



JPC MID-TERM REPORT 2023/24

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Bankers : Standard Bank South Africa

Auditors : Auditor-General of South Africa


Company Secretary : Gontse Dlamini



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



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





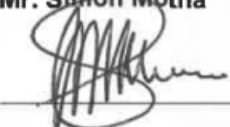

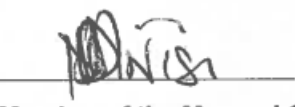
Values: Company values are the ethical foundation of JPC and are therefore fundamental to the JPC's success. Such values are not just important but crucial to the overall ascendancy of JPC. The following values were identified and adopted by JPC:

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

OFFICIAL SIGN-OFF:

It is hereby certified that this quarterly report:

- was developed by the management of JPC SOC Ltd under the guidance of the Executive Management
- considers all the relevant policies, legislation, and other mandates for which JPC SOC Ltd is responsible, and
- accurately reflects the performance that JPC SOC Ltd has achieved in the second quarter of the 2023/2024 Financial Year.

<p>Mr. Sipho Mzobe CA (SA)</p>  <p>General Manager: Finance and SCM</p>	<p>25/01/2024</p> <p>-----</p> <p>Date of approval</p>
<p>Ms. Helen Botes</p>  <p>Chief Executive Officer</p>	<p>25/01/2024</p> <p>-----</p> <p>Date of approval</p>
<p>Mr. Simon Motha</p>  <p>Chairperson of the Board</p>	<p>26/01/2024</p> <p>-----</p> <p>Date of approval</p>
<p>Ms. Lujama Ndlovu</p>  <p>Acting Executive Director: Economic Development</p>	<p>29/01/2024</p> <p>-----</p> <p>Date of approval</p>
<p>Cllr. Nomoya Mnisi</p>  <p>Member of the Mayoral Committee Economic Development</p>	<p>06/02/2024</p> <p>-----</p> <p>Date of approval</p>

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

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

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Chapter 1: Leadership and Corporate Profile

Section 1: Chairperson's Overview Report



As the Chairperson of the Board, it is my privilege to share the mid-term report for the Joburg Property Company (JPC) for the financial year 2023/2024, summarizing JPC progress and achievements in the dynamic and ever-evolving operating environment. As we navigate through the challenges and opportunities that define our environment, it is essential to reflect on the strides we have made over the past six months and continue on the set course of transforming COJ's property landscape while driving economic growth.

Operating Environment

The property sector, like many others, has experienced its share of challenges, including economic uncertainties, regulatory changes, and global events that impact consumer sentiment. However, it is encouraging to note that the entity is navigating these challenges and also identifying new avenues for growth and sustainability

The current socio-economic challenges and the concern about the City's properties contributing to urban decay through unsafe, illegally occupied, and hijacked buildings while ensuring there is an increased investment attraction opportunities for the private sector.

Organisational Performance Highlights

The entity will always strive to demonstrate efficiency and effectiveness in managing our property portfolio, whether it be the development of new projects, maintenance of existing properties, or transforming the outdoor advertising sector for the benefit of the Shareholder.

During the quarter under review, the Board and its Committees focused on matters relating to

corporate governance such as the review and approval of the following policies:

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

While the Board acknowledges that JPC has achieved 48% of its second quarter targets, falling below the norm of 85%, The Board is resolute in its collaboration with the management team to improve the performance levels of the entity. The Board has been given an assurance by Management that continued improvement in respect of organizational performance will be a priority, while focus on driving initiatives that will lead to the financial sustainability for the entity.

Strategic Initiatives

In line with our long-term vision, we have initiated several strategic projects such as Southern Farms, aimed at expanding our portfolio, enhancing community experience, and embracing sustainable practices. The Southern Farms project is not only aligned with market trends but will bring changes to the landscape within this region while addressing critical issues in the City, including housing, economic opportunities, job creation, SMMEs, and training opportunities. The Board will continue to provide strategic direction to management and focus on the critical dimensions of corporate governance processes, such as:

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

Community Engagement

As responsible stewards of the communities we serve, we have continued our commitment to community engagement hence it was deemed imperative that the Southern Farms launch involved all surrounding communities within the regions. The intention is to also focus on social corporate initiatives that create a positive impact beyond the bottom line.

The Board's commitment to the City of Johannesburg as its sole Shareholder remains unwavering. We believe that a thriving, vibrant City is essential for the prosperity of its residents and business environment. It is against this background that the Board remains dedicated to ensuring that JPC optimizes its property developmental projects that not only enhance the urban landscape but also improve the quality of life of the residents of the City.

As we enter the second half of the financial year, we remain focused on our strategic objectives, identifying growth opportunities, and exploring innovative solutions to meet the evolving needs of our stakeholders.

I would like to take this opportunity to express my gratitude to the MMC for Economic Development, Cllr Nomoya Mnisi for entrusting the Board with an oversight role, the Board members for their support, and JPC's dedicated staff led by the CEO. Together, we will continue to shape Johannesburg's property landscape and contribute to the city's economic progress.



Mr. Simon Motha

Chairperson of the Board

Section 2: Chief Executive Officer's Overview



As the CEO of the Joburg Property Company, it is my privilege to share with you the mid-term progress made during the period from July to December 2023 of the current financial year. This quarterly report encompasses both the financial and organisational performance of JPC during this period.

As we navigate the dynamic landscape of our mandate of maximizing the **social, economic and financial value** of COJ 's property portfolio to property management, our commitment to excellence, efficiency, effectiveness and innovation remains firm. For the entity, the first half of the financial year has been about focusing on improving the organisational performance levels, strengthening stakeholder relations and realising impactful benefits for main shareholder and communities through the implementation of Southern Farms mega project.

Organisational Highlights:

- **Property Development Project:** We successfully launched the Southern Farms Biodiversity Project on the 11th of December 2023 at the Freedom Primary School. The launch provided an opportunity for Community engagement with COJ leadership on the project overview, how the project will contribute to the aesthetic appeal and functionality of our community spaces and the economic opportunities to be realised through the project. Our efforts in this community engagement, have fostered a sense of belonging and collaboration among stakeholders.
- **Outdoor Advertising:** The outdoor Advertising initiatives entail the verifications of sites and the EAC approval for sixty (60)

months of lease agreements with ten media service providers, the removal of illegal signs on COJ-owned land. In our view, these efforts will in the short to medium term result in an increased revenue for the City and entity. Our initiatives are undertaken in collaboration with COJ 's planning department as the intention is to bring the necessary transformation, and stability in respect of the applicable legislative framework.

- **Soweto Gateway Project:** The EAC approval has been granted to enter into a long term development sale and lease agreement with appointed developer for the a vibrant mixed-use development (Commercial, Retail, Mega Housing, Public Amenities) support facility for small businesses in Soweto. This project aims

to grow local enterprises in the area and realise an estimated investment of R3.2billion.

Achievements against predetermined objectives:

During the second quarter, JPC has managed to achieve 48 % of its quarterly targets i.e. 11 of its 22 KPIs, and Management has firmly resolved to address issues that affect our performance levels such as delays in the SCM process. The focus will be on fast-tracking the conclusion of Outdoor Advertising contracts thus increasing revenue collection in this regard, improving the Capex expenditure, and conclusion of Office Accommodation leases.

In the period under review, the entity has attained an unqualified audit opinion for the 2022/23 financial year with material findings on non-compliance with legislation and the annual financial statement. There are twelve (12) AG findings of which seven (7) were resolved and five (5) remain unresolved. Management is of the view that these unresolved findings will be resolved by the end of the financial year.

Organisational Challenges:

- **Budgetary Constraints:** Like many municipalities, we have faced budgetary challenges that have impacted the scope of our projects as the City . At this stage, the City will be embarking on a rebasing exercise to ensure an equitable contribution by all departments and entities while minimising the impact on service delivery. There is a need for the 2023/24 operating budget to be rebased with a total

of approximately R8.7 billion in the 2023/24. We are actively exploring innovative funding solutions to overcome these constraints and ensure the continued improvement of our property environment.

- **Regulatory Compliance:** keeping up with evolving regulations and compliance standards poses an ongoing challenge. We are committed to staying abreast of changes and implementing necessary adjustments to ensure our operations align with legal requirements.

Focus for coming quarters:

Strategic Planning & Alignment: We will continue to refine and execute our strategic plan, focusing on key objectives that COJ has prioritise as part of 2024/25 planning process. This includes further investment attraction, sustainability, and community engagement.

Financial Sustainability: Exploring alternative revenue streams and optimizing existing budgets will be crucial to sustaining and expanding our property development initiatives. We are actively seeking partnerships and grants to support our long-term financial goals.

Innovation and Adaptation: Embracing innovation and remaining adaptable to emerging trends will be integral to our success. We will explore new technologies and methodologies to address challenges and enhance our property management practices.

As we enter the second half of the financial year, we remain committed to our strategic objectives and are excited about the opportunities that lie ahead. We will continue to focus on delivering exceptional property management services, expanding our portfolio with strategic acquisitions, and embracing innovation to stay ahead of industry trends.

I would like to express my sincere appreciation to all our employees for their hard work, dedication, and unwavering commitment to excellence. I also extend my gratitude to our shareholder, MMC for Economic Development and the Board for their trust and continued support. Together, we will continue to make a positive impact on the urban landscape of Johannesburg and contribute to the city's prosperity.



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

Section 3: Financial Overview



I am pleased to provide a mid-term overview of the Joburg Property Company's (JPC) performance for the period July 1, 2023, to December 31, 2023.

The midterm budget review for 2023/24 is currently underway and will conclude before the closure of quarter three. JPC will submit its revised proposals for the next three financial years with much emphasis being placed on aiding the COJ with the rebasing exercise that is currently required of the entity, as a result of the COJ's cashflow challenges.

The rebasing will require JPC to reflect on its operations and service delivery to ensure that maximum value can be extracted from limited financial resources in the short and medium term. Given JPC's mandate and close relationship to the COJ, the cashflow challenges being experienced by the COJ have a direct impact on the finances of JPC. This is already visible with the related debtors rapidly increasing due to limited non-payment by the COJ.

In line with our commitment to transparency and accountability, the mid-term has revolved around the Auditor General of South Africa's (AGSA) annual external audit where JPC achieved an unqualified audit opinion for the 2022/2023 financial year. It is pleasing to see the improvement in internal control environment of JPC

Findings on procurement and contract management

Area	Findings		
	2022-23	2021-22	2020-21
Audit limitations			
Deviations			
Conflict of interest			
Non-compliance: competitive bidding process			
Non-compliance: quotation process			
Contract management			

	Material non-compliance with legislation		Findings		No findings
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Extract from AGSA Management Report for period ended 30 June 2023

In response to the findings and recommendations from both internal and external audit functions, management is actively reviewing control and reporting environments to enhance outcomes for the 2023/24 financial year.

Supply Chain has been very active during quarter two with various committees convened to specify, evaluate, and adjudicate the diverse service delivery and demand management needs of the organization. Notable achievements include the conclusion of panels for internal audit and probity. These will assure process integrity, while also making a noteworthy contribution towards enhanced governance and strengthened ethical practices within our operations.

The financial position of JPC has remained stagnant since the conclusion of the 2023 financial year. As a result, the solvency ratio has marginally increased from 1:1 to 1.07:1 and implies that JPC is factually solvent and remains commercially solvent with adequate financial resources to maintain payments to external creditors. Emphasis will be placed on reducing related party debt in the coming months and managing cash inflows with outflows to progressively improve the net asset position of the entity. The rebasing of the budget and even more stringent cost management will require JPC to balance cash inflows and outflows.

The financial performance indicate a year-to-date surplus of R89 339 302. The main contributors to the surplus are as follows:

❖ **Revenue**

- Revenue under budgeted by 8.1%
- Commission on outdoor advertising to increase as leases are being finalised. Majority of the lease contracts were signed in December 2023 with a few to be signed in quarter three.
- Facilitation fee from the awarded Soweto Gateway project is projected for quarter 3, when the agreement is concluded.
- Cell Mast uplifted fees for quarter two will be received in quarter three as per the norm.

❖ **Expenditure**

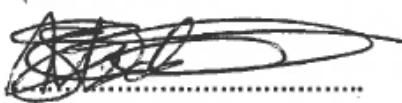
- Office accommodation expenditure, included expenditure for office accommodation for people who occupied Metro Centre. The tender has been awarded by Executive Adjudication Committee and currently on Municipal Finance Management Action section 33 process, expenditure will start once the contracts have been concluded. Reduction of this expenditure is among the midterm adjustments.
- Repairs and Maintenance of Meadowlands Civic Centre is scheduled to be awarded in quarter 3 and currently at evaluation stage.

No deviation has been concluded for the period under review. JPC continues to incur irregular expenditure on the following:

- Office Accommodation – The open competitive process is at advance stage. Contracts to be concluded in quarter 3 and the irregular expenditure will be concluded.
- Connectivity – The City is in the process of taking over the contract as part of centralisation of Information Technology (IT) Strategy.
- Fleet – AGSA classified the recently concluded fleet contract as irregular expenditure. This is a centralised contract procured at the City. We are waiting for further communication from the City on this expenditure.

We remain enthusiastic and committed to navigating challenges and capitalizing on opportunities to deliver sustainable value to all our stakeholders. Our focus for the remaining half of the year includes the following:

- Conclusion of Office Accommodation leases.
- Implementation of the Meadowland Civic Centre project
- Optimising Outdoor Advertising revenue with the conclusion of agreements
- Prudent revenue and expenditure management to ensure that solvency position is maintained.



Mr. Siphon Mzobe CA (SA)

GM: FINANCE & SCM





Section 4: Overall Company Performance

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

OVERVIEW OF THE ENTITY	
<p>In the period under review, the entity has:</p> <ul style="list-style-type: none"> ✓ 22 out of 23 KPI's were due in this quarter, where 11 (48%) KPI's were achieved and 12 (52%) KPI's were not achieved. ✓ The financial performance of the JPC for the second quarter illustrates a surplus of R89 339 302.. ✓ OPEX: Spend was R399m (75%) against a budget of R530.m. ✓ Ratios: Liquidity ratio of 1.02:1 and a solvency ratio of 1.07:1 against the City's benchmarks of 1:1 and 2:1 respectively. 	
Highlights	Lowlights
<ul style="list-style-type: none"> ✓ 100% achievement of Service Standards. ✓ JPC achieved an unqualified audit opinion for the 2022/2023 financial year. ✓ The recruitment process for the vacant positions for GM: HCM and GM: Internal Audit has been concluded with suitable candidates being appointed. ✓ EAC approval granted to enter into sixty (60) months of lease agreements with ten media service providers which in the short to medium term will result in an increased revenue for the City and entity ✓ The EAC approval has been granted to enter into a long term development sale and lease agreement for the a vibrant mixed-use development (Commercial, Retail, Mega Housing, Public Amenities) with an estimated investment of R3.2billion. 	<p>The entity has not achieved 12 (52.%) of twenty-two (22) KPIs due to the following reasons:</p> <ul style="list-style-type: none"> ✓ CAPEX Q1: Spent R81.m (16%) against a budget of R 49.6m. Most CAPEX projects at this stage are committed and will be spent in the financial year. ✓ Targets dependent on transactions reports for leases being approved by Council. Reports have not been approved by Council and also SCM processes that are still underway.

The dashboard below reflects the targets on the corporate scorecard

KPI	JPC Overall Performance			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Achieved	11	11		
Not Achieved	8	12		
KPI at Risk	0	0		
KPI not yet due	4	1		

	Target Exceeded		Target not achieved
	Target Achieved		Not yet due

STRATEGIC PRIORITY: SUSTAINED ECONOMIC DEVELOPMENT

1.1. UNLOCKING INVESTMENTS/BUSINESS THROUGH PROPERTY TRANSACTIONS & DEVELOPMENTS

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
R1.5 billion	R0 investment attracted/ business facilitated within COJ boundaries based on a signed contract	R500million investment attracted/ business facilitated within COJ boundaries based on a signed contract	R500million investment attracted/ business facilitated within COJ boundaries based on a signed contract	R500 million investment attracted/ business facilitated within COJ boundaries based on a signed contract	R1.5billion investment attracted/ business facilitated within COJ boundaries based on a signed contract
Actual	R0 investment attracted/ business facilitated within COJ boundaries based on a signed contract	R100million investment attracted/business facilitated within COJ boundaries based on signed contract			R100million investment attracted/business facilitated within COJ boundaries based on signed contract




Target Not Achieved: The Soweto Gateway transaction was approved by EAC and at this stage, the Development lease agreement is being negotiated and will be concluded in the coming quarter.

