

***Jabulani Housing Development***

## COMPANY INFORMATION

<b>Registration number:</b>	2000/017147/07
<b>Registered address:</b>	1st Floor   Forum II   Braam Park   33 Hoofd Street   Braamfontein
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<b>Website:</b>	<a href="http://www.jhbproperty.co.za">www.jhbproperty.co.za</a>
<b>Bankers:</b>	Standard Bank South Africa
<b>Auditors:</b>	Auditor-General of South Africa
<b>Company Secretary:</b>	Craig Matthews

### Vision

Our vision is to provide Property Management, Property Development, Facilities Management, Property Asset Management and Outdoor Advertising services in order to maximise the social, economic and financial benefit to the City of Johannesburg (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 services, 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 JPC's success. Such values are not just important but crucial to the overall ascendancy of JPC. The values adopted by JPC are:

- Professionalism
- Accountability
- Responsibility
- Customer Service
- Trust

**APPROVAL**

<p>Mr. Imreza Bhamjee <i>Imreza Bhamjee</i></p> <p>Name &amp; Surname Chief Financial Officer</p>	<p><i>[Signature]</i></p> <p>Signature</p>	<p></p> <p>Date of approval</p>
<p>Ms. Helen Botes <i>Helen Botes</i></p> <p>Name &amp; Surname Chief Executive Officer</p>	<p><i>[Signature]</i></p> <p>Signature</p>	<p></p> <p>Date of approval</p>
<p>Mr. Patrick Corbin</p> <p>Name &amp; Surname Chairperson of Board</p>	<p><i>[Signature]</i></p> <p>Signature</p>	<p></p> <p>Date of approval</p>
<p>Cllr. Lesia Khoti <i>[Signature]</i></p> <p>Name &amp; Surname Member of Mayoral Committee</p>	<p><i>[Signature]</i></p> <p>Signature</p>	<p><i>06.11.2018</i></p> <p>Date of approval</p>

Acronyms and abbreviations			
Acronym/ abbreviation	Name / phrase	Acronym/ abbreviation	Name / phrase
AFS	annual financial statements	IOC	integrated operations centre
AG	Auditor-General	IPM	Institute of People Management
AGM	annual general meeting	ISPPA	International Standards for the Professional Practising of Internal Auditing
AGSA	Auditor-General of South Africa	IT	information technology
AIC	independent audit committee	ITIL	Information Technology Infrastructure Library
AIDS	Acquired Immune Deficiency Syndrome	JCCI	Johannesburg Chamber of Commerce and Industry
ARC	Audit and Risk Committee	JPC	City of Joburg Property Company SOC Ltd
B-BBEE	broad-based black economic empowerment	KPI	key performance indicator
BEE	black economic empowerment	LIS	Land Information System
BMI	body mass index	LLF	Local Labour Forum
BSA	Software Alliance	MDG	Millennium Development Goal
CAPEX	capital expenditure	MFMA	Municipal Finance Management Act, 2003
CBO	community-based organisation	MMC	Member of the Mayoral Committee
CCMA	Commission for Conciliation, Mediation and Arbitration	MOE	Municipal Owned Entity
COBIT	Control Objectives for Information and Related Technology	MOU	memorandum of understanding
COJ	City of Johannesburg Metropolitan Municipality	MSA	Municipal Systems Act, 2003
CSI	corporate social investment	MTC	Metropolitan Trading Company
CSU	Client Servicing Unit	NED	non-executive director
DED	Department of Economic Development	NGO	non-governmental organisation
EAC	Executive Adjudication Committee	OHSA	Occupational Health and Safety Act, 1993
EAP	employee assistance	OPEX	operational expenditure

Acronyms and abbreviations			
Acronym/ abbreviation	Name / phrase	Acronym/ abbreviation	Name / phrase
	programme		
EE	employment equity	PIMS	Property Information Management System
EPWP	Expanded Public Works Programme	POC	Proof of Concept
FMM	Facilities Management and Maintenance	RDP	Reconstruction and Development Programme
FRACC	Fraud and Corruption Committee	RSDF	Regional Service Delivery Forum
GBCSA	Green Building Council of South Africa	REMCO	Remuneration and Human Resources Committee
GCSS	COJ: Group Corporate Shared Services	RFP	request for proposal
GDS 2040	Growth and Development Strategy 2040	SAPOA	South African Property Owners Association
GIS	Geographic Information System,	SCM	supply chain management
GRAP	Generally Recognised Accounting Practice	SDA	service delivery agreement
GRAS	Group Risk and Advisory Services	SDBIP	Service Delivery Budget Implementation Plan
GRI	Global Reporting Initiative	SDJOC	Service Delivery Joint Operations Committee
HIV	human immunodeficiency virus	SDM	service delivery model
IAS	International Accounting Standards	SHE	safety, health and environment
ICT	Information and communication technology	SMMEs	small, medium and micro-enterprises
IDP	Integrated development plan	SOC	state-owned company
IFRS	International Financial Reporting Standards	UNGC	United Nations Global Compact
IIRC	International Integrated Reporting Council	WMC	work management centre
ILP	Individual learning plan	WSP	workplace skills plan
IMPSA	Institute of Municipal People Practitioners of Southern Africa	YTD	year-to-date

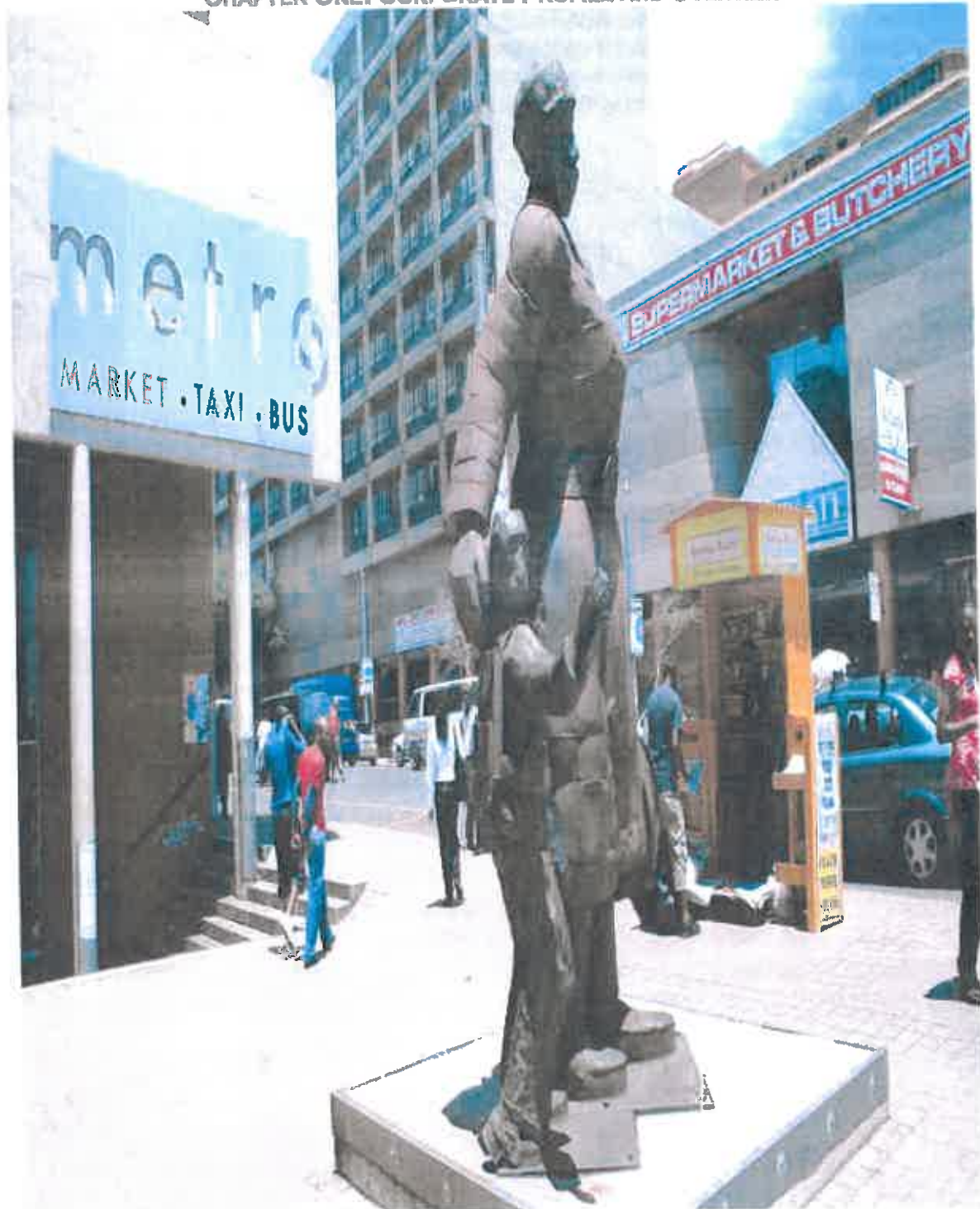


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CHAPTER ONE: CORPORATE PROFILE AND OVERVIEW



*Metro Mall Facilitated by JPC*



## Section 1: Chairperson's Foreword



It gives me great pleasure to table JPC's first quarter report for the 2018/19 Financial Year on behalf of the JPC Board of Directors (the Board) which covers the period 01 July to 30 September 2018.

The Board through its various Committees did much work. However, many challenges remain as we re-position and re-package the JPC towards the integration into the CoJ.

One of the challenges the Board together with Management will continue to focus on is the restructuring of JPC's financial model.

Other challenges such as the illegal occupation and invasion of the CoJ buildings and land have to be addressed. The Board and its committees held a number of meetings to discuss issues relating to its business and together with management will in the coming year re-focus the priorities of JPC as it embarks on the implementation of a new Financial Strategy. The Board will ensure that together with management, it delivers on its mandate as set out in its Strategic Objectives. Also, hereto, the Board continues to monitor Management's implementation of the JPC's Strategic alignment to the Gauteng Provincial Growth and Development Strategy.

On a quarterly basis, management tables with the Board the Quarterly Performance Report for review, at which stage the Board provides its inputs to the Report. This process includes a review of the alignment of the JPC Strategy to the Provincial Growth and Development Strategy.

The Board through its Transactions & Service Delivery Committee ensures that any transactions processed through that Committee do not disrupt any service delivery to the Communities. Accordingly, I submit the JPC's 1st Quarter review on behalf of the JPC Board of Directors.

.....  
Pat Corbin  
Chairperson

## Section 2: Chief Executive Officer's Report



It is my pleasure to present JPC's first quarter report for the 2018/19 financial year. The company derives their mandate from the City of Johannesburg (CoJ). The mission and vision of the company acquired from the Integrated Developments Plan (IDP) that capsules the Growth Development Plan GDS. From these documents, the nine Mayoral plans are articulated. It is JPC's priority to ensure that the mandate from the City's visionary documents is carried out not only for the organisation to flourish but also for the City of Joburg to support the delivery objectives.

JPC managed to achieve 43% of targets due for the quarter. One requirement regarding the impact of leases in the City's Statement of Financial Position resulted in JPC not achieving two KPIs. By the end of October 2018, this issue will be resolved. We released seventy one (71) properties under the inner City rejuvenation programme during the period under review and learning for the first phase, it will be critical in ensuring speedy awarding of contracts. We are optimistic that JPC will have 85% or more of the scorecard.

JPC is currently owed R549 million from intercompany debtors, and this has hampered the cash position of the entity. JPC has a liquidity ratio of 0.78:1 as compared to the City's norm of 1:1. The sweeping account or cash position currently reflects as negative R546 million. We held a number of meetings with different departments regarding their long outstanding debtors' accounts, which yielded the return to a certain extent, but some departments have not settled their accounts more than 423 days late. Unfortunately, we are not allowed to charge interest on related party debtors, but we pay interest on overdraft caused by the non-payment, as we by law need to pay suppliers within 30 days, but our debtors pay us outside the legislated date.

The solvency ratio of JPC is 0.84:1 against the City's norm of 2:1, which indicates that the entity is technically insolvent as the total liabilities exceed assets by R114 million.

JPC has recently discussed the turnaround strategy, targeting the solvency issue. Repairs and Maintenance are moving back to departments together with its budgets with effect from 1 July 2018, which provides the entity with an opportunity to perform repairs and maintenance with departments paying timeously and earn unbudgeted commission, which will assist with the solvency issue. The results of the strategy will be visible in the next financial year. We will be approaching the City Manager for a letter of surety in order for JPC to continue as a going concern.

There was no movement in the senior management level during the period under review. The EAAB and JPC have embarked on a learnership programme partnership, which has placed 37 learners through funding from SETA. There are 37 interns placed in various departments within JPC and the

programme will run for a period of 12 - 18 months. The placement of the interns is part of the initiatives to provide unemployed qualified youth and graduates to gain work experience to increase their employability opportunities.

The effectiveness of the Internal Audit Function of JPC remains a huge issue. I hope that the board and City Manager will resolve this issue as soon as possible.

The Rissik Street Post Office project won an innovation award during the recent South African Institute of Steel Construction. This is an affirmation of the quality of JPC projects.

I would, in conclusion like to thank the Board for their constant guidance and support as we pursue excellence. The management team and their dedication has not gone unnoticed and is in high regard held, not forgetting all JPC employees for their commitment to making JPC an exceptional organisation.

.....

**Helen Botes**

**Chief Executive Officer**

### Section 3: Chief Financial Officer's Report



In preparation for the new financial year, three critical areas of JPC's financial management have been identified as the core strategy for the department and entity. These three areas are financial sustainability in the medium and long-term, maintenance and continuation of the control environment to sustain positive audit outcomes. Lastly, the JPC has proposed a strategy, which covers a back to basic principle to improve the entities current, and liquidity ratios to ensure that the entity remains solvent.

Given the business cycle of the entity and the City, the first quarter has been subdued as the emphasis is placed on the planning and implementation of strategic and operational objectives for the financial year. JPC generated a surplus of R4.6 million for the first quarter. We anticipate that the profit will decline to a break-even position by the 2018/19 midterm. The interest expense on the overdraft contributed R2.9 million to the expenditure for the first quarter; at its current trajectory, the interest is anticipated to total +/-R8 million by the end of quarter two. The JPC has submitted a report to the City of Johannesburg Municipality Council requesting approval for the interest to be waived as it stems from outstanding debt from the COJ Council departments. The cash position of the entity resides at negative R546.2 million. This is due to the recovery of outstanding intercompany debtors being stagnant since the conclusion of the 30 June 2018 financial year and JPC having to settle R225 million in accruals for R&M from 2017/18. Management is in constant consultation with the COJ's Departments and Merchant Payments to facilitate the payment of outstanding monies to JPC.

The overall total operating expenditure, before taxation, for the YTD is R111.2 million, this equates to a saving of 15.6% of the allocated budget. Fixed expenditure is deemed to be +/-R102 million at a percentage of 91% of the total expenditure for the year to date. This implies that the contractual and budgetary constraints are too tight to reduce expenditure to increase profitability, and that profitability/financial sustainability can only be achieved through additional revenue generation from Portfolio and Outdoor Advertising.

JPC is currently owed R548 million from intercompany debtors, and this has hampered the cash position of the entity. JPC has a current ratio of 0.78:1 as compared to the norm of 1:1. The sweeping account or cash position currently reflects as negative R546 million but will return to positive as intercompany debtors collections improve. It is improbable nor prudent for JPC to consider settling intercompany creditors and loans in the next 12 months until the cash position of the entity has stabilised.

The solvency ratio of JPC is 0.84:1 and illustrates the going concern challenges the entity faces. As the cash position of the entity improves from the collection of intercompany debtors, so too will the

solvency. In the interim, a letter of surety has been requested from the office of the City Manager to ensure that the JPC remains a going concern.

There is no fruitless and wasteful expenditure to report year to date. There is no irregular expenditure to report for the year to date.

No additional deviations have been incurred and those reported are a continuation of deviations reported in the previous financial year. The deviations relate predominantly to lease rentals for office accommodation for the COJ. Regarding the MFMA, existing differences are still required to be reported.

The BEE spend is an indication of JPC's commitment to transformation and SMME development, and currently resides at 99% of all goods and services acquired by both JPC and Portfolio. A 100% spend was achieved on the CAPEX budgets of both JPC and Portfolio for the year to date.

Management will direct their attention in quarter two to significantly improving the financial position of the entity, achieving a favourable audit outcome for the 2017/18 fiscal year and begin preparation for a challenging and balanced budget.

.....

**Imraan Bhamjee**

**Chief Financial Officer**



## Section 4: Corporate Profile and Overview of the Entity

The City of Joburg Property Company SOC Ltd (JPC) was in the year 2000 established 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). Consequently, 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 531 employees based at the head office and depots who execute the strategy of the organisation. JPC derives its mandate from a signed service delivery agreement with its sole shareholder, the COJ. The core functions of JPC are as follows:

### Asset management

It aims to implement sound asset management practices, including access to new assets, sustainably and affordably. Articulated as follows are the objectives:

- Land strategy development – To ensure that the City delivers specific research for the portfolio-; it conducts strategic planning, policy and strategic development, reviews, valuations, property life cycle modelling and monitoring.
- Operational and financial performance – To provide assurance that performance measurement and client reporting is aligned to the City's targets, this unit focuses on monitoring and evaluating the optimisation of portfolio composition, the maintenance of the property asset register, income and expenditure growth.
- Business development – This consists of the analysis and land preparation by town planners and urban designers to develop business cases.

### Property Development

It aims at maximising the return on City-owned land. In this regard, the objectives for public land development are as a trifecta of returns understood as follows:



- **Delivering on City objectives** – These are priorities identified in the Service Delivery Budget Implementation Plan (SDBIP).
- **Transforming the property industry** – This is done by empowering emerging developers and contractors and providing training and guidance on development for enterprises.
- **Creating high-yielding property assets with a sustainable income stream** – A large portion of City's assets are vacant land with inherent low asset value and associated low returns.

A base of long-term recurring income is thus, created by facilitating the development of well-located properties with high potential.

#### **Facilities management**

This is a quintessential business function, affecting not only revenue and costs but also production, the work environment, health and safety. The focus of the approach is on assessing business trends, focusing on cost reduction and increasing shareholder value, the integration of facility resource information into corporate business data, an emphasis on speed of delivery, new ways of working enabled by mobile technology, new sustainability initiatives and targets and concerns about security.

#### **Property management**

This function involves maximising the efficiency of the COJ's portfolio of properties, including leasing the premises, collecting rental fees, overseeing building maintenance, paying service providers, managing tenant relationships, running the accounts and providing reports.

#### **Outdoor advertising**

This function includes managing and concluding outdoor advertising and cell mast leases. The department is responsible for managing various forms of "out-of-home" advertising, comprising approximately 720 billboards, 3 800 on-premises signs, 30 000 different types of street furniture, street pole advertising and 130 cellular mast sites and antennae erected on COJ land and/or assets.

#### **Competitive landscape**

JPC manages a diverse property portfolio made up of various classes of assets, i.e. residential, office, commercial, social (sports facilities and stadiums), and service delivery (clinics, fire stations, community centres) assets. There is no other municipality nationally that comprehensively manages its portfolio through a municipal entity. This therefore, makes JPC unique in the industry. Furthermore, no company in the private sector provides the range of services that JPC offers as indicated above, ranging from asset management to outdoor advertising. In practice, there are companies providing property and facilities management and others dealing with property development. The social and service delivery assets are something unique to municipalities. Unlike other property companies in the private sector, such as JHI, Broi and Attaq, JPC is not only focused on the bottom line (profit-driven), but also has to fulfil the social, economic and empowerment mandates of the municipality, using its portfolio.

## Section 5: Strategic Objectives

JPC's corporate strategy in alignment with the vision and mission of 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. JPC's strategic objectives are long-term plans that contribute annually to the vision of the organisation through the annual target linked to the mayoral priorities.

