

## JPC THIRD QUARTER REPORT 2023/24

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**Bankers** : Standard Bank South Africa

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

**Company Secretary** : Gontse Dlamini



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



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



**Values:** Company values are the ethical foundation of JPC and are therefore fundamental to the JPC's success. Such values are not just important but crucial to the overall ascendancy of JPC.

The following values were identified and adopted by JPC:

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

**OFFICIAL SIGN-OFF:**

It is hereby certified that this quarterly report:

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

<p><b>Mr. Siphon Mzobe CA (SA)</b></p>  <p><b>General Manager: Finance and SCM</b></p>	<p>29/04/2024</p> <p>Date of approval</p>
<p><b>Ms. Helen Botes</b></p>  <p><b>Chief Executive Officer</b></p>	<p>29/04/2024</p> <p>Date of approval</p>
<p><b>Mr. Simon Motha</b></p>  <p><b>Chairperson of the Board</b></p>	<p>30/04/2024</p> <p>Date of approval</p>
<p><b>Ms. Lulama Ndlovu</b></p>  <p><b>Acting Executive Director: Economic Development</b></p>	<p>02/05/2024</p> <p>Date of approval</p>
<p><b>Cllr. Nomoya Mnisi</b></p>  <p><b>Member of the Mayoral Committee Economic Development</b></p>	<p>24/05/2024</p> <p>Date of approval</p>

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

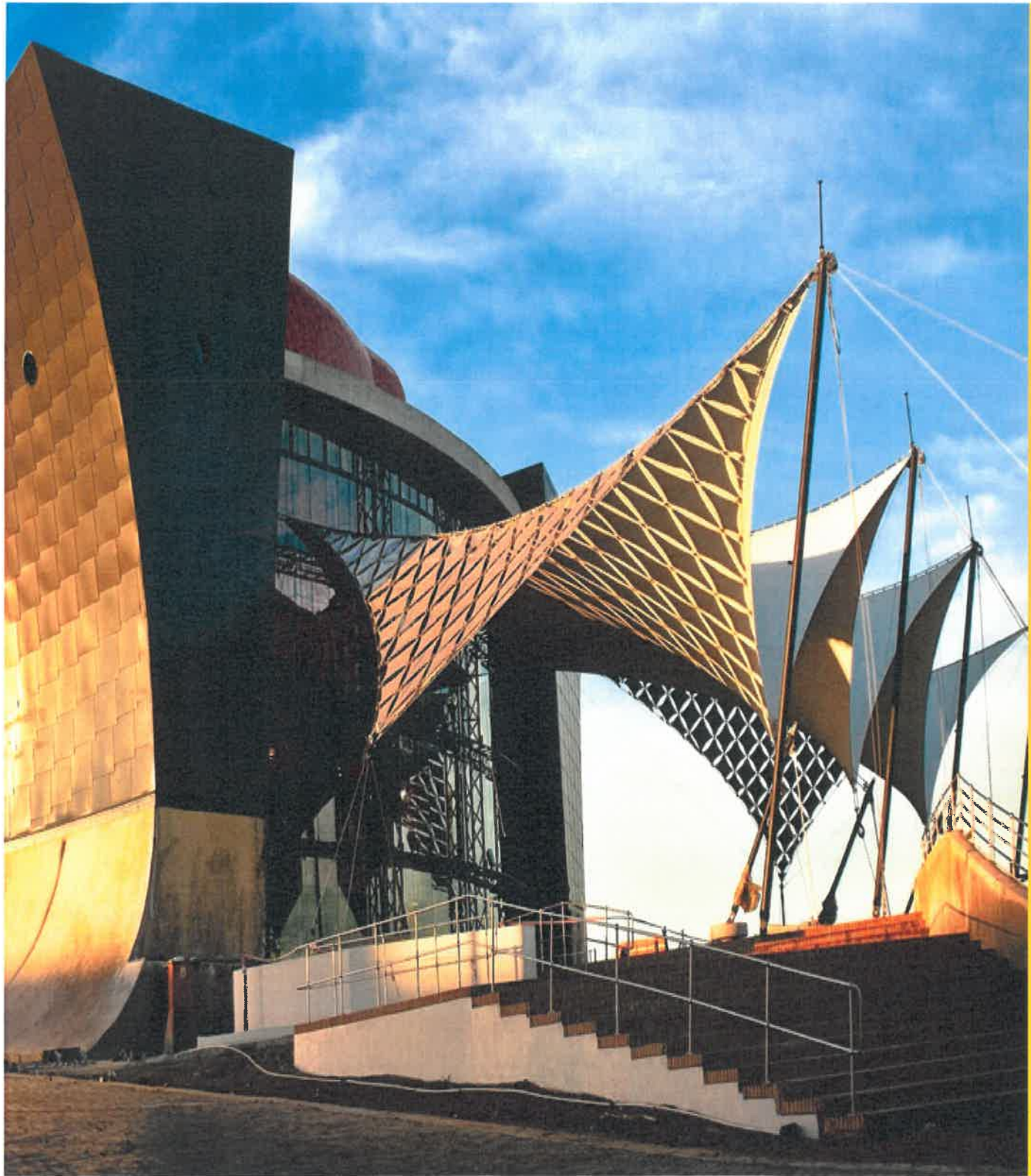
Acronyms & Abbreviations			
Acronym	Name/phrase	Acronym	Name/phrase
<b>FMM</b>	Facilities Management and Maintenance	<b>RDP</b>	Reconstruction and Development Programme
<b>FRACC</b>	Fraud and Corruption Committee	<b>REMCO</b>	Remuneration and Human Resources Committee
<b>GDS 2040</b>	Growth and Development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

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## **Chapter 1: Leadership and Corporate Profile**

## Section 1: Chairperson's Overview Report



As we conclude the third quarter of the 2023/2024 financial year, I am pleased to share with you the quarterly progress on the initiatives undertaken by the entity as part of serving the needs of our communities and driving the strategic objectives of our shareholder.

**Operating Environment:** it is best to acknowledge that the City's property portfolio is under pressure because there is a need to enhance and maximise the portfolio's value through implementation of repairs and maintenance programmes, green building initiatives, addressing safety, hijackings, illegal occupations and were necessary repurposing. This is aggravated by the limited budget allocated for the property portfolio.

The limited budget is as a result of the City's need to prioritise and strike a balance in allocating resources for basic service delivery requirements, infrastructure development investments and the maintenance of the property portfolio. The City's balancing act has resulted in a budget reduction for the entity, thus impacts negatively on delivery of our mandate.

As the Board we are conscious of the Entity's contribution to transforming the spatial landscape by addressing urban decay, illegally occupied, and hijacked buildings while stimulating and increasing the private sector investment opportunities.

**Organisational Performance Highlights:** 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:

- Internal Audit Strategy and Three-Year (3) Audit Rolling Plan;
- Mid-term Performance Report 2023-2024;
- Deviation Report in respect of 2023/2024 Business Plan;
- Acquisition Plan;
- The amended Supply Chain Management (SCM) Policy;
- Approval for the Reversal of Irregular Expenditure for Fleet;
- Human Capital Management (HCM) Strategy; and
- Shareholder Compact for 2023/2024.

The Board recognises the improved performance target achievement of 85% in the third quarter as well as the increased revenue generation from Outdoor Advertising. Financial sustainability is top priority for us as the Board

and trust that Management will continue to implement initiatives that ensures COJ facilities are well maintained, explores alternative green measures in compliance with applicable legislative of requirements.

The Board is resolute in its collaboration with the management team to continue improving the performance levels of the entity.

**Strategic Initiatives:** The Board will continue to provide strategic direction to management and stay abreast of legal and regulatory requirements that are applicable to the property sector. Several strategic projects have been initiated to bring changes to the COJ property landscape while addressing critical issues such as:

- Job creation;
- SMMEs development;
- Increasing revenue streams;
- Sound Financial and Risk Management including Internal Controls; and
- Ethical behaviour and leadership.

**Community Engagement:** We believe in the power of community engagement and the vital role it plays in better understanding community needs and aspirations. The Board has noted initiatives adopted by Management such as outreach and awareness campaigns, site inspections at the informal traders facilities, social media updates focusing on educating and empowering residents in respect of services it renders.

The Board's commitment to the City of Johannesburg as its sole Shareholder remains unwavering. 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 reflect on achievements of the past quarter and look ahead to the opportunities that lie ahead, I am confident that together we can overcome the challenges and continue to explore innovative solutions that changes our financial positions.

I would like to extend my sincere gratitude to our dedicated staff, Board members, MMC for Economic Development, Cllr Nomoya Mnisi for entrusting the Board with an oversight role.



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**Mr. Simon Motha**  
**Chairperson of the Board**

## Section 2: Chief Executive Officer's Overview



As we embark upon the fourth quarter, of the current financial year, it is my privilege to provide you with an update on the organisational performance and initiatives undertaken during the period from January - March 2024. This quarterly report encompasses both the financial and organisational performance of JPC during this period.

As we navigate the strain experienced within the COJ property portfolio caused by the budget constraints that limit the maintenance and the nature of the portfolio, which is geared for social benefits we still endeavour to yield high returns for the City.

During the period under review the focus was on concluding the preparatory work such as Council and EAC approvals for property transactions that will result in high returns City and benefits the citizens.

We remain committed to ensuring regulatory compliance by keeping up with evolving regulations and staying abreast of changes and implementing necessary adjustments to ensure our operations align with legal requirements.

### Organisational Highlights:

- **Property Development Project:** The City's Executive Adjudication Committee granted approval for the award of six (6) properties to the value of R3 769 819 467.00, enabling the private sector to invest and transform the CoJ property portfolio.
- Fifteen (15) properties have been packaged and released in terms of Section 79(18) of the LGO and the City's Supply Chain Processes for Land with an estimated investment value of R1 440 750 000.00.
- **Outdoor Advertising:** The focus in the period under review has been on engagements with media owners on 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:** Following the EAC approval to enter into a long term development lease agreement, consultation and engagement session has been held with the developer as part of concluding negotiations and have a signed agreement in place by the end April 2024.

**Achievements against predetermined objectives:**

During the third quarter, JPC has managed to achieve 85% of its quarterly targets i.e. 17 of its 20 KPIs, and generating of R35.56m resulting from the conclusion outdoor advertising long terms lease agreements.

In the period under review, the entity has attained 75% resolution rate of 2022/23 AG findings and management is confident that the three (3) unresolved findings relating to non compliance to legislation will be resolved as the UIWF investigations have been completed and recommendations will submitted for Board approval.

**Focus for coming quarter:**

**Strategic Planning & Alignment:** We will continue to refine and execute our strategic plan, focusing on key initiatives such as

- investment attraction,
- Metro Centre Reurbishment,
- Sign off of Office Accommodation Leases;
- Conclusion of negotiations on the award property development projects; and
- community engagement.

**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 last quarter 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 shareholders, 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.



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

### Section 3: Financial Overview



I am pleased to provide a third quarter overview of the Joburg Property Company's (JPC) performance for the period 1 January 2024 to 31 March 2024.

JPC is both factual solvent and commercially solvent with adequate resources to maintain payment of creditors. Emphasis will be placed on improving the solvency and liquidity ratios in quarter 4. JPC is still struggling to convert the related party debtors of more than a billion rands into cash. Departments do not pay JPC regularly.

The financial performance indicates a year-to-date surplus of R121 554 000. The main contributors are as follows:

#### ➤ Revenue

- Management fees are lower than budgeted due to delays in renewal of Service Level Agreement with department. We expect an increase in Q4 as the majority of the SLA's have been finalised in quarter 3.
- New agreements have been finalised with Outdoor Advertising firms; payments expected from April onwards
- There are a number of land transactions awards issued. Contract negotiations have started on a number of the awards.

#### ➤ Expenditure

- Included in office operational expenses, is the office accommodation expenditure relating to alternative accommodation for departments that previously occupied Metro Centre. Executive Adjudication Committee awarded the tenders and last part relating to MFMA section 33 has been completed and a report heading to council for noting. Expenditure will start once contracts have been completed. This is part of the mid-term adjustment expenditure.
- Due to proper management of JPC bank account, no interest expenditure have been incurred.

During the period under review, COJ undertook a rebasing exercise which resulted in revenue reduction of R50 million. Expenditure also reduced by the same amount with a significant reduction on operating costs. Capex was reduced from R49 million to R25 million.

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

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

Looking ahead to Quarter Four, we anticipate increased spending on R&M and capital expenditure, with ongoing projects nearing completion. Preparations for the 2024 annual financial year audit, to be conducted by the Auditor General (AG), are underway and will be meticulously executed as financial year-end approaches.

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



**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><b>In the period under review, the entity has:</b></p> <ul style="list-style-type: none"> <li>✓ 20 KPI's were due in this quarter, where 17 (85%) KPI's were achieved and 3 (15%) KPI's were not achieved.</li> <li>✓ 1 KPI is not due in this quarter</li> <li>✓ The financial performance of the JPC for the third quarter illustrates a surplus of R121 554 000.</li> <li>✓ OPEX: Spend was R617m (61%) against a budget of R1, 013, 168b.</li> <li>✓ Ratios: Liquidity ratio of 1.01:1 and a solvency ratio of 1:1 against the City's benchmarks of 1:1 and 2:1 respectively.</li> </ul>	
Highlights	Lowlights
<ul style="list-style-type: none"> <li>✓ <b>75%</b> resolution rate of the AG findings issued in the second quarter of the current financial year.</li> <li>✓ CAPEX Q3: Year to date spent R11m (44%) against a budget of R25m. In this quarter we achieved 28% CAPEX spend.</li> <li>✓ <b>538 jobs created</b></li> <li>✓ <b>The City's Executive Adjudication Committee granted approval for the award of six (6) properties to the value of R3, 769, 819, 467.00, enabling the private sector to invest and transform the CoJ property portfolio.</b></li> <li>✓ Fifteen (15) properties have been packaged and released in terms of Section 79(18) of the LGO and the City's Supply Chain Processes for Land with an estimated investment value of R1 440 750 000.00</li> </ul>	<ul style="list-style-type: none"> <li>✓ Total number of vacant positions is 627 of which 528 are unfunded.</li> <li>✓ 3 (15%) KPI's were not achieved</li> </ul>



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	17	
Not Achieved	8	12	3	
KPI at Risk	0	0	0	
KPI not yet due	4	1	1	

	Target Achieved		Target not 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
R5 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	R2.billion investment attracted/ business facilitated within COJ boundaries based on a signed contract	R2.5 billion investment attracted/ business facilitated within COJ boundaries based on a signed contract	R5billion investment attracted/ business facilitated within COJ boundaries based on a signed contract
Actual	R100million investment attracted/ business facilitated within COJ boundaries based on a signed contract	R0 investment attracted/business facilitated within COJ boundaries based on signed contract	R17 276 536 967.29 billion investment attracted/business facilitated within COJ boundaries based on signed contract		R17 376 536 967.29 billion investment attracted/business facilitated within COJ boundaries based on signed contract

 **Target Achieved**

**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	R237 236 744.00 investment spend on projects within COJ boundaries based on construction value on the ground		R323 746 102.08 investment spend on projects within COJ boundaries based on construction value on the ground



**Target achieved**

**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	53 Job opportunities created	77 Job opportunities created	538 Job opportunities created		668 Job opportunities created



**Target achieved**

**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	37 SMME's supported	175 SMME's supported		246 SMME's supported



**Target achieved**

**1.5 NUMBER OF ASSET MANAGEMENT PLANS FORMULATED**

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
320	80 asset management plans formulated	80 asset management plans formulated	80 asset management plans formulated	80 asset management plans formulated	320 asset management plans formulated
Actual	80 asset management plans formulated	80 asset management plans formulated	80 asset management plans formulated		240 asset management plans formulated



**Target Achieved**

### 1.6 NUMBER OF PROPERTIES ACQUIRED ON BEHALF OF CITY DEPARTMENTS AND ENTITIES

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
8	Acquisition of 0 properties	Acquisition of 0 properties	Acquisition of 4 properties	Acquisition of 4 properties	Acquisition of 8 properties
Actual	Acquisition of 4 property	Acquisition of 0 property	Acquisition of 5 property		9 acquired and transferred to the COJ through the conditions of town establishment



**Target Achieved**

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

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
140	0 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	14 properties released on social and economic leases including servitudes and sales.	11 Properties released on social and economic leases including servitudes and sales	53 Properties released on social and economic leases including servitudes and sales		78 properties released on social and economic leases including servitudes and sales.



**Target Achieved**

### 1.8 IMPLEMENTATION OF THE OUTDOOR ADVERTISING MASTERPLAN

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
100%	25% implementation of the Outdoor Advertising masterplan	25% implementation of the Outdoor Advertising masterplan	25% implementation of the Outdoor Advertising masterplan	25% implementation of the Outdoor Advertising masterplan	100% implementation of the Outdoor Advertising masterplan
Actual	25% implementation of the Outdoor Advertising masterplan	25% implementation of the Outdoor Advertising masterplan	25% implementation of the Outdoor Advertising masterplan		75% implementation of the Outdoor Advertising masterplan



**Target Achieved**

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

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
100%	85% implementation of annual refurbishment plan for metro centre	85% implementation of annual refurbishment plan for metro centre	95% implementation of annual refurbishment plan for metro centre	95% implementation of annual refurbishment plan for metro centre	100% implementation of annual refurbishment plan for metro centre
Actual	0% Implementation of annual refurbishment plan for metro centre	0% Implementation of annual refurbishment plan for metro centre	0% Implementation of annual refurbishment plan for metro centre		0% Implementation of annual refurbishment plan for metro centre



**Target Not Achieved:** Annual refurbishment plan has been placed on hold due pending council approval of the proposed repurposing options of the Metro Centre.

### 1.10 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	7 Renewal of Office Accommodation Leases		7 Renewal of Office Accommodation Leases



**Target Achieved**

### 1.11 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	200 employees trained		485 employees trained



**Target Achieved**

### 1.12 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	R18 234 764m income raised from acquisition, outdoor advertising, leases, servitudes and sales	R35.56m income raised from acquisition, outdoor advertising, leases, servitudes and sales		R72, 72m income raised from acquisition, outdoor advertising, leases, servitudes and sales



**Target Achieved**

### 1.13 SPEND OF ALLOCATED CAPEX

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
95%	25% spend on allocated Capex	25% spend on allocated Capex	25% spend on allocated Capex	20% spend on allocated Capex	95% spend on allocated Capex
Actual	11% spend on allocated Capex	16% spend on allocated Capex	28% spend on allocated Capex		44% spend on allocated Capex



**Target Achieved**

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

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



**Target not achieved:** due to low expenditure of office accommodation under the line budget item of office accommodation under the process of renewal of leases

### 1.15 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	2% of spend on repairs and maintenance budget	2% 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	12.2% of spend on repairs and maintenance budget		12.2% of spend on repairs and maintenance budget



**Target Achieved**

### 1.16 PERCENTAGE OF VALID INVOICES PAID WITHIN 30 DAYS OF INVOICE DATE


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



**Target Achieved**

**1.17 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%	10% reduction in unauthorised, irregular, fruitless, and wasteful expenditure incurred citywide	10% 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	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		0% reduction in unauthorised, irregular, fruitless and wasteful expenditure incurred citywide

 **Target not Achieved:** in the period under review the required investigation into UIWF were concluded and the next step relates to Board approval of the recommendations which will be obtained in the fourth quarter.