STRATEGIC PRIORITY: SUSTAINED ECONOMIC DEVELOPMENT


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

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
R500 million	R125 investment spend on projects within COJ boundaries based on construction value on the ground	R125 million investment spend on projects investment spend on projects within COJ boundaries based on construction value on the ground	R125 million investment spend on projects within COJ boundaries based on construction value on the ground	R125 million investment spend on projects within COJ boundaries based on construction value on the ground	R500 million investment spend on projects within COJ boundaries based on construction value on the ground
Actual	R58 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			R86 509 358.08 investment spend on projects within COJ boundaries based on construction value on the ground

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


1.3. JOB OPPORTUNITIES CREATED

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
1000	250 Job Opportunities Created	250 Job Opportunities Created	250 Job Opportunities Created	250 Job Opportunities Created	1000 Job Opportunities Created
Actual	51 Job opportunities created	63 Job opportunities created			114 Job opportunities created

 **Target not achieved:** SCM process is in the finalisation stage for the repairs and maintenance projects.

1.4. SMME'S SUPPORTED THROUGH PROPERTY TRANSACTIONS

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
700	175 SMME's supported	175 SMME's supported	175 SMME's supported	175 SMME's supported	700 SMME's supported
Actual	34 SMME's supported	34 SMME's supported			68 SMME's supported

 **Target not achieved:** SCM process is in the finalisation stage for the repairs and maintenance projects.

1.5 SSETS VERIFICATION PROJECT

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
100%	0% Asset Verification Project	25% Asset Verification Project	60% Asset Verification Project	15% Asset Verification Project	100% Asset Verification Project
Actual	25% Asset Verification Project	25% Asset Verification Project			50% Asset Verification Project



Target Achieved

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

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
15	0 Analysis of Land parcels that are categorised for leasing	5 Analysis of Land parcels that are categorised for leasing	5 Analysis of Land parcels that are categorised for leasing	5 Analysis of Land parcels that are categorised for leasing	15 Analysis of and parcels that are categorised for leasing
Actual	6 Analysis of Land parcels that are categorised for leasing	11 Analysis of Land parcels that are categorised for leasing			17 Analysis of Land parcels that are categorised for leasing



Target achieved

1.7 NUMBER OF ASSET MANAGEMENT PLANS FORMULATED

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
320	80 asset management plans formulated	80 asset management plans formulated	80 asset management plans formulated	80 asset management plans formulated	320 asset management plans formulated
Actual	80 asset management plans formulated	80 asset management plans formulated			160 asset management plans formulated



Target Achieved

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

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
8	Acquisition of 0 properties	Acquisition of 0 properties	Acquisition of 4 properties	Acquisition of 4 properties	Acquisition of 8 properties
Actual	Acquisition of 0 property	Acquisition of 4 property			4 acquired and transferred to the COJ through the conditions of town establishment



Target Achieved

1.9 RELEASE OF 120 PROPERTIES ON SOCIAL AND ECONOMIC LEASES INCLUDING SERVITUDES AND SALES

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
140	0 Number of properties released on social and economic leases including servitudes and sales	40 Number of properties released on social and economic leases including servitudes and sales	50 Number of properties released on social and economic leases including servitudes and sales	50 Number of properties released on social and economic leases including servitudes and sales	140 Number of properties released on social and economic leases including servitudes and sales
Actual	0 properties released on social and economic leases including servitudes and sales.	18 Properties released on social and economic leases including servitudes and sales			18 properties released on social and economic leases including servitudes and sales.



Target Not Achieved: Transactions have been submitted for approval within the COJ's governance structures and it is envisaged that this KPI will be achieved by the end of the financial year.

1.10 IMPLEMENTATION OF THE OUTDOOR ADVERTISING MASTERPLAN

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
100%	25% implementation of the Outdoor Advertising masterplan	25% implementation of the Outdoor Advertising masterplan	25% implementation of the Outdoor Advertising masterplan	25% implementation of the Outdoor Advertising masterplan	100% implementation of the Outdoor Advertising masterplan
Actual	25% implementation of the Outdoor Advertising masterplan	25% implementation of the Outdoor Advertising masterplan			50% implementation of the Outdoor Advertising masterplan



Target Achieved

1.11 IMPLEMENTATION OF ANNUAL REFURBISHMENT PLAN FOR METRO CENTRE

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



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

1.12 RENEWAL OF OFFICE ACCOMMODATION LEASES

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



Target not Achieved: Currently 15 RFPs are being tabled at Bid Adjudication Committee for office accommodation leases for the COJ and its Entities. New leases are expected to be signed and active in the Third Quarter of 2023/2024.

1.13 IMPLEMENT TRAINING AND DEVELOPMENT INITIATIVES TO ADDRESS COMPETENCY GAPS

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
800	200 Number of employees trained	200 Number of employees trained	200 Number of employees trained	200 Number of employees trained	800 Number of employees trained
Actual	203 employees trained	82 employees trained			285 employees trained



Target not Achieved: The training of functional interventions is currently in progress which is targeting employees at Levels 7, 8 and 11. The following interventions are scheduled: Customer Relations, Business Reporting Writing and Stakeholder Management.

1.14 INCOME GENERATED THROUGH PROPERTY TRANSACTIONS

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
R115 million	R28.75m income raised from acquisition, outdoor advertising, leases, servitudes and sales	R28.75m income raised from acquisition, outdoor advertising, leases, servitudes and sales	R28.75m income raised from acquisition, outdoor advertising, leases, servitudes and sales	R28.75m income raised from acquisition, outdoor advertising, leases, servitudes and sales	R115m income raised from acquisition, outdoor advertising, leases, servitudes and sales
Actual	R18 926 694m income raised from acquisition, outdoor advertising, leases, servitudes and sales	R15 365 955m income raised from acquisition, outdoor advertising, leases, servitudes and sales			R34 292 649m income raised from acquisition, outdoor advertising, leases, servitudes and sales



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

1.15 SPEND OF ALLOCATED CAPEX

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



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

1.16 PERCENTAGE SPENT ON OPERATING BUDGET AGAINST APPROVED OPERATING BUDGET

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
95%	25% Percentage spent on operating budget against approved operating budget	20% Percentage spent on operating budget against approved operating budget	25% Percentage spent on operating budget against approved operating budget	25% Percentage spent on operating budget against approved operating budget	95% Percentage spent on operating budget against approved operating budget
Actual	68% Percentage spent on operating budget against approved operating budget	75% Percentage spent on operating budget against approved operating budget			75% Percentage spent on operating budget against approved operating budget



Target Exceeded

1.17 PERCENTAGE OF SPENT ON REPAIRS AND MAINTENANCE BUDGET

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
8%	0% of spend on repairs and maintenance budget	4% of spend on repairs and maintenance budget	6.4% of spend on repairs and maintenance budget	8% of spend on repairs and maintenance budget	8% of spend on repairs and maintenance budget
Actual	0% of spend on repairs and maintenance budget	13% of spend on repairs and maintenance budget			13% of spend on repairs and maintenance budget



Target Exceeded

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

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



Target Achieved

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

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
50%	0% reduction in unauthorised, irregular, fruitless, and wasteful expenditure incurred citywide	10% reduction in unauthorised, irregular, fruitless, and wasteful expenditure incurred citywide	20% reduction in unauthorised, irregular, fruitless, and wasteful expenditure incurred citywide	20% reduction in unauthorised, irregular, fruitless, and wasteful expenditure incurred citywide	50% reduction in unauthorised, irregular, fruitless, and wasteful expenditure incurred citywide
Actual	0% reduction in unauthorised, irregular, fruitless, and wasteful expenditure incurred citywide	0% reduction in unauthorised, irregular, fruitless, and wasteful expenditure incurred citywide			0% reduction in unauthorised, irregular, fruitless and wasteful expenditure incurred citywide



Target not Achieved: Some UIFW was raised by AG and Management. Investigations to begin in Quarter Three.

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

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
95%	85% Compliance to CoJ service standard	85% Compliance to CoJ service standard	85% Compliance to CoJ service standard	85% Compliance to CoJ service standard	95% Compliance to CoJ service standard
Actual	100% Compliance to CoJ service standard	95% Compliance to CoJ service standard			100% Compliance to CoJ service standard



Target Achieved

1.21 AUDIT OPINION

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



Target Achieved

1.22 PERCENTAGE RESOLUTION OF AUDITOR GENERAL'S FINDINGS

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



Target Achieved

1.23 PERCENTAGE RESOLUTION OF INTERNAL AUDIT FINDINGS

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
95%	95% resolution of Internal audit findings	95% resolution of Internal audit findings	95% resolution of Internal audit findings	95% resolution of Internal audit findings	95% resolution of Internal audit findings
Actual	19% resolution of internal Audit findings	63% resolution of internal Audit findings			63% resolution of internal Audit findings



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

Section 5: Corporate Profile and Overview of the Entity

The City of Joburg Property Company SOC Ltd (JPC) was, in established 2000, as a private company and is wholly owned by the City of Johannesburg (COJ). The company converted into a State-owned Company after the implementation of the Companies Act of South Africa, 2008 (Act No. 71 of 2008). JPC must comply with the legislative framework and reporting requirements applicable to any company in South Africa.

This includes but is not limited to, the Companies Act. As an independent municipal entity, the company is also subject to the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA). The entity has 1528 employees who are based at the Head Office and depots. JPC derives its mandate from a signed service delivery agreement with its sole shareholder, the COJ. The core functions of JPC are:

1. Asset Management

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

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

2. Property Development

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

- Delivering on City objectives – the priorities identified in the Service Delivery Budget Implementation Plan (SDBIP), IDP, and GDS strategy;
- Transforming the property industry – empowering emerging developers and contractors, supporting the City's youth program, and guidance on development for enterprises;
- Creating high-yielding property assets with a sustainable income stream – A large portion of the City's assets are vacant land with inherent low asset value and associated low returns. However, should this value be unlocked through developments, a base of long-term recurring income can be created by facilitating the development of properties with high potential.

3. Facilities Management and Cleaning Services

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

extends to the provision of cleaning services.

4. Property Management

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

Section 6: Strategic Objectives

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



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

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

Mayoral Priorities	JPC's contribution to the priorities included in the annual corporate scorecard:
Sustained Economic Growth	<ul style="list-style-type: none"> • R1.5 billion Investment / Rand value attraction of investment on COJ property • R500 million investment spend on COJ property / Construction value on the ground • Acquisition of 8 properties on behalf of Departments and Municipal Entities for the advancement of City's service delivery objectives.
Job Opportunities Creation	<ul style="list-style-type: none"> • 1000 Jobs opportunities created through property transactions • 700 SMMEs supported through property transactions
Good Governance	<ul style="list-style-type: none"> • Analysis of 15 land parcels that are categorised for leasing opportunities in terms of: <ul style="list-style-type: none"> ❖ Real Estate Market Analysis (Large Land Parcels) ❖ Best Use Studies • Audit Opinion / Unqualified audit opinion (Clean audit) • 50% reduction in unauthorized, irregular, fruitless, and wasteful (UIFW) expenditure incurred citywide • 95% resolution of Auditor General's findings • 95% resolution of Internal audit findings • 100% of valid invoices are paid within 30 days of the invoice date • 100% completion of Outdoor Lease Verification Project • 800 employees trained to address competency gaps • 100% Implementation of Annual Refurbishment Plan for Metro Centre
Financial Sustainability	<ul style="list-style-type: none"> • R115 million income raised from acquisition, outdoor advertising, leases, servitudes, and sales • 95% spent on the operating budget against the approved operating budget • 8% spent on repairs and maintenance to property, plant, and equipment. In respect of JPC Facilities. • 140 properties released on social and economic leases including servitudes and sales • 95% spend of the allocated capital expenditure budget • 320 asset management plans formulated • 100% Implementation of the Outdoor Advertising masterplan • 27 Renewal of office Accommodation Leases
Active and Engaged Citizenry	<ul style="list-style-type: none"> • 95% achievement of service standards



Chapter 2: Governance

Section 1: Corporate Governance Statement

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

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

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

Board Composition & Diversity

At the end of the Mid-Term, the company had ten (10) Directors, nine (09) Non-Executive Directors and one (1) Executive Directors, being the Chief Executive Officer.

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

All the directors bring to the Board a wide range of expertise, as well as significant financial, commercial and technical experience and, in the case of the non-executive directors, independent perspectives and judgement. The tenure of the current Board of Directors is one (1) year, reviewable annually and appointments executed at the AGM. The independence of non-executive directors is periodically assessed by the COJ 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. No external advisers attended the meetings during the period under review.

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

Board Members (Non-Executive Directors)

- Simon Motha (Chairman)
- Enos Sithole (Retired as at 30th November 2023)
- Bettycourt Teffo
- Ellen Rakodi
- Fulufhelo Ratshikhopha
- Londiwe Mthembu
- Mxolisi Zondo
- Ntombikayise Tini
- Sabelo Mtolo
- Tshepang Thatelo

Board Members (Executive Directors)

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

Independent Audit Committee

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

Section 2: Board Committees

Role of the Board

The Board retained full control over the Company and remains accountable to the COJ, the sole shareholder, its stakeholders, and the citizens of Johannesburg. A service delivery agreement (SDA) concluded in accordance with the provisions of the MSA governs the entity’s relationship with the COJ. The Board provides quarterly, bi-annual, and annual reports on its performance and service delivery on behalf of the COJ, as stipulated by the SDA, the MFMA, and the MSA.

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

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

The roles and responsibilities of the Board shall be to:

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

Section 3: Board & Committees Meetings

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

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

- Key Focus Statutory Areas by the Board and its Committees → Approval of the JPC Annual Report & AFS 2022/23
- Approval of the JPC Budget & Business Plan 2023/24
- Approval of JPC Service Delivery Agreement (SDA)
- Approval of JPC Shareholder Compact
- Approval of the Compliance Risk Process
- Approval of JPC the Strategic Risk Register (2023/24)

JPC BOARD & COMMITTEES DELEGATION

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

Cross-Functional Responsibilities

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

The appointment of Board Members is in accordance with the COJ Group Policy on Shareholder Governance. When selecting board members the shareholder has ensured that the Board of Directors wholly supports the development of the JPC's current and future business operations.

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

BOARD AND COMMITTEE MEETING FOR THE PERIOD UNDER REVIEW

MEETINGS HELD DURING IN THE QUARTER	JPC BOARD	AUDIT AND RISK COMMITTEE	TRANSACTIONS & SERVICE DELIVERY COMMITTEE	HUMAN RESOURCES, SEC AND TRANSFORMATION COMMITTEE
MEETING	19 July 2023 01 August 2023 12 October 2023 19 October 2023 27 October 2023	10 July 2023	06 July 2023	10 July 2023
SPECIAL Unaudited AFS and AR	30 August 2023	14 July 2023	06 September 2023	12 July 2023
MMC-CHAIRPERSON'S QUARTERLY Review Meeting and JPC FIRST QUARTER HIGHLIGHT DISCUSSION	01 August 2023 20 October 2023 09 October 2023	22 August 2023	10 October 2023	11 October 2023
Shareholder Board Meeting	28 September 2023	24 August 2023 Special ARC AFS & AR	18 October 2023 Special Transactions	17 October 2023
SHORTLISTING INTERVIEWS GM HCM/ GM INTERNAL AUDIT/ COO	21 July 2023 25 July 2023 22 August 2023	16 October 2023		

MEETINGS HELD DURING IN THE QUARTER	JPC BOARD	AUDIT AND RISK COMMITTEE	TRANSACTIONS & SERVICE DELIVERY COMMITTEE	HUMAN RESOURCES, SEC AND TRANSFORMATION COMMITTEE
	26 September 2023 10 November 2023			
INTERVIEWS GM HCM & GM INTERNAL AUDIT	7 August 2023 11 August 2023	24 November 2023 Special ARC AFS & AR		
SPECIAL BOARD AFS AND IAR	29 November 2023 12 December 2023			
PSYCHOMETRIC REPORT DISCUSSION	26 September 2023 23 November 2023			
MMC & EXECUTIVE MAYOR	28 September 2023			
OFFICE SPACE SITE VISIT	05 October 2023			
JPC STRATEGIC Risk & ASSET REGISTER WORKSHOP	08 November 2023			

Section 3: Entity Remuneration Policy

Entity Remuneration Policy

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

DIRECTORS MEETINGS HELD IN THE QUARTER UNDER REVIEW		
NAME OF DIRECTOR	MEETINGS ATTENDED	EMOLUMENTS
Enos Sithole	29	R278 000
Sabelo Mtolo	21	R202 000
Bettycourt Teffo	14	R152 000
Tshepang Thatelo	19	R176 000
Ellen Rakodi	15	R156 000
Ntombikayise Tini	15	R156 000
Fulufhelo Ratshikhopa	20	R196 000
Mxolisi Zondo	16	R176 000
Londiwe Mthembu	14	R152 000
Xola Lingani	7	R60 000
Yongama Pamla	7	R60 000
Thabang Chiloane	7	R60 000
Rachel Makwela	7	R60 000
TOTAL	191	R1 884 000.00

Disclosure of Interest

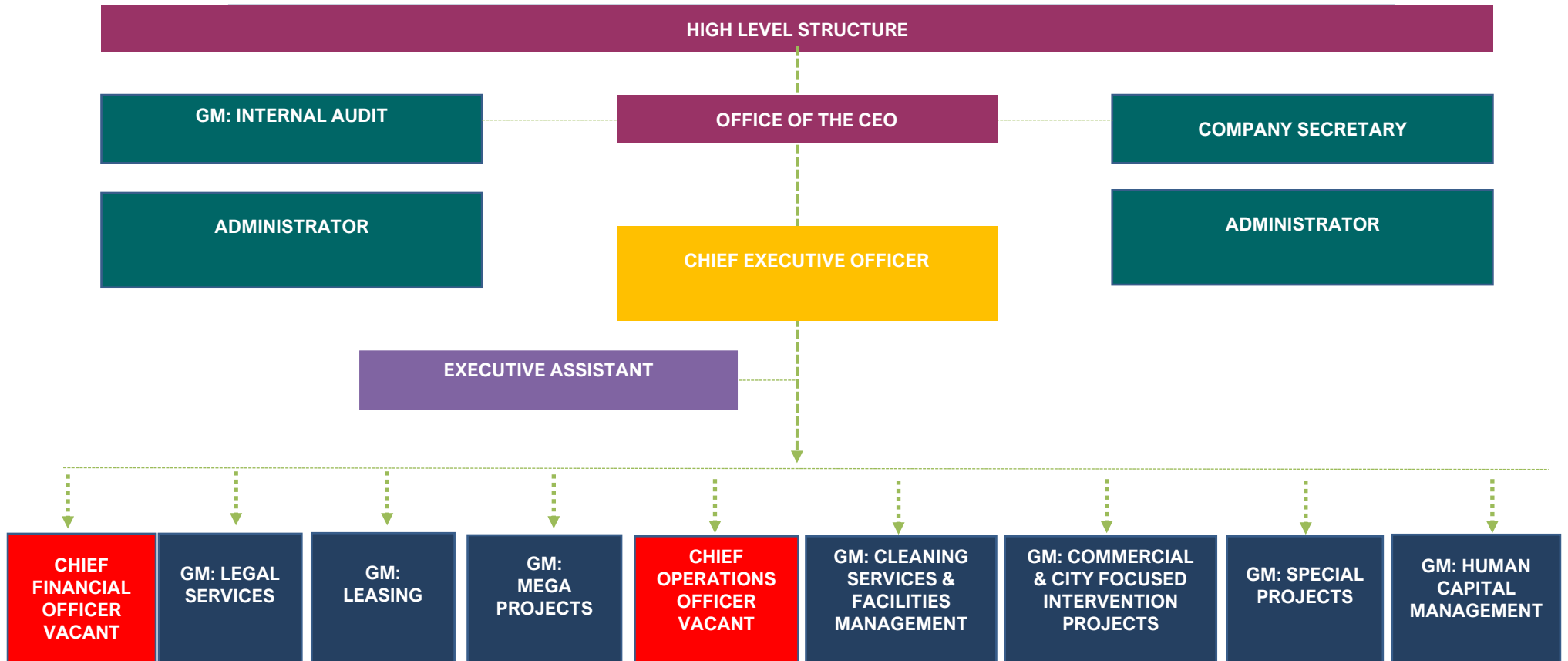
Each time the meeting of the Board or one of its sub-committees convenes, a specific item is included in the agenda in respect of declaration of conflict of interest. During the period under review, there were no conflicts of interests recorded. The attendance registers and declaration of conflict of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