The GDS 2040 has the following outcomes:

- Outcome 1: A glowing, diverse and competitive economy that creates jobs
- Outcome 2: Enhanced, quality services and sustainable environment
- Outcome 3: An inclusive society with an enhanced quality of life that provides meaningful redress through a pro-poor development
- Outcome 4: Caring, safe and secure communities
- Outcome 5: An honest, transparent and responsive local government that prides itself on service excellence

The City's IDP identified the following nine mayoral priorities for implementation to achieve the above five outcomes:

- Priority 1: Promote economic development and attract investments towards achieving 5% economic growth that reduces unemployment by 2021
- Priority 2: Ensure pro-poor development that addresses inequality and poverty and provides meaningful redress
- Priority 3: Create a culture of enhanced service delivery with pride
- Priority 4: Create a sense of security through improved public safety
- Priority 5: Create an honest and transparent City that fights corruption
- Priority 6: Create a City that responds to the needs of citizens, customers, stakeholders and businesses
- Priority 7: Enhance our financial sustainability
- Priority 8: Encourage innovation and efficiency through the Smart City Programme
- Priority 9: Preserve our resources for future generations

To better coordinate priority programme implementation and manage interdependencies, the City implements a cluster system with four clusters, namely Human and Social Development, Economic Growth, Sustainable Services, and Governance. JPC is part of the Economic Growth Cluster and responsible mainly for the following priorities:

- Priority 1: Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021
- Priority 2: Ensure pro-development that addresses inequality and poverty and provides meaningful redress

- **Priority 7: Enhance our financial sustainability**

JPC's corporate strategy details how it responds to the GDS 2040 and IDP, based on the mandate given to the organisation. JPC's strategy to deliver on the mandate indicated in the corporate strategy 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
- Utilising the portfolio as a vehicle for transformation
- Ensuring efficient, economical and effective service delivery to clients, customers and stakeholders
- Providing a professionally managed and sustainable company

In order to deliver on the strategic objectives, the business plan of JPC has the following annual targets that also contribute to the mayoral priorities falling within an economic cluster for the year under review.

Mayoral Priorities	JPC's contribution to the priorities included in the scorecard.
Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021	<ul style="list-style-type: none"> <li>• 2 000 Jobs created through property transactions</li> <li>• 1 200 SMME's supported through property transactions</li> <li>• R1.4 billion investment / Rand value attraction of investment on COJ property</li> <li>• R600 million attraction of investment on COJ property / Construction value on the ground</li> <li>• 100% payment of valid invoices within 30 days of invoice receipt date.</li> </ul>
Ensure pro-poor development that addresses inequality and poverty and provides meaningful redress	<ul style="list-style-type: none"> <li>• 250 asset management plans formulated</li> <li>• Acquisition of 10 properties</li> <li>• 1900 leases of shops and stalls concluded</li> <li>• Development and management of 300 public conveniences through Outdoor Advertising</li> <li>• The release of 100 properties on lease for agricultural, NGO, churches, crèches, educational and communication purposes</li> <li>• 10 Inner City property development projects awarded</li> </ul>
Create a culture of enhanced service delivery with pride	<ul style="list-style-type: none"> <li>• Train 80 employees</li> <li>• 100% completion of skills audit for level 1 to 6 employees</li> <li>• 90% of all strategic vacancies filled within 90 days</li> <li>• Disciplinary cases to be concluded within 90 working days</li> <li>• 90% success rate in all concluded disciplinary cases</li> </ul>
Enhance our financial sustainability	<ul style="list-style-type: none"> <li>• R110 million-rental income raised from leases and servitudes sales.</li> <li>• 50% implementation of the outdoor advertising masterplan</li> <li>• 100% spend of the allocated capital expenditure budget</li> <li>• Audit Opinion / Unqualified audit opinion (Clean audit)</li> <li>• 100% resolution of Auditor General and Internal Audit findings within four months after the report issued</li> </ul>



## CHAPTER TWO: GOVERNANCE



*The Riverside Housing Project facilitated by JPC*



### **Section 1: Composition, Key Activities & Remuneration of Board of Directors**

For the most part of the period under review, the Board consisted of 6 (six) Non-Executive Directors namely: Mr. Patrick Corbin (Chairperson), Professor Aly Karam, Ms Maggie Mojapelo, Mr. Newton Baloyi, Mr. Oscar Maseko, Ms. Modi Hlobo and 2 (two) Executive Directors Ms Helen Botes (Chief Executive Officer) and Mr Imraan Bhamjee (Chief Financial Officer). Ms M Hlobo resigned on 3 September 2018.

Board members have a wide range of skills which include: Transport and Logistics, Financial Management, Accounting and Auditing, Architecture, Town, Urban and Regional Planning, Low-Cost Housing development, Quantity Surveying, Strategic Planning and Community Development.

The Board retained full control over the Company and remains accountable to the City of Johannesburg (COJ), the sole shareholder, its stakeholders and the citizens of Johannesburg. A Service Delivery Agreement (SDA) concluded in accordance with the provisions of the Municipal Systems Act (MSA) governs the entity's relationship with the COJ. The Board provides quarterly, bi-annual and annual reports on its performance and service delivery to the COJ as prescribed in the SDA, the MFMA and the MSA.

The Chairperson and the Chief Executive Officer each have separate roles and responsibilities clearly defined. This ensures that their roles are non-conflicting and that they are visible in their respective roles. The Chairperson has no executive functions.

The Board is responsible for setting the direction of the JPC through the establishment of strategic objectives and key policies. It monitored the implementation of strategies and policies through a structured approach to reporting based on agreed performance criteria and defined written delegations to management for the 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 committees on matters including compliance with company rules and procedures, statutory regulations and best corporate practices.

Directors are also entitled to seek independent professional advice concerning the affairs of JPC at JPC's expense, should they believe that such a course of action would be in the best interest of JPC. The Board of Directors has adopted the Board Charter, which encapsulates the COJ Group Policy on Shareholder Governance Protocol within the COJ.

The Board is responsible for monitoring the activities of Executive Management within the JPC and ensuring that decisions on material matters are considered. The Board approves all the terms of

reference for the various sub-committees of the Board including special committees tasked to deal with specific issues.

Ms Modi Hlobo resigned as Board member and Chairperson of the Audit and Risk Committee, which was duly communicated to the City by the Company Secretary. It was essential to communicate this as soon as possible to the shareholder through Group Governance because Ms Hlobo was the only Board member with an Accounting background. The City has previously sent out a directive that a Board representative should be the Chairperson of the Audit and Risk Committee. We are yet to receive a response in this regard.

Significant changes made to the structures of the Board Committees subsequent to the AGM saw the Transaction, Social and Ethics Committee merge with the Remunerations and Human Resources Committee (REMCO). The Board decided that the focus areas of the Committees in this regard be enhanced.

The Shareholder also made amendments to the Policy regarding the appointment of Non-Executive Directors and Independent Audit & Risk Committee members as well as the remunerations structure for these appointees.

During the period under review the following meetings were held:

Board	ARC Committee	Transactions and Service Delivery Committee	REMCO, Transformation, Social and Ethics and Committee
26 July 2018	19 July 2018	23 July 2018	24 July 2018
29 August 2018	10 August 2018		

As indicated above the Organisation has the following Board Committees:

- Audit and Risk Committee (ARC)
- Transactions and Service Delivery Committee
- REMCO, Transformation, Social and Ethics Committee

#### **Audit and Risk Committee**

The Committee comprises of four (4) members, two of whom were Non-Executive Directors of the Board. The two Independent members are Mr. Lindani Mabuza and Mr. Vusi Mokwena. The two representatives from the Board are Ms. Modi Hlobo (Chairperson Resigned on 3 September 2018) and Ms. Maggie Mojapelo.

The role of the Audit and Risk Committee is to assist the Board by performing an objective and independent review of the functioning of the organisation's finance and accounting control mechanisms. The Committee exercises its functions through close liaison and communication with

management and the internal and external auditors. The Committee has been delegated the task of, *inter alia*, overseeing the quality, integrity and reliability of the Company's risk management function. In terms of the mandate, it reviews and assesses the integrity and the quality of risk control systems and ensures that risk policies and strategies are managed effectively.

The Audit and Risk Committee operates in accordance with written terms of reference approved by the Board, as well as the legislative framework of the MFMA, the Act and various other applicable legislation to assist the Board with its oversight role.

The committee met twice during the period under review, 19 July 2018 and 10 August 2018, to consider a number of submissions and reports from Management in line with its Terms of Reference, which included approval/consideration of *inter alia* the following matters:

- High-Level Overview / Strategic Financial Analysis of the Company's Financial Performance. This included the approval of the JPC 4<sup>th</sup> Quarter Report;
- A report on the state of the Internal Audit as well as the Internal Audit Progress Report;
- Approval of the change in Bank Signatories of JPC;
- The consideration of fruitless and wasteful expenditure incurred;
- JPC's Inter-company debtors were also discussed;
- The JPC 4<sup>th</sup> Quarter Supply Chain Management Report;
- Quarterly Reports on Litigation;
- Fraud and Corruption;
- Compliance Reports;
- Internal Audit Reports;
- Approval of Annual Report together with Annual Financial Statements and
- The Committee resolved on the appointment of a Third Party to mediate the relationship between Management and Internal Auditors.

#### **REMCO, Social & Ethics and Transformation Committee**

The Committee comprises of four (4) members, namely: Ms Maggie Mojapelo (Chairperson), Mr. Oscar Maseko, Professor. Aly Karam and Ms Modi Hlobo (Resigned 3 September 2018).

The merged Committee's Terms of Reference were tabled at the last Committee meeting held on the 24<sup>th</sup> July 2018 and will be tabled again at its next Committee meeting. Furthermore, once the Terms of Reference has been adopted by the Committee, the same will be recommended to the board for approval.

The purpose of the REMCO, Social & Ethics and Transformation Committee includes, *inter alia*, the following:

- The Committee is established to assist the Board in fulfilling its Human Resources (HR) oversight responsibilities.
- The Committee will consider and recommend remuneration policies for all levels in the Company, especially in respect of the remuneration of senior executives, including the Executive Managing Director. The Committee also advises on the remuneration of Non-Executive Directors.
- The Committee is to assist the Board in its responsibility for setting administering and monitoring the remuneration policies to ensure the Company's short, medium and long-term interests.
- To monitor the Company's activities having regard to any relevant legislation, other legal requirements or prevailing codes of best practice.
- To look into the social and economic development including the Company's standing regarding the goals and purposes, good corporate citizenship, the environment, health and public safety, consumer relationships, including the Company's advertising, public relations and compliance with consumer protection laws, labour and employment.
- To produce groundbreaking interventions in transformative programs led by the JPC.
- The JPC aims to align Transformation with the Corporate Strategy and to define how the JPC will:
  - Transform the property industry;
  - Develop the Transformation Policy, Strategy and Implementation Plan for implementation throughout the JPC.
  - The Committee further advises the Board on *inter alia*: Remuneration Policies and Strategies, Remuneration Packages and other terms of employment for Senior Management as well as general Human Resources affairs of the Company.

The Committee held its quarterly meeting on 24 July 2018, discussed and resolved on *inter alia* the following matters:

- The Committee discussed and approved minutes from previous REMCO meeting as well as the Social and Ethics & Transformation Committee meetings;
- The HR Activities Calendar, HR Strategy and HR Risks to be standing agenda items in order to monitor work regarding HR related issues as well as risks;
- The Committee resolved that the Company Secretary also include an MFMA checklist together with the King IV checklist;
- The Committee agreed on the structure of the agenda of the Committee meetings moving forward to ensure that the Committee covers all aspects of its mandate;
- Approval of the JPC 4th Quarter Report;
- The Committee resolved to note the Reports on the HR Dashboard, the HR Risks, the update on the Wage Negotiations, the COJ Salary Parity, the FRACC Report, Petitions, Land Invasions, Service Level Standards and Outdoor Advertising.

### Transactions and Service Delivery Committee

The Transaction Committee comprises of four (4) members namely, Mr. Newton Baloyi (Chairperson), Professor. Aly Karam, Mr. Patrick Corbin and Mr. Oscar Maseko.

The Committee considers all property transactions, which makes recommendations to the Board and/or the Shareholder. The Committee with delegated powers from the Board deal effectively with specific operational issues relating to the Property Portfolio of the Shareholder and operates within the Terms of Reference as approved by the Board. The committee met once during the period under review, 23 July 2018.

The Committee considered the *inter alia* the following:

- Terms of Reference as presented by the Company Secretary and made inputs to the Terms of Reference;
- Management presented a strategic overview of the transactions tabled, giving the Committee an overview of the different transactions filed at the meeting; Most transactions were considered, discussed and recommended for approval to the Board;
- The Committee considered the Inner City Acquisition Report but was rejected by the Committee;
- The Committee also considered the Inner City progress report, which was for noting.

### Entity Remuneration Policy

The Company rewards the valuable contribution of directors of the board appropriately. In line with King IV, the Remuneration Committee (the role played by Shareholder Unit within the City of Johannesburg Group Governance Department) governs remuneration and recommends amounts paid to Board members.

As required by the Companies Act and other applicable municipal laws, directors' remuneration was approved by the shareholder. Non-Executive Directors' fees comprise a base and an attendance fee component.

#### Non-Executive Directors

Name of Director	Meetings Attended YTD	YTD Emoluments	YTD Total
Mr. P. Corbin	4	R45 689.00	R45 689.00
Mr. A. Karam	4	R36 168.00	R36 168.00
Ms. M. Mojapele	3	R28 730.00	R28 730.00
Mr. O. Maseko	4	R36 168.00	R36 168.00
Mr. N. Baloyi	3	R33 125.00	R33 125.00
Ms M. Hlobo	5	R62 084.00	R62 084.00
<b>Total</b>			<b>R241 964.00</b>

\* Resigned on the 31 of September 2018.



**Independent Audit Committee Members**

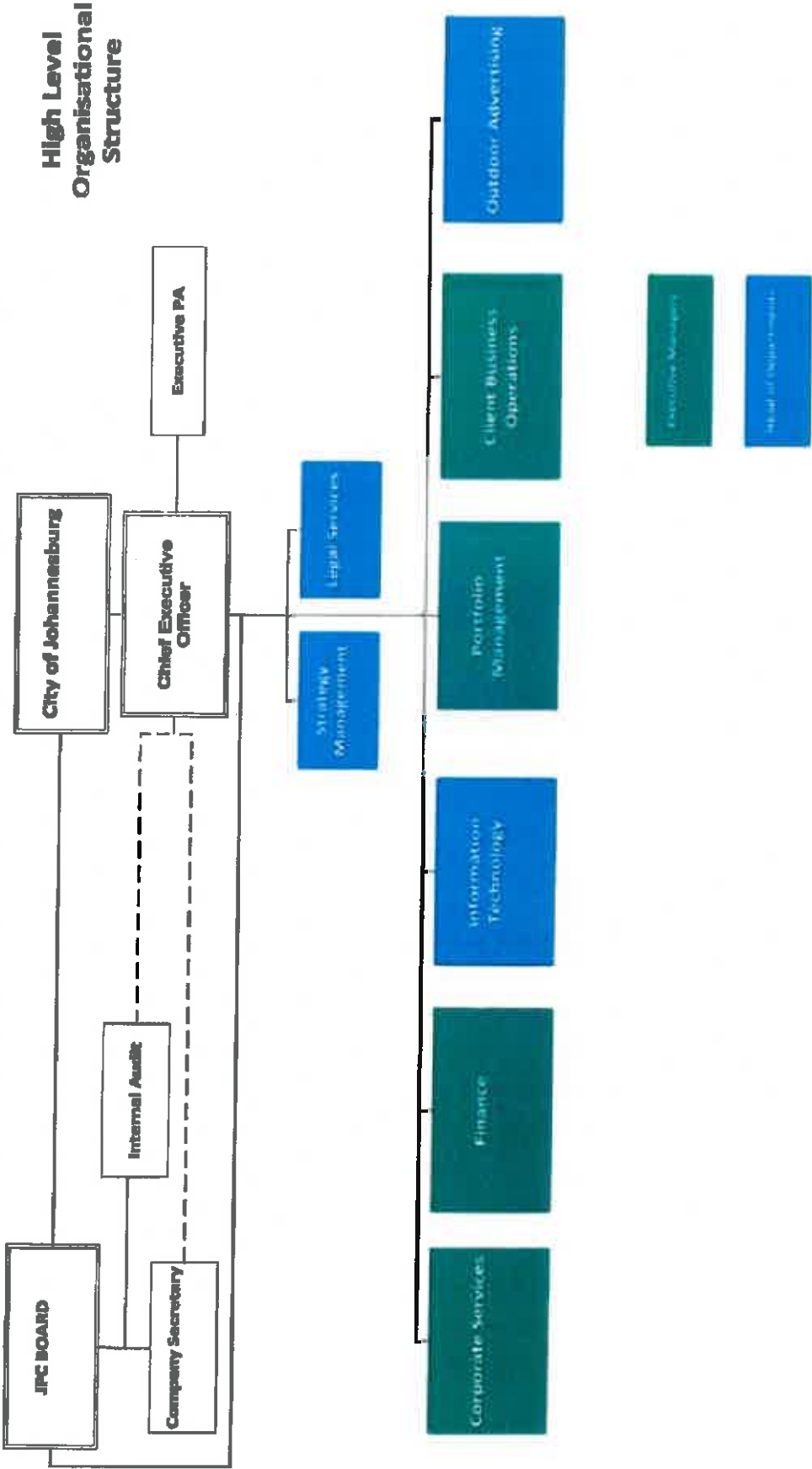
Name of Independent Audit Committee Member	YTD Directors Payments		
	Meetings Attended YTD	Emoluments	Total
Mr. V. Mokwena	2	R15 210.00	R15 210.00
Mr. L. Mabuza	2	R15 210.00	R15 210.00
<b>Total</b>			<b>R30 420.00</b>

**Executive and Senior Management**

NAME	BASIC SALARY YTD	TRAVEL ALLOWANCE	LEAVE PAY	BONUSES/13TH CHEQUES	COMPANY CONTRIBUTIONS	TOTAL
Ms. HM. Botes	528 517.26	62 499.99	-	-	6 231.33	597 248.58
Mr. MM. Makhunga	307 830.51	24 000.00	-	-	67 516.44	399 346.95
Mr. CL. Matthews	298 570.74	-	-	-	35 089.05	333 659.79
Mr. SZ. Mntungwa	417 363.24	-	-	-	92 428.39	509 791.63
Mr. TF. Mokataka	279 381.06	-	-	-	61 275.63	340 656.69
Ms M Padayachee	253 376.76	30 000.00	-	-	54 603.90	337 980.66
Mr. IM. Bhamjee	399 765.74	24 000.00	-	-	85 977.09	509 742.83
Mr. F. Sardianos	417 363.24	-	-	-	92 428.39	509 791.63
<b>Total</b>	<b>2 902 168.55</b>	<b>140 499.99</b>	<b>-</b>	<b>-</b>	<b>495 550.22</b>	<b>3 538 218.76</b>



Section 2: High-level Organisational Structure



### Section 3: Risk Management

Effective risk management is integral to the company's objective of consistently adding value to the business. Management is continuously developing and enhancing its risk and control procedures to improve the mechanisms for identifying and monitoring risks. The JPC policy and framework on risk is fully aligned with COJ group policies. The Audit and Risk Committee ensures that there is an effective risk management process in place and that the internal controls are effective and adequately reported on. The committee oversees the effectiveness of risk management through quarterly risk management reports that are prepared and presented by management to the committee.

JPC's risk management unit, which is responsible for executing its risk management activities and for integrating risk management into the company's operational routines, is strategically placed in the office of the CEO. The unit is supported by risk champions who are responsible for coordinating and providing feedback on risk management activities in the different business units of JPC. Group Risk and Advisory Services (GRAS) plays a critical support function to JPC's Risk Management unit in ensuring the implementation of group policies.



Enterprise risk management focuses on identifying those risks that are most significant to its ability to achieve and realise its core business strategy and objectives supporting value creation. JPC performs annual strategic risk assessments linked to the organisation's strategic objective and annual planned achievement in the form of the business scorecard. Management, with the assistance of GRAS, reviews the organisation's risk for the year. A strategic risk workshop was held with the board to solicit their inputs before finalising the strategic risks. The board approves the strategic risks and action plans to reduce the residual risk to acceptable levels that are monitored quarterly. The internal auditors assess the design, implementation and operational effectiveness of the risk management process prior to using the strategic risks in their risk-based internal audit plans.

The table below illustrates the top ten (10) strategic risks, the strategic objectives that affect each risk and the mitigation plans that are put in place to mitigate these risks. The Risk Management Unit has been tracking and reporting on the status of the risk rating and the implementation of the mitigation plan on a quarterly basis.



The overview of JPC's current strategic risk and mitigating future action plans for monitoring by the committee.