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

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

 **Target Achieved**

**1.19 AUDIT OPINION**

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

 **Target not due**

## 1.20 RESOLUTION OF AUDITOR GENERAL'S FINDINGS

Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Actual
95%	95% of the previous AG 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	75% of the current new AG letter		75% of the current new AG letter



**Target Achieved**

## 1.21 PERCENTAGE RESOLUTION OF INTERNAL AUDIT FINDINGS

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



**Target Achieved**

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



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

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

This includes but is not limited to, the Companies Act. As an independent municipal entity, the company is also subject to the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA). The entity has 1521 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

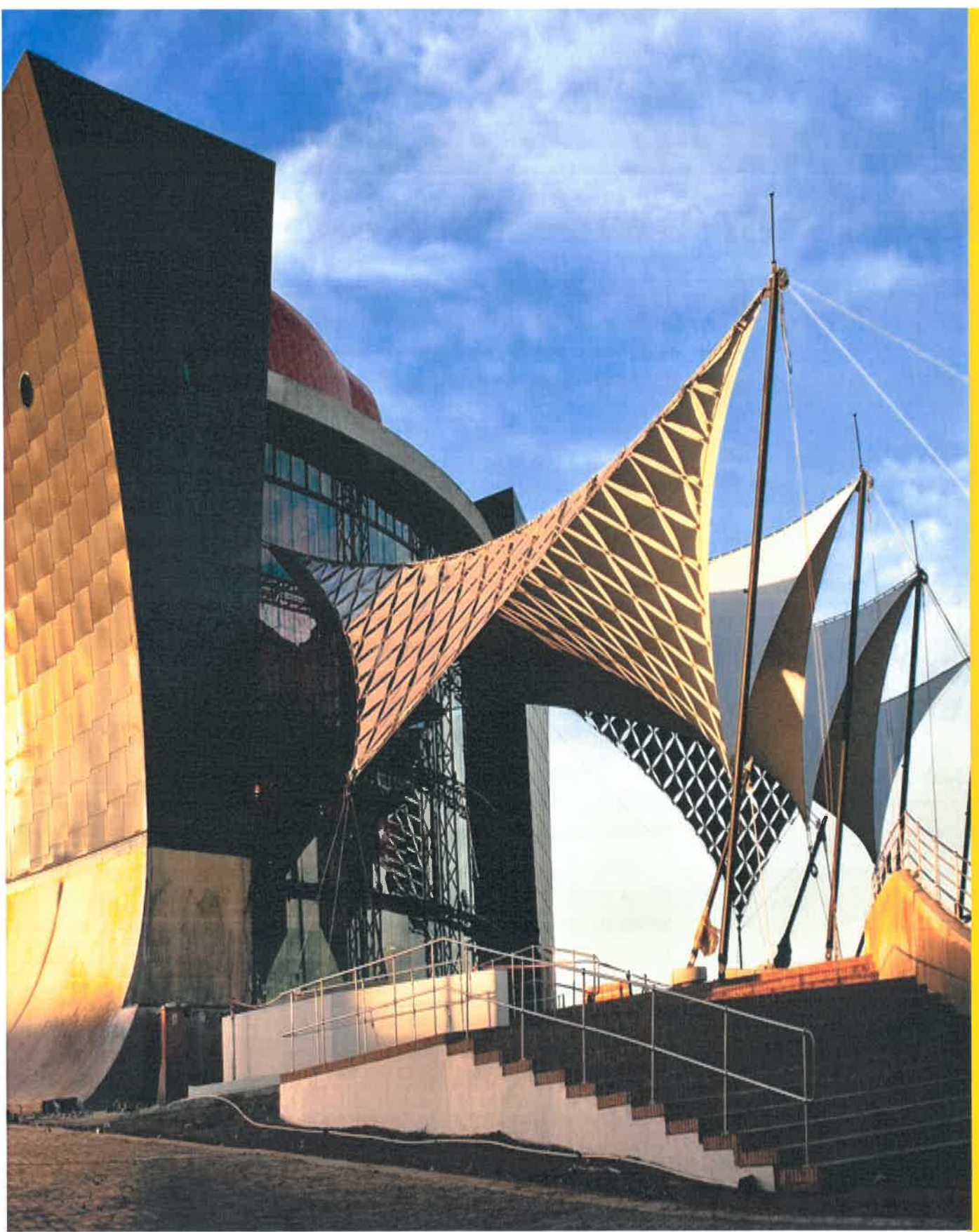
JPC's corporate strategy is aligned with the Growth and Development Strategy (GDS) 2040, the Integrated Development Plan (IDP), and the Mayoral Priorities. JPC recognises and emphasises its role as an economic and social property company to achieve positive developmental outcomes. The City had confirmed 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"> <li>• R5 billion Investment / Rand value attraction of investment on COJ property</li> <li>• R500 million investment spend on COJ property / Construction value on the ground</li> <li>• Acquisition of 8 properties on behalf of Departments and Municipal Entities for the advancement of City's service delivery objectives.</li> </ul>
Job Opportunities Creation	<ul style="list-style-type: none"> <li>• 1000 Jobs opportunities created through property transactions</li> <li>• 700 SMMEs supported through property transactions</li> </ul>
Good Governance	<ul style="list-style-type: none"> <li>• Audit Opinion / Unqualified audit opinion (Clean audit)</li> <li>• 50% reduction in unauthorized, irregular, fruitless, and wasteful (UIFW) expenditure incurred citywide</li> <li>• 95% resolution of Auditor General's findings</li> <li>• 95% resolution of Internal audit findings</li> <li>• 100% of valid invoices are paid within 30 days of the invoice date</li> <li>• 800 employees trained to address competency gaps</li> <li>• 100% Implementation of Annual Refurbishment Plan for Metro Centre</li> </ul>
Financial Sustainability	<ul style="list-style-type: none"> <li>• R115 million income raised from acquisition, outdoor advertising, leases, servitudes, and sales</li> <li>• 95% spent on the operating budget against the approved operating budget</li> <li>• 8% spent on repairs and maintenance to property, plant, and equipment. In respect of JPC Facilities.</li> <li>• 140 properties released on social and economic leases including servitudes and sales</li> <li>• 95% spend of the allocated capital expenditure budget</li> <li>• 320 asset management plans formulated</li> <li>• 100% Implementation of the Outdoor Advertising masterplan</li> <li>• 27 Renewal of office Accommodation Leases</li> </ul>
Active and Engaged Citizenry	<ul style="list-style-type: none"> <li>• 95% achievement of service standards</li> </ul>



## 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**

JPC’s decision-making and administration complies with the MFMA, MSA, and the Companies Act. JPC has voluntarily elected to follow King IV Report, as it relates to best practices pertaining corporate governance. The Board composition complies with the Memorandum of Incorporation (MOI), and the Shareholder’s Compact.

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

Diversity on the Board of Directors is assessed from different points of view. For the composition 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 next AGM was set for 15 March 2024, however, the AGM was postponed to the 25<sup>th</sup> March 2024 and later postponed with no new date set.

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.

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

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

#### **BOARD MEMBERS (EXECUTIVE DIRECTORS)**

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

#### **INDEPENDENT AUDIT COMMITTEE MEMBERS**

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

### **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.

Members of the Board have unlimited access to the Company Secretary, who acts as an advisor to the Board and its Sub-Committees on matters including compliance with the Companies act 71 of 2008 Company, as amended, statutory regulations and best corporate practices. Directors are also entitled to seek independent professional advice concerning the affairs of JPC at the Company's expense, should they believe that such a course of action would be in the best interest of JPC. The Board of directors have adopted the Board Charter, which encapsulates the COJ Group Shareholder Policy on Governance of the Group Advisory Committees, Municipal Entities Board of Directors, and Independent Audit Committees.

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

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

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, Human Resources and Transformation Committee and Transactions and Service Delivery Committee.



## JPC BOARD & COMMITTEES DELEGATION

Committees	Audit & Risk Committee	Transactions and Service Delivery Committee	Human Resources & Transformation Committee
Focus Area	<ul style="list-style-type: none"> <li>▪ Recommendation of the JPC Annual Financial Statements 2022/23.</li> <li>▪ Recommendation of the JPC Budget and Business Plan for the 2022/23 financial year.</li> <li>▪ Approval of the JPC Procurement Plan</li> <li>▪ Approval of the Audit Strategy.</li> <li>▪ Recommendation of the JPC Risk Management Strategy.</li> <li>▪ Integrated Reporting</li> <li>▪ Financial Reporting</li> <li>▪ Internal Audit and External Audit Matters</li> <li>▪ Risk - Management Information and Technology Governance</li> <li>▪ Information &amp; Cyber Security</li> </ul>	<p>Consider and to recommend to the Council for approval, the following property related transactions:</p> <ul style="list-style-type: none"> <li>▪ Alienation of Property; Acquisition of Property</li> <li>▪ Acquisition of Property;</li> <li>▪ Granting Amending, Acquiring and/or cancellation of servitudes;</li> <li>▪ Property Donations;</li> <li>▪ Barter;</li> <li>▪ Outdoor Advertising and Cellular Masts;</li> <li>▪ Leases, use, management agreement and/or control agreements;</li> <li>▪ Property Development</li> </ul>	<ul style="list-style-type: none"> <li>▪ Remuneration Strategy and Policy</li> <li>▪ Succession Planning</li> <li>▪ Human Capital Management</li> <li>▪ Good Corporate Citizenship</li> <li>▪ Ethical Leadership and Conduct</li> <li>▪ Social and Economic Development</li> <li>▪ Stakeholder Relationships</li> <li>▪ Reputation Management</li> </ul>
Composition	<p>Mr. Sabelo Mtolo (<b>Chairperson</b>)            Mr. Fulufulhelo Ratsikhopho (NED)            Mr. Xola Lingani (IAC)            Ms. Yongama Pamla (IAC)            Ms. Rachel Makwela (IAC)            Mr. Thabang Chiloane (IAC)</p>	<p>Mr. Mxolisi Zondo (<b>Chairperson</b>)            Ms. Bettycourt Teffo (NED)            Mr. Fulufulhelo Ratsikhopho (NED)            Ms. Londiwe Mthembu (NED)            Mr. Simon Motha (NED)</p>	<p>Ms. Tshepang Thatelo (<b>Chairperson</b>)            Ms Ntombikayise Tini (NED)            Ms. Ellen Rakodi (NED)            Mr. Simon Motha (NED)            Ms. Bettycourt Teffo (NED)</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	25 January 2024	17 January 2024	19 January 2024	22 January 2024
MMC-CHAIRPERSON'S QUARTERLY Review Meeting and JPC FIRST QUARTER HIGHLIGHT DISCUSSION	06 February 2024			
Special Group Audit Committee Meeting		04 March 2024 Special Group Audit Meeting		
GRGC Meeting	06 March 2024			
Special Meeting	27 <sup>th</sup> March 2024			27 <sup>th</sup> March 2024

During the Period under review, the Board **APPROVED** the following submissions recommended by the Sub-Committees:

ITEM	DATE APPROVED
<ul style="list-style-type: none"> <li>JPC Shareholder Compact for 2023/2024.</li> <li>JPC CEO'S Performance Bonus Payment Submission.</li> </ul>	27 March 2024
<ul style="list-style-type: none"> <li>JPC Midterm Performance Report 2023/2024.</li> <li>Deviation Report in respect of 2023/2024 Business Plan.</li> <li>JPC Quarterly Acquisition Plan.</li> <li>Amended Supply Chain Management (SCM) Policy.</li> <li>Reversal of Irregular Expenditure for Fleet reported in the 2021/2022 Financial Year.</li> </ul>	25 January 2024
<ul style="list-style-type: none"> <li>The JPC Internal Audit Strategic Three-Year (3) Rolling Plan (as at 1 July 2023 -30 June 2026).</li> <li>The JPC Annual Operational Internal Audit Plan.</li> </ul>	17 January 2024
<ul style="list-style-type: none"> <li>JPC Human Capital Management (HCM) Strategy.</li> </ul>	25 January 2024

### Section 3: Entity Remuneration Policy

#### ENTITY REMUNERATION POLICY

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

DIRECTORS MEETINGS FIRST QUARTER		
NAME OF DIRECTOR	MEETINGS ATTENDED	EMOLUMENTS
Simon Motha	3	R40,000.00
Sabelo Mtolo	4	R46,000.00
Bettycourt Teffo	3	R36,000.00
Tshepang Thatelo	2	R30,000.00
Ellen Rakodi	2	R20,000.00
Ntombikayise Tini	2	R20,000.00
Fulufhelo Ratshikhopa	3	R36,000.00
Mxolisi Zondo	2	R30,000.00
Londiwe Mthembu	2	R28,000.00
INDEPENDENT AUDIT COMMITTEE MEMBERS		
Xola Lingani	1	R9,200.00
Yongama Pamla	1	R8,000.00
Thabang Chiloane	2	R16,000.00
Rachel Makwela	1	R8,000.00
<b>TOTAL</b>		<b>R327,200.00</b>

## **DISCLOSURE OF INTEREST**

Each time the meeting of the Board or each of its sub-committees convenes, a specific item is included in the agenda in respect of declaration of conflict of interest and its nature, prior to the meeting. 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.

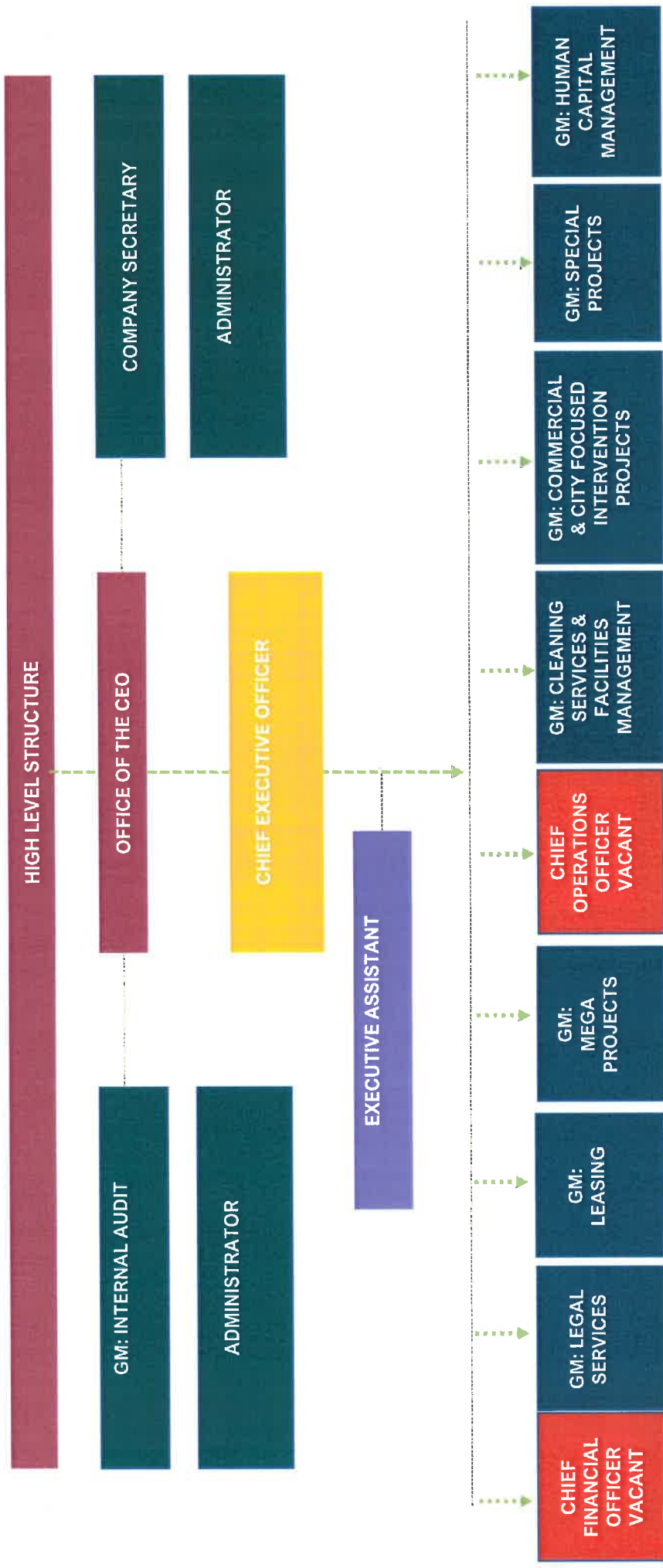
In addition to the specific item agenda, Section 75 (5) of the Companies Act depicts that if a non-executive director or an independent audit committee has a personal financial interest, in any matter the entity is mandated with, annual declaration of conflict interests be submitted annually, these are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

**EXECUTIVE MANAGEMENT REMUNERATION FOR THE PERIOD UNDER REVIEW**

2023/2024 YTD EXECUTIVE SALARIES (JULY 2023 TO MARCH 2024)											
EMP. NO.	Name	BASIC SALARY	TRAVEL ALLOWANCE	HOUSING ALLOWANCE	LEAVE ENCASHMENT	ACTING ALLOWANCE	PERFORMANCE BONUS/13TH	FINAL LEAVE PAY	NON-PENSIONABLE ALLOWANCE	COMPANY CONTRI.	TOTAL
10005164	Helen Botes	R 2 058 188	R 187 500	R -	R -	R -	R -	R -	R 10 908	R 23 785	R 2 280 380
10018008	Sizeka Tshabalala	R 1 267 731	R 90 000	R -	R 63 689	R -	R 288 407	R -	R -	R 294 429	R 2 004 255
10018010	Mduduzi Makhunga	R 1 283 153	R 72 000	R -	R -	R -	R 288 407	R -	R -	R 296 406	R 1 939 966
10018011	Sipho Mzobe	R 1 260 807	R 90 000	R 8 170	R 50 951	R 30 943	R 288 407	R -	R -	R 293 365	R 2 022 643
10018012	Phaqa Mhlongo	R 1 374 167	R -	R -	R -	R -	R -	R -	R -	R 244 595	R 1 618 762
10018144	Tshepo Mokataka	R 1 344 002	R -	R -	R 63 689	R -	R 288 407	R -	R -	R 308 338	R 2 004 435
10018147	Imraan Bhamjee	R 1 659 844	R 72 000	R -	R -	R -	R 363 060	R -	R -	R 346 201	R 2 441 104
10022875	Diamini Gontse	R 908 097	R -	R 9 598	R -	R -	R 100 294	R -	R -	R 199 830	R 1 217 819
10100166	Kgatuke Mathibela	R -	R -	R -	R -	R -	R -	R 132 806	R -	R 1 328	R 134 134
10101510	Sifiso Mabizela	R 920 855	R -	R 4 266	R 45 970	R 48 442	R 81 718	R -	R -	R 182 651	R 1 283 901
10114737	Sathekge Ogothe	R 441 500	R -	R -	R -	R -	R -	R -	R -	R 63 244	R 504 744
<b>Total</b>		<b>R 12 518 343</b>	<b>R 511 500</b>	<b>R 22 033</b>	<b>R 224 298</b>	<b>R 79 385</b>	<b>R 1 698 698</b>	<b>R 132 806</b>	<b>R 10 908</b>	<b>R2 254 172</b>	<b>R 17 452 144</b>

\*payment reflected for K. Mathibela is a final pay as the employee resigned and one employee started in January 2024.

# HIGH-LEVEL STRUCTURE



## **Section 4: Risk Management**

The JPC's Board monitors risk through the Audit and Risk Committee, which ensures an effective risk management process and system. The committee recommends risk strategies and policies implemented and monitored. The JPC Board is responsible for identifying, assessing, and monitoring the risks of the Audit and Risk Committee.