Executive Management Remuneration for the period under review

YTD EXECUTIVE SALARIES AS AT JULY TO DECEMBER 2023											
EMPLOYEE NO.	Name	BASIC SALARY	TRAVEL ALLOWANCE	HOUSING ALLOWANCE	LEAVE ENCHASHMENT	ACTING ALLOWANCE	PERFORMANCE BONUS/13 TH CHEQUE	FINAL LEAVE PAY	NON-PENSIONABLE ALLOWANCE	COMPANY CONTRI.	TOTAL
10005164	Helen Botes	R 1 143 438	R 104 167	R -	R -	R -	R -	R -	R 9 090	R 13 244	R1 269 938
10018008	Sizeka Tshabalala	R 704 295	R 50 000	R -	R 63 689	R -	R -	R -	R -	R 162 251	R 980 235
10018010	Mduduzi Makhunga	R 712 770	R 40 000	R -	R -	R -	R -	R -	R -	R 163 159	R 915 929
10018011	Sipho Mzobe	R 700 448	R 50 000	R 4 539	R -	R 30 943	R -	R -	R -	R 161 231	R 947 161
10018012	Phaqa Mhlongo	R 750 683	R -	R -	R -	R -	R -	R -	R -	R 135 269	R 885 952
10018144	Tshepo Mokataka	R 746 668	R -	R -	R 63 689	R -	R -	R -	R -	R 169 978	R 980 335
10018147	Imraan Bhamjee	R 922 400	R 40 000	R -	R -	R -	R -	R -	R -	R 190 051	R1 152 450
10022875	Dlamini Gontse	R 501 468	R -	R 5 332	R -	R -	R 100 294	R -	R -	R 110 256	R 717 350
10100166	Kgatuke Mathibela	R -	R -	R -	R -	R -	R -	R 132 806	R -	R 1 328	R 134 134
10101510	Sifiso Mabizela	R 445 809	R -	R 4 266	R -	R 48 442	R 81 718	R -	R -	R 98 129	R 678 364
Total		R 6 627 978	R 284 167	R 14 137	R 127 378	R 79 385	R 182 012	R 132 806	R 9 090	R1 204 896	R8 661 848

Mr Kgauke resigned and his leave pay was paid out in the period under review.

High-Level Structure



Section 4: Risk Management

Approach to Risk Management

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

Board Risk Oversight

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

Strategic and Operational Risk Management

The main purpose of the Strategic Risk Assessment was to assist the organisation in identifying and prioritising risks that will impede the attainment of strategic goals articulated in the Business Plan 2023 - 2024.

Implementation and embedding of risk management processes is one of the key tools in ensuring the accelerated execution of strategic objectives and consequently creation of value. With ongoing support and monitoring, the following benefits are anticipated to be reaped out of the implementation of risk management:

- An increased likelihood of achieving the aims, objectives, and priorities;
- Prioritising the allocation of resources;
- Giving an early warning of potential problems;
- Economic, effective and efficient use of resources;
- Fraud prevention; and
- Improvement of audit outcomes.

During the year under review, a Strategic Risk workshop with the EXCO, Audit and Risk Committee members and the Board was conducted in November 2023.

Thirteen (13) Strategic risks were identified that relate to the 2023/24 period. The draft Strategic Risk will be presented to the Audit and Risk Committee and the Board for approval during the second quarter of 2023/24 period.

The Strategic Risk Register has 08 risks identified with the residual risk exposure which are “HIGH” risks making up 62% of the profile with 31% of the risks being “MEDIUM” and “LOW” risks making up 7% of the risks respectively. The ERM processes continued to function as intended through the annual risk management implementation plan to regularly monitor the risk and report every quarter. Adequate oversight was exercised by the Audit and Risk Committee and the Board and through the City of Johannesburg’s Group Risk and Governance Committee. Below are the 13 Strategic Risks identified during the workshop in November 2023.

NO	RISK CATEGORY	INHERENT RISK RATING	RESIDUAL RISK RATING
1	Negative public perception	20	16
2	Incomplete Asset Register	20	16
3	Inadequate acquisition of land to support spatial development framework of COJ	16	15
4	Inadequate Human Capital management	16	15
5	Inadequate facilities management	25	13
6	Inability to maximise revenue	25	12
7	Unhygienic conditions prevailing at COJ buildings	20	12
8	Inadequate Contract Management	20	12
9	Inadequate ICT delivery and electronic storage system	25	11
10	Inability to attract investment	16	10
11	Environmental, Social and Governance (ESG) Risk	16	10
12	Loss of value of city owned land and properties	20	8
13	Non-compliance with legislation, policies and procedures	15	3

Accountability for implementation of Risk Mitigation Plans

- (i) Timelines for implementation of each risk mitigation action plan should be clearly defined in line with the colour rating of each strategic risk i.e. there should be immediate implementation of all “maroon” and “red” risk items; and
- (ii) Identified Action Owners should be held accountable for the implementation of the risk mitigation action items through the Performance Management System.

Revised Strategic Risk Register

RISK DESCRIPTION	CONTRIBUTING FACTORS	IRI	IRL	IRR	EXISTING CONTROLS	CAR	RRR	MITIGATION PLAN/ACTION
1. Inability to maximise revenue	<ol style="list-style-type: none"> Insufficient funds for the organisation. Assets register focus on the basic municipal service meaning it cannot generate revenue. Dependency on the by-laws and planning approval as it relates to land leases. Dependency on city department, public and council for positive comments. 	5	5	25	<ol style="list-style-type: none"> Implementation of Outdoor advertising masterplan which includes emphasis on more outdoor advertising from customers which will improve revenue. Signed SLA with the Department willing to pay for the services rendered on their behalf. JPC has signed a Service Delivery Agreement with COJ which is aligned to financial recovery model with plans for revenue generation. 	3	12	<ol style="list-style-type: none"> Implementation of the outdoor advertising master plan as it depends on the city finalisation of the new by-laws. (GM Leasing) 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 depts.), which includes renewal of lease. Dependency on the COJ assistance (GM Finance). Formalisation of traders' leases and collection of rentals from Informal traders also depended on the Department of Economic Development's informal trading policy. (Senior Manager Informal Trading) - Dependencies on permits.
2. Inadequate facilities Management	<ol style="list-style-type: none"> No OHASA assessments. Inadequate facilities management budget. No conditions based assessments. Lack of resources (Human Capital and service providers) 	5	5	25	<ol style="list-style-type: none"> Asset management Strategy. Asset maintenance schedule. Quarterly conditions-based assessment. 	3	13	<ol style="list-style-type: none"> Asset Life Cycle Management. Facilities assessment. Development of a detailed facilities management plan, 3-tiered facility management plan, a) Day-to-day facility proactive ongoing maintain b) to address findings from the building assessment. Preventative maintenance programmes. Employment and Occupants engagement programmes to encourage proactive reporting. Implement Energy efficiency practices and technologies. Safety and Compliance training. Emergency response plans.

							<ul style="list-style-type: none"> 9. Develop and implement sustainability programmes. 10. Suppliers and contracts management. 11. Facilities management software. 12. Skills development and training. 13. Independent facilities committee. 14. Proactive implementation of Repairs and Maintenance strategies. 15. Acceleration of setting up effective governance structures on OHSA. 16. Quarterly conditional assessment of all the facilities. 17. Quarterly meeting with the stakeholders of the various facilities to identify their needs and problems. Educate the residence about cleanness until it makes sense to them. 18. The JPC approved Organogram be filled with the competent officials in order to effectively execute the CBAs of Corporate Buildings. 19. Engaging with Ohasa department on Ohasa issues. 	
3. Loss of value of city owned land and properties	<ul style="list-style-type: none"> 1. Occupation of CoJ Land by illegal occupiers. 2. Vandalism of CoJ buildings. 3. Lack of verification of COJ Assets. 4. Fraudsters selling land and buildings belonging to the city. 5. Theft and Loss. 6. Fraudulent property transactions. 	5	4	20	<ul style="list-style-type: none"> 1. Compilation of assets register that link to GIS. 2. Detailed categories of non-core assets are marked on the assets register and allocated to relevant departments to manage thereby reducing possible illegal invasion or vandalism. 3. Comprehensive legislation framework that governs the property processes caters for 	3	8	<ul style="list-style-type: none"> 1. Audit and verification of the asset register. 2. Approval and implementation of the Land Strategy and Asset Management Plans. 3. Partner with GFIS, MPD and SAPS on the land invasion strategy. 4. Continuous promotion of fraud prevention and fraud hotline awareness with GFIS. 5. Awareness campaign.

					<p>the use of vacant properties to avoid misuse.</p> <ol style="list-style-type: none"> 4. Implementation of facilities management plan 5. COJ has a dedicated fraud reporting line that enables fraud to be reported by any citizen. 6. Lease and Development of Immovable properties, which COJ does not require presently. 7. Eviction process conducted by JMPD within the prescriptions of applicable law or by laws. 			
4. Unhygienic conditions prevailing at COJ buildings.	<ol style="list-style-type: none"> 1. Lack of adequate budget for harmonising conditions of service of insourced staff. 2. Insourcing. 	5	4	20	<ol style="list-style-type: none"> 1. Engagement with organised Labour at Local Labour Forum to agree on salaries of the cleaners. 2. Managing within available resources 	3	12	<ol style="list-style-type: none"> 1. Reviewing of placing cleaning staff at JPC or obtaining the requisite salary budget from COJ. 2. Implementation of facilities management strategy and assessment of all properties to allow the assessment of repairs and maintenance. 3. Capacitate the cleaning with sufficient cleaning staff, equipment material, cleaning supervisor, and management. 4. Approval and adoption of the hybrid model for cleaning. 5. SLA to be signed with all the city departments regarding the recoverability of the cleaning services rendered. 6. Approval of the hybrid model for cleaning. 7. Monthly cleaning and deep cleaning

								8. Engagement with organised Labour at Local Labour Forum to agree on salaries of the cleaners.
5. Non-compliance with legislation, policies and procedures.	<ol style="list-style-type: none"> 1. Possible unethical Conduct or misconduct or non - performance on the part of staff due to unprofessional behaviour. 2. Lack of training and development. 3. Lack of implementation of best practices. 	3	5	15	<ol style="list-style-type: none"> 1. Taking action in terms of the Disciplinary Policy and Procedure and Code of Ethics and Conduct. 2. Conducting probity and legislative and regulatory compliance reviews of all processes. 3. Quarterly JPC Compliance Checklist in place to assist with areas on non-compliance. 4. Post Board approval transactions are expedited by Client Business Organisation and feedback from Committees are given post meetings to ensure timeous enforcement of reports. JPC Service standards. 	3	3	<ol style="list-style-type: none"> 1. Monitor changes in labour and statutory laws, and ensure adherence. 2. Ongoing Probity and regulatory and legislative compliance reviews of bid processes. 3. Quarterly reporting on JPC compliance checklist. 4. Quarterly reporting on JPC compliance checklist. 5. HR Conducting awareness workshops annually. 6. Reviewing all the policies annually. 7. Update JPC Compliance Management Framework which is aligned to the City-Wide Compliance Management Framework. 8. Consequences management to be implemented. 9. Work with GFIS on fraud corruption issues and implement based on consequence management measures.
6. Inability to attract investment.	<ol style="list-style-type: none"> 1. Depressed National economic conditions. 2. Slow recovery of property sector. 3. Lack of inhouse skills 	4	4	16	<ol style="list-style-type: none"> 1. JPC searches for Developers nationally and even internationally. 2. Repackaging property transactions to address the market conditions and needs. 3. Created investors prospectus for the properties being released to the market. 	3	10	<ol style="list-style-type: none"> 1. Hold an investors property conference/summit to attract investors to the City. 2. Timeous evaluation and adjudication of RFP, RFQ and POP. 3. Timeous conclusion of the property development agreement and leases. 4. Property summit. 5. Ensure legal compliance bid specification.

7. Inadequate Contract Management	<ol style="list-style-type: none"> 1. Inadequate capacity and skills. 2. Lack of an automated system. 3. Decentralised contract management. 	5	4	20	<ol style="list-style-type: none"> 1. Quarterly report on state of contract management in JPC presented to ARC and Board. 2. Manual use of spreadsheets to track contracts and perform contract management. 	3	12	<ol style="list-style-type: none"> 1. Budget to be secured for Legal Services to appoint dedicated Contract Management officials. 2. Portfolio management will appoint dedicated staff to manage and monitor new and current leases of facilities. 3. Integrated automated contract management system to be implemented.
8. Inadequate ICT delivery and electronic storage system	<ol style="list-style-type: none"> 1. Lack of budget for ICT infrastructure and lack of private cloud computing. 2. System in place Pims does not cover all units- only used for property storage. 3. Inadequate document storage 	5	5	25	<ol style="list-style-type: none"> 1. Capex Budget 22/23 has been made available for upgrading and capacitation of cloud computing storage (SAN) for records management both in the production environment and Disaster recovery site in Bryanston. 2. The system (e.g PIMS) are in place that employee can utilised, New employees are trained when they join . 3. IT Policies, IT How Manuals and IT Procedures are loaded on the intranet for employee awareness. 4. IT has enlisted in Microsoft cloud computing training for the JPC IT support program is underway for Azure product certification sponsored by COJ IT. 	3	11	<ol style="list-style-type: none"> 1. A Project for ERDMS and POPI at SCM awaiting dates from BSC, this project will extract business analytics for every documented process within-in each department in order to extract a methodology and framework that will incorporate electronic documents and records management with POPI/A compliance and regulatory compliances. 2. Additional training would be required on new employees to use the system. 3. HR induction pack for all new recruits, that should also cover IT induction to JPC. 4. SLA signed with the Group ICT to assist with the following: <ul style="list-style-type: none"> - IT Governance - IT Software and Helpdesk - IT Hardware
9. Negative public perception	<ol style="list-style-type: none"> 1. No Training of staff on stakeholder management due to lack of budget and capacity. 2. Negative media reports about JPC based on the 	5	4	20	<ol style="list-style-type: none"> 1. Stakeholder Matrix has been drawn to address stakeholder management. 2. Service Standards have been agreed between JPC and the City to reduce negative Brand reputation. 	3	16	<ol style="list-style-type: none"> 1. Re-establishment of marketing communications unit. 2. Integrate internal and external communication channels through policy and strategy. 3. communicate clear Change management processes. 4. Rebrand the organisation.

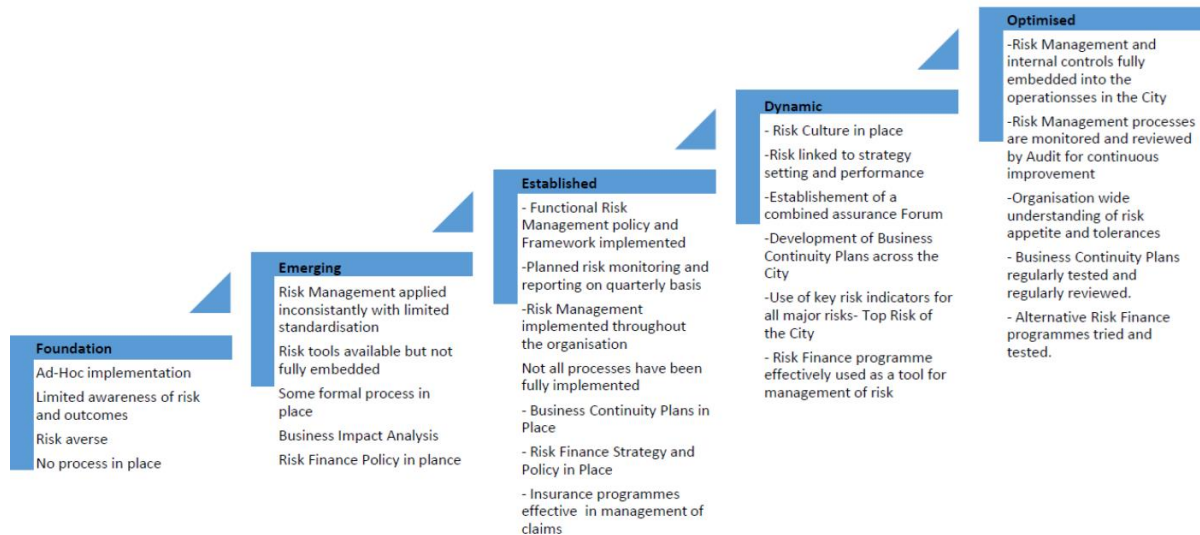
	<p>historical events at the organisation.</p> <p>3. Inadequate internal and external stakeholder management.</p> <p>4. Inability to influence the narrative.</p> <p>5. Lack of synergy between shareholder and JPC</p>				<p>3. JPC conducts Site Inspection to engage with stakeholders in City properties.</p> <p>4. JPC Participates in the City's Committees and attends regional meetings to understand stakeholder concerns.</p>			<p>5. Cascade down the stakeholder matrix to all JPC employees.</p> <p>6. Implementation of business processes and systems integration (link the JPC Call Centre to PIMS, TRIM) which will improve the tracking and monitoring of stakeholder and client inquiries.</p> <p>7. Conduct roadshows on the COJ Asset per regions.</p> <p>8. Client Business Organisation (CBO) to Responds timeously to all the queries.</p> <p>9. External stakeholder engagement aligning JPC strategic objectives.</p> <p>10. Property indaba and outdoor adverts.</p>
10. Inadequate acquisition of land to support spatial development framework of COJ.	1. Lack of strategy for acquisition of strategic land parcels for the city.	4	4	16	<p>1. Applicable Legislation in respect of Land Acquisition.</p> <p>2. Spatial Development framework, which partially addresses land acquisition.</p>	3	15	1. Approval and implementation of Land strategy.
11. Inadequate Human Capital management.	<p>1. Lack of HR capacity.</p> <p>2. Lack of Succession Planning.</p>	4	4	16	<p>1. Critical vacancies are prioritised to minimise the impact to service delivery.</p> <p>2. Policies and procedures updated and communicated regularly to all employees.</p>	3	15	<p>1. Implement of a wellness programme.</p> <p>2. Approval of the wellness strategy.</p> <p>3. Approval of the HR policies.</p> <p>4. Review corporate KPIs.</p> <p>5. Review the HR strategies.</p> <p>6. Review and implement all organization policies.</p> <p>7. Review and implement organizational structure in line with the strategy.</p> <p>8. Ailing the strategic objective to perform deliverables and outcomes.</p> <p>9. Review the performance target for the whole organization.</p> <p>10. Appointments of all the critical vacancies.</p> <p>11. Develop a consequence framework for non-performance.</p> <p>12. Develop employee wellness and initiative team building.</p> <p>13. Develop and implement the delegation of authority throughout the company.</p>

								14. All employees to be informed about the outcome of all disciplinary cases to increase. 15. Employment wellness.
12. Incomplete Asset Register.	1. Lack of implementation of land strategy. 2. Reconciliation challenges 3. Technological limitations	5	4	20	1. Management review of the Asset Register		16	1. Asset register must be checked quarterly
13. Environmental, Social and Governance (ESG) Risk	1. Buildings that are not compliant with Environmental rules Extreme weather	4	4	16	1. Compliance with regulatory requirements on ESG issues 2. Testing of Business Continuity Management Plans		10	1. Comprehensive ESG policy to be drafted and implemented within the organisation

RIS MATURITY ASSESSMENT

APPROACH

The risk unit conducted a Risk Maturity Assessment using the Maturity Model outlined in the COJ Enterprise Risk Management Framework. The Maturity Model allows COJ entities to use a single, effective risk management framework to manage their risk management program while providing reports to meet any standard their internal or external stakeholders require. The model can be summaries as follows:



we assessed the ERM program at JPC at the “**Established**” maturity level.

