.6%	39 088 000
Bad and doubtful debts	6	-	46 509 000	-46 509 000	-100.0%	46 509 000
Advertising, publicity and marketing	7	80 278	2 106 000	-2 025 722	-96.2%	2 106 000
General expenses: assessment rates	8	709 846	1 580 000	-870 154	-55.1%	1 580 000
General expenses: Sundries		-	527 000	-527 000	-100.0%	527 000
Internal recoveries: JPC Commission	9	32 506 317	80 018 000	-47 511 683	-59.4%	80 018 000
Internal recoveries: Internal charges core - security	10	13 807 158	43 038 000	-29 230 842	-67.9%	43 038 000
Internal recoveries: Internal charges legal	11	-	8 362 000	-8 362 000	-100.0%	8 362 000
Internal recoveries: Internal charges cleaning	12	13 332 747	48 919 000	-35 586 253	-72.7%	48 919 000
Depreciation: Other assets	13	-	612 000	-612 000	-100.0%	612 000
<b>Total Expenditure</b>		<b>79 670 661</b>	<b>324 473 000</b>	<b>-244 802 339</b>	<b>-75.4%</b>	<b>324 473 000</b>
<b>Surplus/(Deficit)</b>		<b>(1 436 586)</b>	<b>(17 770 000)</b>	<b>16 333 414</b>	<b>328.5%</b>	<b>(17 770 000)</b>

Table 51: Portfolio – Financial Performance (30 June 2024)



## Notes

1. CoJ rentals: The overall revenue anticipated from rental collection is 6.3% below the targeted budget of R73 710 000. Delays in the approval of reports by EAC has resulted in the lease renewal period being longer than the average three 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. The amount of R250 000 000 is an error that was made in the adjustment budget, which could have only been fixed prior to 28 February 2024, as per section 28(e) of the MFMA. The error results in rentals being 72.3% below the targeted budget.
  2. This item reflects interest charged on overdue tenant accounts. The interest generated on the debtors' accounts is 36% above targeted YTD budget.
  3. Income derived from outdoor advertising and promotions is 93.4% below the budget. JPC is currently finalising the signing of new outdoor advertising contracts.
  4. This line item relates to expenditure spent on contracted services: Business advisory project management and research. To date, the expenditure is 67.2% below the YTD budget.
  5. Contracted services: Business valuation advisory. This was 82.7% below the YTD budget expenditure recorded this month.
  6. Contracted services: Refuse removal. No expenditure was recorded this month.
  7. Contracted services: Grass cutting services. No expenditure was recorded this month.
  8. This line item relates to repairs and maintenance costs on buildings and was 91.6% below budget. No expenditure on this line item has been recorded this month.
  9. This line item relates to bad and doubtful debts. No expenditure was recorded in the month of June 2024.
  10. General expenses: Assessment rates, electricity supply – expenditure incurred; 55.1% below budgeted expenditure on assessment rates was recorded in the month of June 2024 against the YTD budget.
  11. This line item relates to advertising, publicity and marketing and was 96.2% below the YTD budget expenditure recorded for the month of June 2024.
  12. Internal recoveries: JPC commission is showing as 59.4% 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.
  13. This line item relates to internal recoveries: Internal charges core – security – expenditure incurred reflecting a saving of 67.9%.
  14. No expenditure recorded in the month of June 2024.
  15. Internal recoveries: Internal charges cleaning was 72.7% below budget expenditure.
- No depreciation expenditure was recorded in the month of June 2024.