MOE	Objectives	Risk Description	Inherent Risk	Residual Risk	Actions to improve management of the risk	Action Owner	Time scale	Progress to date
1	Ensuring professionally managed and sustainable company	Financial sustainability/inability to generate revenue	Very High 25	Very High 22.5	1. Timely renewal of leases so that revenue generation can be enhanced 2. Lease Audit ongoing to ensure completeness of properties leased by JPC in order to increase and measure revenue base. 3. Increase projects that can generate facilitation fees 4. Release assets that are not strategic and not used, to increase commission 5. Focus on property acquisition for the City as a whole.	1. EM: Property Management 2. EM: Property Management 3. EM Property Development 4. EM Property Management 5) EM: Property Management	1) Ongoing 2) Ongoing 3) Ongoing 3) Ongoing 4) Ongoing 5) Ongoing	1) A lease renewal program has been implemented. A number of reports have been approved submitted to COJ committees 2) The lease audit has been completed and will be done quarterly going forward. A number of leases were approved by the board and are now in the COJ system for final approval. 3. Three development precinct plans have recently been approved by council and will be issued on tender soon. Inner City projects at an advanced stage and will also contribute to the facilitation fees 4. Land strategy has identified parcels of land that can be disposed. The parcels will be released in phases

**CITY OF JOBURG PROPERTY COMPANY (SOC) LTD**

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MOE Objectives	Risk Description	Inherent Risk	Residual Risk	Actions to improve management of the risk	Action Owner	Time scale	Progress to date
							5. The budget for the City was finalised in June. The acquisition team is studying the budget to identify department and entities with budget for acquisitions and proactively engage with them.
2 Ensuring efficient, economic and effective service delivery to clients, customers and stakeholders	Inadequate management and maintenance of property	25 Very High	22.5 Very High	1. Develop and implement a comprehensive facilities plan of all properties managed by JPC 2. Contract management system being implemented. 3. Lease audit to be conducted regularly	1. EM: Property portfolio 2. SM: Legal/SCM 3. EM Property Management	1) 2018/10/30 2) Ongoing 3) On-going	1) Facilities plan are being drafted and will be implemented in line with budget. 2) The Nico module on contract management has been activated. 3) Lease audit has been finalised and will now be done regularly at least once a quarter.
3 Ensuring efficient, economic and effective service delivery to clients, customers and stakeholders	Inadequate Contract management	25 Very High	22.5 Very High	1. Establishment of the Project Management Office (PMO). 2. Upskilling of staff with emphasis on contract management in accordance with set JPC standards.	1. HOD: Strategic Management 2. HOD: Human Capital 3. HOD: Legal	1) 2018/05/31 2) 2017/10/31 3) 2017/12/31	1) PMO establishment could not be implemented due to budget constraints 2) Contract management training was done in conjunction with the COJ Legal department 3) The Nico module on contract



MOE	Objectives	Risk Description	Inherent Risk	Residual Risk	Actions to improve management of the risk	Action Owner	Time scale	Progress to date
4	Supporting community development and social initiatives	Illegal occupation and use of property	Very High	20	<p>3. Establishment of the contract management system.</p> <p>1. Monitoring of high risk properties, with the assistance of GRUM, and ward councillors</p> <p>2. Improve communications with relevant stakeholders</p> <p>3. Enter into maintenance agreements with tenants</p> <p>4. Completion and Implementation of Land Strategy</p>	<p>1. EM: Property portfolio</p> <p>2. EM: Property Management</p> <p>3. EM: Property Portfolio</p> <p>4. EM Property Management</p>	<p>1) Ongoing</p> <p>2) Ongoing</p> <p>3) Ongoing</p> <p>4) Ongoing</p>	<p>management is now live and being utilised for all active leases.</p> <p>1) CBO stakeholder management together with Regional Managers working closely with community, Crum and ward councillors to ensure that any illegal occupation, vandalism, are immediately dealt with in collaboration with JMPD, Group Legal and courts to obtain eviction orders.</p> <p>2) Timeous responses to media queries that are mostly beneficial and provide some coverage.</p> <p>Attendance at VSD and Council Forums as well attending to Client Servicing escalations</p> <p>3) Leases and User Agreement are finalised for short-term requirements as and when required.</p> <p>4) The principles of Land Strategy are implemented as transactions are processed through the various committees</p>

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**FIRST QUARTER REPORT 2018-2019**

MOE	Objectives	Risk Description	Inherent Risk	Residual Risk	Actions to improve management of the risk	Action Owner	Time-scale	Progress to date
5	Ensuring efficient, economic and effective service delivery to clients, customers and stakeholders	Lack of alignment between HR strategies to the organisational goals.	25 Very High	12.5 High	1. Skills development initiatives underway. 2. Conducting training needs analysis 3. Training plans to be implemented and complimented by individual learning plans. 4. Implementation of ER based on consequence management measures	1) HOD: Human Capital 2) Chief Financial Officer 3) HOD: Human Capital 4) HOD: Human Capital	1) 2018/09/30 2) Ongoing 3) 2017/12/31 4) 2018/05/31	1) Skills Development Initiatives implemented to address these gaps: Organisational Core Competencies such as property related courses, MFMA, Technical Competencies such as Artisans for Electrical and plumber, Management competencies such as Supervisory and Coaching programmes and Generic Competencies: Customer care etc. These Initiatives were informed by the individual training plans submitted by employees, which informed the Workplace Skills Plan (WSP). 2) Training needs analysis has been done, and employees are being trained. A training target has also been included in the scorecard of the organisation. 3) The WSP for 2017/2018 submitted to Services SETA

MOE Objectives	Risk Description	Inherent Risk	Residual Risk	Actions to Improve management of the risk	Action Owner	Time scale	Progress to date
							and is based on the individual learning plans. 4) All misconduct cases reported are dealt with in terms of the disciplinary hearings
6 Ensuring efficient, economic and effective service delivery to clients, customers and stakeholders	Inadequate asset management	20	10	1. Completion and implementation of Land Strategy 2. Completion and implementation of Asset Management Categorisation 3. Completion and implementation of Facilities Management Plan	1) EM: Property Management 2) EM: Property Management 3) EM: Facilities Management 4) EM: Property Management	1) 2018/06/30 2) ongoing 3) 2018/09/30 4) 2018/10/31	1) The Land Strategy has been developed. 2) Portfolio Categorisation has been completed and has been implemented. It is an on-going process wherein properties are categorised as and when new leases are concluded. The new categories will be introduced as part of the implementation of the Land Strategy 3) The Facilities Management Strategy has been completed.
7 Ensuring efficient, economic and effective service delivery to clients, customers and stakeholders	Inadequate asset management	20	10	1. Completion and implementation of Land Strategy 2. Completion and implementation of Asset Management Categorisation 3. Completion and	1) EM: Property Management 2) EM: Property Management 3) EM: Facilities Management 4) EM: Property Management	1) 2018/06/30 2) ongoing 3) 2018/09/30 4) 2018/10/31	1) The Land Strategy has been developed. 2) Portfolio Categorisation has been completed and has been implemented. It is an on-going process wherein properties are categorised as and when new leases are concluded. The new

NOE Objectives	Risk Description	Inherent Risk	Residual Risk	Actions to improve management of the risk	Action Owner	Time scale	Progress to date
				Implementation of Facilities Management Plan			categories will be introduced as part of the Implementation of the Land Strategy 3) The Facilities Management Strategy has been completed.
8	Inadequate ICT delivery	Very High 20	Moderate 10	1. Continuous reviewing of IT change management processes 2. Continuous reviewing of IT security policies and procedures.	1. Head of IT 2. Head of IT	1) Ongoing 2) Ongoing	1) Effective Controls in place controls measured by Internal Auditors, 100% effective. 2) Effective Controls in place controls measured by Internal Auditors, 100% effective.
9	Inadequate internal and external stakeholder management	High 16	Moderate 8	1. 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 enquiries. 2. Undertake a stakeholder survey. 3. Corporate social investment strategy and	1. SM: CBO and HOD: IT 2. SM: CBO 2. HOD: Marketing & Communications	1) Ongoing 2) 2018/09/30 3) Ongoing	1. PIMS processes completed to date. Sales / Leasing and Development modules were implemented in the last week of September 2017. Client Servicing Interface to Asset Management refined and Phase 1 implemented. Phase 2 underway. Acquisitions, LSP/Servitudes, Cell Masts and Outdoor Advertising underway 2. Stakeholder/client servicing

MOE Objectives	Risk Description	Inherent Risk	Residual Risk	Actions to improve management of the risk	Action Owner	Time scale	Progress to date
10 Ensuring a professionally managed and sustainable company	Non-Compliance with legislation, policies, procedures and poor governance	High	Moderate	<p>policy to be approved by board</p> <p>1. Introduce an employee awareness campaign for the relevant laws, regulations and policies.</p> <p>2. Review policies for legal and regulatory completeness.</p> <p>3. Develop and Implement JPC Compliance Management Framework, which is aligned to the City Wide Compliance Management Framework.</p>	<p>1) HOD: Legal</p> <p>2) HOD: Legal</p> <p>3) HOD: Legal</p>	<p>1) Ongoing</p> <p>2) 2018/09/30</p> <p>3) 2018/09/30</p>	<p>survey completed. Results to be reported to the board</p> <p>3. The policy has been approved by the board and is now being implemented</p> <p>1) Awareness workshops are attended by staff on a regular basis</p> <p>2) Review of policies for regulatory and legal compliance is to be completed subsequent to consultation with Labour on policies.</p> <p>3) The Framework is in place and some custodians of the applicable Acts were trained on Exclaim software during the quarter.</p>



#### Section 4: Anticorruption and fraud Investigations

JPC subscribes to and is compliant with all the governing policies of the Prevention and Combating of Corrupt Activities Act and its related legislation. The JPC Management takes a zero tolerance approach to fraud and corruption. This is set out in the JPC Anti-Fraud and Corruption policy, which is reviewed on a regular basis.

In line with the Policy, JPC has a Fraud and Corruption Committee (FRACC) comprising six members. The committee is responsible for facilitating investigations into allegations of fraud and corruption reported to JPC through JPC's fraud hotline email ([fraudhotline@jhbproperty.co.za](mailto:fraudhotline@jhbproperty.co.za)) or the COJ Group Fraud Hotline, which Deloitte manages independently. The following facilities are utilised for the reporting of allegations: telephone - 0800 002 587, message - 32840 (charged at R1.50), email: [anticorruption@tip-offs.com](mailto:anticorruption@tip-offs.com), website: [www.tip-offs.com](http://www.tip-offs.com)

The Fraud Hotline service provider submits call reports on the JPC to JPC Management for investigation. The FRACC considers the reports and ensures that investigated matters are resolved. FRACC ensures this by referring the allegations for investigations either internally and/or externally to the Group Forensic Department and the South African Police Services. On conclusion of the investigations, HR proceeds to lay a charge against the accused persons. FRACC reports to the Audit and Risk Committee, Social and Ethics Committee and the Board. The JPC further reports on the matters received from COJ Fraud Hotline to Group Risk and Assurance Services.

There were no new cases reported for the period under review. FRACC is scheduled to meet during October 2018 to deliberate on the above and to discuss disciplinary hearings outcomes and investigations of the following open matters:

##### Internal

People	Nature	Status
Three JPC employees under investigation	<ul style="list-style-type: none"> <li>One employee for fraudulent lease in Fourways Ext 10 to adjacent owner. CEO's signature was also forged</li> <li>Two employees for illegal / fraudulent leasing of properties in Orange Grove and taking the proceeds</li> </ul>	<ul style="list-style-type: none"> <li>Both matters were referred to external investigators for full investigation</li> <li>The Fourways case which was scheduled for 30 and 31 July 2018 was rescheduled to 2 October due to unavailability of employee representation</li> </ul>

People	Nature	Status
		<ul style="list-style-type: none"> <li>The disciplinary cases for the Orange Grove properties started in July 2018 for both employees. The follow up meeting schedule for 30 August 2018 for one employee but he resigned on the 24 August 2018 with immediate effect. The follow up meeting for the second employee that was scheduled for 28 August was rescheduled as the employee called in sick. The matter is scheduled for 17 October 2018. HR has scheduled disciplinary processes for both individuals for the last week of July 2018</li> </ul>
One alleged JPC employee	<ul style="list-style-type: none"> <li>Flats in Monarch Peak allegedly being rented out by JPC's employee</li> </ul>	<ul style="list-style-type: none"> <li>External Investigator appointed, and GFIS is also investigating the matter. The employee in question resigned from JPC with immediate effect on the 24 August 2018</li> </ul>

## External

People	Nature	Status
Eight external people	<ul style="list-style-type: none"> <li>Two people are alleged to be fraudulently leasing a COJ property situated at 4 and 6 Princess Street in Mayfair to members of the public</li> </ul>	<ul style="list-style-type: none"> <li>A preliminary investigation has found that the caller referred to flats known as Birchley Court, Oakley Court, and Escador Mansions, which indeed belong to the COJ.</li> </ul>

People	Nature	Status
	<ul style="list-style-type: none"> <li>Alleged illegal occupation of 388 Main Street at Jeppestown. Allegation is that Faraday Taxi Association occupies the property and processes were not followed to occupy the property.</li> </ul>	<ul style="list-style-type: none"> <li>Initial investigation revealed that the property is used for parking and the person responsible produced a copy of a user agreement, which was not approved by council.</li> <li>A formal notice to vacate was issued</li> </ul>
	<ul style="list-style-type: none"> <li>Alleged illegal evictions in Orange Grove and further alleges that foreign nationals occupy the properties and that a group of South Africans has taken it upon themselves to evict the foreigners.</li> </ul>	<ul style="list-style-type: none"> <li>JPC and GFIS are currently investigating the illegal occupation of the properties and that the investigation is at an advanced stage.</li> </ul>
	<ul style="list-style-type: none"> <li>Alleged illegal leasing of properties around UJ belonging to the City.</li> </ul>	<ul style="list-style-type: none"> <li>Requested the Regional Manager, to look at all Council owned properties around UJ to verify who the tenants are and how they were placed into the properties.</li> </ul>
	<ul style="list-style-type: none"> <li>Alleged intimidation of a tenant by members of Orange Community. The tenant also reported the matter to Norwood Police Station.</li> </ul>	<ul style="list-style-type: none"> <li>The issue was reported to GFIS with a list of all legally occupied and illegally occupied properties in Orange Grove.</li> </ul>

### Section 5: ICT Governance

King IV and ISO 38500 recommend that ICT governance management should be at political leadership and executive management level. This ensures that the delivery of ICT services is in alignment with the company's strategic goals. ISO 38500 is an international standard for the corporate governance of ICT, and provides a framework of principles for the executive authority and management to govern and manage ICT.

The corporate governance of ICT is a continuous function embedded in all operations of JPC from executive authority and management level to business and ICT service delivery. The company's

executive authority and management need to extend corporate governance to ICT providing the necessary strategies, architectures, plans, frameworks, policies, structures, procedures, processes, mechanisms, controls, and ethical culture. JPC's ICT governance complies with the following leading ICT frameworks, standards and guidelines:

- Control Objectives for Information and Related Technology (COBIT)
- Information Technology Infrastructure Library (ITIL)
- King IV.

JPC acknowledges ICT as a strategic asset that forms an integral part of the delivery of its strategic business objectives. In this regard, the company follows efforts and activities embedded in the King IV Code of Governance Principles. The focus of ICT governance is the establishment of various responsibilities, processes and supporting governance structures. The company appointed an experienced IT professional to lead the IT business unit.

JPC implemented a governance framework that ensures that ICT goals and investments are aligned to the company's business objectives and supports the City's business objectives as outlined in the GDS 2040 and its overall transformation agenda.

JPC's ICT governance approach is set on the following principles:

- Establish clearly understood responsibilities for ICT.
- Plan ICT to best support the needs of the company.
- Acquire ICT validly. Ensure that ICT acquisitions are based on appropriate and ongoing analysis made for the right reasons in the right way.
- Ensure ICT performs well whenever required.
- Ensure ICT conforms and complies with all external regulations and internal policies and practices.
- Ensure that ICT use recognises and respects human factors. ICT must meet the current and evolving needs of all users. In addition, the City management acknowledges that to become a high-performing local government entity, JPC needs to enforce rigorous ICT governance in order to achieve the following:
  - Ensure that the business and ICT stakeholders are working towards the same strategic objectives of the City.
  - Establish reliable financial and performance processes and metrics enabled by relevant IT systems and applications that support business decision making.
  - Actively manage the ICT portfolio according to business benefits and ensure that the ICT budgets are a collaborative exercise between the company and ICT stakeholders.
  - Optimise the City's existing ICT functions in order to obtain "true" value from ICT investments.
  - Seek continuous improvement on the use of ICT in JPC.

- o Ensure compliance with regulatory frameworks and legislation on ICT.

Oversight of the entity's ICT function was delegated to the Audit and Risk Committee, which kept this item as a standing agenda item in the period under review.

### **Section 6: Compliance with Laws and Regulations**

JPC is committed to executing its mandate within the ambit of law. The public sector has a number of laws and regulations that entities need to abide by. JPC as part of the risk assessment process identified non-compliance with laws and regulation as one of its significant risks to ensure that it receives the attention required.

The Audit & Risk Committee monitors compliance with all applicable laws and regulation. The compliance function of JPC comprises statutory, regulatory and supervisory requirements, which include the implementation and monitoring of procedures, processes, and Policies. This ensures that JPC cultivates and deepens a culture of integrity, ethical and professional behaviour.

The City of Joburg Property Company has a Compliance Risk Framework. This framework design assists JPC with Compliance Risk Management. This entails managing all the compliance risks identified in the Risk Management process.

The Compliance Risk process is as prescribed by the Compliance Institute of South Africa (CISA). According to CISA the Compliance process consists of the following stages:

- Phase I: Compliance Risk identification – Completed
- Phase II: Compliance Risk measurement – Completed
- Phase III: Compliance Risk management – In Process
- Phase IV: Compliance Risk monitoring.

To manage compliance with all relevant statutory, regulatory and policy requirements by JPC staff members have been trained as Act Owners and workshopped on the acts assigned to them and are in the process of uploading the relevant statutory, regulatory and policy requirements as well as compliance onto the system.



### CHAPTER THREE: SERVICE DELIVERY PERFORMANCE



**Riverside View Housing Development facilitated by JPC**

## **Section 1: Highlights and Achievements**

### **Section 1.1. Core Business Units**

#### **Section 1.1.1: Asset Management**

The primary function of the Property Asset Management Division is to define an appropriate return on investment, cost structure, investment plan, disposal and acquisition strategy and maintenance plan that aligns to transformation targets and job creation. Property Asset Management must maintain the property asset register and warrant that land supports the City's objectives and spatial development framework for each property under management and the portfolio as a whole.

The heart of JPC's asset management philosophy is about maximising value, reducing costs and increasing returns from property. Critical to success is for JPC to apply commercial property principles and practices in pursuit of its socio-economic mandate to achieve service delivery objectives and to realise the full potential of property investments.

#### **Acquisitions**

During the reporting period, seventeen (17) properties were taken on to the value of R70 516 000. The acquisition is made up of the following:

- Two (2) properties were acquired which will be used by City Power. These properties were previously registered as Portions 426 and 428 of the Farm Zuurfontein 33IR as per Deed of Transfer T51241/2018. The total purchase price for the properties was R13 395 000. These properties were subsequently consolidated into Portion 429 of the farm Zuurfontein 33IR as per Certificate of Consolidated Title T51242/2018. Therefore asset register reflect one addition.
- Sixteen (16) properties were taken on because of demarcation changes at a value of R57 121 000.00. These properties were previously registered to the Ekurhuleni Metropolitan Municipality but now vest within the City of Johannesburg Metropolitan Municipality.

#### **Disposals**

Two hundred and forty-two (242) properties to the value of R1 642 735 were disposed of during the reporting period.

- Six (6) shops and three (3) churches to the value of R58 640 were transferred to beneficiaries as part of the Conversion and Land Regularisation Programme in Region D in terms of the conversion of rights governed by the Conversion Act 81 of 1988.
- In addition, two hundred and thirty-three (233) residential properties to the value of R1 584 095 were transferred in relation to the housing transfers to beneficiaries as part of the City's service delivery objectives. All these properties were transferred as full title properties.

### Net Movements

This section provides indication of the impact of the movements on the value of the Asset Register. The reporting period shows a positive net movement of R68 873 265.00, which is an increase of 0.755% to the entire portfolio as outlined on the table below.