The JPC has a risk management framework, which follows an enterprise-wide risk management system in which all identified risk areas are managed systematically and continuously on an ongoing basis at the departmental level. The risk register is a working management document that keeps risk records. Management monitors and evaluates the implementation and efficiency of controls and actions to improve controls in the risk register.

Risk Management as applied throughout the organisation focuses on improving internal controls, operational efficiencies, and enhancing service delivery and customer relations. Risk taking is a necessary element of the service delivery model informed and guided through the risk appetite and risk tolerance parameters established

### **RISK MANAGEMENT PROCESS**

Risk identification and assessment is an ongoing process. The JPC's management conducts an annual strategic and operational risk assessment workshop. This process is a risk management process at the departmental level, and all employees take ownership of risks that fall within their respective responsibilities. For example, the risk management programmes and activities include:

- Strategic Risks Management and Monitoring.
- Operational Risks Management and Monitoring.
- Strategic Risk Register reviewed and aligned to the Business Plan.

The Executive Committee and the Audit and Risk Committee will continue to monitor the implementation of the documents listed above to ensure that the organization is proactive in addressing risks and strengthening its internal control environment.

### **STRATEGIC RISK REGISTER**

The JPC risk management strategy is a document guided by an enterprise-wide risk management system. The JPC's strategic risk register is a working document of identified risks monitored by the risk team. Management monitors and evaluates the implementation and efficiency of controls.

Effective risk management is fundamental to the JPC's business activities. The organization is committed to achieving its strategic goals and increasing shareholder value by facilitating, developing,

and implementing infrastructure projects for the City of Johannesburg. It continues to build and enhance the risk management capabilities to achieve these goals in a controlled environment.

The JPC conducts an annual strategic risk assessment workshop to ensure a link between risk management and the business planning processes. A total of 13 strategic risks were identified in the 2023/24 financial year and requires attention and close monitoring.

A Board Strategic Planning and Risk Workshop was held on November 2023 whereby discussions informed the determination of the company's strategic goals and lead to the development of this Business Plan. This process resulted in the identification of JPC's Strategic Risks on the development and implementation of the Business Plan as well as significant risks to the overall sustainability of the organisation. The approach adopted by the Board ensures that an inherent risk assessment is performed at Board level with the subsequent review of existing controls and control effectiveness performed by Executives. This process concludes with the Strategic Risk Register that is presented to the Audit and Risk Committee for validation prior to final adoption by the Board.

The Company has adopted a 5 x 5 (25) rating scale method as reflected in Table 10a, which was used in the assessment of Strategic Risks.

<b>IMPACT</b>	<b>Critical</b> 5	Low 3	Moderate 6	High 9	Very high 12	Very high 15
	<b>Major</b> 4	Low 2	Moderate 4	High 6	High 8	Very high 10
	<b>Moderate</b> 3	Low 1	Moderate 2	Moderate 3	High 4	High 5
	<b>Minor</b> 2	Low 1	Low 2	Moderate 3	Moderate 4	Moderate 5
	<b>Rare</b> 1	Low 1	Low 2	Low 3	Low 4	Low 5
		Rare 1	Unlikely 2	Possible 3	Likely 4	Almost certain 5
<b>LIKELIHOOD</b>						



## THE STRATEGIC RISK REGISTER

No	Risk Description	Inherent Risk Exposure	Residual Risk Exposure	Interventions/ Actions to improve management of the risk
1	Inability to maximise revenue	Very High	High	<ul style="list-style-type: none"> <li>• Implementation of the outdoor advertising master plan as it depends on the City finalization of the new by-laws.</li> <li>• Develop a Financial Turnaround Strategy (i.e. Growth of outdoor income; increasing land sales, land acquisitions, property development, property management, and repairs &amp; maintenance for other depts.), which includes renewal of the lease. Dependency on the COJ assistance</li> <li>• Verification of Traders and collection of rental. (Leases are dependent on the rollout of the permit system by DED)</li> </ul>
2	Inadequate facilities Management	Very High	High	<ul style="list-style-type: none"> <li>• Asset Life Cycle Management.</li> <li>• Facilities assessment.</li> <li>• 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 .</li> <li>• Preventative maintenance programmes</li> <li>• Employment and Occupants engagement programmes to encourage proactive reporting.</li> <li>• Implement Energy efficiency practices and technologies.</li> <li>• Safety and Compliance training.</li> <li>• Emergency response plans.</li> <li>• Develop and implement sustainability programmes.</li> <li>• Suppliers and contracts management.</li> <li>• Facilities management software.</li> <li>• Skills development and training.</li> <li>• Independent facilities committee.</li> <li>• Proactive implementation of Repairs and Maintenance strategies.</li> <li>• Acceleration of setting up effective governance structures on OHSA.</li> <li>• Quarterly conditional assessment of all the facilities.</li> <li>• 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.</li> </ul>

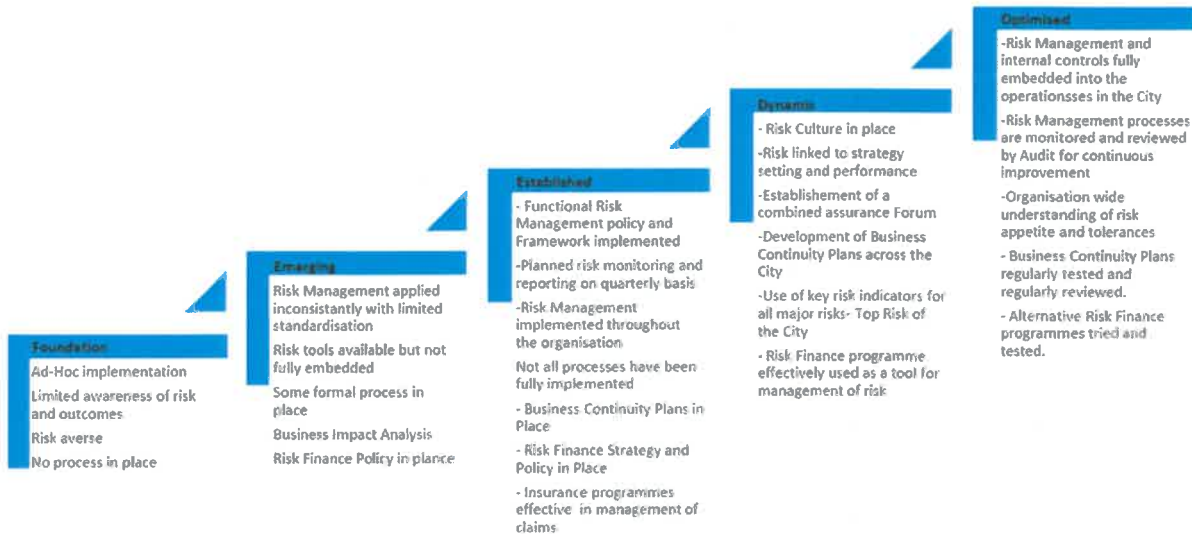
No	Risk Description	Inherent Risk Exposure	Residual Risk Exposure	Interventions/ Actions to improve management of the risk
				<ul style="list-style-type: none"> <li>The JPC approved Organogram be filled with the competent officials in order to effectively execute the CBAs of Corporate Buildings.</li> <li>Engaging with Ohasa department on Ohasa issues.</li> </ul>
3	Loss of value of city-owned land and properties	Very High	High	<ul style="list-style-type: none"> <li>Audit and verification of the asset register.</li> <li>Approval and implementation of the Land Strategy and Asset Management Plans.</li> <li>Partner with GFIS ,MPD and SAPS on the land invasion strategy.</li> <li>Continuous promotion of fraud prevention and fraud hotline awareness with GFIS.</li> <li>Awareness campaign</li> </ul>
4	Unhygienic conditions prevailing at COJ buildings	Very High	High	<ul style="list-style-type: none"> <li>Reviewing of placing cleaning staff at JPC or obtaining the requisite salary budget from CoJ.</li> <li>Capacitated the cleaning with sufficient cleaning staff, equipment material, cleaning supervisor, and management .</li> <li>Approval and adoption of the hybrid model for cleaning.</li> <li>SLA to be signed with all the city departments regarding the recoverability of the cleaning services rendered.</li> <li>Monthly cleaning and deep cleaning</li> <li>Engagement with organised Labour at Local Labour Forum to agree on salaries of the cleaners</li> </ul>
5	Non-compliance with legislation, policies and procedures	High	Low	<ul style="list-style-type: none"> <li>Monitor changes in labor and statutory laws, and ensure adherence.</li> <li>Ongoing Probity and regulatory and legislative compliance reviews of bid processes.</li> <li>Quarterly reporting on the JPC compliance checklist.</li> <li>HR Conducting awareness workshops annually.</li> <li>Reviewing all the policies annually.</li> <li>Update the JPC Compliance Management Framework which is aligned to the City-Wide Compliance Management Framework.</li> <li>Consequences management to be implemented.</li> <li>Work with GFIS on fraud corruption issues and implement based on consequence management measures.</li> </ul>
6	Inability to attract investment	High	Medium	<ul style="list-style-type: none"> <li>Hold an investors property conference/summit to attract investors to the City.</li> <li>Timeous evaluation and adjudication of RFP. RFQ and POP</li> <li>Timeous conclusion of the property development agreement and leases.</li> </ul>

No	Risk Description	Inherent Risk Exposure	Residual Risk Exposure	Interventions/ Actions to improve management of the risk
				<ul style="list-style-type: none"> <li>Property summit</li> <li>Ensure legal compliance bid specification</li> </ul>
7	Inadequate Contract Management	Very High	High	<ul style="list-style-type: none"> <li>Budget to be secured for JPC to appoint dedicated Contract Management officials.</li> <li>Portfolio management will appoint dedicated staff to manage and monitor new and current leases of facilities.</li> <li>Integrated automated contract management system to be implemented.</li> </ul>
8	Inadequate ICT delivery and electronically storage system	Very High	High	<ul style="list-style-type: none"> <li>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</li> <li>Additional training would be required on new employees to use the system</li> <li>HR induction pack for all new recruits, that should also cover IT induction to JPC</li> </ul>
9	Negative public perception	Very High	High	<ul style="list-style-type: none"> <li>Re-establishment of marketing communications unit .</li> <li>Integrate internal and external communication channels through policy and strategy .</li> <li>communicate clear Change management processes .</li> <li>Rebrand the organisation</li> <li>Cascade down the stakeholder matrix to all JPC employees.</li> <li>Implementation of business processes and systems integration (link the JPC Call Centre to PIMS, TRIM) which will improve the tracking and monitoring of stakeholder and client inquiries.</li> <li>Conduct roadshows on the COJ Asset per regions.</li> <li>Client Business Organisation (CBO) to Responds timeously to all the queries.</li> <li>External stakeholder engagement aligning JPC strategic objectives.</li> <li>Property indaba and outdoor adverts</li> <li>Educate residents and other stakeholders on how the JPC works</li> <li>Encourage stakeholders to report any crime that is committed against the JPC.</li> <li>Induct the media on the JPC and City's processes</li> </ul>
10	Inadequate acquisition of land to support the spatial development framework of COJ.	High	High	<ul style="list-style-type: none"> <li>Approval and implementation of Land strategy.</li> </ul>

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

## RISK 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 summarised as follows:



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

## 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: Compliance with Laws and Regulations**

The company has a Compliance Risk Framework, which guides the process of managing compliance risks. This compliance risk process is as prescribed by the Compliance Institute of South Africa (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.

During the 3<sup>rd</sup> 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 3<sup>rd</sup> quarter of 2023/2024, the entity identified irregular expenditure of R 42 372 068.
- The incidents that gave rise to the Irregular expenditure and Non-compliance with MFMA.
  - Deviation not meeting the Regulation 36 requirement R38 697 772.
  - Fleet contract R2 990 663 (Leases).
  - Contract Expired. The City to take over the process R683 632 (Internet Solution).

During the 3<sup>rd</sup> quarter of 2023/2024, the entity had no Fruitless and Wasteful expenditure.

#### **FAILURE TO PAY SERVICE PROVIDERS WITHIN 30 DAYS**

During the 3<sup>rd</sup> Quarter of 2023/24, there were no invoices paid after 30 days.

#### **DECLARATION OF INTEREST**

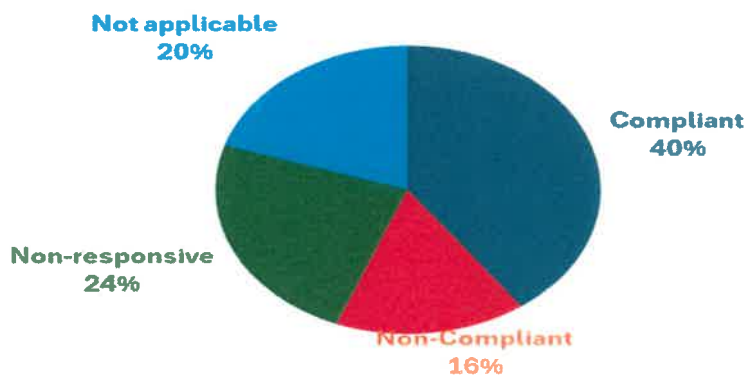
During the 3<sup>rd</sup> Quarter of 2023/24, 86% of employees declared their interest.

#### **REGULATORY COMPLIANCE**

**Non Responsive** – this business unit did not respond to the regulatory act

**Not Applicable** – according to the business unit the act does not apply to their function.

### **REGULATORY COMPLIANCE 2023/2024FY THIRD QUARTER**



The relevant legislation, compliance levels, and way forward in respect of the compliance of each Act are set out in the table below.

- There was no movement with the Non-compliant of Employment Equity Regulation for HR since the last financial year 2022/2023FY till to date.
- JPC is Non-compliant only with sections 19 and 20 of the Municipal Finance Act.



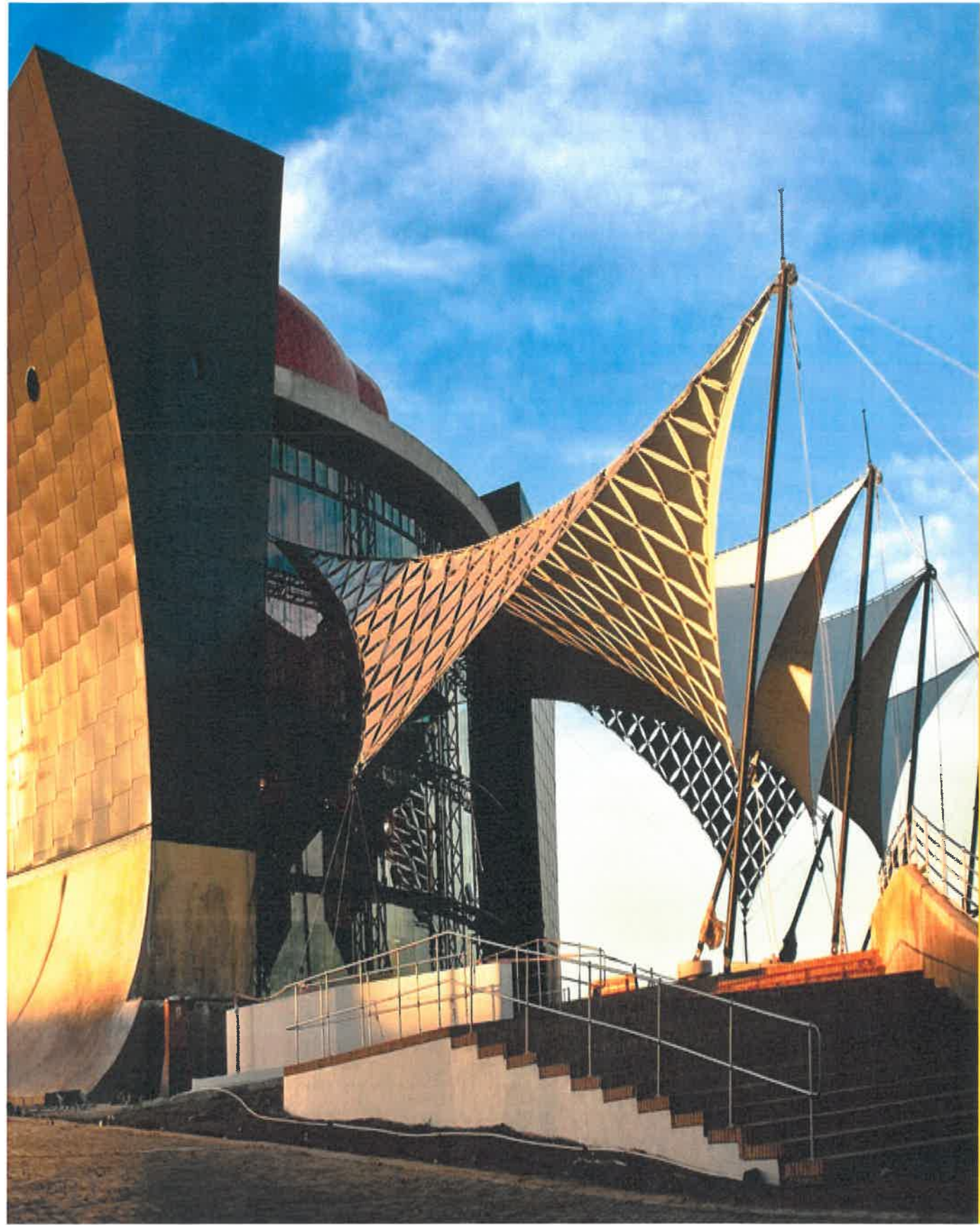
## REGULATORY ACT COMPLIANCE

Regulatory Act	Category	Department	Responsible Person (GM)	Responsive /Non responsive	Compliant/ Non-Compliant	Evidence Attached (Yes/No)	Comments
National Archives and Record Service of South Africa, No. 43 of 1997	INFORMATION TECHNOLOGY (IT)	Information Technology (IT)	Anthony Maques	Responsive	Compliant	YES	The implementation of the EDRMS integrated with POPIA gave rise to the analysis of the current records management in JPC and in turn an opportunity to create and approve functional business file plan models for each department.
Promotion of Access to Information Act, 2000 (Act. 2 of 2000)	CORE (ALL)	Information Technology (IT)	Anthony Maques	Responsive	Compliant	YES	
Protection of Personal Information Act 4 of 2013	CORE (ALL)	Information Technology (IT)	Anthony Maques	Responsive	Compliant	YES	The Business has appointed a service provider for the implementation of the Electronic Document and Records Management system. The EDRMS scope comprises the POPIA element where all eight principles are set out in the act when storing and processing personal information to encourage responsibility, security and consent. The system is set to go live in March 2024
Consumer Protection Act 68 of 2008	CORE (ALL)	Information Technology (IT)	Anthony Maques	Responsive	Not Applicable	NO	
National Archives and Record Service of South Africa, No. 43 of 1997	CORE (ALL)	Legal	Fitzgerald Ramaboea	Responsive	Not Applicable	NO	The implementation of the EDRMS integrated with POPIA gave rise to the analysis of the current records management in JPC and in turn an opportunity to create and approve functional business file plan models for each department.
Promotion of Access to Information Act, 2000 (Act. 2 of 2000)	LEGAL	LEGAL	Fitzgerald Ramaboea	Responsive	Not Applicable	NO	The updated PAIA Manual is with SM/GM Legal for approval, whereafter we will request Marketing to attend to the translation
Consumer Protection Act 68 of 2009	Legal	Legal	Fitzgerald Ramaboea	Responsive	Not Applicable	NO	SCM and PPMU to respond to this requirement