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## Section 6

### CAPEX

Project Name	Status	Project Number	Adjusted Budget 2023/24 R 000	YTD Actuals	Variance	% Spent
Revamping of the Informal Trading Stalls within the Inner City Renewal Operational CAPEX Johannesburg Region F Ward 58		2284	4 000 000	3 772 885	227 115	94%
Orlando Ekhaya Waterfront Development Renewal Park Orlando Ekhaya D Regional		2522	2 800 000	2 800 000	-	100%
Office Space Optimisation Programme New Precinct Redevelopment Johannesburg Region F City Wide		4184	1 420 000	1 334 727	85 273	94%
Marlboro Station Land Preparation Project		6309	-	-	-	-
Metromall Taxi Rank Shop Revitalisation and Waste Management Area Redesign		6358	4 600 000	4 567 592	32 408	99%
Acquisition of various properties in Soweto		23543	400 000	374 740	25 260	94%
Acquisition of cleaning equipment		23560	2 836 000	2 836 000	-	100%
Walter Sisulu Square Upgrade		24027	8 935 000	8 198 477	736 523	92%
<b>Sub Total</b>			<b>24 991 000</b>	<b>23 884 421</b>	<b>1 106 579</b>	<b>96%</b>

Table 52: CAPEX Projects



## Section 7

### Analysis of Ratios

#### PART A: JPC

#### LIQUIDITY RATIO

JPC is currently owed R1 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 1.01:1, as compared to the norm of 1:1. The ratio has remained constant from the third quarter.

The sweeping account currently reflects a positive R263 million, with related party loans exceeding R1 billion for salary costs, which are still to be paid to the CoJ's Group Finance and Corporate Shared Services for the 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 from Q2 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.

#### DEBTORS COLLECTION PERIOD

JPC has a debtors' collection ratio in excess of two years for third-party/external debtors. In the collection of third-party debtors, the timing difference affects the collection rate of the cell mast income. However, the collection improved in the third quarter, whereas facilitation fees for the 2021 and 2022 financial years have still not been recovered. The debtors' collection ratio for intercompany and related party debtors is 881 days. The intercompany debtors' collection ratio is due to non-payment by CoJ departments and other MOEs for services rendered by JPC, as well as for cleaning services that are yet to be recovered.

#### SOLVENCY RATIO

JPC has a solvency ratio of 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 asset position of R76 million. Given the financial support and access to cash facilities, JPC remains commercially solvent and will be able to service its operational obligations as they arise. The solvency position is attributable to losses incurred in previous financial years. Increased revenue from facilitation fees, outdoor advertising, and rentals will bolster the solvency position of JPC through commissions receivable from Portfolio.

#### COST COVERAGE RATIO

Due to the positive cash position of JPC, the cost coverage ratio is positive at 4.09:1. Management has reviewed the cash flows of JPC and will seek to maintain the ratio between 1.5:1 to 2:1 into the 2025 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

The CoJ-JPC Portfolio has a current ratio of 0.72:1, as compared to the norm of 2:1. It has a negative cash flow of R103 million for the period under review, as compared to a negative cash flow of R180 million for the same period in the 2023 financial year. Debtors currently owe Portfolio R134 million, with R60.4 million as a provision for bad debts, predominantly related to informal trading. As Portfolio represents only the debtors' component of the CoJ's property portfolio, debtors account for 65% of the total assets of the Portfolio. The financial risk posed to JPC is substantial, as the non-recovery of the outstanding debt negatively impacts 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 29%. The collection rate excludes debt owed by other debtors.

## SOLVENCY RATIO

CoJ-JPC Portfolio has a solvency ratio of 0.72:1 against the norm of 2:1 and is currently insolvent. As the Portfolio has no non-current assets or liabilities, the solvency and liquidity ratio will equate to the same ratio. The ratios for the Portfolio are immaterial as the property revenue-generating assets reside in the CoJ. JPC is, however, exploring avenues to source and grow the revenue generation of the Portfolio.

## DEBTORS COLLECTION PERIOD

CoJ-JPC Portfolio collection period is 59 days as compared to the industry norm of 60 days, and this takes into account debtors who are deemed irrecoverable. A bad debts report was prepared and submitted to Core Accounting. Weekly follow-ups on this report are ongoing, as it requires approval from the Mayoral Committee.