ASSET REGISTER MOVEMENTS IN VALUE				
Month	Opening Balance	Movement	Closing Balance	Movement in %
18-Jul	R9 109 932 000.12	R57 070 670.00	R9 167 003 330.12	0.626%
18-Aug	R9 167 003 330.12	R12 457 755.00	R9 179 461 085.12	0.136%
18-Sep	R9 179 461 085.12	-R655 160.00	R9 178 805 925.12	-0.007%
NET MOVEMENT		R68 873 265.00		0.755%

Table 1: Asset Register Movements in value

### Portfolio Profile

The portfolio of the City has a total value of R9, 178 billion which comprises of 29 728 properties for the period ending 30 September 2018. The table below illustrates the high - level summary outlining the quantity and value per region.

Region	Value %	No. of Properties	Sum of Value	
Region A	8%	1877	R	756 345 648.28
Region B	17%	3998	R	1 602 706 873.10
Region C	12%	2354	R	1 117 738 423.39
Region D	9%	6457	R	822 669 126.74
Region E	19%	4969	R	1 729 412 186.18
Region F	16%	4844	R	1 428 948 115.97
Region G	13%	4739	R	1 173 104 125.46
Outside Gool Boundaries	6%	490	R	547 881 446.01
	100%	29728	R	9 178 805 925.12

Table 2: High Level Portfolio Summary

Region D has the highest number of council properties at 6 457, followed by Region E, which reflects 4 969 properties, Region G showing 4 739 properties, then by Region F at 4 844 properties, while Region B reflects 3 998 properties. Region C is the second lowest with 2 354 properties followed by Region A, which has the least number of properties at 1 877. A detailed outline of the portfolio of properties is depicted on the graphs below.

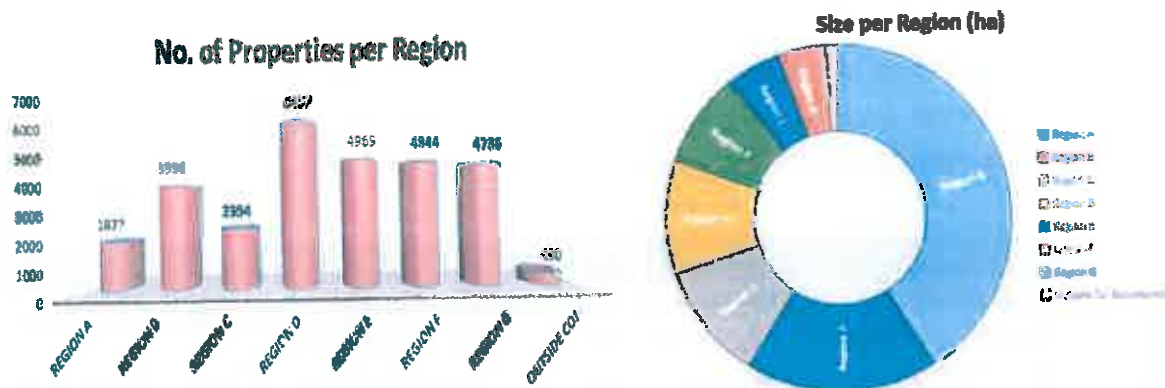


Figure 1: Summary per Region - Size and Quantity

JPC manages the asset register of the City, and some of these properties are allocated to departments and entities via use and maintenance agreements. JPC manages the City's residual properties. Once properties are allocated the responsibility of ensuring that the property value is increased or maintained falls to the department/entity. Departments/entities, and not JPC, allocate the budget for refurbishment or repairs and maintenance of such properties.

#### Departmental allocations and Residual land

The table below provides an outline of properties that are allocated to various City departments for the advancement of their service delivery imperatives. These are categorised by property type and summarised by quantity and book value. The residual land is a portfolio that is left for JPC to conduct its business of making the properties available to the market for economic development and revenue generation for the City (Revenue Potential, some of which have already been leased out).

Property Type	No. of Properties	Asset value by property type	Allocated to departments	Value of properties allocated	Residual Properties	Residual Value
Agricultural	10	R 37 058 139.00	1	R 1 210.00	9	R 37 056 929.00
Commercial - Office	209	R 183 282 483.00	127	R 29 734 237.00	82	R 153 548 246.00
Commercial - Retail	772	R 186 925 916.53	451	R 12 283 103.50	321	R 174 638 808.03
Industrial	34	R 33 239 808.00	4	R 82 972.00	30	R 33 156 834.00
Industrial - Medium	105	R 21 011 502.00	74	R 8 910 279.00	31	R 12 101 223.00
Industrial - Large	5539	R 1 837 920 919.44	5362	R 1 704 715 419.50	177	R 133 205 499.94
Residential	10315	R 1 220 131 644.31	9548	R 1 026 337 688.31	469	R 193 793 956.00
Other	468	R 237 217 318.00	6	R 1 045 589.00	462	R 236 171 729.00
Social Housing	1608	R 230 223 149.89	1601	R 229 824 429.89	7	R 398 720.00
Social - Support and Recreation	1277	R 588 559 530.00	609	R 140 689 826.00	668	R 445 869 704.00



Property Type	No. of Properties	Value added to property type	Allocated to Department	Value to Department Allocated	Number of Properties	Value added to Department
Social - Dept. Department	2542	R 1 362 362 835.00	2391	R 1 120 242 555.00	151	R 262 110 248.00
Residential	6849	R 3 212 862 783.95	947	R 325 720 330.01	6902	R 2 887 162 453.94
Total	28728	R 9 178 805 825.12	21419	R 4 596 690 674.21	8309	R 4 679 215 250.91

Table 4: Breakdown of properties managed by JPC

The allocation is still a work in progress as some of the properties require physical verification to confirm the current use, in order to categorise and allocate accordingly. The ultimate objective is to create a residual portfolio for JPC business imperatives. Part of this process is to categorise all land that is constrained environmentally and is undevelopable in terms of the Land Strategy findings.

### Asset Management Plans

Fifty-nine (59) Asset Management Plans were formulated during the first quarter of the 2018/19 financial year for properties planned for leasing or sale purposes as per table below:

Region	Commercial	Social	Residential
A	2		
B		4	8
C	3	7	5
D			5
E		2	11
F	1	10	1
Total	6	23	30

The asset management plans have an impact on the effective and efficient management of the property portfolio to include lease management and rental income, structured maintenance of the properties and associated budgets, asset management practices and decisions, as well as the accuracy of financial reporting.

### Section: 1.1.2. Property Management

The objective of the Department is to maximise the use of the City's Property Portfolio for social, economic, infrastructure development and generate revenue for the City. This is achieved through leases, sales, acquisitions, developments and granting of servitudes on Council owned properties. The Department further ensures that the City receives annuity income from the lease of properties and reduction of holding costs such as cleaning, security and maintenance of the properties, and mitigates the risk of vandalism and illegal occupation of city-owned properties.



## Revenue Generation

For the 1<sup>st</sup> Quarter of the 2018/19 Financial Year, the Department received new rental income of R115 282.17. Revenue of R19 million was earned against the target of R24 million for the quarter. In order to improve the revenue of the City, a number of transactions are at various stages of approval

- a. Transactions approved by the Board during the period under review, which is not required for the provision of basic municipal services. The sale transactions have estimated revenue of around R1.5 million and annuity income from leases of R3.5 million.

No	Region	Property description	Transaction type
1	C	Erf 565 Strubensvallei	Sale
2		Erf 1814 Florida	Sale
3	D	Portion of Vlakazi Street adjacent to Erf 6786 Orlando West	Sale of Road Reserve
4		Erf 2221 Dube	Lease
5		Erf 11883 Pinville Known as Walter Sisulu Square of Dedication	Lease
6		Ptn of 2071 Tledi	Lease
7		Re of Erf 676 Naledi	Lease
8	F	Erf 141 Village Main Extension	Sale

- b. Transactions undergoing approvals within the Council Committees for lease or sale, which are not required for the provision of basic municipal services. The sale transactions have estimated revenue of around R12 million and annuity income from leases of R2.5 million.

No	Region	Property description	Transaction type
1	A	Permanent closure and Alienation of a Ptn of Bekker Road Halfway House Adjacent to Erven 2179, 2180 Vorna Valley	Sale
2		Erf 12339 Ivory Park	Lease
3		Erf 13052 Ivory Park	Lease
4		Erf 15891 Ivory Park	Lease
5	B	RE Erf 826 Riverlea Ext.1	Lease
6		Ptn of Surrey Avenue Adj Erven 580 and 2094 Ferndale	Lease
7		Road Reserve Adj Erf 603 Greenside	Lease
8		Road Reserve Adj Erf 329 Strijdompark Ext.17	Lease
9		Sanitary Adj Erf 223 Riverlea	Sale

No	Region	Property description	Transaction type
10		Ptn of Lee Road Blackheath	Sale
11		Erf 2789 Newlands	Sale
12		Erven 726 and 727 Franklin Roosevelt park Ext.1	Sale
13	C	Permanent Closure of Worm Wood Close adjacent to Erven 1745 & 1746 Fleurhof Extension 7	Sale
14		Alienation of a ptn of Touches Street adjacent to Erf 4882 Weltevredenpark Ext 102	Sale
15	E	Portion 3 Of Erf 97 And Portion 1 Of Erf 98 Norwood.	Sale
16		Permanent Road Closure And Alienation Of A Portion Of School Road Adjacent To Erven 801, 802, 803 And 804 Morningside Extension 74.	Sale
17		A Portion of Erf 63 & a Portion of Erf 65 Winston Ridge	Lease
18		A Portion Of The Remaining Extent Of Erf 5 Benmore Gardens Adjacent To Portion 5 Of Erf 3 Benmore Gardens.	Lease
19		A Portion of Erf 153 Adjacent to Erf 154 & 155 Marlboro Gardens Ext 1.	Lease
20		Portion 2 of Erf 19 Wierda Valley Ext 1.	Lease
21		Lease of Portions 11 and 12 of Erf 218 Edenburg.	Lease
22		Portion 1 of Erf 149 Edenburg.	Lease
23	F	Sale of Erf 141 Village Main	Sale
24	G	Erf 1909 Eldorado Park	Lease
25		Erf 3923 Eldorado Park	Lease
26		Erf 15747 Orange Farm Ext 4	Lease
27		Erf 737 Poortjie	Lease
28		Erf 4064 Eldorado Park Ext 5	Lease
29		Ptn of RE of Ptn 129 Farm Rietfontein 301 IQ	Lease
30		Erf 10502 Lenasia Ext 11	Lease

c. Transactions approved by council for lease or sale. The sale transactions have an estimated revenue of around R16 million.

No	Region	Property description	Transaction type
1	A	Sale of Erf 108 Crowthorne (Whisker Avenue) R570 000 for the sale of Erf 339 Witkoppen	EAC Report at signature stage
2		Sale of a Portion of Diagonal Street situated adjacent to Erf 4 Grand Central EXT 9.	The transaction is at a transfer stage.
3	B	Sale of Erf 1177 Parkhurst.	The transaction was approved by EAC.

No	Region	Property description	Transaction stage
			Waiting for minutes
4		Sale of Erf 2301 Northcliff Ext. 12.	The transaction was approved by EAC. Waiting for minutes
5		Sale of Erf 221 Craighall	Report submitted to EAC.
6		Sale of Erf 938 Parktown	At transfer stage
7		Erf 1264 Pennyville (Transfer to Gauteng Department of Education.	At transfer stage
8	D	Permanent closure and sale of Brittle Wood, Knowblewood in Dhlamini.	The transaction was approved by EAC. Waiting for minutes
9	E	Permanent closure and alienation of various roads in Linbro Park, Modderfontein Agricultural Holding and Portion 16 Farm Lombardy 36 I.R.	The transaction was approved by EAC. Waiting for minutes
10	G	Erf 432 Poortjie	At EAC stage

### Servitudes

Servitude is a registered right that the holder thereof (e.g. the City) has over the immovable property of another. The servitudes are required for the delivery of sanitation, roads and municipal services to address the public demand and to provide new infrastructure services (e.g. the installation of a water pipe on the property) to areas that do not have access to such basic services as well as to provide services to new property developments.

Registration of servitudes is done to ensure that the Council's services are protected within the servitude areas as the servitudes give the legal right to the Council to use the servitude areas for its services. Registration of servitudes unlocks the capital expenditure that the City and third parties spend in the municipality. Servitudes directly contribute to investment attraction in the City. There are two types of servitudes that the City registers, namely the favour of the City over privately owned land and the servitudes are registered over Council-owned land in favour of the Large Service Providers.

a. The following 27 servitudes were registered in favour of the City at no cost.

- 9 servitudes for Municipal purposes
- 4 servitudes for Right of Way purposes
- 3 servitudes for Sewer purposes
- 3 Water Pipeline servitudes

- 2 servitudes for Sewer and Municipal purposes
- 2 Deeds of Restriction
- 1 servitude for Right of Way and Municipal purposes
- 1 servitudes for Substation purposes
- 1 Deed of Electrical Restriction
- 1 Essential Services Servitude

The following registrations of servitudes were approved by Council in favour of large service providers and are at various conveyancing stages. The breakdown of the servitudes are as follows

- 16 Eskom servitudes and City will receive compensation of R4.8 million
- 7 Rand Water servitudes and City will receive compensation of R1.3 million
- 25 Transnet servitudes and City will receive compensation of R1.3 million

#### **Council Approved Property Acquisitions**

The Council has recently approved the acquisition of properties through donation and purchases agreement.

- Three purchase transaction are currently in progress for the following properties, Portions 781, 782 & 783 of the Farm Doornfontein 92 IR (known as the Kaseme), Erven 1191 to 1214 Crosby and Erven 1875 to 1877 Johannesburg (known as Stella Mansions). The budget for these acquisitions is with the Housing Department and transactions are at the contract stage. The properties will be developed and used as High-Density Residential to enable Affordable Rental Housing and Temporary Emergency Accommodation (TEA) Development.
- Two donations that have been accepted by the council with a total municipal value of R4 430 000. These properties are portion 1 of Erf 1838 Roodepoort, which will be used for road widening purposes, and Erf 538 Klipfontein View, which will be used for the development of a Multi-purpose Recreation facility for use amongst others, soccer, basketball, running track, a park, food garden and a Clinic.

### Section: 1.1.3. Property Development

The Property Development unit is in the business of creating property assets for the CoJ in such a way that social, economic and financial returns are maximised. The unit employs a four-stage development facilitation process to improve land assets in terms of which land is first packaged and prepared for development by JPC and development is then undertaken by third-party developers procured in terms of the MFMA. Development is based on a long-term development lease in terms of which the entire event reverts to the CoJ at no cost at the end of the lease period.

#### Rosebank Linear Park and Mixed-Use Development

The project consists of two components:

(I) **Linear Park Component** – The linear park concept proposes a passive element to the park and an active element that would also cater for events and exhibitions. A development concept for the events park component was produced, and it was presented to COJ and private stakeholders for comment and input. Approval of the design concept of the events park is expected by end October 2018. The capex allocated in the 2018/2019 financial year will be used for the construction of the basic physical features of the park. This could include a podium that could be used as a stage for events, multipurpose kiosks and landscaping and environmentally friendly ablution facilities. The works will be completed by June 2019. The construction project will yield approximately 50 temporary construction jobs. Discussions are underway with key stakeholders regarding post-construction management and programming options for the events park.

(II) **Mixed-use development Component** – A process of preparing a development site for mixed-use development adjacent to the Linear Park is underway. To date, a property plan was developed for the project. The technical studies related to the property plan include a traffic impact assessment, a geotechnical study, an environmental impact assessment, closure of a portion of the park, application for the development rights (rezoning), a high-level design concept and land surveys. It is expected that the rezoning application would be approved by June 2019.

The development concept includes some ground floor activation through retail use. It furthermore consists of two floors of commercial use and ten floors of medium to high-density residential. It is expected that the development cost would exceed R400 million and in turn would create about 800 jobs during the construction phase. The tender will be issued in early 2019 with the aim of concluding an agreement for the development with the successful bidder by June 2019.

The development will be implemented over a 24 month period, with the expected completion date being July 2021. Potentially, the project could generate income of up to R500,000 in rental per annum escalating at 5% per annum, over a 30 year period.



### **Bertrams Priority Block**

Following the completion of a condition assessment of the buildings on the Bertrams Priority Block site, the team has now prioritised the scope of works which are of a critical nature from an Occupational Health and Safety perspective. Two of the buildings are in a condemned state and will be demolished as part of the works to be carried out in the current financial year. The said buildings are vacant. The sites on which these buildings are located will be incorporated in the development site earmarked to be released for a mixed-use development in March 2019. As part of the preparatory work for the development of the site, the electrical substation would be upgraded to have sufficient capacity for the anticipated developments.

In addition to the demolitions, the buildings under occupation would be fitted with the necessary fire equipment, and priority structural repairs would be carried out. Work is expected to start in February 2019 and be completed by June 2019.

### **Riverside View Housing Development**

The project is continuing at a rapid pace with 220 social housing units under construction and programmed for completion by end October 2018. In addition to this, another phase which will yield 389 FLISP housing units is under construction. This phase of the project is expected to be completed by June 2019. In the period between 01 July 2018 and 30 September 2018, approximately R90 million was spent on construction activities throughout the project area.

### **Paterson Park Precinct**

The proclamation of the site was finalised during September 2018 and an amount of R3 million was paid towards bulk services contributions. This is part of the preparation works which JPC is undertaking to unlock the full development potential of the site. An access road to the development sites and an on-site parking area for a community facility within the precinct was completed during this reporting period. The Request for Proposals (RFP) will be issued during October 2018 with the aim of securing development partners for the first phase by March 2019.



Figure 2: Access road and on-site parking at the Paterson Park Precinct

### **Jabulani Housing Development**

The construction of 288 affordable rental-housing units is underway with an estimated completion date of 15 December 2018. This phase of the project comprises four blocks with a standard unit size of 43m<sup>2</sup>. It is anticipated that the selected tenants would take occupation of the units by March 2019.



Figure 3: Completed phase of the project in Jabulani Housing project

### **Jabulani Retail Development**

The project, known as the Jabulani Crossing Retail Centre is located along Bolani Road directly opposite the Jabulani Theatre. The 19,000m<sup>2</sup> Gross Lettable Area will (GLA) consist mainly of national retailers such as Pick n Pay, Cashbuild, Dischem, Pep Stores and Capitec Bank amongst others. It is estimated that the total development cost will be in the region of R215 million.

To date, the earthworks have been completed and the total spent including professional and agents' fees is R20 million. It is expected that financial close on the project will be achieved by end November 2018 and construction works will resume by March 2019.



Figure 4: Jabulani Retail Development

#### **Section: 1.1.4. Facilities Management**

Facilities Management Department continues to support the CoJ in its mission to maximise the social, economic and financial value within the City. The journey began in the previous financial year to re-design, revamp and upgrade the informal trader stalls within the Inner City. The initiative is in support of the Mayoral Priorities that seek to promote economic development and ensure pro-poor development that addresses poverty. Below is the progress to date on the projects during the quarter under review.

#### **Revamping of the Informal Trading Stalls within the Inner City**

##### **Yeoville Market**

The market is located at the corner of Bedford and Raleigh streets in Yeoville and comprises of a load-bearing brickwork structure, concrete roof tiles on a timber roof structure supported by gum pole columns. During the quarter under review, the stage canopy was demolished and levelled. Work is in progress to provide a roof in the passageways and for repairs of both male and female ablution cubicles. Currently, refurbishment and upgrade of twelve (12) of the trader stalls has commenced. Construction of twenty-two (22) stalls begun in April 2018 completion is expected by 15 October 2018.

##### **Re-Designing of the Quartz Linear Market**

The surveys, architectural, structural and electrical designs have been completed and have conservatively assumed the existing soils bearing capacity to complete the structures. The results from the geotechnical report will confirm if assumptions were correct and advise if adjustments for footings are necessary. The outstanding items at this stage are the rebar detailing column foundation and the geotechnical requirements. The phase one on designing and producing of Bill of Quantity was completed 03 August 2018. Phase two requires R34 million to construct the linear market in 2019/2020.