Regulatory Act	Category	Department	Responsible Person (GM)	Responsive /Non responsive	Compliant/ Non-Compliant	Evidence Attached (Yes/No)	Comments
National Road Traffic Act of 93 of 1996	GENERIC (Logistics) JPC Fleet	Facilities Management	Lesibana Ramashala	Non Responsive	Non-Compliant	NO	
Occupational Health and Safety Act, 1993 (Act No. 81 of 1993)	CORE (HR)	Facilities Management	Lesibana Ramashala	Responsive	Non-Compliant	NO	Establishment of the OHASA Com
National Treasury Public Sector Risk Management Framework	CORE (Compliance)	Property Intelligence and Regulatory Compliance/Internal Audit	Masilo Pudikabekwa	Responsive	Compliant	YES	
Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2004)	CORE (LEGAL)	Property Intelligence and Regulatory Compliance/Internal Audit	Masilo Pudikabekwa	Responsive	Compliant	YES	
Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000)	CORE (ALL)	Property Intelligence and Regulatory Compliance/Internal Audit	Masilo Pudikabekwa	Responsive	Compliant	YES	
Municipal Supply Chain Management Regulations Gazette No. 27636, 30 May 2005	CORE (SCM)	SCM	Mpho Rapudupudu	Responsive	Compliant	YES	
National Archives and Record Service of South Africa, No. 43 of 1996	CORE (ALL)	SCM	Mpho Rapudupudu	Responsive	Non-Compliant	NO	The implementation of the EDRMS integrated with POPIA gave rise to the analysis of the current records management in JPC and in turn an opportunity to create and approve functional business file plan models for each department.
National Qualifications Framework Act, 2008 (Act No. 67 of 2008)	CORE (HR)	Human Capital (HR)	Ogothe Sathekge	Non Responsive	Compliant	NO	

Regulatory Act	Category	Department	Responsible Person (GM)	Responsive /Non responsive	Compliant/ Non-Compliant	Evidence Attached (Yes/No)	Comments
Promotion of Equality & and Prevention of Unfair Discrimination Act, 2000 (Act No.4 of 2000)	CORE (ALL)	Human Capital (HR)	Ogothe Sathekge	Non Responsive	Non Responsive	NO	
Protection of Information ACT 1982	CORE (ALL)	Human Capital (HR)	Ogothe Sathekge	Non Responsive	Non Responsive	NO	
Protected Disclosure ACT 200	CORE (ALL)	Human Capital (HR)	Ogothe Sathekge	Non Responsive	Non Responsive	NO	
National Heritage Resources, Act 1999 (Act No.25 of 1999)	CORE (ALL)	Assets	Sindiso Hleza	Non Responsive	Compliant	YES	
Municipal Property Rates Act, 2004 (Act No. 6 of 2004)	CORE (ALL)**Property MNGT)	Property Development	Sizeka Tshabalala	Non-Responsive	Non-Compliant	NO	
National Building Regulations and Building Standards Act, 1977 (Act No. 103 1977)	CORE	Property Development	Sizeka Tshabalala	Non-Responsive	Non-Responsive	NO	
Promotion of Access to Information Act, 2000 (Act. 2 of 2000)	CORE (ALL)	Property Development	Sizeka Tshabalala	Non-Responsive	Non-Responsive	NO	The Business has successfully completed the POPIA Manual in terms of section 14 of the promotion of access to information act (No.2 of 2000) (The Act). The document is translated into four different languages, English, Sesotho, isiZulu and Tshivenda. The POPIA Manual is available to all JPC employees and stakeholders
Protection of Personal Information Act 4 of 2013	CORE (ALL)	Property Development	Sizeka Tshabalala	Non-Responsive	Non-Responsive	NO	The Business has appointed a service provider for the implementation of the Electronic Document and Records Management system. The EDRMS scope comprises the POPIA element where all eight principles are set out in the act when storing and processing personal information to encourage responsibility, security and consent. The system is set to go live in March 2024

Regulatory Act	Category	Department	Responsible Person (GM)	Responsive /Non responsive	Compliant/ Non-Compliant	Evidence Attached (Yes/No)	Comments
National Archives and Record Service of South Africa, No. 43 of 1996	CORE (ALL)	Record Management	Solly Banyini	Responsive	Non-Compliant	NO	The implementation of the EDRMS integrated with POPIA gave rise to the analysis of the current records management in JPC and in turn an opportunity to create and approve functional business file plan models for each department.
Promotion of Access to Information Act, 2000 (Act. 2 of 2000)	CORE (ALL)	Records/CBO	Solly Banyini	Responsive	Compliant	YES	Records Management Procedure with information accessing process
Consumer Protection Act 68 of 2009	CORE (ALL)	Records/CBO	Solly Banyini	Not Applicable	Not Applicable	Not Applicable	
Protection of Personal Information Act 4 of 2014	CORE (ALL)	Records/CBO	Solly Banyini	Not Applicable	Not Applicable	Not Applicable	The Business has appointed a service provider for the implementation of the Electronic Document and Records Management system. The EDRMS scope comprises the POPIA element where all eight principles are set out in the act when storing and processing personal information to encourage responsibility, security and consent. The system is set to go live in March 2024



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

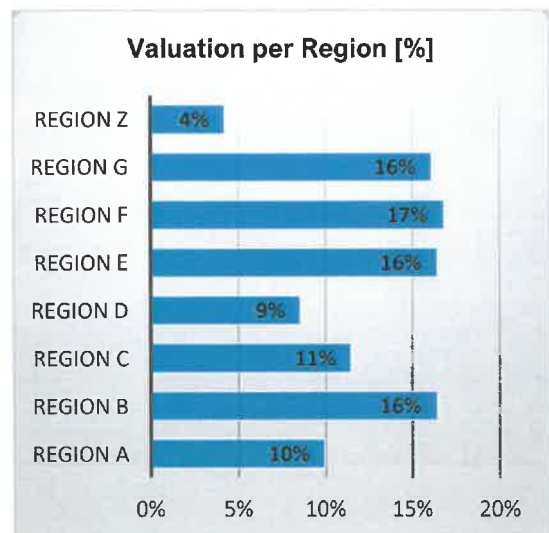
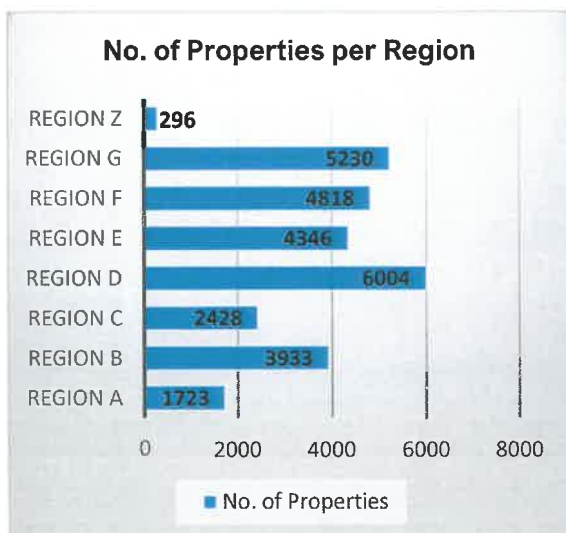
## Section 1: Leasing Department

### Section 1.1: Asset Management

The portfolio of the City has a total value of R10.1 billion and it comprises of 28 771 properties as at the quarter ending 31 March 2024. 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	1 723	10%	R1 006 262 136.28
Region B	3 933	16%	R1 662 515 913.10
Region C	2 428	11%	R1 164 574 163.38
Region D	6 004	9%	R866 561 787.97
Region E	4 346	16%	R1 664 402 186.18
Region F	4 818	17%	R1 704 085 868.97
Region G	5 230	16%	R1 633 333 252.53
Outside COJ	296	4%	R429 026 050.01
<b>GRAND TOTAL</b>	<b>28 778</b>	<b>100%</b>	<b>R10 130 761 358.42</b>

Region D has the highest number of Council properties at 6 004, followed by Region G, which reflects 5 230 properties, Region F showing 4 818 properties, then by Region E at 4 346 properties, while Region B reflects 3 933 properties. Region C is the second lowest with 2 428 properties followed by Region A, which has the least number of properties at 1 723. A graphical outline of the summary portfolio of properties is outlined below.



Region F represent the highest value expressed as a percentage of the total value of City owned properties at 17%, followed by regions B, E and G, which are equal at 16%. Region C is the fifth highest in value at 11%, followed by Region A at 10%, while Region D is the lowest 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 movement updates of the Asset Register in relation to the property transfers that occurred during the third quarter of the 2023/2024 financial year.

### MONTHLY MOVEMENTS BY QUANTITY

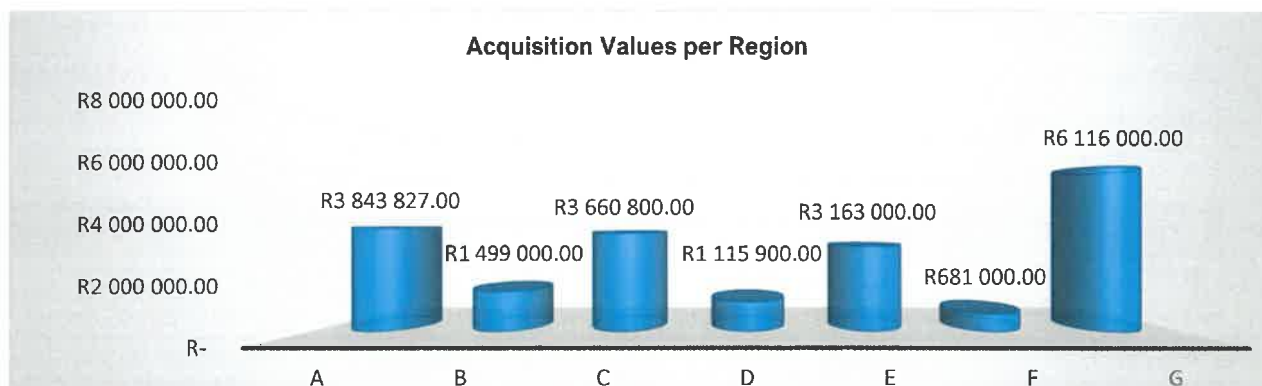
MOVEMENT CATEGORY	JAN-24	FEB-24	MAR-24	TOTAL
Acquisitions	0	14	39	53
Disposals	0	-60	-25	-85
NET MOVEMENT	0	-46	14	-32

### MONTHLY MOVEMENTS BY VALUE

MOVEMENT CATEGORY	JAN-24	FEB-24	MAR-24	TOTAL
Acquisitions	R0.00	R10 117 900.00	R9 961 627.00	R20 079 527.00
Disposals	R0.00	-R26 952 262.00	-R3 410 170.00	R-30 362 432.00
TOTAL	R0.00	R-16 834 362.00	R6 551 457.00	R-10 282 905.00

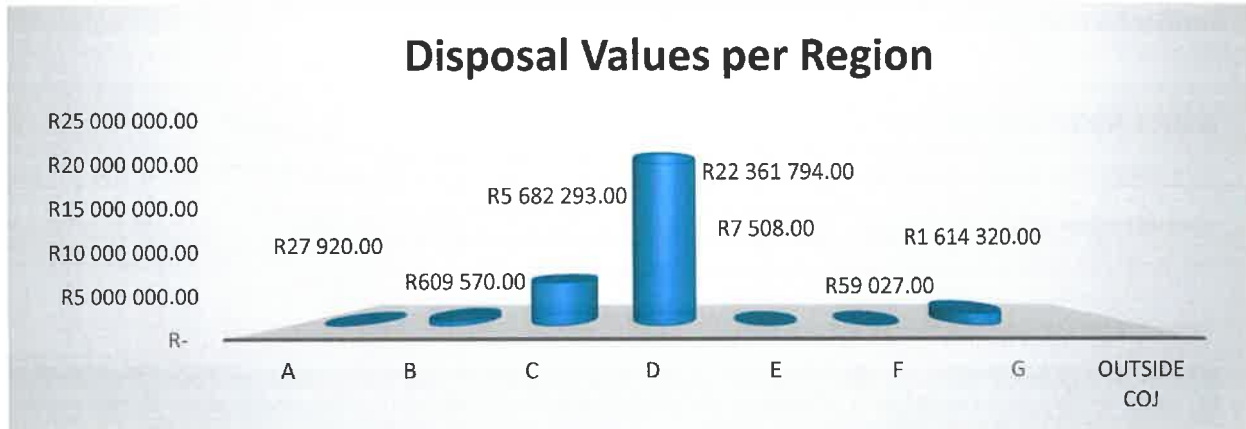
### ACQUISITIONS

Fifty-three (53) properties to the value of R20 079 527.00 were taken on during the reporting period as follows: thirty-one (31) properties were transferred to the CoJ through the conditions of township establishment, six (6) properties were vested to the CoJ, while sixteen (16) properties were devolved by the Gauteng Provincial Government. These properties are situated in Regions A, B, C, D, E, F and G. The regional representation of the properties is outlined on the graph below.



## DISPOSALS

Eighty-five (85) properties to the value of R30 362 432.00 were disposed of in the reporting period as follows:



## HOUSING CONVERSIONS

Forty-four (44) 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 forty-four properties that are full title residential houses. No sectional title units were processed in the third quarter.

## LAND REGULARISATION

One (1) church was transferred to entitled beneficiaries in terms of the conversion of rights governed by the Conversion Act 81 of 1988.

## NET MOVEMENTS

This section provides an indication of the movement impact on the value of the Asset Register. The reporting period shows a negative net movement of R10 282 905.00, which translates to a decrease of -0.10% of the entire portfolio as outlined on the table below.

NET ASSET REGISTER MOVEMENT IN VALUE			
Jan-24	R10 141 044 263.42	R0.00	R10 141 044 263.42
Feb-24	R10 141 044 263.42	R-16 834 362.00	R10 124 209 901.42
Mar-24	R10 124 209 901.42	R6 551 457.00	R10 130 761 358.42
<b>NET MOVEMENT</b>		<b>R-10 282 905.00</b>	



## **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 3<sup>rd</sup> Parties to support other service delivery objectives.
- **Leasing Plans:** Leasing plans include properties that are in the process of being leased out to 3<sup>rd</sup> 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 third quarter of the 2023/24 financial year in the form of disposal plans (sale/lease/development).

## **Section 1.2: Informal Trading**

### **INCOME COLLECTION**

During the reporting period under review, the revenue equates to **R278 786.90** for the stalls and shops occupied by Traders.

### **TRADER STAKEHOLDER ENGAGEMENT**

**Trader Summary Breakdown per facility:** The table below depicts the facilities that have had movement in the number of vacant stalls, occupied stalls and paying traders.

FACILITY	NO OF STALLS	VACANT	OCCUPIED	PAYING	NON PAYER
<b>Alexandra</b>	166	3	163	0	<b>166</b>
<b>Jeppie</b>	148	18	130	34	<b>114</b>
<b>KwaMaiMai</b>	243	2	241	6	<b>237</b>
<b>Yeoville</b>	265	0	265	3	<b>262</b>
<b>TOTAL</b>	<b>822</b>	<b>23</b>	<b>799</b>	<b>43</b>	<b>779</b>

**Leasing of Shops and Stalls located at various public transport facilities and traders markets:** No leases will be entered into at this stage as the permit system is still being piloted by DED for ease of verification of traders.

**Verification of Informal Traders:** It can be reported that **63%** verification of traders has been done to date. The process of verification will ensure readiness and focus on motivation for entering into leases through EAC when DED rolls out the permit system. Once the leases are signed JPC will be in a position to monitor the occupants based on the updated rent roll and this will culminate into reduction of Debtors Account and reduction of their arrears.

#### **SITE VISITS AND INSPECTIONS**

Below are the facilities where site inspections were conducted and Management is working on mitigation actions.:

MARKET	CHALLENGES	MITIGATION MEASURES
<b>YEOVILLE MARKET</b>	<ul style="list-style-type: none"> <li>Lighting in this market both internal and external is non-existent and many globes and fittings require to be replaced. There are faulty plug points and most meter boxes have been damaged.</li> <li>The drainage system is a major problem in the whole market, including the blocked gutters</li> <li>The facility roof is leaking and the offices are prone to flooding when it rains</li> <li>The roller gates need service.</li> <li>Waste Area: the palisade fence is broken, the neighbouring flats drains are blocked to causing the waste to overflow into the waste area therefore damaging the paving causing it to lift.</li> </ul>	<p>Contractor appointed on the 20<sup>th</sup> of October 2023.</p> <p>Project is still Work-In-Progress.</p> <p>Contractor expected to complete project in the last quarter of the 2023/2024 FY</p>
<b>JEPPE MARKET</b>	<p>There are plumbing issues in the P.C.'s opposite the taxi rank, and some of stalls do not have fire extinguishers inside, as required in terms of the Informal Traders Policy and OHASA.</p>	<p>Contractor appointed on the 20<sup>th</sup> of October 2023.</p> <p>Project is still Work-In-Progress.</p> <p>Contractor expected to complete project in the last quarter of the 2023/2024 FY</p>
<b>KWA MAI-MAI MARKET</b>	<ul style="list-style-type: none"> <li>Lighting is non-existent throughout this facility including the Nyameni area;</li> <li>The toilets and showers need to be revamped;</li> <li>Repairing of the roofs in 65% of the market because the stalls get flooded during rainy season and stock gets damaged.</li> <li>The fencing and gates need to be replaced;</li> <li>Revamp of the Sink area (Enyameni area);</li> <li>Pest control both at Enyameni and Traditional Market side;</li> <li>Fitting of electric meters in all stalls;</li> <li>Deep cleaning at the Nyameni area;</li> <li>Servicing of firehoses and fire extinguishers;</li> <li>Crime is on an increase, an incident occurred on the 27<sup>th</sup> February 2024 where stall number 156 was robbed at gun point at 11am. More guards are required to ensure safety.</li> </ul>	<p>Request for service memo: 01<sup>st</sup> - 02 July 2024</p> <p>Compilation of RFQ: 03<sup>rd</sup> - 05<sup>th</sup> July 2024</p> <p>RFQ Advert: 15<sup>th</sup> July 2024</p> <p>Closing: 23<sup>rd</sup> July 2024</p> <p>Evaluation: 24<sup>th</sup> - 26<sup>th</sup> July 2024</p> <p>Probity: 01<sup>st</sup> - 07<sup>th</sup> August 2024</p> <p>BAC sitting and award: 08<sup>th</sup> August 2024</p> <p>Appointment: 12<sup>th</sup> -13<sup>th</sup> August 2024</p> <p>Construction start date to finish: 14<sup>th</sup> August -20<sup>th</sup> November 2024</p>