## COST COVERAGE RATIO

Portfolio has a cost coverage ratio of negative 23:1. This is due to a negative sweeping account balance of R103 million and an average monthly expenditure of R4.6 million. Portfolio predominantly utilises its cash for CAPEX spend, and recovery from the CoJ is dependent on the completion and verification of the projects. The average monthly collection is between R5m and R9m, which 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

The Joburg Property Company conducts its supply chain management (SCM) activities in accordance with the Municipal Finance Management Act (MFMA) and the

Preferential Procurement Policy Framework Act (PPPFA). The PPPFA provides guidelines on the allocation of preferential points, while JPC's SCM policy and the SCM policy for land offer additional frameworks for the entity's operations.

### Tender Awards (RFP)

During the fourth quarter of the 2023/2024 financial year, only one tender (RFP) was awarded, valued at R4 741 050.00. The preferential goals applicable to this award included businesses owned by 51% or more Black people and SMMEs (either an EME or QSE), as well as enterprises located within the City of Johannesburg Metropolitan Municipality.

### Request for Quotations (RFQ)

In the same quarter, JPC awarded 46 RFQs totalling R19 504 015.11. These awards were made following the 80:20 rule, where 80% of the points are based on the price quoted and 20% on preferential goals. For these RFQ transactions, the preferential goals applied included businesses owned by 51% or more Black people, SMMEs (either an Exempted Micro Enterprise or a Qualifying Small Enterprise), and enterprises located within the City of Johannesburg Metropolitan Municipality.

By adhering to these guidelines and policies, JPC ensures a fair and transparent procurement process that supports economic empowerment and local enterprise development within the City of Johannesburg.

## 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 are now running their term.

### City Portfolio

There are no deviations.

### Payment within 30 days

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



## Section 9

### Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure refers to unnecessary expenditure that would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure	2024	2023
Opening balance	70 754 262	70 675 888
Current year additions	-	78 474
Less: Amount written off - current	(70 240 059)	-
<b>CLOSING BALANCE</b>	<b>514 203</b>	<b>70 754 362</b>

Table 53: Year-on-Year Movement of Fruitless and Wasteful Expenditure

Treasury Guidelines on irregular expenditure provide that this is only recognised when payment pertaining to non-compliance is actually made. Any irregular expenditure

determined prior to a payment being made shall only be regarded as non-compliance until the payment is made, at which point the irregular expenditure shall be recorded.

#### Amount written off – Current

Court judgement	R635 809
Office accommodation	R64 623 703
Interest on late payment	R36 870
SARS interest and penalties	R4 778 648
Acting allowance	R165 029

Irregular expenditure	30 June 2024	30 June 2023
Opening balance	216 366 561	103 196 390
Current year additions	219 545 375	153 320 508
Prior period additions	-	-
Prior period reversals	-	-
Amount written off	(167 943 025)	(40 150 337)
<b>CLOSING BALANCE</b>	<b>267 968 911</b>	<b>216 366 561</b>

Table 54: Year-on-Year Movement of Irregular Expenditure

In the fourth quarter, irregular expenditure increased by R42 967 065.65. The incidents that gave rise to the irregular expenditure are outlined in Table 55.



Category	Description	Disciplinary status	Q1	Q2	Q3	Q4	Total
Non-compliance with laws and regulations	Deviation not meeting the regulation 36 requirements	Tender process currently underway	47 166 881	80 197 753	38 697 772	38 344 438	244 406 844
Non-compliance with laws and regulations	Contract expired. The City to take over the process	SLA finalised with the City, awaiting connectivity	1 025 279	2 069 044	684 632	1 305 510	3 778 955
Non-compliance with laws and regulations	Centralised fleet contract	City dealing with the matter	856 768	2 889 516	2 990 664	3 317 117	10 054 065
		<b>Total</b>	<b>49 048 928</b>	<b>85 156 313</b>	<b>42 373 068</b>	<b>42 967 066</b>	<b>219 545 375</b>