##### **Re-Designing of the Hoek and Fordsburg Linear Markets**

The phase one project was 100% completed on 02 August 2018. The findings and recommendations of a condition assessment, engineering design and cost estimates were reviewed. The team of assigned engineering professionals have completed their surveys and studies regarding the state of the facilities. The professional services team has provided the proposed structural engineering designs in respect of roof replacement at both markets and is finalising the architectural interpretation of the concept design. Phase two for Hoek Street is to be implemented during 2018/2019 financial year and Fordsburg phase two in 2019/2020.



**Figure 8: Hook Street Linear Market**

### **Public Conveniences: New Public Toilets**

Work to erect new public toilets in public convenience spaces in Ennerdale, Noord Street and Hillbrow Markets commenced on 23 April 2018 and had completed on the 06 September 2018.

**Commencement**



**Progress**



### **Demolition and Fencing**

The demolition and fencing of the public conveniences in Constitutions Hill and Braamfontein were completed on the 06 September 2018.

**Constitutional Hill**

**Before**



**After**





Braamfontein



It should be noted that no work was done for the departments in the first quarter of the 2018/2019 financial year. The department is in the process of planning work both repair and maintenance and CAPEX projects. The departments are also currently executing emergency work without the assistance of JPC. Planned work will be executed from the second quarter of the financial year.

#### **Section: 1.1.5. Outdoor Advertising Portfolio**

During the quarter under review, JPC collected revenue of R 10 559 002 against the budget of R 75 million (for the quarter) from outdoor advertising leases. The reason for this shortfall is mainly due to a number of advertising contracts that lapsed where the City is no longer collecting any revenue.

Secondly, JPC has been unable to finalise most of its new business due to the suspension of the new outdoor advertising by-laws as the current one are prohibitive to a number of initiatives aimed primarily increasing revenue from this portfolio. At this stage, therefore it seems that the annual projected revenue of R 300 million for the financial year may have to be reviewed in the second quarter unless all stakeholders participate meaningfully in seeking Council's approval for various proposal already presented by JPC in particular at various fora.

Thirdly, the quarter under review saw the finalisation of the adjudication of a Panel of Professionals for JPC. This included the appointment of various specialist in outdoor advertising and SMME's whom will be used ("as and when basis") to develop and manage temporary advertising at CoJ construction sites as part of JPC's revenue generation initiative to contribute to the financial sustenance of the City.



JPC's business plan for the current financial year provides for the development and management of public conveniences through outdoor advertising (street furniture), that is, at no cost to the City. It is also important to highlight that the success of this programme depends on the removal of illegal signs on the city's landscape including decreasing the number of street poles advertisements to ensure that this programme can be funded through advertising revenue. However, the current 2009 outdoor advertising by-laws does not adequately provide for a precise mechanism to deal with street furniture except for public transport shelters that are expressly exempt.

JPC will however, initiate a process to appoint suitable Industry specialist/s to develop and manage a comprehensive street furniture programme before the end of the year to prioritise the provision of public toilets. The programme (public conveniences) will initially be funded through capex allocated to JPC to build new public conveniences and enhance existing ones with an aim that the appointed contractor/s will take over this management function for a period of 2 to 3 years. Once taken over, the capex provision will be phased out from the JPC's budget.

#### **Section: 1.1.6. Special Projects**

##### **A) Inner City Property Development Projects**

Inner-city rejuvenation is a key focus area of the current administration's agenda for Johannesburg. The Inner City rejuvenation programme/project has been established with the intention of building an inclusive society with an enhanced quality of life for the residents of the Inner City. To-date Phase One, Two and Three have been implemented concurrently, during the 2017/18 financial year. Moreover, continued progress has been witnessed since the project was initiated, as numerous significant milestones have been achieved.

##### **Phase Two**

Quarter 1 of the 2018/19 Financial year, got off to a positive start as a Bid Specification Committee convened (16 July 2018 - 20 July 2018) for the 71 Inner City properties which were released for redevelopment in Q4 of the 2017/18 financial year. Following the Committee meeting, the tender was advertised on 23 July 2018, and the Request For Proposal (RFP) documents were made available to the public on 25 July 2018.

The first non-compulsory Briefing session was held at the new Council Chambers on 2 August 2018 and this was followed by the Launch of the 71 properties on the 14 August 2018. The Launch proved quite an auspicious occasion as the Council Chambers were filled, with various stakeholders (i.e. prospective bidders; esteemed members of the Executive Council; City employees and various captains of industry) who were all present to support and understand the City of Joburg's vision for the Inner City regeneration.

Site visits to the 71 properties also took place in Q1 (September 2018). Furthermore, the third and final Briefing session was scheduled to be held on 19 October 2018. However, the decision was taken to extend the closing date and to include two (2) more Briefing sessions.

### Phase 3

We have appointed a service provider for the rezoning, consolidation and removal of restriction applications for Orange Grove properties. Furthermore, seventy-six (76) reports for Phase 3 properties have been prepared with a covering report that will be tabled at different Committees in Q2 and Q3 (September – October 2018).

### B) Community Based Project Progress Report

JPC has been appointed to do a number of Community-Based Projects on behalf of the Office of the City Manager.

#### Alexandra Staircases Replacement & Refurbishment

The project is unique, and it entails multiple sub-project frameworks consisting of 32 staircase units in total. The fabrication work for the staircases that have been completed involves major work items that bring the staircases to structural functionality and renders them safe to use. In this regard, the community has received the major intended goal of the project in a sound condition.



### Alexandra Shower Conversions to Toilets



## Section: 1.2: Highlights/Achievements – Support Departments Section:

### Section: 1.2.1. Client Relations Management

### CLIENT BUSINESS OPERATIONS: 1<sup>st</sup> QUARTER PERFORMANCE REPORT

In this quarter, JPC embarked on Regional Councillor Road Shows in Regions B, C, E and G though the Intention was to have roadshows throughout all seven regions. Due to other pressing council business, the remaining three regions will be done in the 2<sup>nd</sup> quarter of the financial year.

The purpose of the Roadshows is to engage the Councillors on JPC purpose, mandate, processes, key projects and activities. This provides an opportunity for robust engagement on matters affecting service delivery and to ensure an understanding of the various factors impacting service excellence. The Roadshows comprise of two components one an overarching presentation and the other by presenting the ward councillor with a dedicated ward based prospectus and the asset register for his ward.

Presentation	Ward Based Information
Overall presentation as it relates to land both vacant and improved	Asset Register and ward profile as it relates to both vacant and improved properties
JPC key processes, service standards, escalation mechanisms and contact details	Regional contact details Frequently asked questions

Presentation	Ward Based Information
<ul style="list-style-type: none"> <li>• Service offering per department</li> <li>• Asset Management</li> <li>• Property Management</li> <li>• Property Development</li> <li>• Facilities Management</li> <li>• Outdoor Advertising</li> <li>• Legal</li> <li>• Client Business Operations</li> </ul>	<ul style="list-style-type: none"> <li>• Transactions</li> <li>• Leases</li> <li>• Acquisitions</li> <li>• Petitions</li> <li>• Servitudes</li> <li>• Service Delivery Municipal Accounts</li> <li>• Sanitary Lanes</li> <li>• Developments</li> <li>• Outdoor Advertising</li> <li>• Informal Trading</li> <li>• Public Conveniences</li> <li>• Pipeline transactions</li> <li>• Inner City Projects</li> <li>• Asset Management</li> <li>• Property Management</li> <li>• Property Development</li> <li>• Facilities Management</li> </ul>

Detailed below is a summary of the attendees at the JPC Ward Councillor Roadshows held in the 1<sup>st</sup> quarter.

REGION	DATE	WARD CLLR'S	PR CLLR'S	REGIONAL DIRECTOR	MMC'S	TOTAL
Region G	12 September 2018	7	3	1	1	12
Region E	27 August 2018	11	3	1	1	16
Region B	22 August 2018	9	1	1	1	12
Region C	27 July 2018	10	4	1	1	16
<b>TOTAL</b>		<b>37</b>	<b>11</b>	<b>4</b>	<b>4</b>	<b>56</b>

The roadshows were a success. In the 2nd quarter JPC will complete the first round of roadshows by visiting Regions A, D and F. There is a need to further engage councillors with respect to the:

- proposed uses of COJ owned land;
- continuous update of the asset register; and
- Need to approach land invasions holistically.

Further roadshows, across all regions, will be held in quarters 2, 3 and 4, which will be tailor-made for each region to gain a better understanding of the property requirements and use per ward which will ensure that city-owned properties are optimally utilised for economic and social purposes to the benefit of the community.

## OTHER STAKEHOLDER ENGAGEMENTS

JPC has attended to all client enquiries including VIP queries from the Office of the Executive Mayor, Offices of the Speaker and MMC's, Councillor Help Desk, City Manager as well as Board Members within the service level standard turnaround times.

JPC also attended to all the matters arising from the Service Delivery: Joint Operations Committee, Regional Visible Service Delivery meetings as well as Councillor Forums.

Highlights for the period – 1 July 2018 to 30 September 2018:

- Weekly Regional Director and Ward Councillor Open Days;
- JPC Ward Councillor Roadshows held in Regions C, B, E & G;
- JPC participated in ward councillor meetings and undertook various MMC site visits and dealt with matters raised which were the responsibility for JPC to attend to; and
- Attended and presented at Regional Visible Service Delivery (RVSD) meetings.

## Regional Stakeholder Engagements

Various stakeholder engagements were held during the 1st quarter whereby JPC attended meetings, operations and forums. Client servicing and stakeholder engagement/management are not the sole function of CBO but an inherent business requirement of all units within JPC whether the client is internal or external. CBO has a small complement of staff who cannot meet the needs of all stakeholders and clients and relies on the key and support departments to assist.

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



Region	Weekly Open Day Pilot	RVSD	Ward Councillor Forum (WCF)	Councillor's Meetings	Site Visits Depts / Entities	Site Visits Other	Site Visits for Transactions	A Re Sebeteng & other Cleaning Exercises	S14(2) Circulations to RD's & Ward Councillors
A	4	1	1	2	2	5	2	4	3
B	8	4	3	0	4	13	2	0	28
C	17	0	0	0	1	0	0	0	0
D	5	0	0	0	0	0	0	0	0
E	0	0	0	0	0	1	0	0	0
F	8	2	1	0	1	5	0	1	1
G	7	1	1 postponed	2	3	4	3	1	2
<b>TOTAL</b>	<b>43</b>	<b>9</b>	<b>5</b>	<b>4</b>	<b>11</b>	<b>28</b>	<b>7</b>	<b>6</b>	<b>34</b>

Client Services Unit (CSU) attended to 1 594 walk-in clients in the 1st quarter.

Category	Service	Q1	% of Transactions
		Total Walk in Clients	
A	Follow-Up Enquiries	299	18.8
B	New Enquiries	1 287	80.7
C	Ward Councillors	8	0.5
	<b>Total</b>	<b>1 594</b>	<b>100</b>

1 067 enquiries relating to general property information, zoning and ownership were immediately attended to and closed. 122 enquiries were escalated to Asset Management for analysis in terms of viability in line with the land strategy and Regional Spatial Development Framework (RSDF) of the City. Table 1 below is an analysis of the demand for properties and use across the regions for the 1st quarter.

Table 1A: Regional Breakdown of 122 Escalations to Asset Management by Type (Potential Availability Analysis and Transactions) for Q1								
TYPE	REGION A	REGION B	REGION C	REGION D	REGION E	REGION F	REGION G	TOTAL
Commercial: Business	1	1	3	5	2	8	0	20
Commercial: Business – Car Wash	0	0	0	1	0	1	0	2
Commercial: Encroachment	0	2	2	0	1	4	3	12

**Table 1A: Regional Breakdown of 122 Escalations to Asset Management by Type (Potential Availability Analysis and Transactions) for Q1**

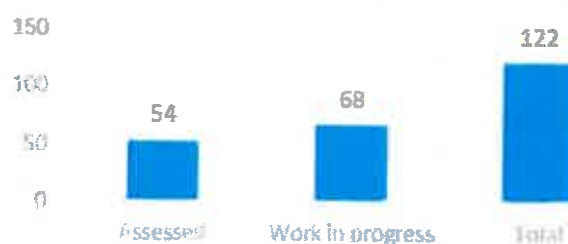
TYPE	REGION A	REGION B	REGION C	REGION D	REGION E	REGION F	REGION G	TOTAL
Commercial: Lease (Renewal/request)	0	0	0	0	0	0	0	0
Commercial: Parking	0	0	0	1	2	3	0	6
Commercial: Residential	2	1	1	11	4	3	4	26
Commercial: Road Closure/Security Access/Road Reserve	0	4	2	1	3	2	0	12
Commercial: Sanitary lane	0	2	1	0	0	0	0	3
Commercial: Servitude (Cancellation/Registration/ROW)	1	0	4	2	6	0	0	13
Commercial: User Agreement / Event	0	1	0	1	0	0	0	2
Land Regularisation	0	0	0	1	1	1	0	3
Outdoor Advertising	0	0	0	0	0	0	0	0
Social: Community Facility – Church/Place of worship	3	0	0	4	0	0	4	11
Social: Community Facility – Community Organisation (NGO/NPO)	0	0	0	4	1	1	2	8
Social: Community Facility – Crèche/Day Care Centre/ECD	0	0	0	0	0	0	0	0
Social: Community Facility – Sports and Recreation	0	1	0	1	0	1	1	4
Social: Farming/Co-Operative	0	0	0	0	0	0	0	0
Social: Parking	0	0	0	0	0	0	0	0
Social: Recycling/Buy Back Centre	0	0	0	0	0	0	0	0
Social: User Agreement/Event	0	0	0	0	0	0	0	0
Petitions	0	0	0	0	0	0	0	0
Site visit – to be investigated	0	0	0	0	0	0	0	0
Municipal portfolio	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>7</b>	<b>12</b>	<b>13</b>	<b>32</b>	<b>20</b>	<b>24</b>	<b>14</b>	<b>122</b>

### Q1 Regional Analysis – Assessments to Asset Management

Region	Q1 Number	Q1 %
A	7	6
B	12	10
C	13	11
D	32	26
E	20	16
F	24	20
G	14	11
<b>TOTAL</b>	<b>122</b>	<b>100</b>

### Analysis of Escalations to Asset Management

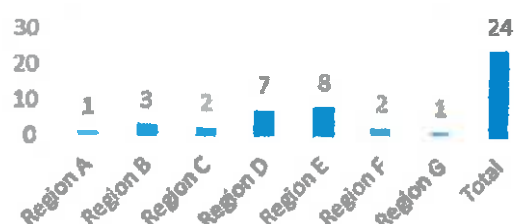
#### Enquiries to Asset Management for assessment: 1 July 2018 - 30 September 2018



### Analysis of 54 Outcomes of Escalations to Asset Management (Potential Availability Analysis)



### Breakdown per Region of 24 Escalations to Asset Management (Potential Availability Analysis) – Transactions in Circulation



When a property could potentially be leased, developed or sold the client is advised that the property will be circulated for comment by departments and entities to establish whether it is required for the provision of basic municipal services. If a property is not required for basic service delivery JPC will seek Council approval to either sell, develop or lease the property.

Once analysed by Asset Management the client is informed whether the property is available or not. For properties that are not available which are required for service delivery, the client is advised and the enquiry is closed.

### **Section 1.2.2. Marketing and Communications**

#### **Marketing and Communications**

JPC Marketing Department had an exciting first quarter with the following marketing opportunities: SAIBPP's Annual Convention, Networking Cocktails and a Tour of the Inner City on 7 and 8 August, the launch of the 71 Properties by the Executive Mayor at the Council Chamber. Women's Day Internal celebration for the Women of the JPC on 20 August and the preparation for the engagement with the Green Buildings Council of South Africa on 18 October which was postponed from 8 September 2018.

Both the Executive Mayor and the JPC's CEO presented to members of the industry at the various SAIBPP Convention activities. The Executive Mayor spoke on the 71 Properties in the Inner City and the vision he has for the Inner City. The CEO spoke to the pipeline of projects available to SAIBPP members and the need for their participation.

Another forum that the CEO addressed was the South African Forum of Civil Engineering Contractors (SAFCEC) in Bedfordview. It was an excellent opportunity to share future opportunities for the association and also to take advantage of the opportunities that CoJ and JPC are availing to women in the industry. The CEO has subsequently been invited to address SAFCEC's annual conference.

#### **JPC Internal Events**

##### **Women's Day Celebration**



The annual JPC Women's Day Event was celebrated at the Zoo Lake Bowls Club on Monday, 20 August 2018. The theme for the event was - Hold Your Confidence, Be Courageous African Woman. A speaker addressed the role of dealing with work and personal pressure; and shared coping mechanisms to deal with demands. The staff also enjoyed various exercise routines such as dancing and aerobics as well as breathing techniques.

#### **Employee A Re Sebetseng**

JPC embarked A Re Sebetseng for staff cleaning the areas outside their offices on Friday, 17 August 2018. Avalon Depot staff cleaned along the Klipspruit West Daisy Street, next to the local clinic.



#### **Internal Communications**

Three of the CEO's Regional Roadshows took place during August and September 2018. These were in Regions B, E and G. Marketing provided event management support to Client Business Operations. Also, extensive internal communication to the staff of the company.





During the quarter a lot of online communication appeared that pertained to the 71 Properties. There were advertisements on the properties, the loading of the prospectus, the tender documents which were free online and also the announcement of site visits with the JPC team.

Real Estate Listings - Q3 2023							
Ref/No	Property Number	Suburb	Size	Address	Vacant/Occupied	Date	Time
10001	12345 Main St	Suburb A	1500 sq ft	12345 Main St	Vacant	2023-09-01	10:00 AM
	67890 Elm St	Suburb B	2000 sq ft	67890 Elm St	Occupied	2023-09-02	11:30 AM
	54321 Oak St	Suburb C	1800 sq ft	54321 Oak St	Vacant	2023-09-03	09:00 AM
10002	98765 Pine St	Suburb D	2200 sq ft	98765 Pine St	Occupied	2023-09-04	12:00 PM
10003	24680 Cedar St	Suburb E	1600 sq ft	24680 Cedar St	Vacant	2023-09-05	10:30 AM
10004	13579 Birch St	Suburb F	1900 sq ft	13579 Birch St	Occupied	2023-09-06	11:00 AM
10005	87654 Spruce St	Suburb G	2100 sq ft	87654 Spruce St	Vacant	2023-09-07	09:30 AM
10006	32109 Willow St	Suburb H	1700 sq ft	32109 Willow St	Occupied	2023-09-08	10:00 AM
10007	65432 Ash St	Suburb I	2300 sq ft	65432 Ash St	Vacant	2023-09-09	11:00 AM
10008	90123 Hickory St	Suburb J	1800 sq ft	90123 Hickory St	Occupied	2023-09-10	10:30 AM
10009	45678 Maple St	Suburb K	2000 sq ft	45678 Maple St	Vacant	2023-09-11	09:00 AM
10010	78901 Poplar St	Suburb L	1600 sq ft	78901 Poplar St	Occupied	2023-09-12	11:30 AM
10011	23456 Cherry St	Suburb M	2100 sq ft	23456 Cherry St	Vacant	2023-09-13	10:00 AM
10012	56789 Walnut St	Suburb N	1900 sq ft	56789 Walnut St	Occupied	2023-09-14	11:00 AM
10013	89012 Chestnut St	Suburb O	2200 sq ft	89012 Chestnut St	Vacant	2023-09-15	09:30 AM
10014	12345 Sycamore St	Suburb P	1700 sq ft	12345 Sycamore St	Occupied	2023-09-16	10:00 AM
10015	67890 Dogwood St	Suburb Q	2000 sq ft	67890 Dogwood St	Vacant	2023-09-17	11:00 AM
10016	32109 Redwood St	Suburb R	2300 sq ft	32109 Redwood St	Occupied	2023-09-18	10:30 AM
10017	90123 Cypress St	Suburb S	1800 sq ft	90123 Cypress St	Vacant	2023-09-19	09:00 AM
10018	45678 Juniper St	Suburb T	2100 sq ft	45678 Juniper St	Occupied	2023-09-20	11:30 AM
10019	78901 Fir St	Suburb U	1600 sq ft	78901 Fir St	Vacant	2023-09-21	10:00 AM
10020	23456 Hemlock St	Suburb V	2000 sq ft	23456 Hemlock St	Occupied	2023-09-22	11:00 AM

**Joburg**



[www.jhproperty.co.za](http://www.jhproperty.co.za)

	July 2018	September 2018
<b>Twitter Follower</b>	<b>1,761</b>	<b>1,936</b>
<b>Tweets</b>	<b>17</b>	<b>38</b>

Evolution of the number of people in the labor force and the number of people in the labor force without a job (1990-2019).