MARKET	CHALLENGES	MITIGATION MEASURES
<p><b>FARADAY MARKET</b></p>	<ul style="list-style-type: none"> <li>Traders and the community are not happy with the state of the facility and how it is currently managed. The traders are no longer willing to pay their rentals and have requested that JPC take over running of the toilets.</li> <li>The grass need to be attended to and cut;</li> <li>There is a leaking pipe that is seeping into the ground where people have been sleeping.</li> <li>The facility is dilapidated with broken locks and windows, lighting is a major issue, floors and walls require repair/replacement.</li> <li>The roof and ceiling is damaged where the traders trade</li> </ul>	<p><b>Request for service memo:</b> 01<sup>st</sup> - 02 July 2024  <b>Compilation of RFQ:</b> 03<sup>rd</sup> - 05<sup>th</sup> July 2024  <b>RFQ Advert:</b> 15<sup>th</sup> July 2024  <b>Closing:</b> 23<sup>rd</sup> July 2024  <b>Evaluation:</b> 24<sup>th</sup> - 26<sup>th</sup> July 2024  <b>Probity:</b> 01<sup>st</sup> – 07<sup>th</sup> August 2024  <b>BAC sitting and award:</b> 08<sup>th</sup> August 2024  <b>Appointment:</b> 12<sup>th</sup> -13<sup>th</sup> August 2024  <b>Construction start date to finish:</b> 14<sup>th</sup> August -20<sup>th</sup> November 2024</p>
<p><b>FLEET AFRICA MARKET</b></p>	<ul style="list-style-type: none"> <li>Part of the facility had caught on fire, refurbishments are underway and should be complete in the 4<sup>th</sup> quarter.</li> <li>The roof is leaking, which affects business during rainy days.</li> <li>The Diesel station needs to be in a covered shelter, as it can ignite fire during extremely hot weather.</li> <li>A gas station has been built, however the gas is stored in a different location to the gas station, this is a huge concern as the pipes run along the busy road which might damage the pipes and cause an explosion.</li> </ul>	<p><b>Request for service memo:</b> 01<sup>st</sup> - 02 July 2024  <b>Compilation of RFQ:</b> 03<sup>rd</sup> - 05<sup>th</sup> July 2024  <b>RFQ Advert:</b> 15<sup>th</sup> July 2024  <b>Closing:</b> 23<sup>rd</sup> July 2024  <b>Evaluation:</b> 24<sup>th</sup> - 26<sup>th</sup> July 2024  <b>Probity:</b> 01<sup>st</sup> – 07<sup>th</sup> August 2024  <b>BAC sitting and award:</b> 08<sup>th</sup> August 2024  <b>Appointment:</b> 12<sup>th</sup> -13<sup>th</sup> August 2024  <b>Construction start date to finish:</b> 14<sup>th</sup> August -20<sup>th</sup> November 2024</p>

MARKET	CHALLENGES	MITIGATION MEASURES
<p><b>SANDTON PTI</b></p>	<p>Maintenance related issues are impacting on the Gautrain operations in respect to the following:</p> <ul style="list-style-type: none"> <li>• Wastewater reticulation systems;</li> <li>• Damaged fire equipment and lack of;</li> <li>• Fire safety risks associated with non-compliance with Fire Safety By-laws in using gas for cooking exceeding the allowed cylinders to be used.</li> <li>• Fire alarm and activation points</li> <li>• Poor waste management as waste is not collected and is piled at the waste area.</li> <li>• Concerns on the quality of water use by vendors for cooking.</li> <li>• Hygiene a main concern regarding the eating area, toilet facilities, waste area and wastewater collection</li> <li>• Vendors on West Street and Rivonia Road</li> <li>• Taxi's operating in an area with damaged fire hoses.</li> <li>• Security control room showed two guards on shift only on guard was present</li> <li>• JMPD security guards not visible during the site inspection and not easily identified due to the darkness of the facility and their uniforms.</li> <li>• Bombela informed JMPD Security that no Guards will be allowed to use Gautrain facilities if not reflected on the shift deployment list.</li> </ul> <p><b>Resolutions of the meeting with Bombela:</b></p> <ul style="list-style-type: none"> <li>• Bombela to initiate discussions with CoJ Transport regarding some proposals/options to be explored.</li> <li>• Bombela to follow up with CoJ Transport regarding the progress on some proposed options.</li> <li>• Investigate current controls implemented including Agreements between JPC and Vendors.</li> </ul> <p><b>RESOLVED MATTER</b></p> <ul style="list-style-type: none"> <li>• A site inspection was conducted on the 15<sup>th</sup> of March 2024, and noticed that the dumping site at the facility was still not cleaned and was overflowing with waste. The department managed to contact Pikitup to assist clearing waste.</li> </ul>	<p><b>Request for service memo: 01<sup>st</sup> - 02 July 2024</b></p> <p><b>Compilation of RFQ: 03<sup>rd</sup> - 05<sup>th</sup> July 2024</b></p> <p><b>RFQ Advert: 15<sup>th</sup> July 2024</b></p> <p><b>Closing: 23<sup>rd</sup> July 2024</b></p> <p><b>Evaluation: 24<sup>th</sup>- 26<sup>th</sup> July 2024</b></p> <p><b>Probity: 01<sup>st</sup> - 07<sup>th</sup> August 2024</b></p> <p><b>BAC sitting and award: 08<sup>th</sup> August 2024</b></p> <p><b>Appointment: 12<sup>th</sup> -13<sup>th</sup> August 2024</b></p> <p><b>Construction start date to finish: 14<sup>th</sup> August -20<sup>th</sup> November 2024</b></p>

MARKET	CHALLENGES	MITIGATION MEASURES
	<ul style="list-style-type: none"> <li>• Pikitup assisted in bringing a waste truck and skip with the resources to clear the site. Pikitup promised to do a courtesy check on site on 18<sup>th</sup> March 2024 and to clear out all the waste.</li> <li>• Additional wheely bins were provided at the facility. Deep cleaning was done at the facility, and Pest Control and Fumigation services were also conducted at the facility.</li> <li>• On-site guards were arranged to help monitor the waste disposal area at the facility and to also ensure that, this kind of waste disposal does not happen again.</li> <li>• Communication was sent out to the traders outside the facility regarding waste disposal.</li> </ul>	

## Section 2: Commercial and City-Focused Interventions Projects

### Section 2.1: Development Facilitation Unit

#### MIXED-USE DEVELOPMENT TRANSACTIONS

The City's Executive Adjudication Committee granted approval for the award of the properties below, enabling the private sector to invest and transform the CoJ property portfolio. Service Level Agreements will be undertaken for these properties.

NO	PROPERTY DESCRIPTION	INVESTMENT VALUE
1	Klipspruit 419	R509 784 355
2	Erven 159-169 Cottesloe	R341 898 263
3	Ptn 246 and 247 Braamfontein (Parkhurst Bowling Club)	R613 359 167
4	Erf 24460 Diepkloof (Bara Corner Sites)	R43 737 111
5	Erf 13 & 16 Orlando Ekhaya	R 848 071 294
6	Erf 14 Orlando Ekhaya	R 892 706 625
7	Erf 15 Orlando Ekhaya	R 138 928 153
8	Erf 16 Orlando Ekhaya	R 381 334 499
	<b>TOTAL</b>	<b>R3 769 819 467</b>

The following properties have been packaged and released in terms of Section 79(18) of the LGO and the City's Supply Chain Processes for Land:

NO.	PROPERTY DESCRIPTION	ESTIMATED INVESTMENT AMOUNT
1	Erf 198 and 199 Suideroord	R40 000 000
2	Re/153 and Erf 302 Buccleuch	R150 000 000
3	Ptn 1, Ptn 2 and Re of Erf 58 Bryanston	R350 000 000
4	Erf 2473 Tshepisong	R50 000 000
5	Erf 633,634 660& 687 Elandspark	R230 000 000
6	Erf 11900 Orlando West	R50 000 000
7	Ptn 255 Doornfontein	R50 000 000
8	Erven 6617,6618,6619,6620-6626 and 6631 Orlando East & Portion 58 Klipspruit 318IQ	R200 000 000
9	Holding 3-6 Brushwood Haugh Agricultural Holdings	R300 000 000
10	Erf 1177 Parkhurst	R2 000 000
11	Ptn 1 of Erf 76 Edenburg	R10 000 000
12	Erf 2789 Newlands	R5 000 000
13	Erf 1337 Parkmore	R2 000 000
14	Erf 2066 Orange Farm	R250 000
15	Erf 100 Kya Sand	R1 500 000

## **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 lifestyle complex will comprise 83 Units. This 2 – 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.
- 40 out of 83 Units have been sold.
- The total value of construction spent to-date is R33 Million (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 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 requirements i.e. in the form provision of engineering services that will cater for the newly created portions. Overall value of work done since inception of the project including spend to-date is R 218.5 million (excluding Vat).

- The first phase of this development is complete and currently the developer is busy with the handovers for the various sold units i.e. 55% of the 396 units.
- Construction of the second phase i.e. 180 units will commence once 90% of the 396 units have been sold and transferred.

### **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.

To date 10 089 units have been completed. The units comprise of the following mix:

- Single residential FLISP - 2948 units completed to date



- Multi-story FLISP units - 528 units completed to date
- Multi-story Rental units - 457 units completed to date
- Multi-story RDP units - 4320 units completed to date



The project will be completed over the next 2 years, reason being JOSHCO's unavailability of budget to complete the JOSHCO units. Units still to be Registered/Completed/Occupied:

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

All bulk infrastructure has been 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. Currently 216 multi-story FLISP units are under construction with estimated completion dates between May and July 2024.

### **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.

Targeted milestones for 2023/24:

- RFP for the appointment of the Development Facilitator for the relocation of the depots bid evaluation completed awaiting probity comments.
- 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.

### ACQUIRED PROPERTIES

Acquisitions by means of Registration of Land Rights and transfer of properties were accomplished during the period under review :

NO.	PROPERTY DESCRIPTION	BENEFICIARY DEPARTMENT	AMOUNT	COMMISSION
1	REMAINDER OF PTN 40 FARM WILGESPRUIT 190 IQ	JOHANNESBURG WATER	R5 090 000.00	R509 000.00
2	HOLDING 74 CARLSWALD AH	JOHANNESBURG WATER	R59 000.00	R5 900.00
3	PTN 2 OF ERF 922 RIVER CLUB	COJ	R0.00	R0.00
4	PTN 3 OF ERF 922 RIVER CLUB	COJ	R0.00	R0.00
5	PTN 61 ZANDSPRUIT 191 IQ	CITY POWER	R19 000.00	R1 900.00
<b>TOTAL</b>			<b>R5 168 000.00</b>	<b>R516 800.00</b>

### 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. Twenty-two (22) properties were released to the Departments by means of Permission To Occupy and Build (PTOB) agreements:

### REPORTS APPROVED BY COUNCIL

Twenty-six (26) transactions were approved by Council on the 29<sup>th</sup> February 2024 and resolved to grant JPC authority to acquire the properties, currently these transactions are at negotiation stage and should be finalized in the upcoming quarter.

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

Eight (8) properties to the value of R24, 000.00 (seventy-four thousand rands) were processed for management contracts.

## Section 2.2: Leasing and Sales Unit

### TRANSACTIONS APPROVED AT COUNCIL

Various transactions have been approved at Council comprising of the following categories:

- Seven (7) transactions to the value of R14 813 653.00 for sales and road closures.

- Fourteen (14) transactions to the value of R178 795.00 (per month) for leases.

### **TRANSACTIONS AT SUB MAYORAL COMMITTEE STAGE**

Seventy-four (74) transaction reports were submitted to the Sub Mayoral Committees for approval to be The transactions comprises of the following categories:-

- Fourteen (14) transactions to the value of R18 097 000.00 for sales, road closures and servitudes.
- Fifty Eight (58) transactions to the value of R317 380.00 per month for leases.

## **Section 3: Facilities Management and Cleaning Services**

### **Section 3.1 Facilities Management Unit**

During the period under review the following buildings were deep cleaned:

- Thuso House (eight floors);
- Roodepoort Civic Centre (six floors);
- JD House (5<sup>th</sup> & 10<sup>th</sup> floors);
- Braampark: Forum 1 (4<sup>th</sup> & 5<sup>th</sup> floors);
- 66 Jorrissen Place (5<sup>th</sup>, 8<sup>th</sup> & 10<sup>th</sup> Floors);
- Old Mutual Building (14<sup>th</sup> & 17<sup>th</sup> Floors);
- MTC (1<sup>st</sup> Floor); and
- Laanglaate Depot, Jabulani Civic Centre, Meadowlands Civic Centre, Dobsonville Civic Centre, 137 Daisy Street, Newtown Building, Alexandra Multi-Purpose, Cosmo City EMS, Diepsloot EMS, Diepsloot Skills Centre and Traduna House (Entire Buildings)

## **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:

**PHASE 1 – PRECINCTS A1, A2 & C1, C2 & C3** will yield as follows:

- Total number of residential units = 12 364
- Types of units:
  - Multi-storey RDP'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.

**PROGRESS TO DATE IS AS FOLLOWS:**

- Section 14(2) obtained.
- Stage 1 of the 2 stage appointment is concluded with a Business Precinct Plan developed and workshopped with all stakeholders and approved by Council.
- **Stage 2**, land development agreement was signed off providing the necessary authority for the developer to proceed with the submission of township establishment, Environmental Impact Assessment (EIA) and Water Use License Applications (WULA) for Phase 1.
- Township establishment applications were submitted to the CoJ Planning Department in July 2023 for the a total of 17 townships in all.
- The Outline Scheme Report, the storm Water Management Plan and the Traffic Impact Assessment Report has been completed and submitted to the relevant entities for approval.
- Township establishment approval is expected by the end April 2024.
- 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.
- 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.

**Southern Farm Development**



## SOWETO GATEWAY

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.



## SOWETO GATEWAY DEVELOPMENT PERSPECTIVE



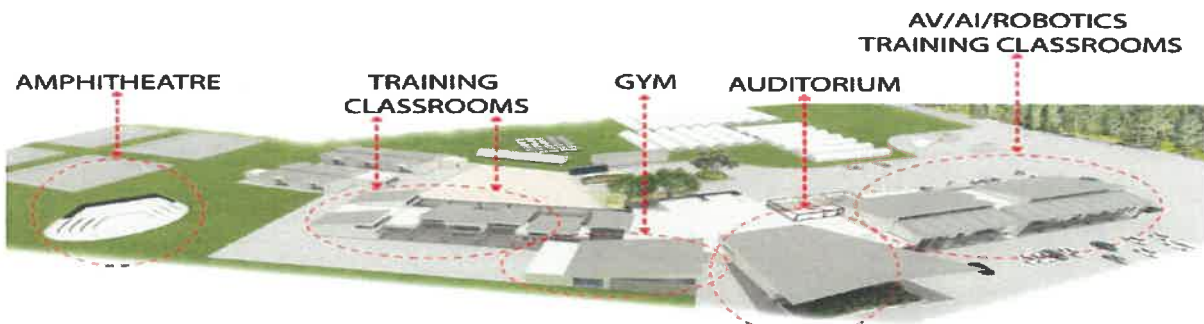
HOSPITAL



LIFESTYLE MALL



RESIDENTIAL



## **CURRENT STATUS**

- Property Plan completed.
- Section 14 (2) obtained.
- On approval granted for 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.
- Environmental Authorisation obtained,
- Township establishment is currently underway
- Draft agreement concluded and contract negotiations has commenced.
- JPC together with the COJ of Human Settlements have submitted a joint letter to the HOD: Gauteng Department of Human Settlements to request permission to remove the title deed restrictive conditions which will give the development more flexibility in laying out the different components of the mixed-used more strategically.

## **WAY FORWARD**

- Conclude negotiations and have a signed agreement in place by the end April 2024.
- Handover of the site to the KMFJV to secure, manage and maintain
- Appoint a Town Planner to deal with the removal of the title deed restrictive condition
- Conclude township establishment.
- Proclamation.

## **Section 5: Special Projects**

### **PROPERTY ANALYSIS**

#### **ERF 1210 MARSHALLS TOWN & ERVEN 342 & 343 CITY & SUBURBAN**

These properties are located within the same block and separated by a 1-story building that is currently up for sale. The main building Erf 1210 Marshall burnt and a structural assessment was conducted on the remaining structure and the recommendation was that the remainig structure must be demolished for safety reasons.

Erven 342 & 343 City & Suburban is a two-story building and the lease has since expired and is exposed to illegal invsaion, which would require provision of alternative accommodation in order to start the eviction process. At this stage Section 14.2 report is being drafted for approval for the development and lease of Erf 1210 Marshalls Town and Erven 342 & 343 City & Suburban will be submitted in the next quarter for approval.

### **ERF 1182 MARLBORO (ALEX AUTO HUB)**

A Report requesting permission to initiate and conduct public participation process for 60days is currently in circulation and will be tabled COJ governance structures for approval line with Municipal Asset Transfer Municipal. JPC to verify if there are approved building plans and occupation certificate while JMPD must submit the required compliance document to COJ Planning. The building is in a residential zone and squatters have occupied the space, furthermore, the building does not have enough parking to support a motor hub concept this requires a review of suitable repurposing options.

### **ERF 2004 ROSETTENVILLE**

The property is currently being used by a number of car dealerships and has been invaded. A valuation report together with Section 14.2 report for a long term development lease is to be compiled and submitted to Council. An instruction has been submitted to JPC Legal to commence with the eviction process.

### **ERF 246 MAYFAIR (MAYFAIR BOWLING CLUB)**

A report to request to initiate public participation in line with Municipal Asset Transfer Regulation approved by Council in 2019. JPC to conduct the public participation process. A report was submitted to the Transactions committee requesting approval for a permanent park closure of the site. The site is currently illegally occupied and used for parking. GFIS is currently investigating the possibilities of illegal subletting and collection of rent. The outcome of the investigation report from GFIS will inform the course of action to be taken.

### **PROPERTIES THAT ARE ON LAND PREPARATION STAGE**

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

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

Project Overview: Appointment of an urban designer to strategically develop a precinct plan for the inner city street by street approach with a total number of 50 streets. The Bid advert to appoint a professional team that would be commissioned to complete the precinct plan and prospectus will be closing on the 2 April 2024.

### **PROPERTIES WITH REPURPOSING OPPORTUNITIES**

This section focuses on properties to be repurposed with the intention to propose a range of development opportunities and precinct linkages that would provide additional support and stimulus for the development of the property thus enhancing its development potential and increasing the income to CoJ.

#### **PORTION OF PORTION 45 OF THE FARM DRIEFONTEIN 41IR**

The property does not have a permanent structure and is currently invaded and land locked and can only be accessed through the adjoining property, Portion 373 of the Farm Driefontein. The adjoining property was donated by the CoJ to Cerebral Palsy. The donation was subject to the following title deed conditions:

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

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

- To obtain approval for a structure land exchange deal with Cerebral Palsy which will help unlock the development of the River Park precinct which should include amongst other things the following:
  - the removal of the restrictive title deed condition subject to the following:
    - TACC to agree for CoJ to be part of the Tripartite agreement relating to the development of the site;
    - Grant TACC the power of attorney to establish township (on the land that was donated by CoJ to TACC and the CoJ owned one) and provisions of services at the cost of the appointed developer
    - All income be paid to CoJ;
    - Partial proceeds of the income be ring fenced for the development of a new facility for TACC at a fixed amount;
    - Partial proceeds of the income be ring fenced for the redevelopment of the public open space;
    - Remaining income be paid to the CoJ; or
    - If found that TACC is in breach of the title deed conditions, the title deed condition should not be removed and the land should revert back to the CoJ

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

The property is currently being utilised as a golf course, zoned private open space with a property extent of 298 354m<sup>2</sup>. The proposed repurposing concept would be an improved sports centre and community residential precinct comprising of a 3-story walk-up residential units to a maximum density of 120 Units per ha. The average size of the units will range between 40-50sqm. JPC is currently negotiating a settlement with the Lessee.