Table 55: Reasons for Irregular Expenditure

## Section 10

### Pending Litigations and Possible Liabilities

#### JPC Entity

None

#### City Portfolio

Legal action brought by JPC on behalf of CoJ

## Section 11

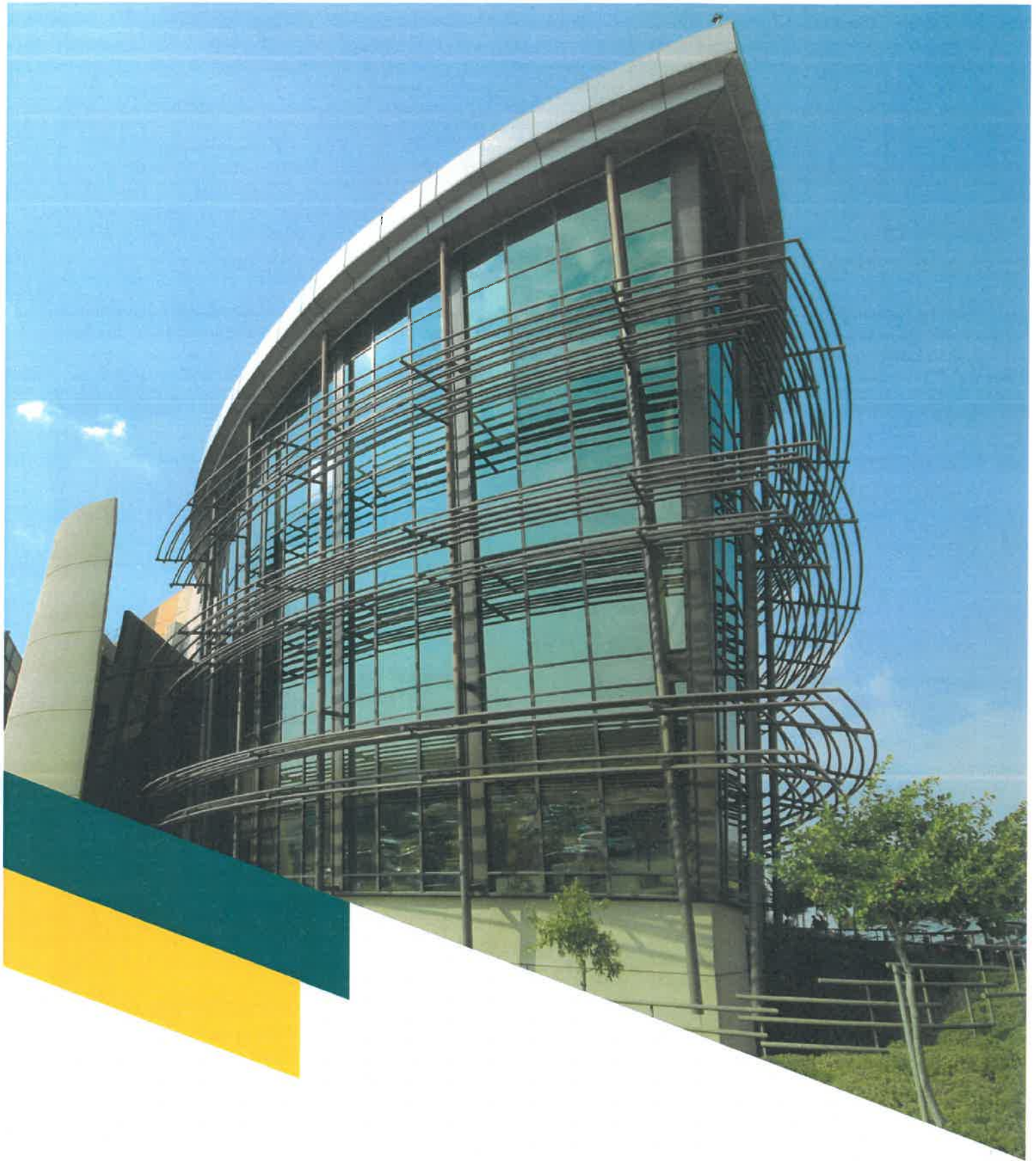
### Insurance Claims against / to JPC

#### JPC Entity

None



Council Chambers wall art



## Chapter 6 Internal and External Audit Outcomes

## Section 1

### Results of Internal Audit

The three-year rolling plan and annual internal audit plan is under review and will be approved by the Audit and Risk Committee in the 2023/24 financial year. The Internal Audit Unit has started conducting some of the audits as per the audit plan, and their progress is indicated in the table below.