Year	Fuerza de Trabajo (Millions)	Fuerza de Trabajo sin empleo (Millions)
1990	10.5	0.0
1991	10.5	0.0
1992	10.5	0.0
1993	10.5	0.0
1994	10.5	0.0
1995	10.5	0.0
1996	10.5	0.0
1997	10.5	0.0
1998	10.5	0.0
1999	10.5	0.0
2000	10.5	0.0
2001	10.5	0.0
2002	10.5	0.0
2003	10.5	0.0
2004	10.5	0.0
2005	10.5	0.0
2006	10.5	0.0
2007	10.5	0.0
2008	10.5	0.0
2009	10.5	0.0
2010	10.5	1.5
2011	10.5	1.0
2012	10.5	0.8
2013	10.5	0.7
2014	10.5	0.6
2015	10.5	0.5
2016	10.5	0.5
2017	10.5	0.5
2018	10.5	0.5
2019	10.5	0.5

### Section 1.2.3. Information Technology (IT)

The purpose of the Information Technology department directive is to ensure efficient and effective solutions to exceed customer expectations by providing responsive, reliable and secure information technology solutions that enable JPC to achieve its objectives at an optimal level.

The department continues to support JPC business in managing, manipulating, storing, regaining, sharing/communicating and transmitting small as well as a large amount of information/data conveniently, effectively and safely ensuring business continuity in-line with corporate goals.

#### Training Initiatives

In the previous financial year, the IT department provided basic computer training to the employees in some of the depots. The modules that were covered included Basics of computers, Basics of Outlook, Basics on Printing, Basics of Internet and access JPC applications, logging a call with IT and basics of telephones. The focus in the current year is to provide the training to the rest of the employees at the depots. During the first quarter, training was provided to a total of 64 employees from Orange Groove, Crosby and Newtown depots.

## Section 2: Service Delivery Challenges

### Outdoor advertising

The finalisation of the appointment of a new contractor/s for the management of advertising at taxi ranks has been delayed due to challenges JPC has had to deal with from certain forces within the sector who are at odds with the transformation imperatives of the Constitution. The aim is not only to frustrate the City's efforts to transform the sector but to create confusion in the sector in order to retain the status quo through the Courts.

JPC however, remains resolute to commitments made by the City to the industry that the current hegemony where advertising remains in the hands of the few will be changed and that JPC will prioritise empowerment of smaller entities to achieve certain targets that the Board approved as part of the strategy for outdoor advertising. This will circumvent current threats of a possible backlash from affected entities who perceive the City's silence on transformation as being comfortable with the status quo. This is further exacerbated by the perception that the City's law enforcement currently targets smaller entities who do not have the financial muscles that their counterparts have to keep the City in courts while benefitting financially in the process.

Another key challenge facing the City is the lack of adequate resources to deal with the sector. The current number of illegal signs in the City on all land requires millions of rand to be resolved and

unfortunately, such resources are limited. All proposed initiatives aimed at increasing revenue from the portfolio are depended on the reduction of clutter to ensure that the city can fund street furniture as well.

The suspension of the new 2018 outdoor advertising by-laws where such street furniture provision was included, albeit inadequate, means that JPC had to look at alternative options to deliver on its mandate. In this regard, a report is being finalised to seek invocation of certain provisions of the current By-laws by way of a Council resolution. As street furniture offers an amenity value and functions such as shelter, comfort, convenience and information to pedestrians, commuters and motorists, etc., JPC's recommendations in the report to Council will be to completely exempt this service from outdoor advertising regulations alongside other projects aimed at attaining the financial targets set by CoJ.

### **Inner City Property Development Projects**

For Phase One (1) of the Inner City Rejuvenation project, three (3) reports (namely RFP 12, 20 & 23) were recommended to EAC in Quarter 4 (28 June 2018). EAC subsequently returned the reports stipulating that JPC must obtain comments from CoJ Treasury, on the impact of the long-term leases on CoJ Financials, as these are 50-year leases. JPC has not been able to solicit the aforementioned comments/requirements from Treasury, posing a significant challenge as awarding of the tender(s) has been delayed significantly. In the Interim, however, the issue has been escalated to the City Manager to resolve. Once resolved these will be resubmitted to EAC for approval.

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**Section 3: Performance against Service Standards**  
**Service Standard Performance from 1 July 2018 to 30 September 2018**

KPI	Core Business	Service Standard	Target	Quarter 1		Quarter 2		Quarter 3		Quarter 4		Year to Date		JPC Comment
				Total	Actual	Total	Actual	Total	Actual	Total	Actual	Total	Actual	
KPI 1.1	Response in acknowledgement of request, enquiries & complaints	Within 1 day of logged call	1 day	3352	3352							3352	3352	Statistics based on walk ins, inbound and emails except telephonic calls
KPI 1.2	Provision of answer/ or results related to the receipts of the requests and enquiries regarding properties	Within 3 days of logged call	3 days	3352	3352							3352	3352	Statistics based on walk ins, inbound and emails except telephonic calls
KPI 1.3	The performance of emergency work for JPC managed facilities	Within 1 day of logged call	1 day	338	338							153	153	Facilities Management KPI
KPI 1.4	Performance of minor works on facilities managed by JPC	Within 2 days of logged call	2 days	777	777							315	315	Facilities Management KPI
KPI 1.5	Performance of major works on facilities managed by JPC	Within 5 days of logged call	5 days	28	28							6	6	Facilities Management KPI

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KPI	Core Business	Service Standard	Target	Quarter 1		Quarter 2		Quarter 3		Quarter 4		Year to Date		JPC Comment
				Total	Actual	Total	Actual	Total	Actual	Total	Actual	Total	Actual	
KPI 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	6 months	N1	N1							N1	N1	Property Management
KPI 1.7	Tender placed after Council approval and EAC	Within 4 months of CoJ Executive Adjudication Committee approval	4 months	N1	N1							N1	N1	Property Management
KPI 1.8	Internal allocation of land and buildings to City Departments and Entities (PTOB: Permission to occupy, build and lease office space from third parties)	Within 60 days of application and budget confirmation	60 days	N2	N2							N2	N2	Property Management
KPI 1.9	Performance of surveys on the condition of all plant and equipment in order to allow the assessment of the required repairs and maintenance of facilities managed by JPC.	Quarterly Agreed	Quarterly	16	16							16	16	Facilities Management



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KPI	Core Business	Service Standard	Target	Quarter 1		Quarter 2		Quarter 3		Quarter 4		Year to Date		JPC Comment
				Total	Actual	Total	Actual	Total	Actual	Total	Actual	Total	Actual	
KPI 1.10	Response to general enquiries at client services counter	Immediately - 24 hrs as per current JPC timeframe. Agreed	24 hours	1067	1067							1067	1067	Statistics based on walk in clients
KPI 1.11	Responses to enquiries regarding transactions in pipeline	Immediately - 24 hrs as per current JPC timeframe. Agreed	24 hours	1709	1709							7148	7149	Statistics based on inbox and emails
KPI 1.12	Responses to applicants / interest to lease / acquire (formal applications)	Within 30 days of application	30 days	44% (54/122)	44% (54/122)							44% (54/122)	44% (54/122)	Statistics based on assessment of enquiries by Asset Management - Response to clients

N1: Standard not yet due

N2: No request received for the quarter under review

**Section 4: Performance against Predetermined Objectives**

The JPC Scorecard for the current quarter ending 30 September 2018 reflects that the entity achieved 43% of the targets, 19% of the targets are not yet due and 38% of the targets are not achieved.

Expected Targets	Achieved Targets	Not Achieved Targets	Target not yet Due	Total
6	3	3	4	21
29%	14%	38%	19%	100%

1	Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021
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**1.1. R1.4 billion attraction of investment on COJ Property**

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	R300 million attraction	R400 million attraction	R400 million	R300 million attraction	R300 million attraction
Actual	R72 million attraction				R72 million attraction

Target not achieved

We have three reports with a combined value of R450 millions of investment attraction in the Executive Acquisition Committee (EAC) process currently. The approval of these reports was delayed due to an outstanding issue raised by the EAC as to what the impact of these long-term leases are on the City's Statement of Financial Position. CoJ Treasury was not able to assist us with a view on this matter, and we have now sourced an opinion from an external service provider. The opinion will now be shared with Treasury with a view of formulating a response on the impact of long-term development leases that would be satisfactory to the EAC

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## 1.2. R800 millions / Rand value of investment spend on project

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	R100 million investment spend on projects	R100 million investment spend on projects	R200 million investment spend on projects	R200 million investment spend on projects	R100 million investment spend on projects
Actual	R161 million investment spend on projects				R161 million investment spend on projects

Target exceeded

## 1.3. Two thousand (2 000) jobs opportunities created

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	500 Job Opportunities Created	500 Job Opportunities Created	500 Job Opportunities Created	500 Job Opportunities Created	500 Job Opportunities Created
Actual	384 Job Opportunities Created				

Target not achieved

Expenditure on projects will begin to take off in the next quarter, majority of the projects are currently at procurement stages.

## 1.4. One thousand two hundred (1 200) SMME's supported through property transaction

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	300 SMME's supported	300 SMME's supported	300 SMME's supported	300 SMME's supported	300 SMME's supported
Actual	150 SMME's supported				150 SMME's supported

Target not achieved

Expenditure on projects will begin to take off in the next quarter, majority of the projects are currently at procurement stages.

**FIRST QUARTER REPORT 2018-2019****1.5. 100% Payment of valid Invoices within 30 days of Invoice receipt date.**

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
<b>Target</b>	100% of valid invoices paid within 30 days of Invoice receipt date	100% of valid invoices paid within 30 days of Invoice receipt date	100% of valid invoices paid within 30 days of Invoice receipt date	100% of valid invoices paid within 30 days of Invoice receipt date	100% of valid invoices paid within 30 days of Invoice receipt date
<b>Actual</b>	100% of valid invoices paid within 30 days of Invoice receipt date				100% of valid invoices paid within 30 days of Invoice receipt date

Target achieved

<b>2.</b>	Ensure pro-poor development that addresses spatial and income inequality and provides meaningful redress
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**2.1. Two hundred and fifty (250) Asset Management plans formulated**

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
<b>Target</b>	50 asset management plans concluded	75 asset management plans concluded	75 asset management plans concluded	50 asset management plans concluded	50 asset management plans concluded
<b>Actual</b>	59 asset management plans concluded				59 asset management plans concluded

Target exceeded

**2.2. Acquisition of ten (10) properties**

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
<b>Target</b>	Nil	Acquisition of 2 properties	Acquisition of 5 properties	Acquisition of 3 properties	Nil
<b>Actual</b>	Acquisition of 2 properties				Acquisition of 2 properties

Target achieved

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**2.3. One thousand nine hundred (1 900) leases of shops and stalls concluded**

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	Nil	Nil	970 leases of shops and stalls concluded	930 leases of shops and stalls concluded	Nil
Actual	Nil				Nil

Target not yet due

**2.4. Development and management of three hundred (300) public conveniences through outdoor advertising**

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	Nil	Nil	150 public conveniences completed	150 public conveniences completed	Nil
Actual	Nil				Nil

Target not yet due

**2.5. Release of one hundred (100) properties on lease for agricultural purposes, NGO, churches, crèches, educational and community purposes**

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	20 properties leased	20 properties leased	40 properties leased	20 properties leased	20 properties leased
Actual	Nil				Nil

Target not achieved

Thirteen properties were released for crèches/education and community purposes in Regions C and F however, no responsive bids were received from the public. To improve target achievement, the best use analysis of the properties is being undertaken. In Region A, two properties were approved by the EAC, and a Section 79 Notice has been advertised to conclude the compliance process. In addition to the above properties already released, reports for the release of 33 properties are at various Council Committees for approval.



## FIRST QUARTER REPORT 2018-2019

**2.6.Ten (10) Inner City property redevelopment projects approved in Council for release to the private sector**

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
<b>Target</b>	2 Inner City property redevelopment projects awarded	2 Inner City property redevelopment projects awarded	4 Inner City property redevelopment projects awarded	4 Inner City property redevelopment projects awarded	2 Inner City property redevelopment projects awarded
<b>Actual</b>	0 Inner City property redevelopment projects awarded				0 Inner City property redevelopment projects awarded

Target not achieved

Three properties that were targeted for an award would not be awarded as the long-term lease impact of those leases were not timeously completed. JPC was subsequently requested to obtain an opinion regarding this issue and a service provider has been appointed. The awards will be made during quarter two.

**3 Create a culture of enhanced service delivery with pride**
**3.1. Train eighty - 80 employees**

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
<b>Target</b>	0	20	50	10	Nil
<b>Actual</b>	47 employees trained				47 employees trained

Target exceeded.

## FIRST QUARTER REPORT 2018-2019

## 3.2. 100 % Completion of skill audit for level 1 to 6 employees

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	10% completion of skill audit for level one to six employees	10% completion of skill audit for level one to six employees	40% completion of skill audit for level one to six employees	40% completion of skill audit for level one to six employees	10% completion of skill audit for level one to six employees
Actual	11% completion of skill audit for level one to six employees				0% completion of skill audit for level one to six employees

Target achieved.

## 3.3. 90% of all strategic vacancies filled within 90 days

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	90% of all strategic vacancies filled within 90 days	90% of all strategic vacancies filled within 90 days	90% of all strategic vacancies filled within 90 days	90% of all strategic vacancies filled within 90 days	90% of all strategic vacancies filled within 90 days
Actual	No vacancies were filled during the quarter				No vacancies were filled during the quarter

Target not achieved

JPC currently does not have a budget to fill the vacant positions. The budget for Human Capital has been requested without success in the past three financial years. The chances of JPC achieving this target is very rare.

## 3.4. Disciplinary cases to be concluded within 90 working days

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	Disciplinary cases to be concluded within 90 working days	Disciplinary cases to be concluded within 90 working days	Disciplinary cases to be concluded within 90 working days	Disciplinary cases to be concluded within 90 working days	Disciplinary cases to be concluded within 90 working days
Actual	One of three cases (33%) concluded within 90 days.				One of three cases (33%) concluded within 90 days.

Target not achieved

Two disciplinary cases not concluded within 90 days due to none availability of the employees. The cases were postponed to October 2018.

### 3.5 Ninety percent success rate in all cases concluded disciplinary cases

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	90% success rate in all cases concluded	90% success rate in all cases	90% success rate in all cases	90% success rate in all cases	90% success rate in all cases concluded
Actual	100% success rate in all cases concluded				100% success rate in all cases concluded

Target exceeded

## 4 Enhance our financial sustainability

### 4.1. R110 m Income raised from leases and servitudes sales

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	R30m income raised from leases and servitudes sales	R25m income raised from leases and servitudes sales	R25m income raised from leases and servitudes sales	R30m income raised from leases and servitudes sales	R30m income raised from leases and servitudes sales
Actual	R30m income raised from leases and servitudes sales				R30m income raised from leases and servitudes sales

Target achieved

### 4.2. 50 % Implementation of the outdoor advertising masterplan

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	10% implementation of the Outdoor Advertising masterplan	10% implementation of the Outdoor Advertising masterplan	20% implementation of the Outdoor Advertising masterplan	10% implementation of the Outdoor Advertising masterplan	10% implementation of the Outdoor Advertising masterplan

## FIRST QUARTER REPORT 2018-2019

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Actual	2.5% Implementation of the Outdoor Advertising masterplan				2.5% implementation of the Outdoor Advertising masterplan

Target not achieved

The implementation of the masterplan is dependent on the finalization of the Outdoor Advertising by-laws to give effect to new business. Unfortunately, the recently promulgated Outdoor Advertising by-laws have been suspended pending the hearing of the court matter. Hence, non-achievement of planned activities as per department's plan.

#### 4.3. 100% spend of allocated Capex

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	10% spend on allocated Capex	30% spend on allocated Capex	40% spend on allocated Capex	20% spend on allocated Capex	10% spend on allocated Capex
Actual	26% spend on allocated Capex				26% spend on allocated Capex

Target exceeded

#### 4.4. Unqualified audit (clean audit)

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	Not applicable	Obtain an unqualified audit opinion (clean audit)	Not applicable	Not applicable	Not applicable
Actual	Not applicable				Not applicable

Target not yet due

#### 4.5. 100% Resolution of Auditor General and Internal Audit findings within four months after the report issued

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	100% resolution of findings within four months after report issued	100% resolution of findings within four months after report issued	100% resolution of findings within four months after report issued	100% resolution of findings within four months after report issued	100% resolution of findings within four months after report issued
Actual	100% resolution of findings within four				100% resolution of findings within

## FIRST QUARTER REPORT 2018-2019

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
	months after report issued				four months after report issued

Target not yet due as the four-month timeline ends in October 2018.

Only one audit was concluded during the quarter under review relating to the Annual Financial Statement review. The finding raised were cleared before the financial statement issued to AGSA for audit.





*Repairs of Lenasia Civic Centre Clinic facilitated by JPC*

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

### **Highlights and Achievements**

The Human Capital Management focused on planning and implementing initiatives that are linked to the business plan priority number three, i.e. create a culture of enhanced service delivery with pride namely:

- a) Training and development initiatives for employees,
- b) Strategic vacancies filled within 90 days
- c) Completion of skill audit for level 1 to 6 employees
- d) Disciplinary cases to be concluded within 90 working days
- e) The success rate in all cases concluded disciplinary cases

These HR Initiatives aim to enable JPC to deliver on its strategic objectives and focusing on business drivers such as productivity and efficiency that relates to talent management processes which help foster business results from the workforce i.e. Have the right people for the right jobs and retain them through keeping their employees engaged.

The following matters addressed in this quarter (July – September 2018)

- Department of Labour conducted an Unemployment Insurance Fund (UIF) compliance audit. The outcome of the audit confirmed satisfactory compliance.
- As part of talent management initiative, forty-three (43) employees were promoted to higher positions through the process of filling vacant positions, which were advertised internally. These vacancies were filled within ninety (90) days from closing date of the internal advert i.e. 01 June 2018. The filling of the vacant positions aimed at addressing the departmental under capacitation and operational business requirements.
- The EAAB and JPC have embarked on a learnerships programme partnership, which has placed 37 learners through funding from SETA.
- The training interventions focused on the functional or technical competence cluster in which 47 employees were upskilled as part of skills development.
- Employee Declaration of Interest for 2018/2019 financial year was submitted and approved of which only 26 employees declared their personal interest, and it was established that there is no real or apparent conflict of interest.
- A partnership with Careways has been established to offer Employee Assistance Programme to employees for resolving any personal or work-related problems, which may adversely affect either personal well-being and work performance.
- The skills audit process for employees on level 1-4 were completed, and skills audit for 5 and 6 levels has commenced in partnership with the City of Johannesburg. The skills audit approach focuses on three levels namely:

- **Determine the skills requirements:** Identify the skills and knowledge that the City requires, aligned to the business strategy
- **Audit Actual Skills:** Identify the current skills and knowledge that the City currently has
- **Analyse the skills gap and training needs:** Determine the skills gaps and skills priorities

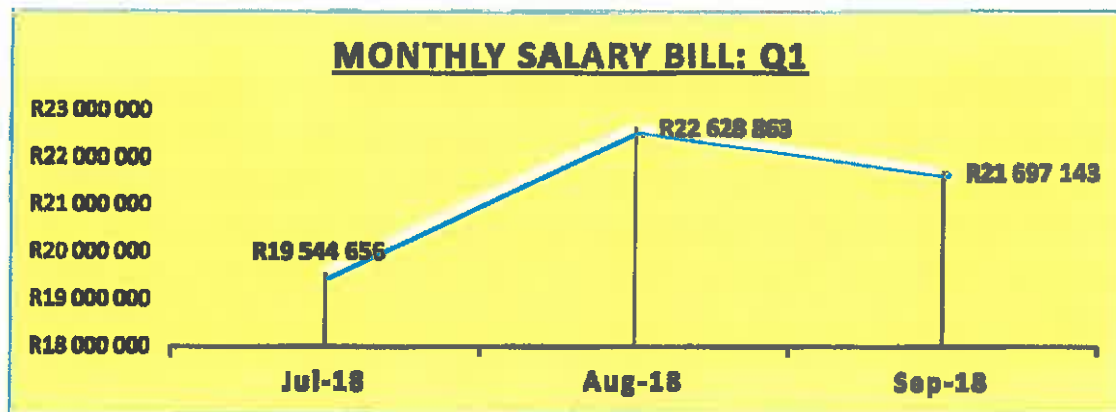
## SECTION 2: EMPLOYEE REMUNERATION AND COST

### Employee Remuneration

During this reporting period, salary expenses were within the budgeted quarterly remuneration and the table below indicates the monthly salary expenses from July to September 2018:

SALARY BILL: First Quarter for 2018/2019 (July 2018 to September 2018)	
MONTH	AMOUNT
Jul-18	R19 544 656
Aug-18	R22 628 863
Sep-18	R21 697 143
<b>Total</b>	<b>R63 870 662</b>

The table below indicate the monthly salary expenses from July to September 2018:



The monthly salary bill trend is mostly consistent. The total salary expenses for the Q1 amount to **R63 870 662.00**. The salary bill slightly increased in August 2018 due to the implementation of the 7% cost-of-living increase to all qualifying employees as per the provisions of the "Salary and Wage Collective Agreement".