Potential income to the COJ would derive from the following:

- Outdoor advertising income of approximately R 1 318 096 per month escalating at 3% a year totalling R 148 677 116.00 over 50 years;



- Rental to the approximate value of R600 000 a month totalling approximately R30 000 000.00 over 50 years; and
- Rates and Taxes to the approximate value of R 642 978 747.00 over 50 years

### **PROPERTIES THAT ARE AT LAND RELEASE STAGE**

This is the stage when Request For Proposal (RFP ) are prepared in order to invite bidders to submit proposals for the sale and/or lease of the properties by means of public tender. The following properties that are to be released in the remainder of this financial year:

#### **RISSIK STREET POST OFFICE**

The property is located opposite the Gauteng Legislature along Oppenheimer Avenue (South), Allum Road (West) and Vernon Road (East) to the Jukskei River (North). The current zoning is general which permits offices, retail, hotel and places of refreshment and entertainment. The property extent is 8 018m<sup>2</sup>. The current state of the building subsequent to the vandalism and invasion, the property was blocked off, the rubble inside the property was removed, the illegal occupants have been contained to one section as per the court order and JPC is in the process of removing the palisade fence. Proposed development would be a mixed use development comprising of an events/exhibition space or culinary school. The proposed salient conditions for the RFP would be to the following:

- The lease shall be entered into for a period of 50 years, upon expiry of the lease, the land and all improvements on it to revert back to the City at no cost to the CoJ;
- The development must conserve and incorporate the remaining heritage features of the building.
- Bidders are required to submit a proposal outlining a plan to on how to make the property self-sustainable from within signature of the building.
- The development must also contribute towards the rejuvenation of the Inner City.

#### **ERVEN 1633, 1637, 1638, 1639, 1640 TURFONTEIN**

This property is located at corner Hay and Church Street, in Turfontein with an extend of 2477m<sup>2</sup>. There is currently no permanent structures on the site and no vagrants except for th emakeshift structures used for cooking and selling food. The current zonings are Business 1 and Residential 4. Developers will be responsible for all land ennoblement approvals required for the proposed development.

The proposed development will be mixed-use development comprising of retail on the ground floor to support the public realm and mixed income residential on the top floors. The proposed salient conditions of the RFP would be as follows:

- The lease shall be entered into for a period of 50 years, upon expiry of the lease, the land and all improvements on it to revert back to the City at no cost to the CoJ.
- The Lessee to bear all costs related to the Land ennoblement and statutory approvals required for development, including but not limited to the consolidation of the subject properties.

- That the Lessee , the Lessee’s professional team and the Lessee’s contractors shall at all times comply with all the statutory requirements, including but not limited to compliance with all applicable by-laws, Construction Industry Independent Board and National Home Builders Registration Council.

## **ERF 776 TURFONTEIN**

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

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

### **Section 6: Outdoor Advertising**

During the quarter under review, EAC approved reports for 60month leases with the below mentioned media owners and R35m income was raised as a result of these renewed leases.

- Ad Outposts (Pty) Ltd;
- Movie Magic (Pty) Ltd; and
- JCDecaux (Pty) Ltd (street furniture portfolio).

Lease agreements were finalized for a 60month period, namely:

- Rishile Avertising (Pty) Ltd;
- Frontseat One (Pty) Ltd; and
- New Era Outdoor (Pty) Ltd.

The focus for outdoor advertising has been on engagement with media owners with illegal advertising sites as part of reducing clutter and illegality, below are the media companies that were consulted.

- Lanemode Outdoor;
- Black Media; and
- New Wave Outdoor.

### **Section 7: Information Technology (IT)**

#### **ELECTRONIC RECORDS DOCUMENT MANAGEMENT SYSTEM**

JPC is implementing an Electronic Document/Records Management System (EDRMS) in line with its smart city 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 will focused on the Electric document records management with POPIA integration, business process assessment and mapping.

R1 800 000.00 Million has been allocated for the implementation of the Phase two Electronic Records Management System. Phase Two will lead to a fully operational system incorporating the framework and methodology adopted in phase one. The training phase for all users has commenced and the envisaged go live will be in the fourth quarter.

## **ICT INFRASTRUCTURE**

### **INSTALLATION OF ACCESS CONTROL, CCTV AND BOARDROOM ACCESSORIES**

The installation of Access Control, CCTV, and Boardroom Accessories at the Braampark office space has been delayed while a Business Case and Bills of Quantities has been prepared and submitted for engagement with Group ICT.

The COJ installed Boardroom equipment's for use in the two Auditoriums. JPC will in collaboration with COJ will continue of the installation of access control and CC TV aiming for completion of the project by June 2024, thus providing a secure environment for JPC employees and stakeholders.

### **THE JPC WEBSITE**

The website will be integrated on the Odoo platform used for Records Management in phase three to complete the Electronic Document and Records Management and website hosting. This is envisaged to complete by the end of fourth quarter.

## **Section 8: Client Business Operations**

In the period under review, the unit processed one hundred and six (106) transactions, matters arising and petitions within the COJ Committees System.

### **OPEN PETITIONS**

The Petitions Unit in the City of Joburg undertook a process to resuscitate historical petitions, which had not been resolved. Through this exercise, JPC was identified to have six (6) outstanding historical petitions. JPC only received one (1) new petition in this current year. These are being dealt with at the Petitions Committee.

### **CLIENT SERVICING UNIT (CSU)**

The Client Servicing Unit (CSU) attended to a total of 277 walk-in clients for period under review relating to general property information, zoning and ownership. Total of (12) enquiries were forwarded to Asset

Management for further analysis. The assessments are conducted to determine whether properties are eligible to undergo circulation processes. These include matters wherein a caveat exists on a particular property and/or if there is some information on hand that suggests that there are potential transactions and/or complexities which require resolution by either a COJ entity or department or another sphere of government before JPC can transact.

### **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 100% performance. Below are the three (3) standards that are not measured and therefore are not counted:

- KPI 1.6 was not measured as no transactions were initiated or approved.
- KPI 1.7 was not measured as “No tender placed after Council and COJ Executive Adjudication Committee. No request for internal allocation for land and buildings with budget was received from departments and entities” during this period.
- KPI 1.9 - Performance of surveys on the condition of all plant and equipment in order to allow the assessment of the required repairs and maintenance of facilities managed by JPC, this KPI is reported quarterly. Only three quarters were accounted for in this financial year.

**JPC PERFORMANCE SERVICE STANDARDS ANALYSIS FOR THE PERIOD UNDER REVIEW**

Core Service	Service Level Standard	January	February	March	YTD TOTAL
SLS 1.1- Response in acknowledgement of requests, enquiries and complaints	Within 1 day of logged call	155	163	150	468
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	80	110	297
SLS 1.3- The performance of emergency work for JPC managed facilities	Within 1 day of logged call	84	81	68	233
SLS 1.4- Performance of minor works on facilities managed by JPC	Within 2 days of logged call	23	49	72	144
SLS 1.5- Performance of major works on facilities managed by JPC	Within 5 days of logged call	1	4	0	5
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	0	0	0
SLS 1.7- Tender placed after Council approval and CoJ Executive Adjudication Committee	Within 4 months of CoJ Executive Adjudication Committee approval	0	0	6	6
SLS 1.8- Internal allocation of land and buildings to City Departments and Entities (PTOB: Permission to occupy and build and lease office space from third parties)	Within 60 days of application and budget confirmation	0	2	0	2
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	15
SLS 1.10- Response to applicants/interest to lease or acquire (formal applications) land and/or buildings.	Within 30 days of application	08/08=100%	04/04=100%	10/10=100%	22/22=100%

## Section 9: Marketing and Communications

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

### MEDIA COVERAGE

The proceedings of the commission on the Usindiso building were streaming live on all social media platforms and media queries emanating from the commission were also attended to.

### OUTREACH AND AWARENESS CAMPAIGNS

- The residents of Parkhurst Bowling Club were part of the engagement session that took place on the 31<sup>st</sup> January 2024, proving breakdown of the development concept envisioned for the Bowling Club.
- JPC participated in a Mayoral Accelerated Service Delivery Programme and also an Awareness Campaign which was held in Rabie Ridge.
- On the 21<sup>st</sup> February 2024 the JPC participated at an accelerated service delivery programme in Region F, focusing on educating and informing residents about who we are and the services we provide.

### BRAND VISIBILITY AND SOCIAL MEDIA UPDATES

A podcast with the SAIBPP team was arranged as part of brand visibility to residents and other stakeholders. Campaigns such as the fraudulent letter of intent were published on JPC social media platforms educating residents and encouraging them to report activities of fraud.





## **Chapter 4: Human Resources & Organisational Management**

## **Section 1: Human Resource and Organisational Management**

The Human Capital Strategy sets out plans to ensure effective talent acquisition, development and retention of Johannesburg Property Company's Brand Ambassadors in all employment groups, in order to fulfil its strategic objectives. The HC strategy was developed taking into consideration the new JPC strategy, market conditions as well as changes in the employee profile both in the Property Industry and in the global environment.

In order to achieve this, Human Capital is on a renewal journey to position itself as a strategic partner to the business to grow leadership, talent, and culture that positively impacts employees and customers for sustained results.

This will ensure that human capital practitioners, as well as line managers are capacitated and capable to lead the Human Capital in the ever-competitive environment, enabling JPC to be an employer of choice and helping redraft the new JPC narrative.

The following are critical Human Capital initiatives identified to embed the new strategy:

- Defining the Culture;
- Implement Holistic Wellness programme;
- Determine organisational critical, priority, and scarce skills as well as functional and leadership competency frameworks;
- Improve Human Resources service delivery through review and consistent application of policies and procedures as well as role clarification;
- Foster engagement and consultative process with Labour to enhance sound employment relationships;
- Capacitate Human Capital to ensure effective delivery of People Management practices;
- Onboard and induct for both new and existing employees;
- Automate and Digitise HC Processes;
- Enhance of the feeder pipeline through implementation of Youth Development and Employment initiatives;
- Develop and implement an organisational design & strategic workforce.



## Section 2. Human Capital Landscape

### 2.1. ORGANISATIONAL MANAGEMENT

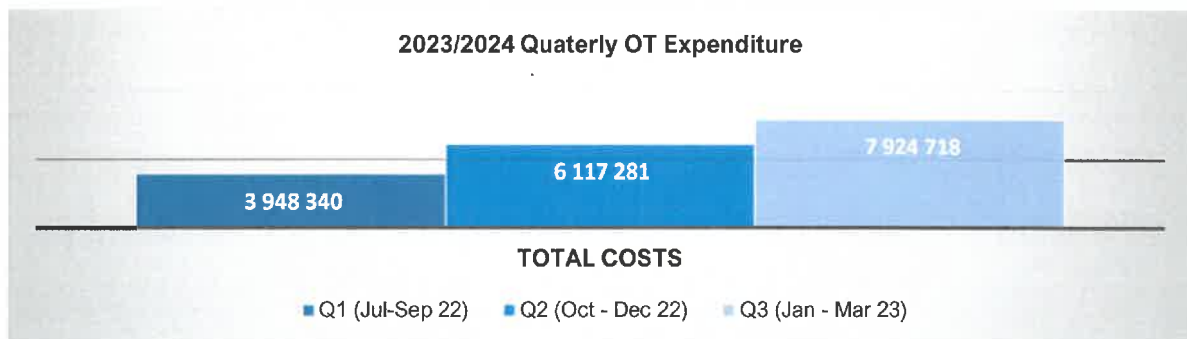
The approved staff establishment comprises of **2148** positions. The total number of vacant positions as of March 2024 is **627** of which **538** are unfunded and **89** are funded.

### 2.2: EMPLOYEE REMUNERATION & COST INCLUDING EXECUTIVES

The year to date salary bill for (July – March 2024) amounts to **R384 165 004** inclusive of the third quarter salary bill of R122 873 333. The increase in second and third quarters, is due to the payments of 13<sup>th</sup> cheques, leave encashments and the of 2022/2023 Executive Performance Bonus.

#### OVERTIME

Above table shows the overtime costs incurred from July 2023 to March 2024, the total staff required to work overtime, and the number of hours claimed for overtime worked. The total budget spent on overtime since the commencement of the 2023/2024 financial year equates to **R17,990 338** worked by an average of **520** employees per month.



Above graph depicts overtime expenditure per quarter, there was a peak in the second and third quarters due to an increase in council meetings over key mayoral projects which resulted in an increase in overtime worked by the cleaning department. The total budget spent on overtime in this quarter amounts to **R7 924 718** worked by an average of **609** employees per month, there was a slight decrease in February 2024 because there was a slight decrease in the demand for cleaning services.

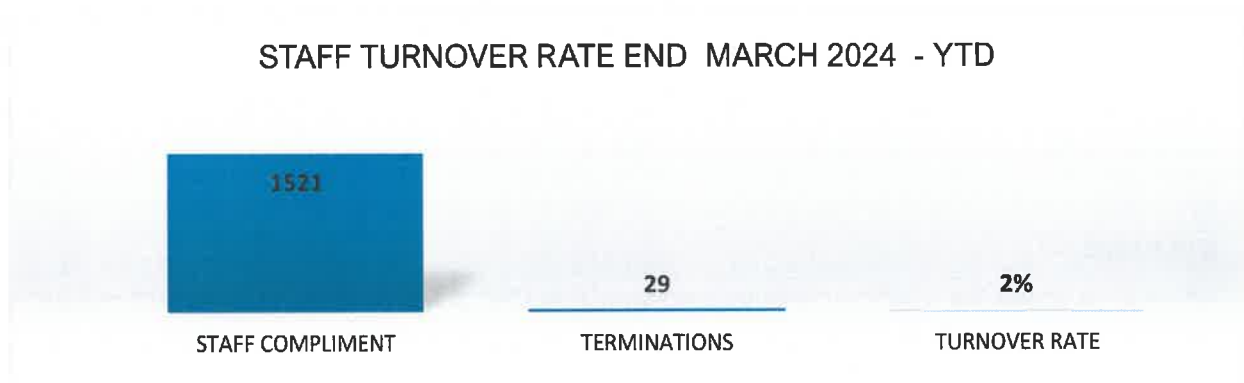
#### STAFF MOVEMENTS

**Terminations:** Twenty-nine (29) terminations were realised for the period (July 2023 to March 2024). The table below illustrates the terminations realised in the current financial year to date per occupational level, race, and gender. The terminations mainly consisted of retirements and deaths broken down as follows:

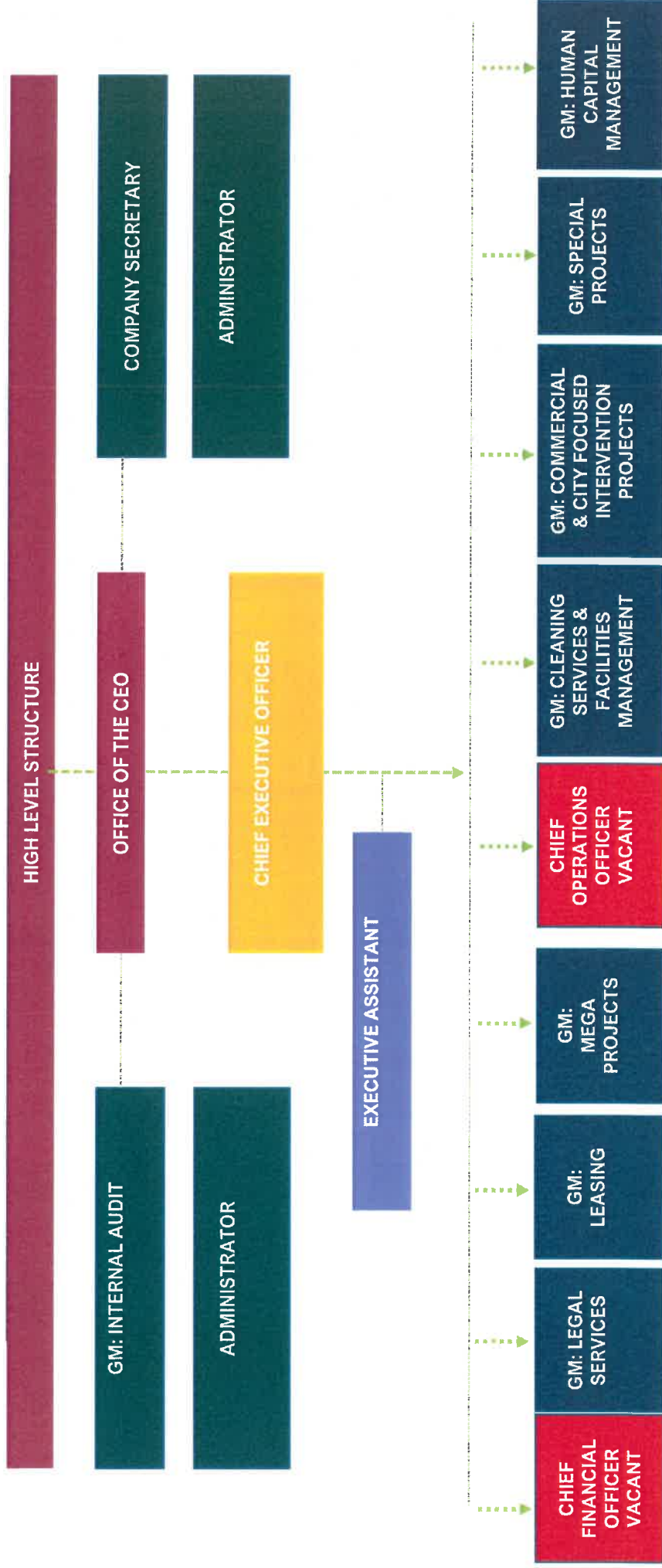
- ✓ **Resignation:** Two (2) employees resigned for better prospects.

- ✓ **Deceased:** Four (4) employees passed away.
- ✓ **Retirements:** Fourteen (14) employees retired.
- ✓ **Medical Boarding:** Two (2) employees were medically boarded due to ill health.
- ✓ **Early Retirements:** Three (3) employees opted to retire early due to fatigue.

Below graph shows staff turnover of 2%, which is an acceptable level taking into consideration that a healthy turnover rate is between 5% and 10% in line with best practice benchmark.



**HIGH-LEVEL STRUCTURE**



### Section 3: Key Vacancies

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

POSITION	DEPARTMENT	STATUS
Chief Financial Officer	Finance	The recruitment and selection process for this role has been placed on hold.
Property Administrators	Property Management	Recruitment process in progress, overall 19 000 applications were received, which has proved to be a challenge in completing the recruitment process on time due/ within standard turnaround times of 80 days.
Assistant Manager: Credit Control	Finance	
Assistant Managers IT	Corporate Support	
Human Resources Assistants	Corporate Support	
Senior Manager: Finance	Finance & SCM	
Manager: Employee Relations & Wellness	Corporate Services	

### 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 **1521** permanent for EE reporting purposes as of March 2024.

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)	6	0	1	0	4	0	0	0	0	0	11
Prof. qualified & experienced specialists and mid-management (5&6)	16	1	2	2	21	1	3	3	0	0	49
Skilled & qual. workers, jnr mgt., supervisors, foremen, superintendents (7&8)	75	4	6	5	89	14	2	0	1	0	196
Semi-skilled and discretionary decision making (9&10)	44	4	1	0	5	2	0	0	0	0	56
Unskilled and defined decision making (11)	315	2	0	1	873	17	0	0	0	0	1208
<b>Total Permanent Staff</b>	<b>456</b>	<b>11</b>	<b>10</b>	<b>8</b>	<b>992</b>	<b>35</b>	<b>5</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>1521</b>
<b>Temporary Employees</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>GRAND TOTAL</b>	<b>456</b>	<b>11</b>	<b>10</b>	<b>8</b>	<b>992</b>	<b>35</b>	<b>5</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>1521</b>

## EMPLOYMENT EQUITY COMPLIANCE

A process commenced to establish the Employment Equity and Skills Development Forum in line with the EE Act to ensure compliance. The EESD Forum will also be provided with training to ensure an effective transition into the forum to ensure common understanding.