RISK MATRIX

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

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

Section 5: Company Secretarial Function

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

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

Section 6: Internal Audit Function

JPC's Internal Audit department has a specific mandate from the Audit and Risk Committee (ARC) to independently appraise the adequacy and effectiveness of the company's systems, financial internal controls, and accounting records. Internal Audit findings are reported to management, the ARC, and the Auditor General.

The internal audit coverage plan is based on the high-risk areas of the organisation as identified in the strategic risk register and operational risk registers. The coverage plan is updated annually, based on the risk assessment and results of the audit work performed. Detailed activities of the Internal Audit unit during the period under review are provided in Chapter 6.

Section 7: Sustainability Report

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

Section 8: Anti-corruption and Fraud

JPC has zero tolerance for fraud and corruption and related irregularities. This is in line with the JPC Anti-Fraud Policy. This Policy is compliant with the Prevention and Combating of Corrupt Activities Act, 2004, and its related regulations. It is also aligned with the anti-fraud policy of the shareholder.

Section 9: IT Governance

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

The IT governance framework adopted is based on the ITIL (Information Technology Infrastructure Library) framework, which is a subset of the Control Objectives for Information and Related Technologies (COBIT) framework and is widely used in governments internationally.

Section 10: Compliance with Laws and Regulations

The board is responsible for ensuring that the Johannesburg Property Company complies with applicable laws, regulations, guidelines, and standards per its identified compliance universe. The company has a Compliance Risk Framework, which guides the process of managing compliance risks. This compliance risk process is as prescribed by the Compliance Institute of South Africa (CISA) and includes identification, measurement, management, and monitoring.

The focus areas is on 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 in order to ensure compliance with core Acts and to ensure that adequate and effective controls are in place and regularly monitored.

At each Audit and Risk Committee meeting, an update on compliance is presented. This update includes significant legislative developments within the environment in which JPC operates. Key areas of non-compliance, if any, are also brought to the attention of this committee.

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

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

During the 2nd quarter of 2023/2024, there were 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

Irregular and fruitless Expenditure

During the 2nd quarter of 2023/2024, the entity has no Fruitless and Wasteful expenditure however, the entity identified irregular expenditure of R82 266 797. 00. The incidents that gave rise to the Irregular expenditure and Non-compliance with MFMA:

- Deviation not meeting the Regulation 36 requirement - R80 197 753 (Leases).
- Contract Expired. The City to take over the process - R2 069 044 (Internet Solution).

Failure to pay Service Providers within 30 days

During the 2nd Quarter of 2023/24, there were no invoices paid after 30 days.

Declaration of interest

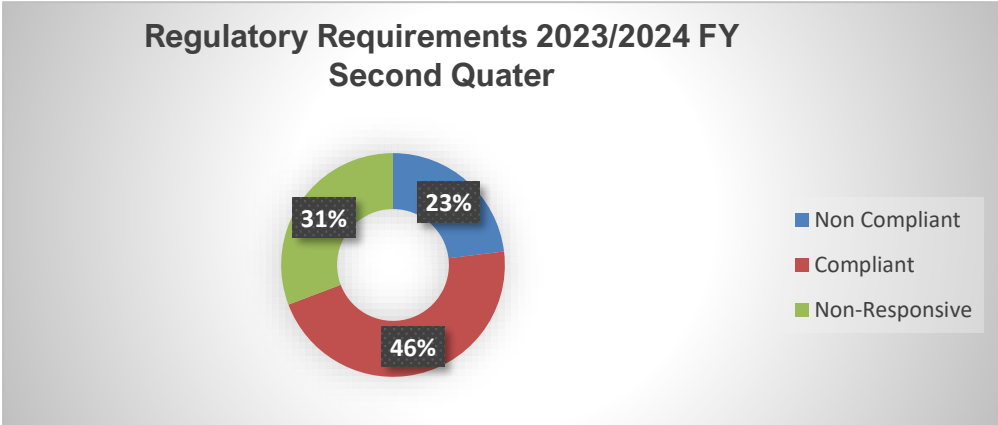
During the 2nd Quarter of 2023/24, 66% of employees declared their interest.

Compliance with Core Acts

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

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

Management performs a quarterly assessment on the level of compliance with key legislation to ensure that adequate and controls are in place and implemented accordingly. Below is a graph summary in terms of compliant with the acts and legislations.





Chapter 3: Service Delivery & Performance

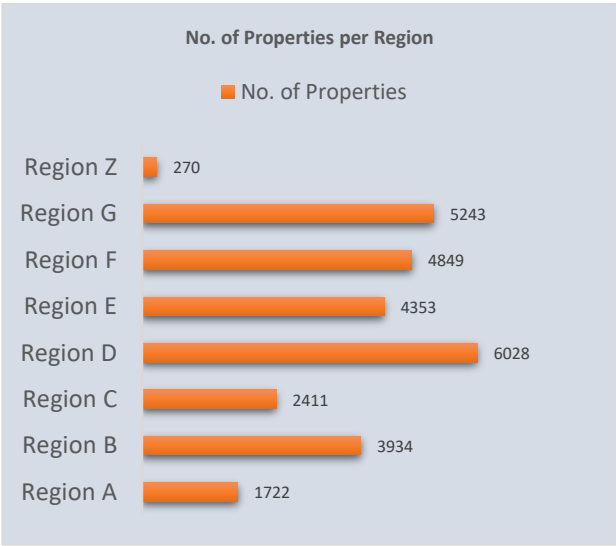
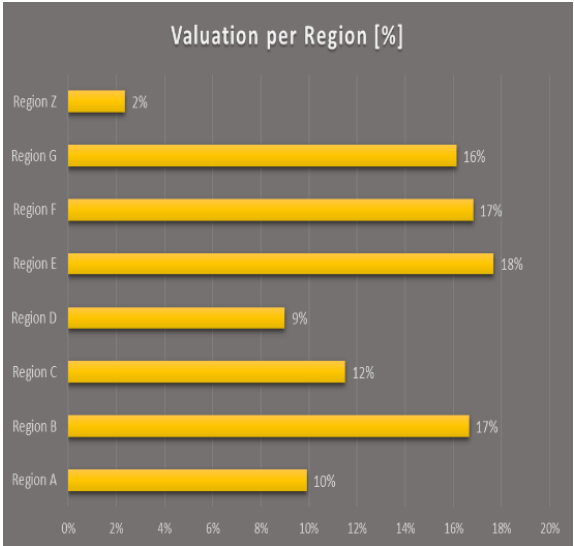
Section 1: Leasing Department

Section 1.1: Asset Management

The portfolio of the City has a total value of R10.1 billion and it comprises of 28 810 properties as at the quarter ending 31 December 2023. The table below illustrates a high-level summary, which outlines the number of properties and value per region.

Region	No. of Properties	Value %	Historical Book Value
Region A	1 722	10%	R1 004 306 799.28
Region B	3 934	17%	R1 688 160 683.10
Region C	2 411	12%	R1 166 595 656.38
Region D	6 028	9%	R910 447 841.97
Region E	4 353	18%	R1 792 542 308.18
Region F	4 849	17%	R1 706 757 130.97
Region G	5 243	16%	R1 635 131 572.53
Outside COJ	270	2%	R237 102 271.01
Grand Total	28 810	100%	R10 141 044 263.42

Region D has the highest number of Council properties at 6 028, followed by Region G, which reflects 5 243 properties, Region F showing 4 849 properties, then by Region E at 4 353 properties, while Region B reflects 3 934 properties. Region C is the second lowest with 2 411 properties followed by Region A, which has the least number of properties at 1 722. A graphical outline of the summary portfolio of properties is outlined below



Regions E, F and B represent the highest value expressed as a percentage of the total value of City owned properties at 18%, 17% and 17% respectively, totaling 52% of the value of the entire portfolio. Region G is the fourth highest in value at 16%, followed by Region C at 12%, Region A at 10%, while Region D is the least at 9%, which is due to a large number of residential holdings which are inherently lower in valuation.

ASSET REGISTER MOVEMENTS

The following tables illustrate the movements and updates of the Asset Register in relation to the property transfers that occurred during the mid-term of the 2023/2024 financial year.

MONTHLY MOVEMENTS BY QUANTITY

Movement Category	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Total
Acquisitions	1582	122	48	4	1	0	1757
Disposals	-78	-74	-47	-34	-447	0	-680
Net Movement	1504	48	1	-30	-446	0	1077

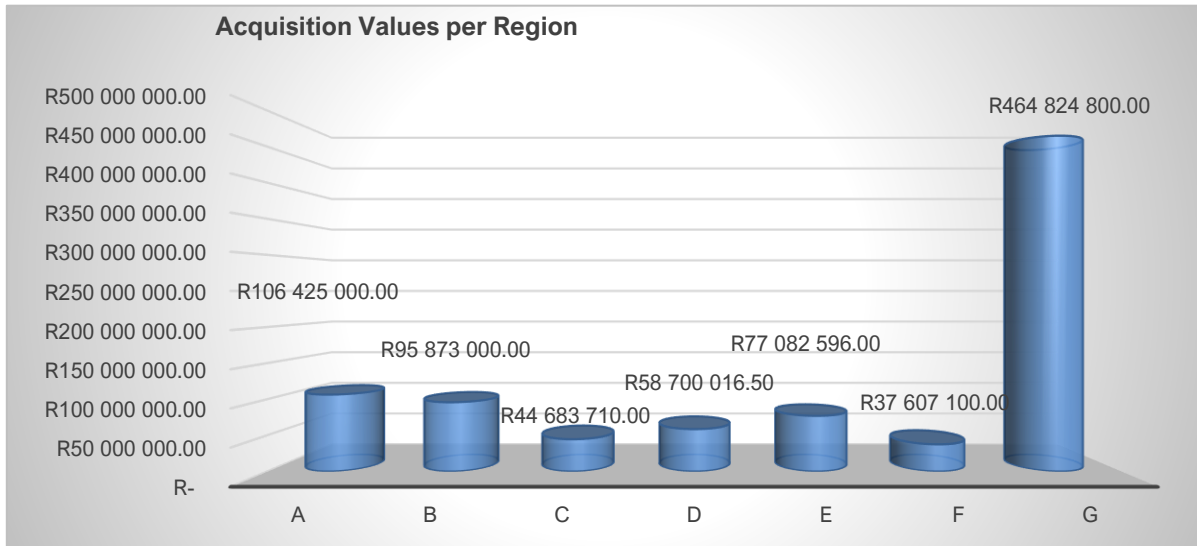
MONTHLY MOVEMENTS BY VALUE

QUARTER ONE	MOVEMENT CATEGORY	JUL-23	AUG-23	SEP-23	TOTAL
	ACQUISITION	R440 264 000.00	R327 389 460.00	R57 679 00.00	R885 196 222.50
	DISPOSAL	-R2 551 74.00	-R4 844 497.20	-R56 822 50.00	R-125 166 759.08
	TOTAL	R437 712 26.00	R322 544 62.80	R856 650.00	R760 029 463.42

QUARTER TWO	MOVEMENT CATEGORY	OCT-23	NOV-23	DEC-23	TOTAL
	ACQUISITION	R17 907 262.50	R41 956 500.00	R0.00	R885 196 222.50
	DISPOSAL	-R18 579 207.88	-R42 368 730.00	R0.00	R-125 166 759.08
	TOTAL	R-671 945.38	R-412 230.00	R0.00	R760 029 463.42

ACQUISITIONS

One thousand seven hundred and fifty two (1 757) properties to the value of R885 196 222.50 were taken on during the reporting period as follows: 49 properties were transferred to the CoJ through the conditions of township establishment, 123 properties were vested to the CoJ, 1 582 properties were devolved by the Gauteng Provincial Government, while 3 properties were taken on as a result of consolidations. These properties are situated in Regions A, B, C, D, E, F and G. The regional representation of the properties is outlined on the graph below.



DISPOSALS

Six hundred and eighty (680) properties to the value of R125 166 759.08 were disposed of in the reporting period as follows:

Housing Conversions

One hundred and eighty-four (184) 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 of 110 properties that are full title residential houses and 74 sectional title units.

Land Regularisation

One (1) church and three (3) shops were transferred to entitled beneficiaries in terms of the conversion of rights governed by the Conversion Act 81 of 1988.

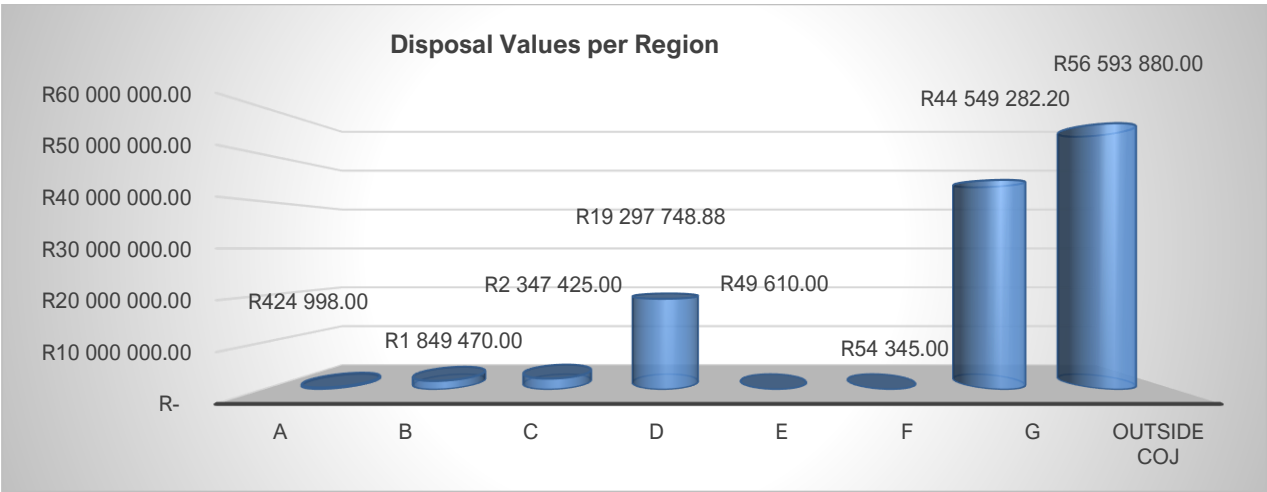
Ekurhuleni Properties

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

Consolidation of Properties

Four hundred and fifty-seven (457) properties were subjects of consolidation.

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



NET MOVEMENTS

This section provides an indication of the movement impact on the value of the Asset Register. The reporting period shows a positive net movement of R760 029 463.42, which translates to an increase of 7.49% of the entire portfolio as outlined on the table below.

NET ASSET REGISTER MOVEMENT IN VALUE			
MONTH	OPENING BALANCE	MOVEMENT	CLOSING BALANCE
JUL-23	R9 381 014 800.00	R437 712 026.00	R9 818 726 826.00
AUG-23	R9 818 726 826.00	R322 544 962.80	R10 141 271 788.80
SEP-23	R10 141 271 788.80	R856 650.00	R10 142 128 438.80
OCT-23	R10 142 128 438.80	R-671 945.38	R10 141 456 493.42
NOV-23	R10 141 456 493.42	R-412 230.00	R10 141 044 263.42
DEC-23	R10 141 044 263.42	R0.00	R10 141 044 263.42
NET MOVEMENT		R760 029 463.42	
		7.49%	

ASSET MANAGEMENT PLANS

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

Service delivery includes the accomplishment of government objectives, especially where immovable assets are used for land reform, economic empowerment, alleviation of poverty, the creation of jobs, and

transformation. JPC recognizes that strategic asset management is necessary for the successful long-term operation of its projects.