### Overtime Costs for First Quarter: (July to September 2018)

Overtime expenditure consists of services rendered to the public by JPC in respect of public convenience facilities. The public convenience facilities' operating model requires that employees

work over the weekend as part of service delivery thus resulting in overtime expenses. The total number of hours claimed equates to R1 160 131.00 worked by an average of 100 employees per month during this quarter. The goal is to reduce the overtime costs by 5-10% during this financial year (2018/2019). JPC will continue to manage and maintain the expenses effectively.

The table below indicates Q1 overtime expenditure: (July to September 2018)

Overtime Bill: First Quarter (July -September 2018)			
Month	Total Staff Working Overtime	Total Hours Claimed	Overtime Financial Impact
Jul-18	102	3004	R376 737.24
Aug-18	98	2996	R398 543.17
Sep-18	98	2915	R384 850.11
<b>Totals</b>	<b>298</b>	<b>8916</b>	<b>R1 160 131</b>

### **Section 3: Key Vacancies**

#### **Critical Vacancies**

Recruiting and filling of essential vacancies remains a challenge due to budget constraints emanating from the 2017/2018 budget cut, which has also had an adverse impact on the core departments from an operational point of view. JPC resorted to filling some of the critical positions through internal recruitment to curb the cost. The advert closed on 1 June 2018 and within 90 days from the closing date, the recruitment process was finalised. The remaining vacant positions will be filled over a period of three years based on budget availability.

The internal recruitment process has helped boost staff morale as it opened opportunities for employees to advance, utilise their skills and gain new competencies i.e. promotions. In order to ensure that the recruitment process was transparent and fair to all employees, the shortlisting and interview panels comprised of: Organised Labour (as observers), two representatives from hiring department; Employment Equity representative and an external manager from other MOE's were invited.

Though a bulk of the positions that have been filled through the internal recruitment process, there is still a large number of positions that we have not managed to fill because they require specialised competencies, which are not readily available within the company. Therefore, vacancies within Property Development, Outdoor and Strategy management will be advertised externally to attract new skills and experience to add value to the company's effectiveness. Some of these competencies are currently mitigated through a temporary appointment, which may cease if these positions are filled on a permanent basis. The filling of these positions may also improve demographic representation in the company and the EE numerical goals and targets.

**Positions Advertised Internally**

Department	Positions	Number of Positions Filled
Property Management	Property Administrator	11
Facilities Management	Artisan Plumber	1
	Artisan Painter	4
	Administrator Facilities Management	5
	Superintendent	12
	Area Supervisor	1
	Regional Supervisor	3
Supply Chain Management	Procurement Officer	2
Finance	Creditors Clerk	3
Client Business Operations	Assistant Manager: Client Business	1
<b>Total</b>		<b>43</b>

**Vacant Strategic positions to be filled**

Department	Business Unit	Critical Vacancy	Critical Posts
Office of the CEO	Office of the CEO	Project Manager	2
		Senior Project Manager	1
		Legal Researcher	1
		Risk Manager	1
<b>Departmental Total</b>			<b>5</b>
Portfolio Management	Asset Management	Senior Manager: Land Strategy Development	1
		Manager: Valuer	1
	Property Development	Senior Manager: Property Development	1
		Project Manager	4
	Property Management	Manager: Call Centre	1
		Assistant Manager : Business Operations	1
<b>Departmental Total</b>			<b>9</b>
Outdoor Advertising	Outdoor Advertising	Manager: Contract & Operations	1
		GIS Specialist	1
<b>Departmental Total</b>			<b>2</b>
Corporate Services	Human Capital Management	Manager: Labour Relations and Employee Wellness	1
		Manager: Organizational Development	1
<b>Departmental Total</b>			<b>2</b>
<b>Overall Total</b>			<b>18</b>



### Internships and Learnerships Programmes

The EAAB and JPC have embarked on a learnership programme partnership, which has placed 37 learners through funding from SETA. There are 37 Interns placed in various departments within JPC and the programme will run for a period of 12 - 18 months. The placement of the interns is part of the Initiatives to provide unemployed qualified youth and graduates to gain work experience to increase their employability opportunities. Although this initiative has helped alleviate some administrative workload in the departments, and it is not meant to mitigate the vacancy rate in the company.

#### Placed Interns:

Department	Qualification Levels	No. of interns
Informal trading	Marketing, Financial & Business Management (N4 to N6)	10
Finance & Supply Chain	Financial & Business Management (N4 to N6)	7
Property Management	Office Administration & Business Management (N4 to N6)	10
Client Business Operations	Office Administration(N4 to N6)	4
Human Capital	Human Resource Management (N4 to N6)	2
Outdoor Advertising	Tourism (N4 to N6)	1
Transformation	Communication & Public Relations (N4 to N6)	2
IT	Business Management(N4 to N6)	1
<b>Total</b>		<b>37</b>

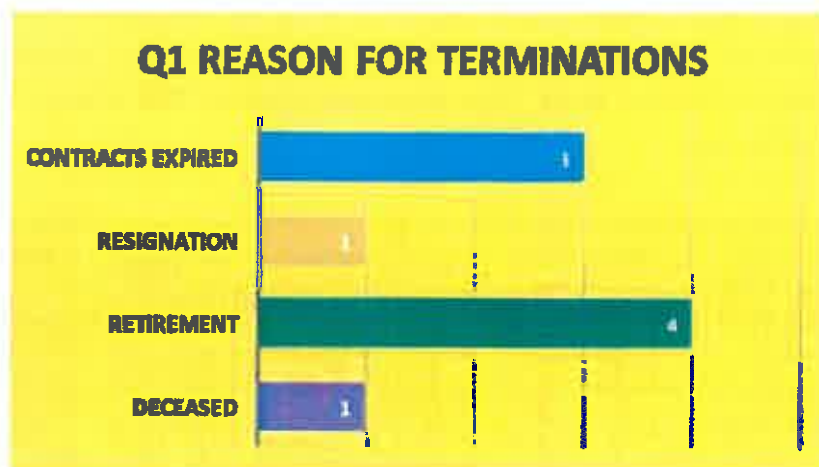
### Staff Movements

**Terminations:** It is reported during the period under review (July – September 2018) that nine (9) terminations were actioned.

Occupational Levels	MALE				FEMALE				Foreign Nationals		TOTAL
	A	C	I	W	A	C	I	W	M	F	
Top Management	0	0	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and mid-management	1	0	0	0	0	0	0	0	0	0	1
Jun. Management, Superintendents and Skilled Technical	4	0	0	0	0	0	0	0	0	0	4
Semi-skilled / Administration	1	0	0	0	0	0	0	0	0	0	1
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0	0	0
Total Permanent Staff	6	0	0	0	0	0	0	0	0	0	6
Temporary Employees	1	0	0	0	2	0	0	0	0	0	3
<b>GRAND TOTAL</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9</b>

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

The graph below indicates the reasons for termination that transpired during this period under review:



The diagram above indicates the reason for terminations realised during this period under review (July-Sept 2018), which relates to retirements.

**Retirements:** Four (4) employees retired, in terms of their pension fund rules. This confirms that JPC has an ageing workforce hence succession planning has been a key focus area to ensure successors for business continuation.

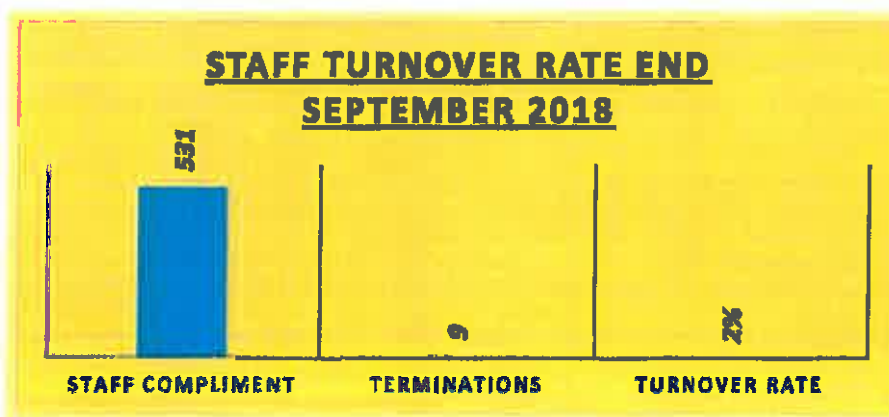
**Resignation:** One (1) employee resigned mainly in lieu of better career opportunities and remuneration compensation within the job market.

**Death:** JPC experienced one (1) death during this period under review due to natural causes.

**Contracts:** Three (3) temporary contracts expired.

The impact of the termination rate realised thus far contributes to the under capacitation within key business areas.

**Staff Turnover for this period under review: (July – September 2018)**



The staff turnover of 2% is at an acceptable level.

## Section 4: Employment Equity

The JPC has a staff complement of 531 employees as of September 2018. The employment equity demographics currently indicates that a majority of JPC employees is males and mainly occupies Junior Management and Skilled occupational levels. Male employees represent 59% of the total workforce and 41% of female employees.

Occupational Levels	Male				Female				Foreign National		Total
	A	C	I	W	A	C	I	W	M	F	
Top Management	1	0	1	1	0	1	0	0	0	0	4
Senior Management	1	0	0	0	1	0	1	0	0	0	3
Professionally qualified and mid-management	17	1	5	5	20	3	2	5	0	0	58
Jun. Management, Superintendents & Skilled Technical	93	2	4	9	58	11	2	2	1	1	183
Semi-skilled / Administration	98	11	3	1	29	4	0	0	0	0	146
Unskilled and defined decision	46	4	0	1	55	15	0	0	0	0	121
Total Permanent Staff	256	18	13	17	163	34	5	7	1	1	515
Temporary Employees	4	0	1	0	10	1	0	0	0	0	16
<b>GRAND TOTAL</b>	<b>260</b>	<b>18</b>	<b>14</b>	<b>17</b>	<b>173</b>	<b>35</b>	<b>5</b>	<b>7</b>	<b>1</b>	<b>1</b>	<b>531</b>

From a staff complement of 531-employees, 515-employees are permanent and 16-temporary staff. The Employment Equity Committee is reviewing the targets, racial representation and gender to provide recommendations that may assist to mitigate the current barriers to achieve the set targets including improving numbers of People with Disabilities.

Racial split, Key Gender distribution as per occupational level well as the gap analysis against EAP targets, as of September 2018

TOP AND SENIOR MANAGEMENT								
OCCUPATIONAL LEVEL	MALES				FEMALES			
	A	C	I	W	A	C	I	W
ACTUAL %	25%	0%	25%	25%	0%	25%	0%	0%
TARGET %	38%	2%	1%	9%	38%	2%	1%	9%
GAP%	-13%	-2%	24%	16%	-38%	23%	-1%	-9%
PROF QUALIFIED/SPECIALISTS/MID MANAGEMENT								
OCCUPATIONAL LEVEL	MALES				FEMALES			
	A	C	I	W	A	C	I	W
ACTUAL %	30%	2%	8%	8%	34%	5%	5%	8%
TARGET %	38%	2%	1%	9%	38%	2%	1%	9%
GAP%	-8%	0%	7%	-1%	-4%	3%	4%	-1%
SKILLED /TECHNICAL QUALIFIED, JUNIOR MANAGEMENT/SUPERINTENDENT/ARITISANS/ADMINISTRATORS								
OCCUPATIONAL LEVEL	MALES				FEMALES			
	A	C	I	W	A	C	I	W

ACTUAL %	46%	3%	3%	4%	37%	6%	1%	1%
TARGET %	38%	2%	1%	9%	38%	2%	1%	9%
GAP%	8%	1%	2%	-5%	-1%	4%	0%	-8%
<b>SEMI-SKILLED / ADMINISTRATION</b>								
<b>OCCUPATIONAL LEVEL</b>	<b>MALES</b>				<b>FEMALES</b>			
	<b>A</b>	<b>C</b>	<b>I</b>	<b>W</b>	<b>A</b>	<b>C</b>	<b>I</b>	<b>W</b>
ACTUAL %	88%	7%	1%	1%	1%	1%	0%	0%
TARGET %	38%	2%	1%	9%	38%	2%	1%	9%
GAP%	50%	5%	0%	-8%	-37%	-1%	-1%	9%
<b>UNSKILLED</b>								
<b>OCCUPATIONAL LEVEL</b>	<b>MALES</b>				<b>FEMALES</b>			
	<b>A</b>	<b>C</b>	<b>I</b>	<b>W</b>	<b>A</b>	<b>C</b>	<b>I</b>	<b>W</b>
ACTUAL %	38%	3%	0%	1%	46%	12%	0%	0%
TARGET %	38%	2%	1%	9%	38%	2%	1%	9%
GAP%	0%	1%	-1%	-8%	8%	10%	-1%	-9%

The overall analysis in terms of race indicates the over and under-representation of racial and gender split per occupational levels. In addition, it highlights the under-representation of the non-designated group (Whites). The imbalances identified are due to a technical environment that constitutes mainly semi-skilled and unskilled occupational levels occupied by the designated groups (Blacks). These anomalies are included in the EE Action plan. EE representatives fully participate during the recruitment process in order to achieve underrepresentation against set targets. As and when vacancies are filled EE targets will be priorities to identify suitably qualified candidates.

### Section 5: Skills Development and Training

The training interventions conducted in the period under review (July to September) focused on the functional/technical clusters in which 47 employees were upskilled on functional competencies.

The total amount spent in the first quarter was R 418 943 00 which translate to 21% of the overall training budget of R2 000 000.

#### Training Interventions per employees

Training Cluster	Course/Programme conducted	No. of people trained
Functional/Technical Training	Business writing and Technical Report writing	9
	Document Management	10
	Ms Excel	14
	Ms Word	14
<b>Total</b>		<b>47</b>

The table below depicts the number of employees who attended training per occupational category.



Occupational Levels	MALE				FEMALE				Foreign Nationals		TOTAL
	A	C	I	W	A	C	I	W	M	F	
Top Management	0	0	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and mid-management	0	0	0	0	0	0	0	0	0	0	0
Jun. Management, Superintendents and Skilled Technical	13	4	1	0	21	6	0	0	0	0	45
Semi-skilled / Administration	0	0	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	1	0	0	0	1	0	0	0	0	0	2
Total Permanent Staff	0	0	0	0	0	0	0	0	0	0	0
Temporary Employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	14	4	1	0	22	6	0	0	0	0	47

### Section 5: Performance Management

During the period under review, the Corporate Scorecard was approved by the Board and cascaded to various management levels.

### Section 6: Disciplinary Matters and Outcomes

#### Disciplinary Matters

Three employees are facing charges relating to various misconduct cases and the disciplinary hearings are in progress:

Case Description	Outcome
Non-compliance to the code of conduct	The matter is closed because the employee resigned
Non-compliance to the code of conduct and fraud	The hearing scheduled for 17 and 18 October 2018
Dishonesty	The hearing will take place on 02 October 2018

#### Disputes

Only one (1) matter was referred to an external dispute resolution mechanism at SALGBC and the arbitration hearing scheduled for 31 July 2018 was cancelled due to the withdrawal of the dispute by the applicant.

Case Description	Outcome
186 (1) (e) Constructive Dismissal	The matter was withdrawn by the applicant thus the matter is closed

#### Grievances

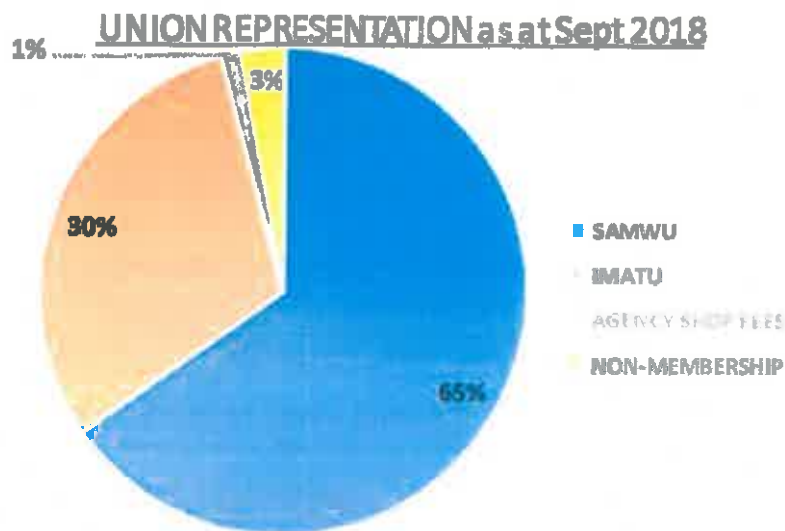
In this period under review, only one (1) grievance was lodged relating to unfair labour practice and the employee has referred the matter to stage 3.



Case Description	Outcome
Unfair Treatment in respect on transfer	The grievance meeting was held on 10 September and outcome issued. The employee referred the matter to the stage 3.

### Union Representation

JPC is a highly unionised organisation and thus requires a structured, stabilised and sound labour relationship with labour to ensure a harmonious working environment.



The union representation and membership graph above shows that from a staff compliment of 531 employees including temporary staff, 65% belongs to SAMWU, 31% belongs to IMATU and 1% fall within the Agency shop fees. The remaining 3% does not belong to a union however mostly consist of temporary employees.

### National Salary negotiations:

The parties to the council concluded a multi-year (3-year) Salary and Wage Collective Agreement for the period 1 July 2018 to 30 June 2021. The application of this agreement concluded 15 August 2018 that stipulates a cost-of-living increase of 7% that was implemented during August 2018. Relevant clauses outlining related benefits will be implemented during September 2018, retrospectively 1 July 2018.

## Section 8: Leave and Productivity Management

### Leave Provision: First Quarter period (July to September 2018)

The leave liability amount based on the annual leave balances as at end September 2018 amounts to R17 619 187. The leave liability amount indicates the comparison to the last quarter of 2017/2018 financial year. This shows that initiatives implemented to encourage employees to utilise their

compulsory leave days has been successful. The leave liability amount will significantly decrease in Q2, due to the festive period.

The table below illustrates the monthly leave liability amounts: (July to September 2018)

Leave Provision Q1: July to September 2018		
MONTH	LEAVE DAYS	AMOUNT
Jul-18	8 211	15 996 617
Aug-18	8 419	16 763 039
Sep-18	8 637	17 619 187

**Leave Encashment for the Fourth Quarter review: (July to September 2018)**

The leave encashment applications were implemented in line with the principle that, "An employee is only allowed to sell once within a financial year up to a maximum of 8 days" as per the Leave policy provision.

The table below illustrates the monthly leave encashment: (July to September 2018)

Leave Encashment: Q1 (July-Sept 2018)		
MONTH	LEAVE DAYS	AMOUNT
Jul-18	197	R320 155.16
Aug-18	219	R374 043.90
Sep-18	225	R395 735.92
<b>Totals</b>	<b>641</b>	<b>R1 089 934.98</b>

The table above indicates the monthly leave encashment during the Q1. Employees' encashed a number of 641 non-compulsory days at total costs of R1 089 934.98. This initiative positively impacted on the organisation as it forces employees to utilise their 16-days compulsory leave before selling which reduced the liability amount.