<b>CONTROL ENVIRONMENT (CE) RATING LEGEND</b>	Preventative or detective controls are in place	
	Control environment requires improvement	
	Internal controls are not in place and intervention is required to design and implement appropriate controls	
	In progress	

Table 56: Internal Audit Control Dashboard

### PROGRESS MADE ON THE ANNUAL AUDIT PLAN

Twenty audit projects are planned for the year ending 30 June 2024, and include 17 comprehensive audits, follow-up on AG and internal audit findings, ad hoc projects, and probity audits. Two of the comprehensive audits (audit of

pre-determined objectives and service level standards) are done every quarter and the remaining ones will commence during the fourth quarter of 2023/24.



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The table below indicates the status in respect of planned audit projects.

Internal Audit Plan Ref No.	Audit Description	Status	Conclusion on Control Environment
1.	Audit of pre-determined objectives Quarter (1, 2, 3 & 4)	In progress Quarter 4	☹️
2.	Contract Management	In progress	☹️
3.	Service Level Standards	In progress	☹️
4.	Annual Financial Statement Review	In progress	☹️
5.	Supply Chain Management	In progress	☹️
6.	Related Parties Transactions	In progress	☹️
7.	Human Resources	In progress	☹️
8.	Revenue Management	In progress	☹️
9.	Compliance	In progress	☹️
10.	Information Technology	In progress	☹️
11.	Record Management	In progress	☹️
12.	Asset Management	In progress	☹️
13.	Fleet Management	In progress	☹️
14.	Follow-up review of Auditor-General of South Africa (AGSA) and Internal Audit findings	Completed	😊
15.	Irregular, fruitless, and wasteful expenditure investigation and consequence management	Completed	😊
16.	Probity audits	Completed	😊
17.	Employees physical verification	Completed	😊

Table 57: Status of Planned Audit Projects

## Section 2

### Progress on Resolution of Internal Audit Findings

Every quarter, 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). The resolution rate for the

internal audit findings is 96%, with one unresolved finding relating to physical security in respect of access by visitors, biometrics, and CCTV.

The table below provides a breakdown of resolved findings.

Category	TOTAL	Resolved	Not resolved	Timeline
Very High	0	0	0	N/A
High	16	16	0	N/A
Medium	9	9	0	N/A
Low	2	1	1	30 June 2024
<b>TOTAL</b>	<b>27</b>	<b>26</b>	<b>1</b>	

**Table 58: Breakdown Internal Audit Findings**

The details of the unresolved findings are outlined in the table below.

<b>Finding Heading</b>	Physical security in respect of access, biometrics, and CCTV.
<b>Auditable Section</b>	General controls
<b>Management Action Plan</b>	<p>No visitors' tags are used or given to visitors admitted to JPC facilities.</p> <p>Visitors' details are not logged when they enter JPC facilities.</p> <p>Management note: The JPC's budget for security was allocated to the JMPD, resulting in the weakness identified by the auditor. Management is in the process of finalising tenders for new office accommodation, ensuring that security, including visitor access, via biometric and CCTV controls, is covered by the landlord.</p>

**Table 59: Unresolved Internal Audit Findings**



## Section 3

### Progress on Resolution of External Findings

The entity received an unqualified audit opinion with twelve (12) material findings on non-compliance with legislation and the annual financial statement, which is similar to the prior year (i.e. 2022/23).

It has since managed to resolve all the findings – the dashboard indicates 100% resolution of external audit findings (2022/23).