Asset Management Plan may include the following:

- **Acquisition Plans:** An acquisition plan contains a summary of current or proposed acquisitions, as informed by the City’s service delivery objectives.
- **Disposal Plans:** A disposal plan includes properties that may no longer support the service delivery objectives of the City or surrendered to 3rd Parties to support other service delivery objectives.
- **Leasing Plans:** Leasing plans include properties that are in the process of being leased out to 3rd Parties for revenue generation purposes.

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

Eighty (80) Asset Management Plans were formulated during the first quarter of the 2023/24 financial year in the form of disposal plans (sale/lease/development). The table below provides a regional summary of the plans.

Region	No of AMP's
Region A	7
Region B	14
Region C	06
Region D	12
Region E	10
Region F	28
Region G	03
Total	80

Section 1.2: Informal Trading

INCOME COLLECTION

During the reporting period for the mid-term ending December 2023, the Informal Trading Unit has collected R630 610.91 for the stalls and shops occupied by Traders. The table below depicts the summary of the income collected per month showing that the collection levels have decreased when compared to the previous quarter.

NO	FACILITY NAME	INCOME COLLECTED					
		JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
1	Metro Mall Informal & Formal Shops	R54 465.10	R57 060.00	R43 322.55	R89 970.00	R62 972.55	R41 780.00
2	Advertising & Promotions	R0.00	R25 424.09	R0.00	R0.00	R0.00	R0.00
3	Fleet Africa	R0.00	R800.00	R0.00	R0.00	R0.00	R0.00
4	Kliptown Informal & Formal Shops	R460.00	R280.00	R220.00	R460.00	R220.00	R360.00
5	Streets Traders	R17 990.00	R18 400.00	R14 060.00	R13 521.00	R9 100.00	R13 150.00
6	Hillbrow	R8 810.00	R4 410.00	R6 270.00	R1 760.00	R14 764.77	R430.00
7	Yeoville	R350.00	R650.00	R2 040.00	R0.00	R470.00	R350.00
8	Fordsburg	R16 263.60	R11 782.60	R5 869.60	R620.00	R10 612.60	R5 382.60
9	Bara & Formal Shops	R3 730.00	R15 390.00	R4 210.00	R10 139.60	R3 460.00	R1 810.00
10	Jeppe	R0.00	R0.00	R600.00	R3 640.00	R0.00	R0.00
11	Lenasia	R0.00	R0.00	R250.00	R0.00	R0.00	R0.00
12	Faraday Formal & Informal	R0.00	R500.00	R450.00	R250.00	R600.00	R0.00
13	Doornfontein	R0.00	R350.00	R400.00	R150.00	R0.00	R0.00
14	Rosebank	R610.00	R480.00	R0.00	R300.00	R1 020.00	R750.00
15	Big Ben	R0.00	R150.00	R250.00	R950.00	R150.00	R0.00
16	Kwa Mai Mai	R2 890.00	R5 151.00	R850.00	R0.00	R2 632.00	R1 543.00
17	Midrand	R250.00	R250.00	R3 015.00	R4 039.25	R0.00	R250.00
18	Alexandra	R0.00	R0.00	R0.00	R250.00	R0.00	R0.00
19	Diepsloot	R400.00	R650.00	R850.00	R700.00	R400.00	R1 050.00
20	Various Formal Traders	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00
Total		R106 218.70	R141 727.69	R82 657.15	R126 749.85	R106 401.92	R66 855.60

STAKEHOLDER ENGAGEMENT

- Trader Summary Breakdown per facility:** The Facility with the highest number of vacancies is Kilptown (296 vacant stalls) followed by Lenasia (251 vacant stalls). Most of the traders are currently not paying the expected rentals. The verification of the rent roll was halted subsequent to the approval of the informal Trading policy. The policy is currently in the process of being implemented and JPC is instrumental in ensuring that the aspects of real estate are taken care of e.g. leases.
- Leasing of Shops and Stalls located at various public transport facilities and traders markets:** JPC is currently supporting DED in the process of ensuring that the permit system is piloted for ease of verification of Traders. Once the pilot is complete during this quarter under review it is envisaged that the roll out of the permits will occur in the coming quarters, however this is dependent on DED. Until then no leases will be entered into at this stage.
- Verification of Informal Traders:** Verification of traders in our facilities is pivotal and will further boost the effort to reduce or eradicate sub-letting and selling of stalls between informal traders in our facilities. Furthermore, this effort will assist in the collection of revenue through the issuing and signing of leases amid the roll out of informal traders permit system by DED. It can therefore be reported that

49% verification of traders has been concluded during the mid- term under review. The process of verification is being spearheaded to ensure that JPC will be ready to focus on motivating for entering into leases through EAC when DED rolls out permit system. It must further be highlighted that once leases are signed JPC will be in a position monitor the occupants based on the updated rent roll and this will culminate into reduction of suspense account and reduction of arrears.

- **Dobsonville:** A meeting was held on 10 November 2023 with the Dobsonville interim committee to discuss occupation of the facility and subsequent allocation of informal traders by DED. DED issued out notices of a general meeting to the Dobsonville traders on 14 November 21, 2023 at the Kopanong hall to outline the following;

- The informal trading policy (process of allocation)
- Date of allocation of traders
- Election of market committee
- Issuing of permits
- And signing of leases



- **Mayoral visit to Lenasia transport facility:** On the 17 November 2023 the Mayor of Joburg conducted a walk about with different entities and departments of the City in Lenasia CBD including the Transport facility (taxi rank). Issues raised during the visit were as follows:
 - The facility was not fenced
 - Vagrants living in the administration office
 - Lack of security
 - No electricity in the newly built stalls
 - The mayor instructed JMPD to remove the vagrants and that the administration block must be handed over to JMPD to guard going forward.

CHALLENGES

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

- Inadequate capacity to secure and maintain the cleanliness of the facilities.
- Lack of repairs and maintenance of the facilities by Transportation Department.
- Ageing of some of the Markets and Transport Facilities.
- Competition amongst Informal Traders and Taxi Operators for the space to operate.
- Some resistance and lack of willingness to enter into leases by some of the Traders.
- Sense of entitlement by some of the Traders who wants to claim family inheritance of the municipal stalls as this is a prevalent phenomenon in some of the Markets.
- Subletting of Trader stalls.

- The intended imminent takeover of the management of certain aspects of Transport Facilities by Taxi Associations.
- Continuous burglaries due to lack of security.
- Crime inside our facilities such as pick pocketing, robberies etc.

MITIGATION MEASURES

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

Section 1.3: Property Management

MATTERS WITH ATTORNEYS FOR FINALIZATION

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

TRANSACTIONS TO BE TABLED AT MAYORAL

Seventy-Four (74) transactions to the value of R20 767 000.00 for sales/road closures and R347 928.00 per month for leases respectively are envisaged to be tabled at the next Mayoral Committee meeting. The transactions are in all regions.

LEASE REGISTER SUMMARY PER REGION

Below is a summarised Lease Register for various leases within the Regions.

REGIONS	COMMERCIAL LEASES	SOCIAL SPORTS AND RECREATION	COMMUNITY FACILITIES	PTOB'S	ENCROACHMENTS	TOTAL NO, OF LEASES
REGION A	5	2	5	5	0	28
REGION B	82	58	0	8	12	192
REGION C	14	14	4	18	9	71
REGION D	53	0	24	12	0	89
REGION E	135	0	15	20	27	199
REGION F	214	52	0	42	50	500
REGION G	15	0	9	4	3	46

Section 2: Commercial and City-Focused Interventions Projects

Section 2.1: Development Facilitation Unit

ACQUIRED PROPERTIES

The following properties were acquired on behalf of the Human Settlement Department in the period under review.

NO.	PROPERTY DESCRIPTION	AMOUNT	COMMISSION
1	Ptn 1 of Erf 560 Coronationville	R1 990 000.00	R199 000.00
2	Erf 1238 Crosby		
3	Re of Erf 1241 Crosby		
4	Re of Erf 1242 Crosby		

SERVICE DELIVERY (RELEASED PROPERTIES)

The 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. The following properties were released to the Departments by means of Permission To Occupy and Build (PTOB) agreements:

#	PROPERTY DESCRIPTION	DEPARTMENT
1	PORTION 34 OF THE FARM KLIPFONTEIN 203 IQ	PIKITUP
2	ERF 1036 KLIPSPRUIT WEST EXT 3	PIKITUP
3	PORTION 78 OF THE FARM JOHANNESBURG 91 IR	COJ TRANSPORT DEPARTMENT
4	ERF 1856 HIGHLANDS NORTH	COJ COMMUNITY DEVELOPMENT DEPARTMENT
5	ERVEN 289, 290, 305, 306, 241, 242 AND 243 VREDEDORP (Temporary Permission to Occupy and Build)	COJ HUMAN SETTLEMENTS DEPARTMENT

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

Thirteen (13) management agreements for sanitary lanes by the adjoining property owners for access, parking and gardening purposes have been finalised.

PROJECTS AT CONSTRUCTION PHASE/STAGE

ERF 53 ALAN MANOR

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

The lifestyle complex will comprise 83 Units. This two story-building project comprises of four residential typologies, two bedroomed units and one and a half beds.



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

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



As part of the Jabulani CBD Precinct, the Jabulani Development Company Pty Ltd together with Calgro M3 have initiated plans of developing rental housing units in partnership with International Housing Solutions on the proposed Portion 15 of Erf 2612 Jabulani Extension 1 (Parcel A). The land parcel is located directly below/ to the south of the Soweto Theatre site and is bordered to the west by Legogo Street. The Estimated development value is R 270 million.

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

- Blocks 9, 10 & 11 underwent their final inspection in June 2023.
- Currently the developer is busy with the handovers for the various units that were sold in the first phase of the development, 55% of the 396 units have been sold to date.



- Construction of the second phase, which is 180 units will commence once 90% of the 396 units have been completely sold and transferred.
- The value of work done including spend to-date is R 218.5 million (excluding Vat).

RIVERSIDE VIEW MEGA HOUSING DEVELOPMENT – DIEPSLOOT

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



The total residential yield is approximately 10 414 residential units with 3113 single residential GAP/FLISP units, approximately 4332 high density walk up RDP units and approximately 2969 high density walk up Rental units. To date 10 089 units have been completed. The units comprise of the following mix - Registered/Completed/Occupied to date: The project will be completed over the next 2 years, reason being Joshco's unavailability of budget to complete the Joshco units. We are completing the last FLISP units next year.

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

Still to be Registered/Completed/Occupied

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

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

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

PATERSON PARK (VICTORIA)

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

Progress to date is as follows:

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

TARGETED MILESTONES FOR 2023:

- RFP for the appointment of the Development Facilitator for the relocation of the depots bid evaluation by no later than end of October 2023.
- RFP (first phase of 744 mixed income residential development) for development and sale/ long-term lease of the site to be released in the Fourth quarter of 2023/2024.

Section 3: Facilities Management and Cleaning Services

Section 3.1 Facilities Management Unit

PROJECTS PROGRESS TO DATE

PROGRESS ON PROJECTS			
PROJECT NAME	PROJECT TYPE	PROJECT STATUS	PROJECT BUDGET
Public Convenience Facilities (Phase 01)	Repairs & Maintenance	Repairs of 20 PCs completed	R10 000 000.
Metrobus	Repairs & Maintenance Emergencies worth R11 681 857.48	Repairs & Maintenance (repairs of carports @Metrobus Head Office) RFQ 73 worth R88 000.00	R 2 000 000.00
Group Finance	Repairs & Maintenance Emergencies was worth R840 605.13	No Projects were executed.	R 6 756 000.00
Health Department	Repairs & Maintenance	Repairs of 7 Regions (various Clinics) R7 982 988.68 including Emergencies	R15 000 000.

Section 4: Mega Projects

Section 4.1: Development Projects

SOUTHERN FARMS

The Southern Farms mega project development 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 are designed to be self-sustaining human settlements that integrate into the Larger Southern Farms Development.

The Precincts will have the following components/mix:

- Residential (bonded, FLISP, rental, RDPs / site and services)
- Public facilities and infrastructure such as government schools, government social amenities, EMS, government hospitals and clinics, municipal offices, etc.
- Private land uses such a retail, commercial, industrial-warehousing, medical (private), short-stay accommodation, trade and automotive, etc.
- The estimated total number of residential units is 32 575.

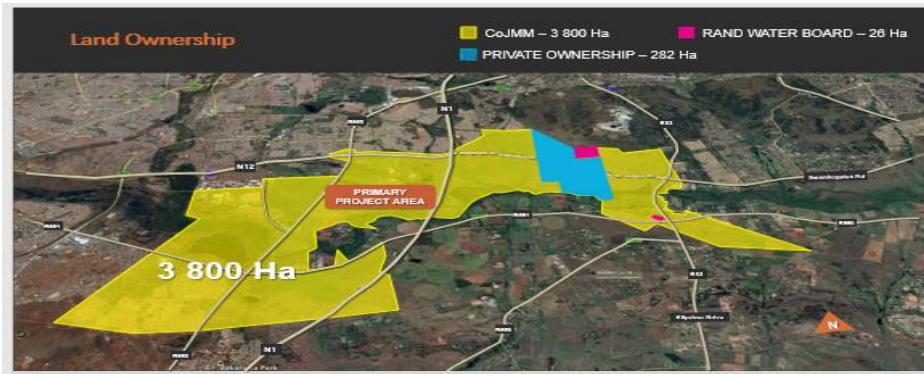
PHASE 1 – PRECINCTS A1, A2 & C1, C2 & C3

The yields for Phase 1 is as follows:

- Total number of residential units = 12 364
- Types of units:

- Multi-storey RDP's = 4495
- Res. 3 multi-storey FLISP = 4819
- Res. 1 single storey FLISP = 3173

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.



Project Area and Ownership



Developable Land

PROGRESS TO DATE IS AS FOLLOWS:

- Section 14(2) obtained.
- Stage 1 of the 2 stage appointment is concluded as per the council resolution.
- Stage 2 entailed a detailed environmental sensitivity analysis of the Southern Farms study area including a range of specialist studies to inform which areas need to be preserved and maintained as environmentally sensitive land and which areas to be used for integrated development. A Business Precinct Plan was developed and workshopped with all stakeholders and approved by Council.

Stage 2, which is the implementation of the entire of the Southern Farms Development by the VS/JV is underway. A Letter of Award was given to the VS/JV on 14th October 2022 and a Land Availability and Development Agreement which was signed on 18 May 2023.

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

- Township establishment applications for Phase 1 of the development was submitted to Planning for processing and approval around July 2023, with anticipated approval of the said application in February/April 2024.
- Following this approval, bulk and internal infrastructure will commence around April 2024.
- VS/JV to enter into a Funding Agreement with the Department of Human Settlements for USDG and HSDG funding for the planning, design and construction of all bulk and internal services.
- The City of Joburg through the Department of Housing has secured some budget for this financial year and will proceed to budget and provide USDG funding for the bulk and link infrastructure program for the Southern Farms Project.
- Scoping Reports have been submitted to GDARD for Precincts A1, A2, C1, 2 & 3 for the Environmental Approval. This approval is expected sometime in June 2024.
- A water Use License Application (WULA) for Precincts C1 to C3 has been submitted and has moved to Stage 3 of the WULA Application process and is awaiting approval. This should be concluded end June 2024. All Precincts will follow the WULA route.
- Once the WULA and ROD have been obtained, the commencement with bulk and internal infrastructure installation will begin if the funding for 2024 is in place.
- A Launch of the Southern Farms Project is taking place on the 11th of December 2023 in Ward 119. About 3000 people are expected to attend the Launch.



The Development

SOWETO GATEWAY

Soweto Gateway lies in the far eastern part of Soweto in Region D. It is seen as a main entry into Soweto with great visibility as it is situated along the N1. West of the site is the Chris Hani Baragwanath Hospital. On the south west of the site is the SAPS vehicle recovery unit and Elias Motswaledi Township. The Bara Taxi Rank is 500m away. The site is approximately 30.5 hectares and is a hot spot for high value infrastructure development and the site is currently vacant.

The site sits in a prominent position next to Chris Hani Baragwanath Hospital and a range of institutions and medical facilities serving the region. It is located on Chris Hani Road and west of the N1. It is accessible from Chris Hani Road with Collinder Road forming the western boundary. It has the potential to connect of adjacent areas and facilities including the Baragwanath Oublic transport Hub, the existng residential areas and hostels to the north and the Elias Motswaledi residential area to the south west.



Furthermore, it site between two important retail hub, South Gate Regional Shopping Centre to the east and Maponya Mall to the west. Along Chris Hani Road several other institutional, municipal and educational facilities are located, making this area a prime zone to develop into a high intensity and mixed use node to complement other nodes such as the Jabulani node attracting investment and new development into Soweto.



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

SOME PERSPECTIVES



HOSPITAL



LIFESTYLE MALL



RESIDENTIAL



CURRENT STATUS

- Property Plan completed.
- Section 14 (2) obtained.
- The property was put out on tender on 2 June 2023 in the Sowetan, JPC's website, CoJ's website and on the E-Tenders website. The RFP closed on 7 June 2023 at 10:30 am (Telkom Time). A non-compulsory briefing session was held on 12 June 2023 at 12:00 noon at the JPC's Offices. On tender closing date, six (6) bids were received.
- The City Manager approved the Bid Evaluation Committee (BEC) composition on 25th July 2023 and the Bid Evaluation Committee meetings which took place on 31 July 2023, the 1st and 2nd of August 2023. Following this process, the BEC then resolved whom the highest scoring bidder is and recommended them for award to the Executive Acquisition Committee (EAC). An External Audit was conducted and the auditor was satisfied with the process followed.
- On 16th November the EAC finally approved the report and its recommendations and forwarded it to the City Manager for sign off and for award of the recommended bidder.
- On 29th 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 the JPC and the KLM- JV.
- The agreements are currently being drafted by JPC's Legal.