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

RACIAL SPLIT – MARCH 2024	TARGET	ACTUAL	CURRENT NUMERICAL
AFRICANS	81%	95.20%	1449
COLOUREDS	3.30%	3.02%	46
INDIANS	3.20%	0.99%	15
WHITES	12.70%	0.72%	11
PEOPLE WITH DISABILITIES	2%	0.46%	7

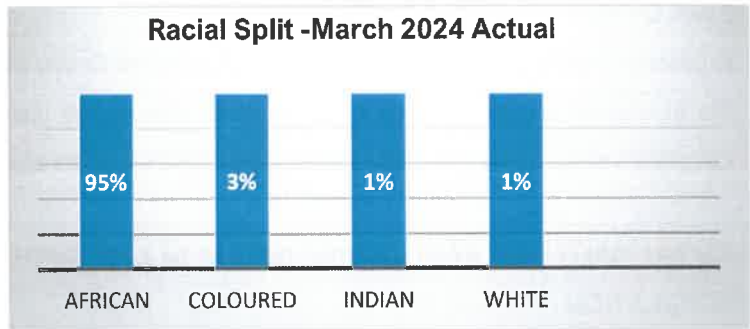
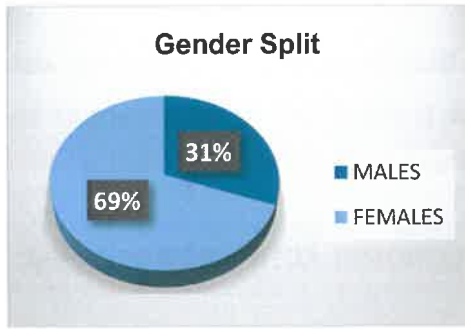
## RACIAL AND GENDER SPLIT PER POPULATION GROUPS AS WELL AS THE GAP ANALYSIS AGAINST EAP TARGETS AS AT END NOVEMBER 2023

The JPC workforce status is based on the current Provincial Economic Active Demographics Population (EADP) as of the end of March 2024. Although JPC has an overall 95% representivity of Africans, concerted effort will be put in place in the new financial year to develop an integrated Employment Equity Plan and setting up of all governance structures in line with aspirations of creating belonging through Equity, Diversity and Inclusivity.

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%	29.98%	65.12%	95.22%	456	992	1448
Coloureds	1.70%	1.60%	3.30%	0.72%	2.30%	3.01%	11	35	46
Indians	2.10%	1.10%	3.20%	0.66%	0.33%	0.98%	10	5	15
Whites	7.00%	5.70%	12.70%	0.53%	0.20%	0.72%	8	3	11
Foreign Nationals							1	0	1
<b>TOTAL</b>	<b>55.80%</b>	<b>44.30%</b>	<b>100.10%</b>	<b>31.89%</b>	<b>68.05%</b>	<b>99.93%</b>	<b>486</b>	<b>1035</b>	<b>1521</b>
People with Disabilities			2.00%			0.46%			7

## GENDER AND RACIAL SPLIT ANALYSIS

JPC has 69% female representation and 31% male in the gender split. There were no significant changes in percentages recorded under terminations emanating from retirements and deaths. 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**

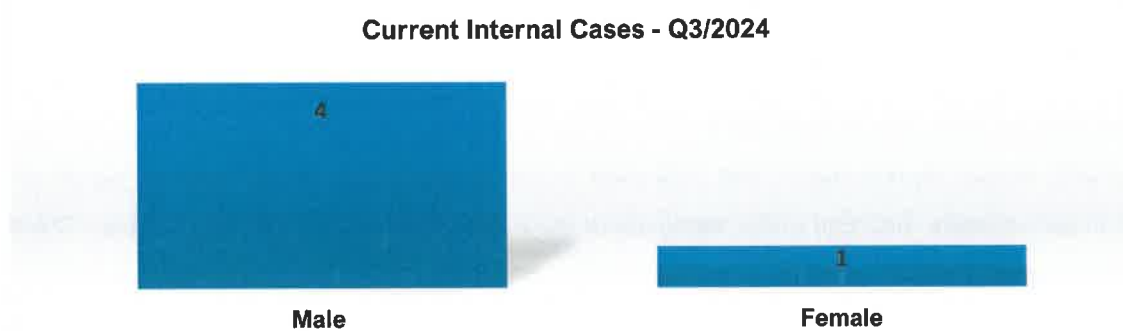
The annual training target is set at 800 employees for the 2023/2024 financial year, only 485 employees have been trained thus far. The challenge to meet the target has been availability of employees due to operational requirements. The training of functional interventions is on-going, the following interventions are scheduled to be actioned in the 4<sup>th</sup> quarter:

- Business Report Writing;
- Performance Management;
- Record Management; and
- Stakeholder Management.

**Section 6: Disciplinary Matters and Outcomes**

**CURRENT INTERNAL CASES**

There are currently five (5) precautionary suspensions and the disciplinary process to follow that will inform the outcome of the respective matters and merits.



## EXTERNAL DISPUTES

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

## Section 7: Union representation

The union representation and membership graph above shows that 70% of employees belong to SAMWU, 29% belong to IMATU, and 1% fall within the Agency shop fees.

### UNION REPRESENTATION AS AT MARCH 2024



## Section 8: Leave Provision

The leave liability amount based on the annual leave balances as of the end of March 2024 amounts to **R 35 577 009**. The leave liability amount indicates a sturdy progression in line with the monthly two days accumulation per employee less the number of leave days encashed or paid out on termination. Employees can only sell their non-compulsory leave days once in a financial year according to the leave management policy prescripts.

In the current quarter, the leave liability indicates a stable growth pattern as employees have already encashed their non-compulsory leave and have taken their annual leave over the festive period.

## LEAVE ENCASHMENT

LEAVE ENCASHMENT: 2023/2024 (JUL 2023 - MAR 2024)			
PERIOD	MONTHS	DAYS ENCASHMENT	FINANCIAL IMPACT
Q1	July to September	4020	R 3 636 960
Q2	October to December	4748	R 3 435 768
Q3	January to March	1853	R 1 712 029
TOTAL		8768	R 7 072 728

The table above indicates the quarterly leave encashment during the 2023/2024 financial year which resulted in financial impact equating R7 072 728. In this current financial year, the peak months for leave encashments have been towards the end of the calendar year (Sept, October, and Dec) as employees are going on holiday for the festive holidays.

### ABSENTEEISM: 2023/2024 YTD (JULY 2023 – MARCH 2024)

The year-to-date absenteeism rate per department, JPC has an absenteeism rate of 4% which is within the South African threshold which is between 3.6% to 6%. The absenteeism rate in the previous quarter was calculated using the following formula:

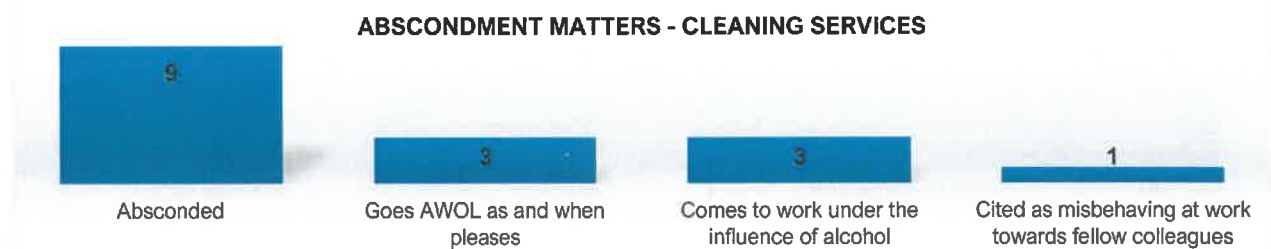
- ❖ **Number of sick leave days taken divided by the number of employees on sick leave:** The above formula created a tilted view in alignment with the benchmark and standards of reporting absenteeism. In this quarter this anomaly was rectified using the following formula:
- ❖ **Number of sick leave days divided by the number of working days:** Hence there is a drop to 4% using the above formula. JPC is now aligning its goals and objectives to the South African threshold to ensure that the best employee standards are maintained within the organisation.

### ABSCONDMENT CASES (NUMBER AND COST)

The total cost of abscondments is **R1 248,829.63** to date as a result of employees being paid salaries while absent without authorization from line management. The HCM team has met with labour, and management and agreed that line managers should take accountability as far as the management of employees is concerned. The salaries of absconded employees were stopped to ensure that the necessary measures were taken to properly deal with such behaviour.

#### PROGRESS TO DATE:

- In other instances AWOL letters were already issued to notify employees to report back to work and failing which disciplinary action will take place.
- In instances where letters were already issued line managers were advised to institute disciplinary action.
- Disciplinary action will be instituted in instances where there are no improvements in the employee behaviour.



### Section 9: Employee Wellness

The Supply Chain process is still ongoing to source a competent service provider to provide Holistic Wellness services for JPC employees. The target date is to implement these services in May 2024, to



help improve issues of absenteeism and other overall health and well-being matters affecting JPC Brand Champions.

### 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	1478	Defined Contributions
City of Joburg Pension Fund	34	Defined Benefits
Municipal Employee Pension Fund	3	Defined Contributions
Municipal Gratuity Pension Fund	2	Defined Contributions
Joint Municipal Workers Pension Fund	1	Defined Benefits
Non-Membership	3	Not compulsory & Medical Boarding
<b>TOTAL</b>	<b>1521</b>	

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	179
DISCOVERY	9
HOSMED	40
KEYHEALTH	79
LA HEALTH	207
SAMWUMED	212
<b>TOTAL MEMBERSHIP</b>	<b>726</b>

The above table specifies the accredited medical aid schemes and membership distribution to each scheme as at end of March 2024. The provision is based on the 60/40 principle as set out in the Main Collective Agreement. The current maximum medical aid employer contribution rate to the accredited medical schemes is now **R5 277.38** for the 2023/2024 financial year.

795 employees are currently not on any medical aid, this is because lower levels don't need to be on medical aid. The risk of having employees who are not medically covered is great as these employees work in public convenience facilities and corporate buildings where they run the risk of collapsing due to chronic conditions that are not managed through medical assistance.

#### **DECLARATION OF INTERESTS**

The total number of employees who have submitted their declaration forms is 1305 which is 86%, which is a light improvement from 66% from the previous quarter.



## **Chapter 5: Financial Performance**



## Section 1: JPC Statement of Financial Position as at 31 March 2024

			Variance	
No te	2024	2023	Variance	Variance %
<b>Assets</b>				
<b>Current assets</b>				
	<b>1 723 877 220</b>	<b>1 227 116 330</b>	<b>496 760 890</b>	<b>40.48%</b>
Cash and cash equivalents	1 2 000	2 000	-	0.00%
Receivables from exchange transactions	2 1 371 318 000	965 322 804	405 995 196	42.06%
Loans to shareholders	3 352 557 220	260 896 171	91 661 049	35.13%
Prepayments	4 -	895 355	-895 355	0.00%
<b>Non-current assets</b>				
	<b>96 592 026</b>	<b>87 800 246</b>	<b>8 791 780</b>	<b>10.01%</b>
Property, plant and equipment	5 51 512 116	42 572 583	8 939 533	21.00%
Intangible assets	6 13 119 558	13 267 309	-147 751	-1.11%
Deposits	7 600 586	600 587	-1	0.00%
Deferred Tax Asset	8 27 695 682	27 695 683	-1	0.00%
Current tax receivable	9 3 664 084	3 664 084	0	0.00%
<b>Total Assets</b>	<b>1 820 469 247</b>	<b>1 314 916 576</b>	<b>505 552 671</b>	<b>38.45%</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
	<b>1 687 338 008</b>	<b>1 314 064 205</b>	<b>373 273 803</b>	<b>28.41%</b>
Payables from exchange transactions	10 233 561 500	245 919 459	-12 357 959	-5.03%
Finance lease obligation	11 893 765	-	893 765	100.00%
Loans from shareholders	12 1 444 804 815	1 060 066 819	384 737 996	36.29%
Provisions	13 5 958 717	5 958 717	0	0.00%
Operating lease liability	14 2 119 210	2 119 210	0	0.00%
<b>Non-Current Liabilities</b>				
	<b>11 204 617</b>	<b>671 000</b>	<b>10 533 617</b>	<b>1569.84%</b>
Finance lease obligation	11 10 533 617	-	10 533 617	100.00%
Employee benefit obligation	15 671 000	671 000	-	0.00%
<b>Total liabilities</b>	<b>1 698 542 625</b>	<b>1 314 735 205</b>	<b>383 807 420</b>	<b>29.19%</b>
<b>Net Assets</b>				
	<b>121 926 621</b>	<b>181 370</b>	<b>121 745 251</b>	<b>67125.35%</b>
Share Capital	16 5 142 721	5 142 721	-	0.00%
Accumulated Surplus/(Deficit)	17 116 783 900	-4 961 351	121 745 251	-2453.87%
<b>Total Net Assets / (Liabilities)</b>	<b>121 926 621</b>	<b>181 371</b>	<b>121 745 250</b>	<b>67124.98%</b>

**Notes:**

1. The petty cash float is maintained at R2 000 every month.
2. Included in trade receivables is a provision for bad debts related to facilitation fees to the value of R29 593 750. The total outstanding debt from related parties is R1 365 189 364 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 of R895 355 as per previous financial year; has since been utilised in the new financial year.
5. Property, plant and equipment is measured its cost less any accumulated depreciation and any accumulated impairment losses. Where possible, the useful life of fixed assets has been extended due to their good condition. The increase is due to acquisition of laptops through a finance lease.
6. Intangible assets comprise of computer software that has been procured or internally generated. The decrease is as a result of amortisation expense as per GRAP 31.
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 a slight decrease in trade payables year on year due to improvements in the cash position resulting in an improvement in payments made to suppliers.
11. The R11.47 million (current portion of R893 355 plus non-current of R10 533 617) is as a result of the new finance lease entered into in November 2023 for the acquisition of new laptops.
12. Relates to loan accounts payable between JPC and various COJ departments for the JPC and insourced cleaners payroll as well as transactional loan accounts for the acquisition of property for the COJ. Improved receipts from related party receivables will allow JPC to pay its related party liabilities thus reducing this amount.
13. Relates to provision for EXCO bonuses for the 2020/21, 2021/22 and 2022/23 financial years.
14. GRAP 13 adjustment for the straight lining of operating leases over the lease duration of office accommodation buildings. The GRAP 13 straight lining to be performed at year-end.
15. Provision on Post-retirement Medical Aid raised based on 2022/23 actuarial valuation report in respect of personnel that qualify for the benefit. The reports are prepared annually and a new value will be calculated and provided by the actuaries at year end.
16. There are no changes to the share capital of JPC in the current financial year.
17. The accumulated surpluses and losses from previous and current financial year.

## Section 2: JPC Statement of Financial Performance as at 31 March 2024

	Year-to-date			Annual	Variance
Note	Actual	Budget	Variance	Budget	%
<b>Revenue</b>					
<b>Revenue from non-exchange transactions</b>					
	<b>504 336 577</b>	<b>504 242 250</b>	<b>-94 327</b>	<b>624 184 000</b>	<b>-0.02%</b>
COJ - Subsidies received	1 503 452 500	503 452 500	-	623 131 000	0.0%
Other Income	2 884 077	789 750	-94 327	1 053 000	-11.9%
<b>Revenue from exchange transactions</b>					
	<b>219 057 262</b>	<b>286 604 250</b>	<b>67 546 988</b>	<b>382 139 000</b>	<b>23.6%</b>
Cleaning Services Recoveries	3 181 563 694	187 073 250	5 509 556	249 431 000	2.9%
Management Fees	4 6 549 008	7 897 500	1 348 492	10 530 000	17.1%
Commission on Portfolio Rentals	5 13 426 230	16 850 250	3 424 020	22 467 000	20.3%
Commission on Outdoor Advertising	6 709 748	37 650 750	36 941 002	50 201 000	98.1%
Assets Under Management Fees	7 5 250 000	5 528 250	278 250	7 371 000	5.0%
Facilitation fees	8 -	22 797 750	22 797 750	30 397 000	100.0%
Ad hoc Fees	9 822 558	-	822 558	-	100.0%
Cell Mast	10 10 736 023	8 806 500	-1 929 523	11 742 000	-21.9%
<b>Other income</b>					
	<b>15 170 313</b>	<b>5 133 750</b>	<b>-10 036 563</b>	<b>6 845 000</b>	<b>-195.5%</b>
Interest received	11 15 170 313	5 133 750	-10 036 563	6 845 000	-195.5%
<b>Total Revenue</b>					
	<b>738 564 153</b>	<b>795 980 250</b>	<b>57 416 097</b>	<b>1 013 168 000</b>	<b>7.2%</b>
<b>Expenditure</b>					
Board of directors fees and expenses	12 2 658 586	2 076 750	-581 836	2 769 000	-28.0%
Office operational expenses	13 178 571 554	273 063 750	94 492 196	364 085 000	34.6%
Contracted expenses	14 18 909 507	21 845 250	2 935 743	29 127 000	13.4%
Cleaning materials	15 5 617 474	5 488 500	-128 974	7 318 000	-2.3%
Repairs & Maintenance	16 7 903 879	21 924 750	14 020 871	29 233 000	63.9%
Salaries	17 391 068 000	406 756 500	15 688 500	542 342 000	3.9%
Interest Paid	18 -	12 195 000	12 195 000	16 260 000	100.0%
Depreciation	19 12 283 689	16 525 500	4 241 811	22 034 000	25.7%
<b>Total expenditure</b>	<b>617 012 689</b>	<b>759 876 000</b>	<b>142 863 311</b>	<b>1 013 168 000</b>	<b>18.8%</b>
<b>(Deficit)/surplus before taxation</b>	<b>121 551 463</b>	<b>36 104 250</b>	<b>-85 447 213</b>	<b>-</b>	
<b>Taxation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Net (Deficit)/Surplus</b>	<b>121 551 463</b>	<b>36 104 250</b>	<b>-85 447 213</b>	<b>-</b>	

**Notes:**

1. Subsidy provided to JPC for the 2023/24 financial year. The subsidy covers salary, rental, fleet 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. The refunds received are high than budgeted.
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 exceed the budget as JPC undertook fewer assignments from departments.
5. The COJ Rental Collection Commission, Servitudes and Rates & Taxes is 20.3% 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 which is among the projects that contribute to the facilitation fee has been awarded and currently busy with contractual agreements.
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 over by 21.9% with the inclusion of the upliftment fee.
11. JPC accrued interest on the sweeping account for Q3 as the account is in surplus of R352 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 34.2% below the YTD budget. The expenditure will increase in the Q4 with the JMPD security invoice payment.
14. Contracted expenses are 13.4% below the YTD budget, the expenditure is expected to increase in Q4
15. Cleaning materials are 2.3% above the YTD budget.
16. Repairs & Maintenance are 89% below the YTD budget. Meadowlands Civic Centre project has been awarded and the works is currently underway and so the increase in the expenditure will be in Q4.
17. Salary expenditure is 4.3% below the YTD budget. During the Mid-term Budgets the salary was adjusted to cover critical vacancies.
18. JPC incurred no interest on the sweeping account as the account has been in surplus.
19. Depreciation is 25.7% below the YTD budget.