Category	TOTAL AS AT 30 NOV 2023	RESOLVED AS AT 30 JUNE 2024		UNRESOLVED		TIMELINE
		#	%	#	%	
Matters that will be reported in the auditor’s report and should be addressed urgently	6	6	100%	0	0%	30 April 2024
Matters that should be addressed to prevent material misstatements in the financial statements or material findings on the annual performance report and compliance with legislation in future; also includes matters that significantly affected auditee performance	4	4	100%	0	0%	30 April 2024
Matters that do not have a direct impact on the audit outcome or a significant impact on auditee performance, but were communicated to assist with improving processes and mitigating risks	2	2	100%	0	0%	N/A
<b>TOTAL</b>	<b>12</b>	<b>12</b>	<b>100%</b>	<b>0</b>	<b>0%</b>	

Table 60: Progress on Resolution of External Audit Findings

## Section 4

### State of Internal Controls

The Internal Audit Department evaluates the adequacy and effectiveness of internal control systems, governance processes, and risk management processes. In assessing these aspects, consideration should be given to the internal control objectives, such as:

- Implementing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control, and governance processes.
- Providing risk-based and objective assurance, advice, and insight.

The audit evidence obtained during the execution of audits should form the basis for the department’s opinion. Only completed assurance engagements or projects should be considered for the overall internal control opinion.

The results of internal audits support the organisation in achieving its short-, medium-, and long-term goals. The risk-based approach ensures that the internal audit function focuses on the financial sustainability of the organisation, as well as areas that are material to stakeholders.

#### EFFECTIVENESS OF CONTROLS

One hundred percent of the control deficiencies identified by AGSA have been satisfactorily resolved, and one finding, representing 4%, is currently being addressed by the internal audit.

#### IMPACT

The resolution of the findings by both external and internal audits has positively impacted the state of controls, which are now deemed to be effective.



## ANNEXURE A: COMPLIANCE REGULATORY ASSESSMENT

NO:		CATEGORY	COMMENTS
01	Advertising on Roads and Ribbon Development, 1940 (Act No. 21 of 1940)	GENERIC (Outdoor)	Non-compliant
02	Advertising on Roads and Ribbon Development, 1940 (Act No. 21 of 1940)	CORE (Outdoor)	Non-compliant
03	Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2004)	CORE (Legal)	Compliant
04	Basic Conditions of Employment Act, 1997 (Act No. 75 of 1997)	CORE (HR)	Non-compliant
05	Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003)	CORE (SCM)	Compliant
06	Companies Act, 2008 (Act No. 71 of 2008)	CORE (ALL)	Compliant
07	Companies Act Regulations	CORE (ALL)	Compliant
08	Construction Industry Development Board Act, 2000 (Act No. 38 of 2000)	CORE (SCM)	Compliant
09	Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996)	CORE (ALL)	Compliant
10	Consumer Protection Act, 2008 (Act No. 68 of 2008)	CORE (PDU)	Non-compliant
11	Disaster Management Act, 2002 (Act No. 57 of 2002)	CORE (OHSA)	Non-compliant
12	Electronic Communications and Transactions Act, 2002 (Act No. 25 of 2002)	CORE (IT)	In progress
13	Employment Equity Act, Code of Good Practice: Human Resource Policies and Practices	CORE (HR)	Compliant
14	Employment Equity Amendment Act, 2022 (Act No. 4 of 2022)	CORE (HR)	Non-compliant
15	Employment Equity Act, 1998 (Act No. 55 of 1998)	(HR)	Non-compliant
16	Employment Equity Regulations	CORE (HR)	Non-compliant
17	Gauteng Planning and Development Act, 2003 (Act No. 3 of 2003)	GENERIC (Property Portfolio)	Not Applicable
18	Generally Accepted Compliance Practices Framework	GENERIC (all)	Compliant
19	Generally Recognised Accounting Practice	CORE (Finance)	Compliant
20	Hazardous Substances Act, 1973 (Act No. 15 of 1973)	GENERIC (OHSA)	Non-compliant
21	King IV Code on Corporate Governance	GENERIC (ALL)	Compliant
22	IIA Code of Conduct and Ethics	CORE (HR)	Compliant