INNER CITY

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

PROGRESS MADE IN THE PERIOD UNDER REVIEW

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

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

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

Below is an illustration of the is an overview of the proposed TAA site (inline with CoJ TAA policy):



RISSIK STREET POST OFFICE (RSPO)

The RSPO's reconstruction was meant to give the ancient structure new life between 2019 and 2020; however, work was suspended due to Covid-19, which led the property to be invaded. Additional alternatives have now been considered, including negotiations with the heritage foundation about possibly taking over the property to assist in the restoration of the property as a mitigation action to help avoid additional vandalism and invasion. However negotiations with the Johannesburg Heritage foundation has not been fruitful. The JPC is now in the process of appointing a service provider at no cost to the city to manager the facility. This will be done through a Tender process.

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

Section 5: Outdoor Advertising

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

- Increase the revenue generation;
- Improve the profitability of the 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.

EAC has granted approval to conclude 60 months lease agreements with 10 media owners for various advertising sites this will lead to an increase income for the City.

Section 6: Information Technology (IT)

ELECTRONIC RECORDS DOCUMENT MANAGEMENT SYSTEM

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

R1 800 000.00 Million was allocated and approved for the implementation of the Phase two Electronic Records Management System. The aim of Phase 2 Project of EDRM is to implement the concept developed in Phase One, by establishing a fully operational system incorporating the framework and methodology. This process is currently underway with user acceptance testing and schedule to be completed by mid-January 2024, with the system going live mid-February 2024. This system will address Property Development and Management, Records Management, Company Secretariat function and Facilities Management.

ICT INFRASTRUCTURE

INSTALLATION OF ACCESS CONTROL, CCTV AND BOARDROOM ACCESSORIES

JPC's IT department aims to install Access Control, CCTV, and Boardroom Accessories at the Braampark office space. Initial attempts to secure these services from COJ proved unsuccessful, leading to delays. Awaiting commitment from COJ to supply the infrastructure to JPC.

THE INSTALLATION OF TELECOMMUNICATIONS AND COMMUNICATION SERVICES

The lines for the telecommunications and VOIP services has been installed and configuration of the main line 010 219 9000 numbers which is now functional.

ICT INFRASTRUCTURE FOR JPC EMPLOYEE

The tender for the acquisition of 327 laptops has been approved and thereafter the SLA will be signed off between JPC and the Service Provider. The delivery of the laptops is subjected to the conclusion of the agreement.

THE JPC WEBSITE

A SLA will be entered into with Group CTO for hosting and maintaining the JPC website over 36 months. At this stage JPC and Group CTO are engaged in discussions that crafts services that will be rendered by Group CTO. A Business Case (BC) and Bill of Quantity (BOQ) have been prepared and submitted for engaging COJ Group CTO to ensure project success.

Section 7: Client Business Operations

FINALISED PETITIONS

There was one petition raised against JPC relating to the Seventh Adventist Church request to secure land adjacent to their property. The matter was investigated and it was established that the required site belonged to the church, therefore deemed as resolved and closed. Petitions are dealt with the City's established committee to address concerns/pleas raised by the communities.

STAKEHOLDER ENGAGEMENTS

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

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

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

CLIENT SERVICING UNIT (CSU)

The Client Servicing Unit (CSU) attended to a total of four hundred and fifty four (454) walk-in clients with enquiries for the period under review. A total of sixty-three (63) enquiries were forwarded to Asset Management for further analysis. All enquiries were attended to and resolved and stakeholders have been informed accordingly of the process to be undertaken. The assessments are done to determine if properties can be recommended for the circulation process.

JPC PERFORMANCE SERVICE STANDARDS

In compliance to the Service Level Standards, the JPC has adhered to the COJ Shareholder Compact relating to client service functionality and turnaround times. Ten (10) Service Level Standards are applicable for JPC. Although the SLS marks the 80% average performance, it is still indicative of a 100% successful performance. Below are the two (2) standards that are not measured and therefore are not counted:

- KPI 1.7: was not measured as “No tender placed after Council and COJ Executive Adjudication Committee.

CLIENT BUSINESS OPERATIONS (UPDATE OF REPORTS IN COMMITTEE PROCESSES)

A total of One Hundred and twenty three (123) reports are in the approval process at the various Committees, this will result in properties being made available for tender. Various reports have been submitted for registration of services. Reports in process of approval include development leases.

JPC PERFORMANCE SERVICE STANDARDS ANALYSIS FOR THE PERIOD UNDER REVIEW

Core Service	Service Level Standard	July	Aug	Sept	Oct	Nov	Dec	YTD TOTAL	Variance explanation
SLS 1.1 Response in acknowledgement of requests, enquiries and complaints	Within 1 day of logged call	134	195	184	154	145	81	893	None
SLS 1.2. Provision of answers and/or results related to the receipt of the requests and enquiries regarding properties	Within 3 days of logged call	107	135	78	96	84	53	553	None
SLS 1.3. The performance of emergency work for JPC managed facilities	Within 1 day of logged call	91	81	59	108	72	42	483	None
SLS 1.4. Performance of minor works on facilities managed by JPC	Within 2 days of logged call	43	56	32	49	54	15	249	None
SLS 1.5. Performance of major works on facilities managed by JPC	Within 5 days of logged call	2	0	4	8	0	6	20	None
SLS 1.6. Complete the sale or lease and registration of servitudes of Council owned land	Within 6 months after Council Approval in terms of Section 14(2) of the Municipal Finance Management Act	0	4	2	2	0	0	8	None
SLS 1.7. Tender placed after Council approval and CoJ Executive Adjudication Committee	Within 4 months of CoJ Executive Adjudication Committee approval	0	0	0	0	0	0	0	None
SLS 1.8. Internal allocation of land and buildings to City Departments and Entities (PTOB: Permission to occupy and build and lease office space from third parties)	Within 60 days of application and budget confirmation	1	1	0	9	0	4	15	None
SLS 1.9. Performance of surveys on the condition of plant and equipment to allow the assessment of the required repairs and maintenance of facilities managed by JPC	Quarterly	0	0	15	0	0	15	30	None
SLS 1.10. Response to applicants/interest to lease or acquire (formal applications) land and/or buildings	Within 30 days of application	17/17 = 100%	21/21 = 100%	7/7 = 100%	18/18 = 100%	8/8 = 100%	2/2 = 100%	73/73 = 100%	None

Section 8: Marketing and Communications

The mandate of the marketing and communications team which will oversee the implementation of the integrated marketing and communications strategy is to manage the reputation of the JPC brand, provide proactive media liaison, events management, website and intranet management, development, publication conceptualization and technical production.

The objective is to find new ways to reach the residents and stakeholders in order to inform them about JPC's projects, to communicate with residents using online, traditional media and social media platforms and to foster a positive relationship with stakeholders through consistent engagement and assisting them in understanding the JPC better.

HIGHLIGHTS

- Following the tragedy that happened where over 70 people sadly lost their lives after a building caught fire in the Inner City, the department has been inundated with media queries on a regular basis from different media houses. The media queries were coordinated by JPC, Group Communications team and the City Manager's office to ensure that the issue is dealt with accordingly.
- A comprehensive media analysis report is currently being compiled and will be made available at the end of the quarter.

OUTREACH AND AWARENESS CAMPAIGNS

- On the 04th October 2023 the department took part in an education and awareness campaign held at Kalfontein in Region A. Various departments including the Citizen Relationship and Urban Management (CRUM), Johannesburg Water, City Power, Department of Health and other departments and entities participated in the programme. Engagements were held with residents where they were educated about the services that JPC provides and how residents can be assisted.
- On the 11th October 2023 the department participated at an outreach program in Rabie Ridge. Various departments including the Citizen Relationship and Urban Management (CRUM), Johannesburg Water, City Power, Department of Health and other departments and entities participated in the program.
- The department also participated in the Mayoral accelerated service delivery roadshow which was held in Coronationville in Region B on the 18th October 2023. Various departments from JPC attended the roadshow and assisted with queries and questions from different stakeholders.
- The department was part of the tour to Metro Centre with the MMC for Economic Development, Cllr Nomoya Mnisi on the 20th October 2023. The purpose of the tour was to show the MMC the condition of the Metro Centre building.
- The department participated in the verification of informal traders at the Kliptown Market on the 24th October 2023. The purpose is to enable traders to be issued with trading permits by the department of

Economic Development and ultimately enter into leases with JPC once due diligence and through screening process has been concluded.

- An awareness campaign was held on the 1st November 2023 in Diepsloot where the department participated.
- A tour to Southern Farms was conducted on Friday, 03 November 2023 with MMC Mnisi and various councillors from the affected areas. This was in preparation for the project launch in December.
- A media statement for the Southern Farms drafted by the department and issued by the MMC's office on the 3rd November 2023.

SOUTHERN FARMS LAUNCH

Southern Farms, the R27-billion first biodiversity development which is about 4000 hectare was launched on Monday, 11th December 2023 at Freedom Primary School, Freedom Park. About 7000 people attended the launch which is double the number of people that were expected for the event.



The launch was a resounding success, with attendees expressing high satisfaction. The event comprised various activities aimed at promoting agricultural awareness, education, and community engagement. This bio-diversity development, will see much needed housing, economic opportunities that will create jobs and SMME opportunities and training opportunities in the City of Johannesburg.

BRAND VISIBILITY AND SOCIAL MEDIA UPDATES

- The Department continues to ensure brand visibility to the residents and other stakeholders of the Department. This is done through participating in various City events where we brand and educate residents about the services that the company provides.
- During the reporting period our social media posts mainly focused on the Southern Farms launch to create hype and educate communities about the project.
- Our tweets and posts on other social media platforms receive an average of 1000 impressions per post.



Chapter 4: Human Resources & Organisational Management

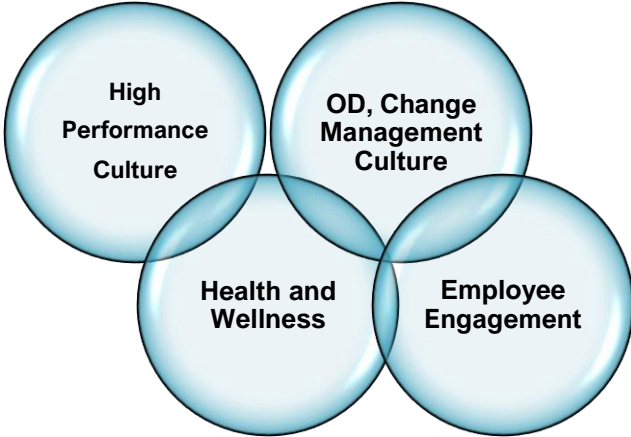
Section 1: Human Resource and Organisational Management

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

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

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

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



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

EMPLOYMENT EQUITY COMPLIANCE

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

ORGANISATIONAL DEVELOPMENT

The proceedings to review the lower levels structures in line with the organisational design principles while consulting with internal stakeholders is underway.

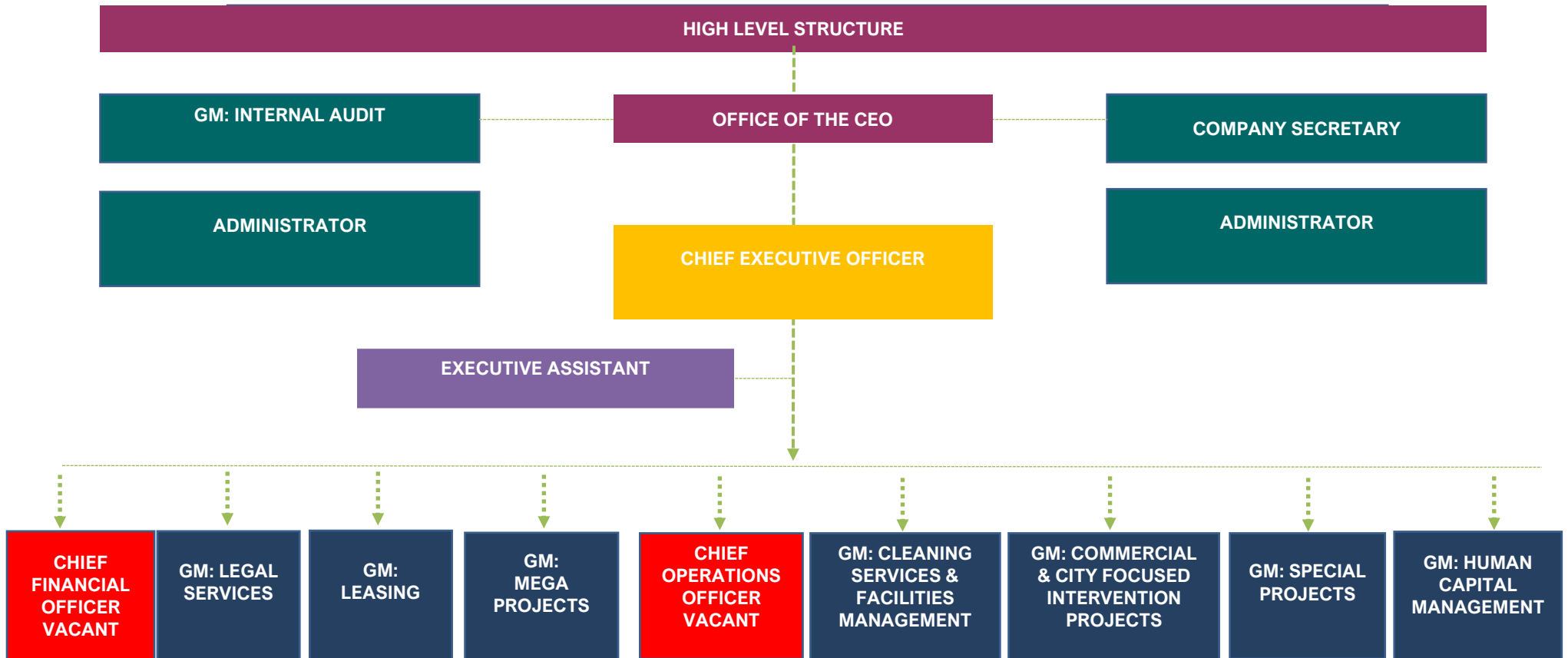
Upon approval of the proposed lower level structures, and staff engagements will be conducted to create awareness on the changes and the rationale behind the changes.

The total number of unbudgeted vacant positions as of December 2023 is **615** and with the reviewing of the lower level structures, it is envisaged that the high vacancy rate will be reduced and mitigated.

DECLARATION OF INTERESTS

As set out in the Code of Conduct/Ethics, all employees are required to disclose any personal interest that may bring conflict or even perceived conflict between the organization’s interest and that of an employee. The total number of employees who have submitted their declaration forms is 1007 from a staff complement of 1528 with 13 employees who declared their interest. The compliance percentage in JPC to date is 66% and further code of conduct and ethics policy awareness sessions will be conducted to ensure compliance.

High-Level Structure



Section 2: Employee Remuneration and Cost Including Executives

The overall salary bill for Mid-Term (Jul – Dec 2023) amounts to **R220 203 080**, which was made up of the following transactions:

- ✓ 5.4% Cost of living increase for 2023/2024 financial year.
- ✓ Implementation of the PFA agreement on the Cost of Living increment
- ✓ Adjustment of all related employee benefits such as homeowners allowance which was increased to R1 066.41 and medical aid limit is now R5 277.38.
- ✓ Payment of Acting Allowances for critical vacancies that have not been filled due to budget constraints.
- ✓ Encashment of leave and 13th cheque payments.
- ✓ Payment of awards for employees who won their arbitration

OVERTIME

Overtime requirements emanate from the services rendered to the public by JPC in respect of Public Transport facilities and Informal Trading Markets. These services benefit the residence and commuters by keeping these facilities clean and compliant with the Occupational Health and Safety Regulations.

The total budget spent on overtime in the Mid-Term period, equates to **R10 065 621** worked by **464** employees.

STAFF MOVEMENTS

Terminations: Sixteen (16) terminations were realised for the period under review (July to December 2023)

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

REASONS FOR TERMINATIONS:

There were only sixteen (16) terminations realised in this quarter broken down as follows:

- ✓ **Resignation:** Two (2) employees resigned for better prospects;
- ✓ **Deceased:** Four (4) employee passed away;
- ✓ **Retirements:** Ten (10) employees retired of which two (2) due to ill-health.

The staff turnover of 1%, which is an acceptable level taking into consideration that the best practice norm is between 5% and 10%. The 1% staff turnover rate confirms the trend that employees stay longer in the employ of JPC, due to competitive remuneration and benefits offered to employees.

Section 3: Key Vacancies

The process of filling these positions GM: HCM and GM: Internal Audit has been concluded with suitable candidates appointed. AG raised a matter of concern in the AG Audit Report highlighting that the conclusion of filling the CFO vacancy must be prioritized and concluded and the process is underway.

Section 4: Employment Equity and Workforce Demographics

The total JPC EE demographics in the table below include permanent and temporal employees. The total workforce is **1528** permanent for EE reporting purposes as of December 2023.