### Section 3: JPC Statement of Cashflows as at 31 March 2024

	2024	2023
<b>Cash flows from operating activities</b>		
Rendering of services	-186 054 196	82 850 852
Subsidies	503 453 000	500 680 000
Interest income	15 170 000	12 923 142
	<b>332 568 804</b>	<b>596 453 994</b>
<b>Payments</b>		
Employee costs	-391 068 000	-473 327 925
Suppliers	-224 582 408	-219 151 874
Finance costs	-	-
Taxation refund	-	-
Taxation paid	-	580 785
	<b>-615 650 408</b>	<b>-691 899 014</b>
<b>Net cash flows from operating activities</b>	<b>-283 081 604</b>	<b>-95 445 020</b>
<b>Cash flows from investing activities</b>		
Purchase of PPE	-10 000 000	-7 634 010
Proceeds/(Loss) on disposal of PPE	-	-
Purchase of intangible assets	-	-
Payment of deposits	-	-
<b>Net cash flows from investing activities</b>	<b>-10 000 000</b>	<b>-7 634 010</b>
<b>Cash flows from financing activities</b>		
Loan from Shareholders	293 079 604	103 079 030
Finance lease payments	-	-
<b>Net cash flows from financing activities</b>	<b>293 079 604</b>	<b>103 079 030</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at 01 July 2023</b>	<b>2 000</b>	<b>2 000</b>
<b>Cash and cash equivalents at 31 March 2024</b>	<b>2 000</b>	<b>2 000</b>



#### Section 4: Portfolio Statement of Financial Position as at 31 March 2024

	NOTE	March-24	March-23	%	VARIANCE
<b>ASSETS</b>					
<b>Current Assets</b>		<b>140 838 629</b>	<b>107 920 413</b>	<b>31%</b>	<b>32 918 216</b>
Capital Expenditure: Current Year	1	8 932 872	10 116 098	-12%	(1 183 226)
Capital Expenditure: Prior Year		65 000		100%	65 000
COJ Portfolio - VAT Claim/Payable Account	2	9 848 841	607 221	1522%	9 241 621
Debtors - Other: COJ	3	2 847 802	2 617 806	9%	229 996
Debtors - Rentals	4	168 430 347	145 750 444	16%	22 679 903
Doubtful Debts - Move Provision	5	(73 471 415)	(73 471 415)	0%	-
STD/ABSA Bank - Tenant Deposit Account	6	24 185 182	22 300 260	8%	1 884 922
<b>NON-CURRENT ASSETS</b>		<b>-</b>	<b>-</b>		<b>-</b>
<b>TOTAL ASSETS</b>		<b>140 838 629</b>	<b>107 920 413</b>	<b>31%</b>	<b>32 918 216</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>		<b>196 347 717</b>	<b>245 087 147</b>	<b>-20%</b>	<b>-48 739 430</b>
STB COJ Loan Account - Bank Sweeping	7	115 250 827	182 503 173	-37%	(67 252 346)
Accruals	8	23 927 338	28 907 588	-17%	(4 980 249)
Receipts In Advance - Rentals	9	9 721 259	10 466 274	-7%	(745 014)
Deposits Received: Tenants	10	11 310 950	11 310 950	0%	-
JPC Portfolio Loan Account	11	8 975 878	-	100%	8 975 878
Property Portfolio Loan: MOE's	12	679 542	154 431	340%	525 112
JMPD	13	19 649 587	4 912 397	300%	14 737 190
Prepaid - Deposit received on land sales	14	6 741 098	6 741 098	0%	-
Creditor (Khulu Outdoor)		91 237	91 237	0%	-
<b>NON-CURRENT LIABILITIES</b>		<b>-</b>	<b>-</b>		<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>196 347 717</b>	<b>245 087 147</b>	<b>-20%</b>	<b>-48 739 430</b>
<b>NET ASSETS</b>		<b>-55 509 088</b>	<b>-137 166 734</b>	<b>-60%</b>	<b>81 657 646</b>
Accumulated Surplus/(Deficit)		-55 509 088	-137 166 734	-60%	81 657 646
<b>TOTAL NET ASSETS / LIABILITIES</b>		<b>-55 509 088</b>	<b>-137 166 734</b>		<b>81 657 646</b>

**Notes:**

1. The approved Adjustment budget for Capital expenditure is R24 991 000 for the year 2023/2024 and to-date R8 932 872.31 has been spent. An amount of R65 000 still has to be paid from the CoJ 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 amount reflects Tenant deposits held in the COJ Trust Account including interest as well as payments received for the Rissik Post Office insurance claims.
7. The sweeping account is in overdraft due to projects that were previously accounted for as CAPEX being reclassified and accounted for as OPEX. The Portfolio only gets reimbursed for CAPEX projects.
8. This item reflects accruals raised of which R23 927 338 still to be paid.
9. This item reflects rental paid in advance for 30 years by RMB properties which is allocated on a straight line basis, 11 years still remaining on the contract.
10. Tenants deposits held in trust account
11. The JPC Loan account reflects the commissions due to JPC, 25% on Rentals, 10% on Land Sales and AUM and also includes amounts paid on behalf of the COJ Portfolio. Offsetting in this regard was not taken into account thus Portfolio owes the JPC.
12. The Property Portfolio Loan account reflects amounts due to MOE's based on the income received 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 amounts relates to the JMPD security services for the securing of Informal Trading facilities and properties.
14. 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 March 2024

	NOTE	YTD ACTUAL MARCH 2024	YTD BUDGET MARCH 2024	VARIANCE	VARIANCE %	APPROVED ADJ BUDGET 2023/24
<b>REVENUE</b>						
Rent of Facilities and Equipment	1	49 483 904	187 500 000	-138 016 096	-73.6%	250 000 000
Interest Received - Arrear Debtors	2	4 530 678	3 039 750	1 490 928	49.0%	4 053 000
Outdoor Advertising - COJ	3	18 709 298	39 487 500	-20 778 202	-52.6%	52 650 000
<b>TOTAL INCOME</b>		<b>72 723 879</b>	<b>230 027 250</b>	<b>-157 303 371</b>	<b>-68.38%</b>	<b>306 703 000</b>
<b>EXPENDITURE</b>						
Contacted Services: Business Advisory PM & Research		9 770 469	35 383 339	25 612 870	72.4%	47 177 785
Contacted Services: Business Advisory Valuer	4	333 961	2 011 661	1 677 700	83.4%	2 682 215
Refuse Removal		-	1 705 500	1 705 500	100.0%	2 274 000
Grass cutting services		-	1 185 000	1 185 000	100.0%	1 580 000
RM: Buildings	5	3 048 238	29 316 000	26 267 762	89.6%	39 088 000
Bad and Doubtful Debts	6	-	34 881 750	34 881 750	100.0%	46 509 000
Advertising, Publicity and Marketing	7	19 416	1 579 500	1 560 084	98.8%	2 106 000
General Expenses: Assessment Rates	8	583 409	1 185 000	601 591	50.8%	1 580 000
General Expenses: Sundries		-	395 250	395 250	100.0%	527 000
Internal Recoveries: JPC Commission	9	16 989 279	60 013 500	43 024 221	71.7%	80 018 000
Internal Recoveries: Internal Charges Core- security	10	-	32 278 500	32 278 500	100.0%	43 038 000
Internal Recoveries: Internal Charges Legal	11	-	6 271 500	6 271 500	100.0%	8 362 000
Internal Recoveries: Internal Charges Cleaning	12	11 531 024	36 689 250	25 158 226	68.6%	48 919 000
Depreciation: Other Assets	13	-	459 000	459 000	100.0%	612 000
		<b>42 275 797</b>	<b>243 354 750</b>	<b>201 078 953</b>	<b>82.63%</b>	<b>324 473 000</b>
<b>SURPLUS / (DEFICIT)</b>		<b>30 448 082</b>	<b>(13 327 500)</b>	<b>-43 775 582</b>	<b>328.5%</b>	<b>(17 770 000)</b>

## Notes:

1. COJ Rentals: The overall revenue anticipated from the rentals collection is 10.5% below the targeted budget of R55 282 500 (R73 710 000 apportioned for 9 months). 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. The R250 000 000 is an error that was made in the adjustment budget which could have only been fixed prior to 28 February 2024 as per section 28(e) of the MFMA. The error results in rentals being 73.6% below the targeted budget.
2. This item reflects interest charged on overdue tenant accounts. The interest generated on the debtor's accounts is 49% 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 Q3
4. Income derived from outdoor advertising and promotions, 52.6% below the budget. JPC is currently finalising the signing of new Outdoor Advertising contracts and the revenue is currently picking up
5. This line item relates to expenditure spent on Contacted Services: Business Advisory PM& Research, to-date the expenditure is 72.4% below the YTD budget
6. This line item relates to repairs and maintenance costs on buildings, 89.6% below YTD budget but the expenditure will pick up in Q4.
7. This line item relates to Bad and Doubtful Debts. No expenditure recorded in Q3.
8. This line item relates to Advertising, Publicity and Marketing. There was 98.8% below the YTD budget expenditure recorded in Q3.
9. General Expenses: Assessment Rates, Electricity supply- expenditure incurred 35.5% below budgeted expenditure on assessment rates was recorded in Q3 against the YTD budget.
10. Internal Recoveries: JPC Commission is showing a 71.7 % 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.
11. 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.
12. Legal services are centralised to COJ Group Legal. For the YTD no legal expenses have been incurred in the Portfolio.
13. Cleaning services provided by JPC at various informal trading facilities that are serviced by the Portfolio. The expenditure is 68.6% below the YTD budget in Q3.
14. No expenditure related to the depreciation of other assets for the Q3.

**Section 6: CAPEX**

Project Name	Project Number	Adjusted Budget 2023/24 R 000	YTD Actuals	Variance	% Spent
Revamping of the Informal Trading Stalls within the Inner City Renewal Operational Capex JOHANNESBURG F Ward	2284	4 000 000	4 000 000	-	100%
Orlando Ekhaya Waterfront Development Renewal Park ORLANDO EKHAYA D Regional	2522	2 800 000	2 800 000	-	100%
Office Space Optimisation Program New Precinct Redevelopment JOHANNESBURG F City Wide	4184	1 420 000	1 334 727	85 273	94%
Marlboro Station Project Land Preparation	6309			-	
Metromall Taxi Rank Shop Revitalisation and Waste Management Area Redesign	6358	4 600 000	2 512 020	2 087 980	55%
Acquisition of various properties in SOWETO	23543	400 000	374 740	25 260	94%
Acquisition of Cleaning Equipment	23560	2 836 000		2 836 000	0%
23776 Walter Sisulu Square Upgrade	24027	8 935 000		8 935 000	0%
<b>Sub Total</b>		<b>24 991 000</b>	<b>11 021 487</b>	<b>13 969 513</b>	<b>44%</b>

\* Acquisition of Cleaning Equipment - The project is currently at the BEC stage and will be awarded in mid-May 2024.

\* 23776 Walter Sisulu Square Upgrade - The tender will be closing end of April 2024.

## **Section 7: Ratios Analysis**

### **PART A: JPC**

#### **LIQUIDITY RATIO**

JPC is currently owed R1.4 billion from trade and intercompany debtors with cash collections in excess of R200 million being achieved for the YTD for trade receivables. JPC has a current ratio of 1.01:1 as compared to the norm of 1:1, the ratio has improved from the Q3.

The sweeping account currently reflects a positive R352 million with related party loans exceeding R1.4 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 3<sup>rd</sup> party/external debtors. In the Collection of third party debtors the timing difference affects the collection rate of the Cell Mast income however the collection improved in Q3 whereas there's still the non-recovery of facilitation fees for the 2021 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 1:1 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 R145 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 which equates to 188 days. 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 0.72:1 as compared to the norm of 2:1, with a negative cash flow of R115 million for the period under review as compared to a negative cash flow of R182 million for the same period in the 2023 financial year. Debtors currently owe Portfolio R168 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 29%. The collection rate excludes debt owing from other debtors.

### **SOLVENCY RATIO**

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

### **DEBTORS COLLECTION PERIOD**

CoJ-JPC Portfolio collection period is 59 days as compared to the industry norm of 60 days and this takes into account debtors 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 R115 million and average monthly expenditure being R4.6 million. The Portfolio predominantly utilises its cash for CAPEX spend and recovery from the COJ is dependent on the completion and verification of the projects. 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.

During the period under review, all SCM bids and RFPs were focused on the following specific goals:

- Businesses owned by 51% or more Black people;
- Business owned by 51% or more Women;
- Business owned by 51% or more Youth; and
- Locality

## **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.

FRUITLESS AND WASTEFUL EXPENDITURE	2024	2023
Opening balance	70 675 888	70 675 888
Add: Fruitless and wasteful – current	-	78 474
Less: Amount written off-current	-	-
<b>CLOSING BALANCE</b>	<b>70 754 362</b>	<b>70 754 362</b>

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	172 832 025	153 320 508
Prior period additions	-	-
Prior period reversals	-	-
Amount written off	-	(40 150 337)
<b>CLOSING BALANCE</b>	<b>389 198 586</b>	<b>216 366 561</b>

Year-on-year irregular expenditure movement

Category	Description	Disciplinary status	Q1	Q2	Q3	Total
Non-compliance with laws and regulations	Deviation not meeting the regulation 36 requirements	Tender process currently underway	47 166 881	80 197 753	38 697 772	166 062 406
Non-compliance with laws and regulations	Contract expired. The City to take over the process	SLA finalised with the City, awaiting connectivity	1 025 279	2 069 044	684 632	3 778 955
Non-compliance with laws and regulations	Centralised Fleet Contract	City dealing with the matter			2 990 664	2 990 664
		<b>Total</b>	<b>48 192 160</b>	<b>82 266 797</b>	<b>42 373 068</b>	<b>172 832 025</b>

In Quarter 3, irregular expenditure increased by R42 373 068 (column Q3 above).

#### 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



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



**Section 1: Results of Internal Audit**

The three-year rolling plan and annual internal audit plan is under review and will be approved by the Audit and Risk Committee in the 2023/24 financial year. The Internal Audit unit commenced with some of the audits as per the audit plan and the progress thereof is indicated in the table below.

**PROGRESS MADE ON THE ANNUAL PLAN**

There are 20 audit projects planned for the year ended 30 June 2024 consisting of 17 comprehensive audits, follow-up on AG and Internal audit findings, Ad hoc project, and Probity audit. Two of the comprehensive audits (audit of Pre-determined objectives and Service Level Standards) are done every quarter and the remaining ones will commence during the fourth quarter of 2023/24.

**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 resolution rate for the internal audit findings is 81%; representing 22 findings resolved out of total of 27. however, the management is in the process of resolving the findings that are remaining. Refer to the table below of the resolved findings.

CATEGORY	TOTAL	RESOLVED	NOT RESOLVED	TIMELINE
Very High	0	0	0	N/A
High	16	12	4	30 JUNE 2024
Medium	9	9	0	N/A
Low	2	1	1	30 JUNE 2024
<b>TOTAL</b>	<b>27</b>	<b>22</b>	<b>5</b>	

**DASHBOARD FOR UNRESOLVED INTERNAL AUDIT FINDINGS**

Below is a table outlining the unresolved internal audit findings in detail.

#	FINDING HEADING	AUDITABLE SECTION	MANAGEMENT ACTION PLAN
1	There is no contract management unit in place	Contract Management	Management is in the process of establishing the dedicated contract management unit.
2	No policies and procedures for Service Level Standards	Service Level Standards	<p>Revision of the Standard Operating Procedures to define the KPI in order to enable proper measurements of the KPI's and to allow proper allocation of the percentages achieved for each month.</p> <p>For KPI's that are not measured for a particular month, points will be allocated accordingly. This is being done as some of the due processes are undertaken from work done in the past, particularly for the Council resolution that have been obtained 9 months prior</p>
3	Technical Indicator description has not been developed	Service Level Standards	Implementation and development of properly defined targets aligned to the KPI's
4	Disaster Recovery Procedures should be improved	General Controls	The auditor acknowledges that the DRP does provide for activities that must be performed in testing the DRP (including People, Processes and Technology). However, evidence provided indicates that only backups were tested for restoration. No evidence of testing of the communication and the process of connecting to the restored DR site were performed as required by the JPC policy and best practice. The auditor is of the view that these must be tested and the results documented.
5	Physical security on information assets should be improved	General Controls	<p>There are no visitor's tags used and given to all visitors who are admitted to JPC facilities. Visitors' details are not logged when they enter JPC facilities.</p> <p>There are shared printers located in open spaces. However, documents printed in these spaces are not marked as confidential and shredders are only used in the CEO's office and Records Department.</p> <p>Management note the finding, however, it should be noted that JPC Budget for security moved to that of JMPD, this move has resulted in the weakness identified by the auditor. Management is in the project of finalising tender for new office accommodation in which the concept of security is covered by the landlord for Access by visitors, Biometric and CCTV's.</p> <p>Shredders must be used in all printing areas, document marking as "Confidential" should be used and more software based protection be provided to all users with access to printing devices.</p> <p>JPC IT has implemented a secure printing environment to ensure confidentiality for all employees and for all printed document. Employees use a unique printing code to release printouts</p>

### Section 3: Progress on Resolution of External Findings

The entity received an unqualified audit opinion with twelve (12) material findings on non-compliance with legislation and annual financial statement, which is similar to the prior year i.e. 2022/23. The AGSA findings indicated that the financial statements presented were fair in all material respects, including the financial position of the City of Joburg Property Company (SOC) Ltd as at 30 June 2023 and its financial performance and cash flows for the specified year that ended.

The dashboard for unresolved external audit findings (2022/23) indicates 75% resolution rate with 3 findings remaining unresolved.

CATEGORY	TOTAL AS AT 30 NOV 2023	RESOLVED AS AT MARCH 2024		UNRESOLVED		TIMELINE
	#	#	%	#	%	
Matters that will be reported in the auditor's report and should be addressed urgently	6	4	67%	2	33%	30 APRIL 2024
Matters that should be addressed to prevent material misstatements in the financial statements or material findings on the annual performance report and compliance with legislation in future; also includes matters that significantly affected auditee performance	4	3	75%	1	25%	30 APRIL 2024
Matters that do not have a direct impact on the audit outcome or a significant impact on auditee performance, but were communicated to assist with improving processes and mitigating risks	2	2	100%	0	50%	N/A
<b>TOTAL</b>	<b>12</b>	<b>9</b>	<b>75%</b>	<b>3</b>	<b>25%</b>	

#	Finding heading	Auditable Section	Management Action Plan
1	Irregular expenditure written off without a proper assessment on the recoverability	Finance	The matter will be investigated by the Internal audit
2	The fruitless and wasteful expenditure incurred by the municipal entity was not investigated to determine if any person is liable for the expenditure, as required by municipal budget and reporting regulations 75(1)	Internal audit	The matter will be investigated by the Internal audit
3	Management did not comply with section 95(d) of the MFMA as the irregular expenditure was not prevented	SCM	The matter will be investigated by the Internal audit

#### **Section 4: State of the Internal Controls**

The Internal Audit Department evaluates the adequacy and effectiveness of the internal control systems, governance processes, and risk management processes. In assessing these, consideration of the above-mentioned internal control objectives and the audit evidence obtained during the execution of audits should be used as a basis for the opinion. Only completed assurance engagements or projects should be considered for the overall internal control opinion.

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

#### **EFFECTIVENESS OF CONTROLS**

75% of the control deficiencies have been satisfactorily resolved, and 3 (25%) are in the process of being resolved in respect of Internal Audit.

#### **IMPACT**

To improve audit outcomes, management will continue to work together to strengthen daily, monthly and quarterly processing of financial and performance related internal controls. This will ensure that accurate and complete financial and performance reporting is supported by valid information.