## ANNEXURE A: COMPLIANCE REGULATORY ASSESSMENT

NO:		CATEGORY	COMMENTS
23	Income Tax Act, 1962 (Act No. 58 of 1962)	CORE (FINANCE)	Compliant
24	Intergovernmental Relations Framework, 2005 (Act No. 13 of 2005)	CORE (Property management)	Not applicable
25	Local Government Anti-corruption Strategy	GENERIC (Legal)	Compliant
26	Local Government: Municipal Planning and Performance Management Regulations, 2001	GENERIC (Strategic support)	Compliant
27	Local Government: Municipal Finance Act, 2003 (Act No. 56 of 2003)	CORE (ALL)	Partially compliant
28	Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000)	CORE (ALL)	Compliant
29	Municipal Finance Management Act (MFMA) – Asset Transfer Regulations	CORE (ALL)	Non-compliant
30	Municipal Property Rates Act, 2004 (Act No. 6 of 2004)	CORE (ALL) Property management	Non-compliant
31	Municipal Structures, 1998 (Act No. 117 of 1998)	GENERIC (ALL)	Compliant
32	Municipal Supply Chain Management Regulations Gazette No. 27636, 30 May 2005	CORE (SCM)	Compliant
33	National Archives and Record Service of South Africa, No. 43 of 1996	CORE (CSM RECORDS)	In progress
34	National Building Regulations and Building Standards Act, 1977 (Act No. 103 of 1977)	CORE (ASSETS)	Compliant
35	National Heritage Resources Act, 1999 (Act No. 25 of 1999)	CORE (ASSETS)	Not applicable
36	National Qualifications Framework Act, 2008 (Act No. 67 of 2008)	CORE (HR)	Compliant
37	National Road Traffic Act, 1996 (Act No. 93 of 1996)	GENERIC (Logistics) JPC Fleet	Non-compliant
38	National Treasury Public Sector Risk Management Framework	CORE (SCM & FINANCE)	Compliant
39	Occupational Health and Safety Act, 1993 (Act No. 85 of 1993)	CORE (HR)	Non-compliant
40	Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000)	CORE (SCM)	Compliant
41	Promotion of Access to Information Act, 2000 (Act No. 2 of 2000)	CORE (ALL)	Compliant
42	Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000)	CORE (ALL)	Not applicable
43	Promotion of Equality and Prevention of Unfair Discrimination Act, 2000 (Act No. 4 of 2000)	CORE (ALL)	Compliant
44	Property Practitioners Act, 2019 (Act No. 22 of 2019)	GENERIC (ASSETS)	Compliant

## ANNEXURE A: COMPLIANCE REGULATORY ASSESSMENT

NO:		CATEGORY	COMMENTS
45	Protected Disclosures Act, 2000 (Act No. 26 of 2000)	CORE (HR)	Compliant
46	Protection of Information Act, 1982 (Act No. 84 of 1982)	CORE (HR)	Compliant
47	Protection of Personal Information Act, 2013 (Act No. 4 of 2013)	CORE (HR)	Compliant
48	Public Audit Amendment Act, 2018 (Act No. 5 of 2018)	CORE (Internal Audit)	Compliant
49	Regulation of Interception of Communications and Provision of Communication-Related Information Act, 2002 (Act No. 70 of 2002)	CORE (Comms & stakeholder)	Not applicable
50	Skills Development Act, 1998 (Act No. 97 of 1998)	GENERIC (HR)	Compliant
51	Skills Development Levies Act, 1999 (Act No. 9 of 1999)	GENERIC (HR)	Compliant
52	Unemployment Insurance Act, 2001 (Act No. 63 of 2001)	GENERIC (HR)	Compliant
53	Unemployment Insurance Contributions Act, 2002 (Act No. 4 of 2002)	GENERIC (HR)	Compliant
54	Value-Added Tax Act, 1991 (Act No. 89 of 1991)	CORE (FINANCE)	Compliant



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