EE WORKFORCE ANALYSIS											
Occupational Levels	MALE				FEMALE				Foreign Nationals		TOTAL
	A	C	I	W	A	C	I	W	M	F	
Top Management (1&2)	0	0	0	0	0	1	0	0	0	0	1
Senior Management (3&4)	5	0	1	0	3	0	0	0	0	0	9
Prof. qualified & experienced specialists and mid-management (5&6)	17	1	2	2	20	1	3	3	0	0	49
Skilled & qual. workers, jnr mgt., supervisors, foremen, superintendents (7&8)	76	4	6	5	91	14	2	0	1	0	199
Semi-skilled and discretionary decision making (9&10)	45	4	1	0	5	2	0	0	0	0	57
Unskilled and defined decision making (11)	317	2	0	1	876	17	0	0	0	0	1213
Total Permanent Staff	460	11	10	8	995	35	5	3	1	0	1528
Temporary Employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	460	11	10	8	995	35	5	3	1	0	1528

RACIAL AND GENDER SPLIT PER POPULATION GROUPS AS WELL AS THE GAP ANALYSIS AGAINST EAP TARGETS AS AT END NOVEMBER 2023

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

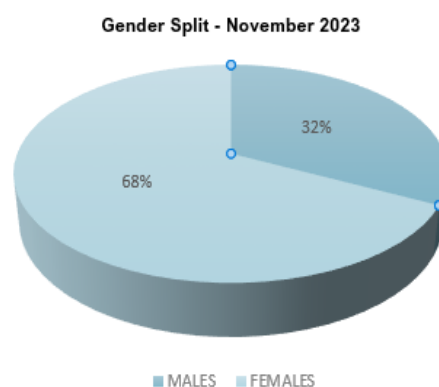
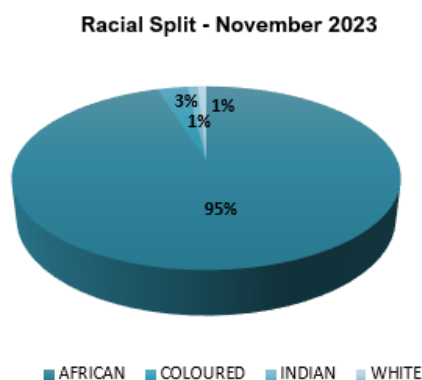
EADP TARGET				JPC ACTUALS					
Demographics	Male %	Female %	Target Total %	Male %	Female %	Total %	Male No.	Female No.	Total No.
Africans	45.00%	35.90%	80.90%	30.10%	65.12%	95.22%	460	995	1455
Coloureds	1.70%	1.60%	3.30%	0.72%	2.29%	3.01%	11	35	46
Indians	2.10%	1.10%	3.20%	0.65%	0.33%	0.98%	10	5	15
Whites	7.00%	5.70%	12.70%	0.52%	0.20%	0.72%	8	3	11
Foreign Nationals							1	0	1
TOTAL	55.80%	44.30%	100.10%	32.29%	67.71%	100.00%	490	1038	1528
People with Disabilities			2.00%			0.46%			7

RACIAL SPLIT PER POPULATION GROUP IN LINE WITH ECONOMIC ACTIVE DEMOGRAPHIC POPULATION

RACIAL SPLIT SEPTEMBER 2023	TARGET	ACTUAL	CURRENT NUMERICAL
Africans	81%	95.22%	1455
Coloureds	3.30%	3.01%	46
Indians	3.20%	0.98%	15
Whites	12.70%	0.72%	11
Total			1528
People with Disabilities	2%	0.46%	7

GENDER AND RACIAL SPLIT ANALYSIS

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



Section 5: Employee Capacitation

IMPLEMENTED TRAINING AND DEVELOPMENT INITIATIVES TO ADDRESS COMPETENCY GAPS

These functional training interventions are namely Customer Relations, Business Report Writing and Stakeholder Management targeting employees at Levels 7, 8 and 11.

Section 6: Disciplinary Matters and Outcomes

CURRENT INTERNAL CASES

There are currently two (2) employees placed on precautionary suspensions and the disciplinary process to follow once the relevant investigating process are concluded.

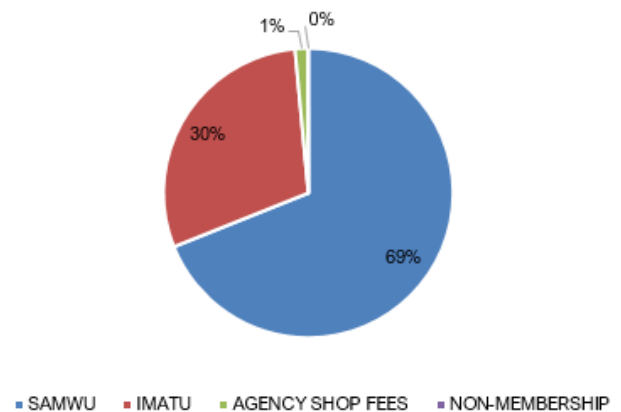
EXTERNAL DISPUTES

Bargaining Council Matters: Matters that were set down at the South African Local Government Bargaining Council. (SALGBC) and the outcomes for the period as at end of December 2023.	
External Dispute Resolution Forum	Nature of Dispute: Progress and Next Steps:
December 2023	An award (1) has been issued in favour of the employee and JPC has filed for a review at the Labour Court.

Section 7: Union representation

The union representation and membership graph above shows that from a staff complement of 1528 permanent employees, 69% belong to SAMWU, 30% belong to IMATU, and 1% fall within the Agency shop fees.

UNION REPRESENTATION AS AT NOVEMBER 2023



Section 8: Leave and Productivity Management

LEAVE PROVISION

The leave liability amount based on the annual leave balances as of the end of December 2023 amounts to **R38 452 047**. There is a slight decrease due to employees' leave encashment and planned leave taken during the festive period. Employees can only encash non-compulsory leave days once in a financial year according to the leave management policy prescripts.

LEAVE ENCASHMENT

The table below indicates the quarterly leave encashment during the mid-term review. Employees have encashed **8768** non-compulsory days at a total cost of **R7 072 728** in the quarter under review.

Absenteeism: Period under review (July – December 2023)

JPC has an absenteeism rate of 18% as a result of unplanned leave, which is higher in comparison to the acceptable norm of an overall absenteeism rate.

Section 9: Employee Wellness

Health and Wellness Programmes play a pivotal role in promoting healthy lifestyles and the provision of preventive healthcare measures.

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

Section 10: Employee Benefit

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

PENSION FUND MEMBERSHIP	TOTAL	REMARKS
EJoburg Retirement Fund	1484	Defined Contributions
City of Joburg Pension Fund	34	Defined Benefits
Municipal Employee Pension Fund	4	Defined Contributions
Municipal Gratuity Pension Fund	2	Defined Contributions
Joint Municipal Workers Pension Fund	1	Defined Benefits
Non-Membership	3	Not compulsory & Medical Boarding
TOTAL	1528	

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

THE ACCREDITED MEDICAL AID SCHEMES MEMBERSHIP DISTRIBUTION

MEDICAL AID SCHEME	MEMBERSHIP
BONITAS	197
DISCOVERY	9
HOSMED	47
KEYHEALTH	78
LA HEALTH	194
SAMWUMED	169
TOTAL MEMBERSHIP	694

The table above specifies the accredited medical aid schemes and membership distribution to each scheme as at end of December 2023. The provision that is set out in relation to medical aid, is based on the 60/40 principle as set out in the Main Collective Agreement. The current maximum medical aid employer contribution rate to the accredited medical schemes is now **R5 227.38** for the 2023/2024 financial year.



Chapter 5: Financial Performance

Section 1: JPC Statement of Financial Position as at 31 December 2023

	Note	31-Dec-2023	2023	Variance R	%
Assets					
Current assets		1 614 218 893	1 227 116 330	387 102 563	31.55%
Cash and cash equivalents	1	2 000	2 000	-	0.00%
Receivables from exchange transactions	2	1 305 636 562	965 322 804	340 313 758	35.25%
Loans to shareholders	3	307 684 975	260 896 171	46 788 804	17.93%
Receivables from non-exchange transactions		-	-	-	0.00%
Prepayments	4	895 355	895 355	-	0.00%
Non-current assets		75 527 319	87 800 246	(12 272 927)	-13.98%
Property, plant and equipment	5	33 668 458	42 572 583	(8 904 125)	-20.92%
Intangible assets	6	13 153 971	13 267 309	(113 338)	-0.85%
Deposits	7	600 587	600 587	-	0.00%
Deferred Tax Asset	8	24 440 220	27 695 683	(3 255 463)	-11.75%
Current tax receivable	9	3 664 084	3 664 084	-	0.00%
Total Assets		1 689 746 212	1 314 916 576	374 829 636	28.51%
Liabilities					
Current Liabilities		1 578 386 443	1 314 064 205	264 322 238	20.11%
Payables from exchange transactions	10	248 406 167	245 919 459	2 486 708	1.01%
Loans from shareholders	11	1 321 902 349	1 060 066 819	261 835 530	24.70%
Provisions	12	5 958 717	5 958 717	-	0.00%
Operating lease liability	13	2 119 210	2 119 210	-	0.00%
Non-Current Liabilities		671 000	671 000	-	0.00%
Employee benefit obligation	14	671 000	671 000	-	0.00%
Total liabilities		1 579 057 443	1 314 735 205	264 322 238	20.10%
Net Assets		110 68 768	181 370	110 507 398	60929.26%
Share Capital	15	5 142 721	5 142 721	-	0.00%
Accumulated Surplus/(Deficit)	16	65 977 236	-4 96 351	110 507 398	-2227.37%
Total Net Assets / (Liabilities)		110 688 768	181 371	110 507 397	60928.92%

Notes:

1. The petty cash float is maintained at R2 000 every month.
2. Included in trade receivables is a provision for bad debts related to facilitation fees to the value of R29 502 824. The total outstanding debt from related parties is 1 062 059 131 of which +/-R420 million relates to cleaning services. Group Finance (Merchant Payment) has committed to release the parked invoices and we are still waiting for receipts.
3. The cash position of JPC improved as payments for related party loans were suspended to maintain liquidity in the balance sheet of the entity by only servicing operational and commercial obligations. Related party payments will be effected as soon as Merchant Payment release JPC Receipts.
4. Per the new lease agreement for Forum1, JPC received credits for rentals paid for the March and April 2023 months. The remaining balance will be utilised against the 2024 financial year rental.
5. Property, plant and equipment is measured at the lower of cost or carrying amount. Where possible, the useful life of fixed assets has been extended due to their good condition.
6. Intangible assets comprise of computer software that has been procured or internally generated.
7. Electricity deposits with Eskom for the Baragwanath informal trading facility and the Lenasia facilities management buildings. Interest on the deposit is accrued for at financial year end.
8. Deferred tax has been calculated to account for movements in the balance sheet and temporary differences. Due to the profitability of the reporting period, deferred tax assets were utilised in the financials of the 2023 financial year.
9. Provisional tax payments made for the 2023 financial year.
10. Consists of current liabilities that will become due and payable in the next 12 months. These liabilities include VAT, accruals, related party accruals, etc. Comparatively JPC has had an increase in trade payables due to year end accruals for operational expenses.
11. Relates to loan accounts payable between JPC and various COJ departments for the JPC and insourced cleaners payroll as well as transactional loan accounts for the acquisition of property for the COJ.
12. Relates to provision for EXCO bonuses for the 2020/21, 2021/22 and 2022/23 financial years.
13. GRAP 13 adjustment for the straight lining of operating leases over the lease duration of office accommodation buildings. Currently only Forum 1 at Braampark Office Park meets the criteria for straight lining.
14. Provision on Post-retirement Medical Aid raised based on 2022/23 actuarial valuation report in respect of personnel that qualify for the benefit.
15. There are no changes to the share capital of JPC in the current financial year.
16. The accumulated surpluses and losses from previous and current financial year.

Section 2: JPC Statement of Financial Performance as at 31 December 2023

	Note	Actual	Year-to-date Budget	Variance	Annual Budget	Variance %
Revenue						
Revenue from non-exchange transactions		336 016 020	336 161 500	145 480	672 323 000	0.04%
COJ - Subsidies received	1	335 635 000	335 635 000	-	671 270 000	0.0%
Other Income	2	381 020	526 500	145 480	1 053 000	27.6%
Revenue from exchange transactions		145 959 276	192 248 000	46 288 724	384 496 000	24.1%
Cleaning Services Recoveries	3	122 401 895	124 715 500	2 313 605	249 431 000	1.9%
Management Fees	4	3 745 730	5 265 000	1 519 270	10 530 000	28.9%
Commission on Portfolio Rentals	5	9 513 363	11 233 500	1 720 137	22 467 000	15.3%
Commission on Outdoor Advertising	6	446 119	7 145 500	6 699 381	14 291 000	93.8%
Commission on Property Acquisition		-	-	-	-	0.0%
Assets Under Management Fees	7	3 500 000	3 685 500	185 500	7 371 000	5.0%
Facilitation fees	8	-	29 832 000	29 832 000	59 664 000	100.0%
Ad hoc Fees	9	624 028	-	(624 028)	-	0.0%
Cell Mast	10	5 728 142	10 371 000	4 642 859	20 742 000	44.8%
Other income		6 628 822	3 422 500	-3 206 322	6 845 000	-93.7%
Interest received	11	6 628 822	3 422 500	(3 206 322)	6 845 000	-93.7%
Total Revenue		488 604 118	531 832 000	43 227 882	1 063 664 000	8.1%
Expenditure						
Board of directors fees and expenses	12	1 570 169	1 384 500	-185 669	2 769 000	-13.4%
Operational expenses	13	112 192 745	220 847 500	108 654 755	441 695 000	49.2%
Contracted expenses	14	10 770 107	19 958 500	9 188 393	39 917 000	46.0%
Cleaning materials	15	1 580 332	3 659 000	2 078 668	7 318 000	56.8%
Repairs & Maintenance	16	1 157 393	9 221 500	8 064 107	18 443 000	87.4%
Salaries	17	262 976 606	262 331 000	-645 606	524 662 000	-0.2%
Interest Paid	18	-	6 775 000	6 775 000	16 260 000	100.0%
Depreciation	19	9 017 466	6 300 000	(2 717 466)	12 600 000	-43.1%
Profit/Loss on disposal of assets		-	-	-	-	0.0%
Provision for bad debts		-	-	-	-	0.0%
Total expenditure		399 264 816	530 477 000	131 212 184	1 063 664 000	24.7%
(Deficit)/surplus before taxation		89 339 302	1 355 000	(87 984 302)	-	
Taxation		-	-	-	-	
Net (Deficit)/Surplus		89 339 302	1 355 000	(87 984 302)	-	

Notes:

1. Subsidy provided to JPC for the 2023/24 financial year. The subsidy covers salary, rental and repairs and maintenance expenditure for the financial year.
2. JPC received refunds from Old Mutual for employees that have been placed on medical boarding.
3. Cleaning service costs are billed and recovered for services rendered. Cleaning cost rate has been revised as a fixed rate that will cover all costs associated with the cleaning services that JPC provides. This should yield higher revenue and collections from previous financial years. The rate will increase in-line with the COJ's budget indicatives.
4. JPC earns a 10% management fee for facilitating and managing R&M and CAPEX projects for the COJ's departments and other MOE's. Income did not exceeded the budget as JPC undertook fewer assignments from departments.
5. The COJ Rental Collection Commission, Servitudes and Rates & Taxes is 15.3% below the budget, this is in line with rental collections in Portfolio. There is currently an undertaking to renew leases, this will increase the amount of revenue Portfolio can collect and the commission receivable by JPC.
6. Outdoor advertising commission that is collected in the Portfolio is below budgeted objectives as contracts with advertisers and the conclusion of the by-laws is still to be resolved. A service provider has been appointed to assist with collections on expired leases and the lease renewal process.
7. Relates to the management fee for the administration of the COJ's fixed asset register.
8. Facilitation fees for the current financial period have not materialise due to challenges related to site preparation for the projects to initiate. Soweto gateway is currently at Executive Adjudication Committee, which is among the projects to contribute to the facilitation fee.
9. No budget is provided for ad hoc fees as it relates to the recovery of property services within JPC from MOE's and is utilised as and when the need arises.
10. Cell mast revenue is below the budgeted objectives for Q2 as the upliftment fee is still being independently computed and audited. The upliftment fee for Q2 will be accounted for before the end of Q3.
11. JPC accrued interest on the sweeping account for Q2 as the account is in surplus of R307 million
12. Board of directors' fees and expenses are in-line with board activity as well costs associated with conducting various strategic sessions. Overall for the year-to-date, the expenditure is below the budget allocated.
13. General and operating expenditure is 49,2% below the YTD budget. The expenditure will significantly increase from January 2024 when the leases for Metro Centre decanting have been finalised and JMPD security invoice payment.
14. Contracted expenses are 46% below the YTD budget. We are waiting for Audit for invoices for Cleaning, Fleet and Audit Fees. The expenditure is expected to increase throughout the current financial year as most contracted expenses have not been accrued or entered into as we still at the beginning of the financial year.

15. Cleaning materials are 56.8% below the YTD budget. The expenditure is expected to increase throughout the current financial year as cleaning materials are sourced as and when they are needed and we still in the beginning of the financial year. Material has been procured via RFQ but awaiting delivery.
16. Repairs & Maintenance are 87.4% below the YTD budget. Meadowlands Civic Centre is currently under evaluation. Expenditure will increase from November onwards.
17. Salary expenditure is 0.2% above the year-to-date budget for the financial year. The payroll and budget reflects all annual escalations and cost of living adjustments for JPC and cleaning staff alike.
18. JPC incurred no interest on the sweeping account as the account has been in surplus in Q2.
19. Depreciation is 43% above the budget. Depreciation is more than the budget due to the change in the useful lives of the R1 value assets in the fixed asset register.

Section 3: JPC Statement of Cashflows as at 31 December 2023

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

Section 4: Portfolio Statement of Financial Position as at 31 December 2023

	Note	31-Dec-23	30-Jun-23	Year-on-year Variance	
				%	R
Assets					
Current assets		137 544 473	167 376 239	-18%	-29 831 766
Capital Expenditure: Current Year	1	2 029 755	26 069 170	-100%	(24 039 415)
Capital Expenditure: Prior Year		65 000	-	100%	65 000
COJ Portfolio - VAT Claim/Payable Account	2	8 425 434	8 315 893	1%	109 541
Debtors - Other: COJ	3	2 826 321	2 689 923	5%	136 397
Debtors - Rentals	4	163 187 295	153 211 354	7%	9 975 941
Doubtful Debts - Move Provision	5	(73 471 415)	(73 471 415)	0.00%	-
JPC Portfolio Loan Account	6	10 787 587	27 825 218	-61%	(17 037 631)
STD/ABSA Bank - Tenant Deposit Account	7	23 694 496	22 736 097	4%	958 399
Non-current assets		-	-		-
Total Assets		137 544 473	167 376 239	-18%	-29 831 766
Liabilities					
Current Liabilities		216 505 782	272 050 517	-20%	-55 544 735
STB COJ Loan Account - Bank Sweeping	8	147 209 443	180 394 547	-18%	(33 185 104)
Accruals	9	21 364 076	43 486 774	-51%	(22 122 698)
Receipts In Advance - Rentals	10	9 893 186	10 237 039	-3%	(343 853)
Deposits Received: Tenants	11	11 310 950	11 310 950	0.00%	-
Property Portfolio Loan: MOE's	12	246 205	139 285	77%	106 920
Prepaid - Deposit received on land sales	13	6 741 098	6 741 098	0.00%	-
JMPD		19 649 587	19 649 587	0.00%	-
Creditor (Khulu Outdoor)		91 237	91 237	0.00%	-
Non-Current Liabilities		-	-		-
Total liabilities		216 505 782	272 050 517	-18%	-55 544 735
Net Assets		-78 961 309	-104 674 278	-25%	25 712 969
Accumulated Surplus/(Deficit)		-78 961 309	-104 674 278	-25%	25 712 969
Total Net Assets / Liabilities		-78 961 309	-104 674 278		25 712 969

Notes:

1. The approved budget for Capital expenditure is R49 658 000 for the year 2023/2024 and to-date R2 029 754.92 has been spent. An amount of R65 000 still has to be paid from the CoJ CAM for the financial year that ended 30 June 2023.
2. The VAT generated by the Portfolio is declared to the COJ each month. The VAT is consolidated in the COJ's VAT return, which is in turn submitted to South African Revenue Service.
3. This relates to rental accommodation of Councillors, Community Participation Projects. It was agreed with COJ that the JPC Portfolio will pay for the monthly rentals for the office space and in turn the City will refund Portfolio for expenses incurred.
4. Debtors balance as per age analysis.
5. The current provision for bad debts related to outstanding debtors in the lease register. The bad debts are comprised primarily of informal trading debtors and will be proposed for write-off by Council in the current financial year.
6. The JPC Loan account reflects the commissions due to JPC, 25% on Rentals, 10% on Land Sales and includes amounts received and paid on behalf of the COJ Portfolio. Offsetting in this regard was not taken into account thus JPC owes the Portfolio.
7. The amount reflects Tenant deposits held in the COJ Trust Account including interest as well as payments received for the Rissik Post Office insurance claims.
8. The sweeping account is in overdraft due to projects that were previously accounted for as CAPEX being reclassified and accounted for as OPEX. The Portfolio only gets reimbursed for CAPEX projects.
9. This item reflects accruals raised of which R21 364 076 still to be paid.
10. This item reflects rental paid in advance for 30 years by RMB properties which is allocated on a straight line basis, 15 years still remaining on the contract.
11. Tenants deposits held in trust account
12. The Property Portfolio Loan account reflects amounts due to MOE's based on the income received and expenses paid on their behalf. MOE's Rentals are paid into JPC Portfolio Main Account and are normally paid over to MOE's the following month.
13. This item relates to full land purchase price that has been paid over to JPC Portfolio including Bank guarantees but transfer of land to client has not taken place.

Section 5: Portfolio Statement of Financial Performance as at 31 December 2023

	Note	2023 Actuals	2023 YTD Budget	Year-on-year Variance		Approved Budget 2023
				%	R	
Revenue		18 926 694	33 853 250	44.09%	14 926 556	128 849 000
Rent of Facilities and Equipment	1	32 561 095	36 855 000	-11.7%	-4 293 905	73 710 000
Interest Received - Arrear Debtors	2	2 868 809	2 026 500	41.6%	842 309	4 053 000
Other Income	3	-	-	0.00%	-	-
Outdoor Advertising - COJ	4	1 731 554	26 325 000	92.0%	-24 593 446	52 650 000
Gains on Disposal of Assets	5	-	2 500 000	100.00%	-2 500 000	5 000 000
Total Revenue		37 161 459	67 706 500	45.11%	-30 545 042	135 413 000
Expenditure						
Contacted Services:						
Business Advisory	6	4 292 154	23 588 892	81.8%	19 296 738	47 177 785
Contracted Services:						
Business Advisory Valuer		34 526	1 341 108	97.4%	1 306 581	2 682 215
Refuse Removal		-	1 137 000	100%	1 137 000	2 274 000
Grass cutting services		-	790 000	100%	790 000	1 580 000
RM: Buildings	7	1 618 784	21 544 000	92.5%	19 925 216	43 088 000
Bad and Doubtful Debts	8	-	33 876 500	100%	33 876 500	67 753 000
Advertising, Publicity and Marketing	9	11 616	1 053 000	98.9%	1 041 384	2 106 000
General Expenses:						
Assessment Rates	10	509 733	790 000	35.5%	280 267	1 580 000
General Expenses:						
Sundries		-	263 500	100%	263 500	527 000
Internal Recoveries: JPC Commission	11	11 214 797	22 054 000	49.1%	10 839 203	44 108 000
Internal Recoveries:						
Internal Charges - Security	12	-	21 519 000	100%	21 519 000	43 038 000
Internal Recoveries:						
Internal Charges Legal	13	-	4 181 000	100%	4 181 000	8 362 000
Internal Recoveries:						
Internal Charges Cleaning	14	7 625 895	24 459 500	68.8%	16 833 604	48 919 000
Depreciation: Other Assets	15	-	306 000	100%	306 000	612 000
Total expenditure		25 307 506	156 903 500	83.87%	131 595 994	313 807 000
Surplus/(Deficit)		11 853 952	(89 197 000)	113.3%	(101 050 952)	(178 394 000)

Notes:

1. COJ Rentals: The overall revenue anticipated from the rentals collection is 11.7% below the targeted budget. Delays in the approval of reports by EAC has resulted in the lease renewal period being longer than the average 3 months it takes for a lease to be renewed. Delays in council approvals for potential new leases has also stifled income received from the rental of facilities and equipment.
2. This item reflects interest charged on overdue tenant accounts. The interest generated on the debtor's accounts is 41.6% above targeted YTD budget.
3. Other income is derived from servitude rights and income billed for services rendered on behalf of COJ Department. There was no Income derived from servitude in the month ending 31 December 2023.
4. Income derived from outdoor advertising and promotions, 92% below the budget. JPC is in the process of conducting an Outdoor Advertising audit in order to maximise the revenue generation.
5. No gains on disposal of assets have been recognised for the year-to date as no properties have been sold.
6. This line item relates to expenditure spent on Contacted Services: Business Advisory PM& Research, to-date the expenditure is 81.8% below the YTD budget.
7. This line item relates to repairs and maintenance costs on buildings. 92.5% savings on this line item has been recorded in Q2.
8. This line item relates to Bad and Doubtful Debts. No expenditure recorded in Q2.
9. This line item relates to Advertising, Publicity and Marketing. There was 98.9% below the YTD budget expenditure recorded this month.
10. General Expenses: Assessment Rates, Electricity supply- expenditure incurred 35.5% below budgeted expenditure on assessment rates was recorded in Q2 against the YTD budget.
11. Internal Recoveries: JPC Commission is showing a 49.1 % below the YTD budget. The delay in the conclusion of new leases, lease renewals, servitude registrations and land sales will result in JPC not meeting its target.
12. JMPD provides security services at various informal market facilities across the COJ. A budget has been provided by the COJ for the expense to be accounted for in the Portfolio.
13. Legal services are centralised to COJ Group Legal. For the YTD no legal expenses have been incurred in the Portfolio.
14. Cleaning services provided by JPC at various informal trading facilities and taxi ranks that are serviced by the Portfolio. There was 68.8% below budget expenditure recorded in Q2.
15. No expenditure related to the depreciation of other assets for the year-to-date ending Q2 of 2024.

Section 6: CAPEX

PROJECT NUMBER	JPC PROJECT NAME	BUDGET 2023/24 R 000	YTD ACTUALS	VARIANCE	% SPENT	NOTES / COMMENTS
2284	Revamping of the Informal Trading Stalls within the Inner City Renewal Operational Capex JOHANNESBURG F Ward	4 000 000	4 000 000	0	100%	
3944	Site Development Projects New Land Preparation JOHANNESBURG F City Wide	650 000	-	650 000	0%	The budget provision will be reallocated for another project addressing its legal matters as part of adjustment budget process.
4142	Erf 43-46 Victoria Ext 3(Paterson Park Node) VICTORIA EXT.3 E Regional	2 158 000	-	2 158 000	0%	Tender closed, currently under adjudication. To be awarded in January 2024.
4184	Office Space Optimisation Program New Precinct Redevelopment JOHANNESBURG F City Wide	20 000 000	1 421 236	18 578 764	7%	Work Packages currently being finalised. Delay was due to the closure of Metro Centre. R2 million moved to Walter Sisulu Project.
6309	Marlboro Station Project Land Preparation	350 000	-	350 000	0%	Contract awarded, awaiting invoice. Amount to be moved to next financial year as per discussion with the service provider based on deliverables
6358	Metromall Taxi Rank Shop Revitalisation and Waste Management Area Redesign	9 000 000	2 750 198	4 829 346	31%	The remaining amount of R4.8 million will be spent in the coming quarters are conclusion of the BSC.
23543	Acquisition of various properties in SOWETO	1 000 000	-	1 000 000	0%	Bid for tracing agent under evaluation. The project will be completed in next quarter.
23560	Acquisition of Cleaning Equipment	7 500 000	-	7 500 000	0%	BSC scheduled for 11 January 2024, amount to be fully spent in Quarter 3.
24027	23776 Walter Sisulu Square Upgrade	5 000 000	-	5 000 000	0%	BSC scheduled for 16 January 2024, amount to be fully spent in Quarter 3.
	SUB TOTAL	49 658 000	8 171 434	41 486 566	16%	

Section 7: Ratios Analysis

PART A: JPC

LIQUIDITY RATIO

JPC is currently owed R1.29 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 1.02:1 as compared to the norm of 1:1, the ratio has improved from the Q1.

The sweeping account currently reflects a positive R307 million with related party loans exceeding R1.3 billion for salary costs are still to be paid to the COJ's Group Finance and Corporate Shared Services for previous and current financial year/s. The reduction in the cash position is the result of JPC receiving limited outstanding monies from the COJ for facilities management services that have been rendered to the COJ. The cash position improved as collections for the subsidy and from related parties streamed in 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. Upon the conclusion of the cleaning SLA, JPC will recover costs of R420 million from the COJ's departments for cleaning services provided; this will further enhance the liquidity of JPC; and it will also give the entity the cash-flow to settle the outstanding loan accounts.

DEBTORS COLLECTION PERIOD

JPC has debtors' collection ratio in excess of two years for 3rd party/external debtors. Collection of third party debtors have declined significantly due to the timing difference for the receipt of cell mast income and the non-recovery of facilitation fees for the 2022 and 2022 financial years. The debtors' collection ratio for intercompany and related party debtors is 1016 days. The intercompany debtors' collection ratio is due to non-payment by COJ departments and other MOE's for services rendered by JPC as well as for cleaning services that are yet to be recovered.

SOLVENCY RATIO

JPC has a solvency ratio of 1.07:1 against the norm of 2:1 and is factually solvent, as the financial statements indicate that there are sufficient assets to cover all liabilities. The solvency is illustrated by a net liability position of R110 million. Given the financial support, access to cash facilities, JPC remains commercially solvent and will be able to service its operational obligations as they arise. The solvency position is attributable to losses incurred in previous financial years. Increased revenue from facilitation fees and outdoor advertising and rentals will bolster the solvency position of JPC through commission's receivable from the Portfolio

COST COVERAGE RATIO

Due to the positive cash position of JPC, the cost coverage ratio is positive 8.76:1. Management has reviewed the cash flows of JPC and will seek to maintain the ratio between 1.5:1 to 2:1 into the 2024 financial year. Surplus cash, if any, will be utilised to settle COJ salary loan accounts.

CREDITORS PAYMENT CYCLE

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

PART B: CoJ - JPC Portfolio

LIQUIDITY RATIO

CoJ-JPC Portfolio has current ratio of 0.64:1 as compared to the norm of 2:1, with a negative cash flow of R147 million for the period under review as compared to a negative cash flow of R183 million for the same period in the 2023 financial year. Debtors currently owe Portfolio R163.1 million with R73.4 million as a provision for bad debts, predominantly related to informal trading. As the Portfolio represents only the debtors' component of the COJ's property portfolio, debtors' accounts for 65% of the total assets of Portfolio. The financial risk posed to JPC is substantial as the non-recovery of the outstanding debt has a negative impact on JPC's ability to generate commission.

CASH COLLECTION RATE

The cash collection cycle is the number of days it takes to collect accounts receivable. The measure is important for tracking the ability of a business to grant a reasonable amount of credit to worthy customers, as well as to collect receivables in a timely manner.

Portfolio's cash collection rate is currently at 11%. The collection rate excludes debt owing from other debtors.

SOLVENCY RATIO

CoJ-JPC Portfolio has a solvency ratio of 0.64:1 against the norm of 2:1 and is currently insolvent. As the Portfolio has no non-current assets or liabilities the solvency and liquidity ratio will equate to the same ratio. The ratios for the Portfolio are immaterial as the property revenue generating assets reside in the COJ. JPC is however exploring avenues to source and grow the revenue generation of the Portfolio.

DEBTORS COLLECTION PERIOD

CoJ-JPC Portfolio collection period is 59 days as compared to the industry norm of 60 days and this takes into account debtors which are deemed irrecoverable. A bad debts report was prepared, submitted to Core Accounting weekly follow-ups on the said report are performed, as it has to be presented to Mayoral Committee for approval.

COST COVERAGE RATIO

Portfolio has a cost coverage ratio of negative 23:1. This is due to a negative sweeping account balance of R147.21 million and average monthly expenditure being R7.8 million. The Portfolio predominantly utilises its cash for CAPEX spend and recovery from the COJ is dependent on the completion and verification of the projects. Average monthly collection is between R5m – R9m that is sufficient to cover average monthly expenditure.

CREDITORS PAYMENT CYCLE

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

Section 8: Supply Chain Management

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

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

Deviations

JPC Entity

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

City Portfolio

There are no deviations

Payment within 30 days

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

Section 9: Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure refers to expenditure that was made in vain and would have been avoided had reasonable care been exercised. There was no fruitless and wasteful expenditure in this quarter under review.

FRUITLESS AND WASTEFUL EXPENDITURE	2024	2023
Opening balance	70 754 362	70 675 888
Current year additions	-	78 474
Less: Amount written off-current	-	-
CLOSING BALANCE	70 754 362	70 754 362

Year-on-year fruitless and wasteful expenditure movement

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

IRREGULAR EXPENDITURE	31 DECEMBER 2023	30 JUNE 2023
Opening balance	216 366 561	103 196 390
Current year additions	82 266 797	153 320 508
Prior period additions	-	-
Prior period reversals	-	-
Amount written off	-	(40 150 337)
CLOSING BALANCE	298 633 358	216 366 561

Year-on-year irregular expenditure movement

In Quarter 2, irregular expenditure increased by R82 266 797. The incident that gave rise to the irregular expenditure are as follows:

Item	Category	Description	Disciplinary Status	Amount
1	Non-compliance with MFMA	Deviation not meeting the Regulation 36 requirements	Tender process currently underway	R80 197 753
2.	Non-compliance with MFMA	Contract expired. The City to take over the process.	SLA finalised with the City, awaiting connectivity	R2 069 044

Section 10: Pending Litigations and Possible Liabilities

JPC Entity

None

City Portfolio

Legal action brought by JPC on behalf of COJ

None

Section 11: Insurance Claims against / to JPC

JPC Entity

None

City Portfolio

The insurance claims for portfolio asset is handled by Group Risk and Assurance Services and not JPC

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

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



Chapter 6: Internal and External Audit Outcomes

Section 1: Results of Internal Audit

The three-year rolling plan and annual internal audit plan still need to be reviewed and approved annually by the Audit and Risk Committee in the second quarter of 2023/24.

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

PROGRESS MADE ON THE ANNUAL PLAN

There are twenty-two (22) audit projects planned for the year ended 30 June 2024 consisting of 19 comprehensive audits, follow-up on AG and Internal audit findings, Adhoc project, and Probity audit. Two of the comprehensive audits (audit of Pre-determined objectives and Service Level Standards) will be done every quarter and the remaining ones will commence during the fourth quarter of 2023/24.

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

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) which monitors the progress made by management on the implementation of recommendations.

INTERNAL AUDIT FINDINGS

The internal audit has raised 27 findings, which were issued in August 2023. The resolution rate for the internal audit findings for the 2022/23 financial year is 63% however, the management is in the process of resolving the findings that are remaining.

CATEGORY	TOTAL	RESOLVED	NOT RESOLVED
Very High	0	0	0
High	16	10	6
Medium	9	6	3
Low	2	1	1
TOTAL	27	17	10

Section 3: Progress on Resolution of External Findings

The Auditor General of South Africa (AGSA) finalized the 2023/24 audit and issued their audit and management report letter on 24th November 2023. The entity received an unqualified audit opinion with material findings on non-compliance with legislation and annual financial statement, which is similar to the prior year i.e. 2021/22.

There are twelve (12) AG findings of which seven (7) were resolved and five (5) remain unresolved.

The dashboard for unresolved external audit findings (2022/23) is as follows:

CATEGORY	TOTAL AS AT 30 NOV 2023	RESOLVED AS AT NOV 2023		UNRESOLVED	
		#	%	#	%
Matters that will be reported in the auditor's report and should be addressed urgently	6	3	50%	3	50%
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	3	75%	1	25%
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	1	50%	1	50%
TOTAL	12	7	58%	5	42%

TABLE: UNRESOLVED EXTERNAL AUDIT FINDINGS

Section 4: State of the Internal Controls

The Statement of Internal Controls is an expression of an opinion from the Internal Audit on the Status of the Internal Control system of JPC after evaluation of such. Both King IV and Internal Standards of Professional Practice of Internal Auditing require the GM: Internal Audit to provide a written assessment of adequacy and effectiveness of the internal controls and issue a report reflecting on any deficiencies, which have been mitigated by Management. The assessment and evaluation forms the basis of the Audit and Risk Committee Report.

There is a significant improvement in addressing matters affecting the Auditors' Report and Management is committed to addressing control weaknesses identified by internal audit through the implementation of audit recommendations and monitoring of action plans.

The 63% resolution rate on Internal Audit findings means that the system and internal controls are adequate and ineffective (fair). It should be noted that the unresolved findings relate to compliance, contract management, ICT and Management is of the view that this has been resolved.

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