**Absenteeism: First Quarter period (July to September 2018)**

DEPARTMENT	PERIOD	Number of Staff taken Sick leave	Total Sick Days Taken	% Absenteeism
Office of the CEO	July 2018 - September 2018	9	24	0.04%
Finance & SCM	July 2018 - September 2018	23	102	0.15%
Information Technology	July 2018 - September 2018	7	16	0.02%
Client Business Operations	July 2018 - September 2018	16	92	0.14%
Corporate Services	July 2018 - September 2018	15	64	0.10%
Outdoor Advertising	July 2018 - September 2018	3	8	0.01%
Portfolio Management	July 2018 - September 2018	198	897	1.35%
<b>TOTALS</b>	<b>Q1</b>	<b>271</b>	<b>1203</b>	<b>1.80%</b>

The above table illustrates the absenteeism rates per department as well as the overall rate of **1.80%** for JPC. In contrast to the norm of 1.5%, JPC shows a high absenteeism rate by over 0.30%

at 1203 sick leave days. This is a reflection a sick workforce, as most illnesses are as a result of dread and chronic diseases. Wellness interventions are a key focus area.

Although the organisation is faced with a high absenteeism rate, line management is committed to putting contingency plans in place in order to reduce the absenteeism rate and increase the productivity level within the organisation. Increasing the productivity level will assist the organisation in meeting its strategic goals and service delivery demands.

#### Section 9: Employee Wellness

It has been, and it remains JPC's responsibility to provide an atmosphere where employees can find opportunity and challenge. HCM recognises that, sometimes, employees' problems away from the work scene interfere with an individual's work performance. When this happens, both the employee and the organisation suffers. With this in mind, HCM established a partnership for Employee Assistance Programme (EAP) with Careways to offer employees a resource for resolving any personal or work-related problems, which may adversely affect either own well-being or work performance.

The Employee Assistance Programme is aimed at helping employees who have personal difficulties, which includes physical, mental, emotional, grief and bereavement, gambling, marital, family, alcohol, or financial problems that may affect the employee's work performance.

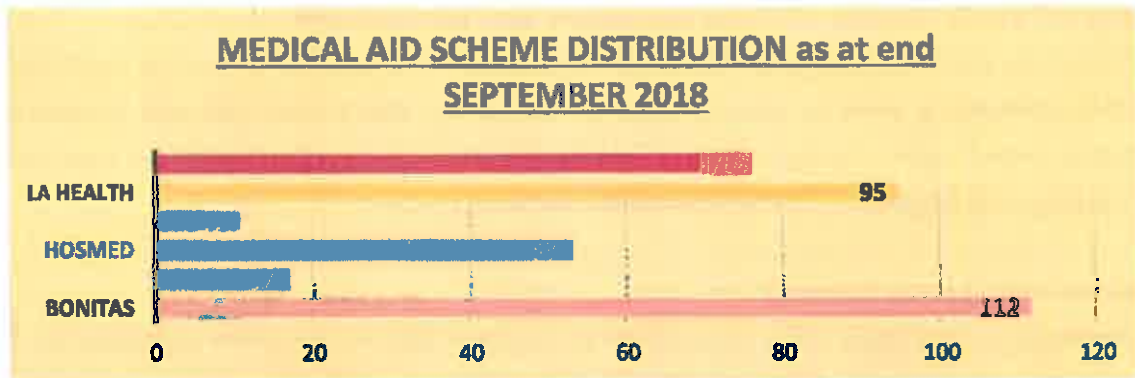
An awareness drive has been initiated to sensitize employees of how they will benefit from this initiative plus the Professional Support Line Service – A 24-hour, 7 days a week with a dedicated toll-free number telephonic psychological counselling service available for all of JPC staff members.

#### Section 10: Employee Benefits

The Pension Fund membership shown in the table below as at end September 2018:

PENSION FUND MEMBERSHIP	TOTAL	REMARKS
Joburg Retirement Fund	424	Defined Contributions
City of Joburg Pension Fund	72	Defined Benefits
Municipal Employee Pension Fund	9	Defined Contributions
Municipal Gratuity Pension Fund	7	Defined Contributions
Joint Municipal Workers Pension Fund	2	Defined Benefits
Non-Membership	17	Not compulsory
<b>TOTAL</b>	<b>531</b>	

**Accredited Medical Aid Schemes as at end September 2018**



The graph above specifies the accredited medical aid schemes and membership distribution to each scheme as at end September 2018. The provision set out in relation to medical aid, states that for the duration of the salary and wage agreement, and based on the 60/40 principle set out in the Main Collective Agreement, the current maximum medical aid employer contribution rate to accredited medical schemes increased to R4 218.17 for 2018/2019 financial year.

**Section 11: Occupational Health and Safety**

**Roll out Programme: 2018-2019**

During the first quarter, more activities were implemented as a continuation of the JPC Workplace OHSA programme. Activities included a display of Workplace OHAS representation and emergency contact charts at 11 workplaces and the continuation of the JPC staff awareness rollout programme.

Another successful attempt was the ordering of fire alert systems, fire alert sirens, smoke detectors and warning signs. The JPC OHAS team is committed to achieving a zero-tolerance practice at all 11 workplaces.

On 18 September, the JPC Workplace SHE Committee reviewed the OHAS Risk Registers of its workplaces and have since put forth, a mitigation plan to address risk in order of priority over the next two years.

Quarter one also embraced issues concerning the operational side of JPC's business, issued that emanated from the management of corporate buildings. In ensuring a best practice approach, an Operational OHAS management model was finalized. The scope includes OHAS compliance management of 24 corporate buildings, 16 markets and linear markets, 48 taxi ranks and 82 public conveniences. Implementation of the rollout programme has begun through a series of OHAS compliance measures undertaken by regional managers.

Actions are underway for the establishment of an active Operational SHE Committee to allow Regional Managers to forward burning issues seeking priority implementation programmes.

Provision of first aid tools; fully stocked first aid boxes, fully stocked portable first aid bags and portable burnshield kit are being effectively utilized at all workplaces and compliance in this category

has been achieved. Continued servicing and replacement of fire safety tools and equipment will be revisited during quarter three in meeting compliance standards and OHAS safety regulations.

Trained OHASA representatives have demonstrated passion by maintaining a steady momentum in conducting regular OHAS compliance checks and reporting concerns in the best interest of employee's health and safety. The introduction of Internal OHASA compliance support documents has somewhat introduced, a disciplined pathway for SHE Representatives to participate in good team spirit and, incorporate the support of other OHASA Stakeholders.

The table below summarises the status on the JPC OHASA Compliance roll out programme.

	The OHAS Roll Out Programme	Status as at September 2018
1	Conduct Roadshows for the sharing of necessary information on the requirements of the OHASA Act no 85 of 1993.	Completed
2	Conduct Workplace ballot for nomination of workplace OHASA support representatives	Completed
3	Conduct Orientation workshops for Appointed OHASA representatives	Completed
4	Arrange for intensive training to enable appointed OHASA Representatives to be well equipped in fulfilling their respective mandate	Completed Approximately 142 JPC employees received training in their respective support categories, Health and Safety, Fire and Safety Management and, First Aid Administration levels 1-3
5	Conduct regular OHASA Compliance Checks	Ongoing function conducted by Health and Safety Representatives and their teams
6	Acquisition of relevant OHASA goods, tools and safety signs	Completed and on-going
7	Re-establishment of the JPC SHE Workplace Committee	Completed and on-going
8	Establishment of the Workplace Sub- Committees	On-going
9	OHASA Support Group Orientation and Partnership Building	On-going
10	Staff Awareness Programmes- Basic OHAS, representation and Emergency contacts Chart	Completed and on-going
11	Compilation of internal support documentation , OHAS risk register, compliance audit and checklist	Completed and on-going
12	Regular Role Play briefing on areas of Responsibility	Completed and on-going
13	Health Awareness Calendar 2018	In progress
14	Operational OHAS Management Model	Completed
15	Operational OHAS roll out programme	In progress



**CHAPTER FIVE: FINANCIAL PERFORMANCE**



*The Soweto Theatre facilitated by JPC*

**CITY OF JOBURG PROPERTY COMPANY SOC LTD**  
**FIRST QUARTER REPORT 2018-2019**

**Section 1: Statement of Financial Position and High Level Notes**  
**Part A – JPC Balance Sheet**

	NOTE REF	ACTUAL SEPTEMBER 2018	ACTUAL JUNE 2018
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>		47 610 510	49 807 977
Property, plant and equipment	1	37 489 090	39 622 526
Land	2	487 200	487 200
Building	3	1 002 434	1 066 466
Prepayment - Non-current	4	465 997	465 997
Deposits	5	165 144	165 144
Deferred Tax Asset	6	8 000 644	8 000 644
<b>CURRENT ASSETS</b>		568 522 308	632 534 833
Trade and other receivables	7	204 652	282 608
Cash and cash equivalents	8	2 000	2 000
Straight lining of operating leases	9	3 091 592	3 091 592
SARS	10	16 372 751	16 372 751
Amounts due from shareholder	11	-	20 198 667
Trade Debtors	12	548 851 314	592 587 215
		<b>616 192 818</b>	<b>682 342 810</b>

**CITY OF JOBURG PROPERTY COMPANY SOC LTD**  
**FIRST QUARTER REPORT 2018-2019**

	<b>NOTE REF</b>	<b>ACTUAL SEPTEMBER 2018</b>	<b>ACTUAL JUNE 2018</b>
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Issued Capital	<b>13</b>	1 000	1 000
Shareholders' Equity	<b>13</b>	5 141 721	5 141 721
Retained Profit / (Loss)	<b>14</b>	(118 840 564)	(123 407 705)
Opening Balance		(123 405 366)	46 018 776
Prior period Profit / (Loss)		1 996 665	(100 317 568)
Profit / (Loss) - Current period		2 568 137	(69 108 913)
		(113 697 843)	(118 264 984)
<b>NON - CURRENT LIABILITIES</b>			
Deferred Tax Liability	<b>15</b>	8 191 724	8 191 724
Finance Lease Liability	<b>16</b>	2 497 679	2 497 679
		5 694 045	5 694 045
<b>CURRENT LIABILITIES</b>		721 638 938	792 416 070
Trade and other payables	<b>17</b>	7 752 030	5 076 628
Accruals	<b>18</b>	74 049 652	225 362 346
Provision for Leave Pay	<b>19</b>	17 619 187	15 713 380
Finance Lease Liability	<b>20</b>	4 557 787	5 665 213
Post-Retirement Medical Aid Provision	<b>21</b>	786 423	775 000
Provision for EXCO Bonuses	<b>22</b>	2 461 185	2 461 185
Intercompany Creditor	<b>23</b>	68 167 166	94 847 730
Sweeping Account	<b>24</b>	546 245 508	442 514 588
		<b>616 132 818</b>	<b>682 342 810</b>

**CITY OF JOBURG PROPERTY COMPANY SOC LTD**  
**FIRST QUARTER REPORT 2018-2019**

**Notes**

1. Property, plant and equipment and Intangible Assets are measured at the lower of cost or carrying amount.
2. The land is measured at the lower of cost or carrying amount.
3. A building is measured at the lower of cost or carrying amount.
4. Amounts included in a non-current portion of the prepayments are Bayette Consulting for R317 808 and R148 189 for software licenses.
5. Electricity deposits with Eskom for the Baragwanath informal trading facility and the Lenasia facilities management buildings.
6. Deferred tax has been calculated to account for movements in the balance sheet.
7. Amounts included in trade receivables are prepayments of R108 404 and the current portion of the prepayment made to Bayette Consulting for professional services relating to the leasing of the new office accommodation is R122 234.
8. Relates to cash and cash equivalents.
9. GRAP 13 adjustment for the straight lining of operating leases. The calculation is performed annually.
10. Refund due from SARS for Income tax assessments from 2012/13 to present of R12 278 117 A refund for the December 2017 VAT submission of R4 094 834.
11. The CoJ Sweeping Account indicates the cash available to JPC from COJ Treasury.
12. Debtors comprise of three categories. Related parties indicate monies outstanding from intercompany transactions. Staff debtors relate to personnel with negative leave or those that have signed an acknowledgement of debt. Third parties refer to external clients.
13. Relates to Share Capital and Shareholders' Equity
14. Relates to Retained Earnings
15. Deferred tax is calculated annually at financial year-end.
16. This relates to the long-term portion of the finance lease liability which is payable within two to five years and is in respect of copiers and IT infrastructure.
17. Trade and other payables consists of VAT payable to SARS.
18. Relates to trade accruals for the fourth quarter of 2017/18 and a pro rata 13th cheque accrual.
19. Relates to Leave Pay Provision calculated per the SAP payroll for the period ended September 2018.
20. This is the Short Term portion of the Finance Lease Liability which is payable within one year.
21. The provision on Post-Retirement Medical Aid raised based on 2017/18 Actuarial Valuation Report in respect of personnel that qualify for the benefit.
22. Relates to the provision for EXCO bonuses for the 2017/18 financial year.
23. Relates to the loan account with Portfolio, GCSS and Group Finance for salaries.
24. Sweeping account overdraft with COJ: Group Treasury

**CITY OF JOBURG PROPERTY COMPANY SOC LTD  
FIRST QUARTER REPORT 2018-2019**

**Part B: JPC Portfolio Balance Sheet**

	NOTE REF	ACTUAL September-18	ACTUAL September-17
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Prepayment - Outdoor Advertising commission - JPC	9		
<b>CURRENT ASSETS</b>		<b>302 226 984</b>	<b>259 517 728</b>
Trade and other receivables		204 669 605	228 797 683
Debtors - Rentals	1	131 920 271	137 032 366
Doubtful Debts - Move Provision	1	(47 655 156)	(47 655 156)
Debtors - Other: COJ	2	4 602 620	3 617 448
Debtors - Land Sales	3	4 815 650	4 775 575
COJ Portfolio - VAT Claim/Payable Account	4	5 294 816	13 374 859
COJ Departments Debtors	5		17 979 689
JPC Portfolio Loan Account	16		16 428 790
Capital Expenditure: Current Year	10	30 691 403	33 205 007
Capital Expenditure: Prior Year	10	75 000 000	50 039 104
Cash and cash equivalents		<b>97 557 378</b>	<b>30 720 045</b>
STD/ABSA COJ Loan Account - Bank Sweeping	6		
STD/ ABSA Bank: JRA Portfolio Account	7	80 519 295	14 122 797
STD/ABSA Bank - Tenant Deposit Account	8	17 038 083	16 597 248
		<b>302 226 984</b>	<b>259 517 728</b>



**CITY OF JOBURG PROPERTY COMPANY SOC LTD**  
**FIRST QUARTER REPORT 2018-2019**

**EARNINGS AND RESERVES**

Retained Income - Prior Year	59 751 126	73 165 384
Current Period Surplus/(Deficit)	43 329 110	54 449 560
To End Prior Month Surplus/(Deficit)	16 422 016	18 715 824
Current Month Surplus/(Deficit)	11 156 226	6 537 698
	5 265 790	12 178 127

**CAPITAL AND RESERVES**

59 751 126 73 165 384

**NON CURRENT LIABILITIES**

Prepaid Income - Outdoor Advertising

12 -

**CURRENT LIABILITIES**

Trade and Other Payables

STB COJ Loan Account - Bank Sweeping

COJ Portfolio - VAT Claim/Payable Account

Accruals

Receipts In Advance - Rentals

Deposits Received: Tenants

JPC Portfolio Loan Account

Property Portfolio Loan: MOE's

Prepaid - Deposit received on land sales

Creditor (Solar Street Names)

Creditor (Khulu Outdoor)

Unallocated Debtor Receipts

242 475 857

187 007 069  
17 908 268  
13 477 731  
14 364 138  
6 816 650  
409 481  
457 276  
1 944 008  
91 237  
-

186 352 344

78 222 271  
62 895 993  
14 165 437  
14 275 618  
10 662 109  
402 015  
488 114  
1 944 008  
91 237  
3 205 543

302 226 984

259 517 728

**CITY OF JOBURG PROPERTY COMPANY SOC LTD  
FIRST QUARTER REPORT 2018-2019**

**Notes**

1. Debtors balance as per age analysis.
2. This relates to rental accommodation of Councilors, 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.
3. Land sales transferred from COJ to Clients but the full purchase price has not been paid, follow-ups were made by Credit Control when the clients did not respond/pay the outstanding balance they were handed over to the Legal Team.
4. 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 the S A Revenue Services.
5. The COJ STD Bank account reflects the sweeping of cumulative funds between the COJ Portfolio Bank Account to the COJ Treasury account. Currently COJ Departments are delaying payments for work done and as a result, the bank is in overdraft.
6. The amount reflects Tenant deposits held in the COJ Tenant Deposit Account including interest as well as payments received for the Rissik Post Office insurance claims.
7. Prepayment - Outdoor Advertising commission - JPC for the outdoor advertising income prepaid from Continental and Outdoor to clear in April 2018
8. Capital expenditure incurred and not yet paid from the COJ to date is R30 691 403,17. An amount of R75 000 000,00 still has to be paid from the CoJ for the financial year ended 30 June 2018. The budget allocated for the year amounts to R115 900 000,00 for the year 2018/2019.
9. Accruals of R17 908 268 were raised as at 30 September 2018.
10. This item reflects rental paid in advance for the next 30 years by RMB properties which are allocated on a straight line basis, 21 years remaining on the contract.
11. The amount reflects Tenant Deposits held, and Rissik Post Office Insurance paid in the COJ Portfolio Trust account excluding interest earned.
12. The JPC Loan account reflects the commissions due to JPC, 25% on Rentals, 10% on Land Sales and 10% on Capex Projects, and includes amounts received and paid on behalf of the COJ Portfolio. Offsetting in this regard was not taken into account thus JPC owes the Portfolio.
13. The Property Portfolio Loan account reflects amounts due to MOE's based on the income received and expenses paid on their behalf. MOE's Rentals are paid into JPC Main Account and usually are paid over to MOE's the following month.
14. The item reflects deposits received in respect of land sales. The Properties will be transferred to the new owners once full purchase price has been received and the sale registered in the deeds office.
15. Payments received from Solar Street names, no contract exists thus amounts are due and payable to clients.
16. Payments received from Khulu Outdoor, and no contract exists thus amounts are due and payable to clients.
17. Unallocated receipts received in the JPC Portfolio Bank Account. Amounts cannot be allocated due to insufficient information for example lease agreements, unclear transaction description.

**CITY OF JOBURG PROPERTY COMPANY SOC LTD**  
**FIRST QUARTER REPORT 2018-2019**

**Section 2: Statement of Financial Performance and High Level Notes**

**Part A: JPC Income Statement**

NOTE	ACTUAL	APPROVED BUDGET		VARIANCE BETWEEN ACTUAL AND APPROVED BUDGET	FULL YEAR APPROVED BUDGET
		YTD	YTD	YTD	
REF					
<b>INCOME</b>					
1	103 981 500	103 981 500			415 926 000
2	1 002 736	1 512 750		(510 014)	6 051 000
	10 089 231	21 987 306		(11 898 075)	87 949 224
3	8 339 231	20 237 307		(11 898 076)	80 949 228
4	1 750 000	1 749 999		1	6 999 996
5	-	2 170 500		(2 170 500)	8 682 000
6	22 052	-		22 052	-
7	700 416	2 132 250		(1 431 834)	8 529 000
8	-	-		-	-
<b>TOTAL INCOME</b>	<b>115 795 936</b>	<b>131 784 306</b>		<b>(15 988 370)</b>	<b>527 137 224</b>

**CITY OF JOBURG PROPERTY COMPANY SOC LTD**  
**FIRST QUARTER REPORT 2018-2019**

NOTE	ACTUAL	APPROVED BUDGET	VARIANCE BETWEEN ACTUAL AND APPROVED BUDGET	FULL YEAR APPROVED BUDGET
REF	YTD	YTD	YTD	

**EXPENDITURE**

9	341 989	528 446	186 457	2 113
10	2 562 833	6 966 734	4 403 901	785
11	30 658 223	42 334 648	11 676 424	27 866 934
12	3 942 088	9 783 749	5 841 660	169 338 590
13	66 061 300	67 772 750	1 711 450	39 134 995
14	2 523 537	2 526 746	3 209	271 091 000
				10 106 984
15	-	125 245	125 245	500
				980
16	2 918 503	-	(2 918 503)	-
17	2 210 720	1 745 989	(464 731)	6 983
18	11 942	-	(11 942)	956
	111 231 134	131 784 306	20 553 172	-
<b>TOTAL EXPENDITURE</b>				<b>527 137 224</b>

SA Normal Tax

<b>SURPLUS / (DEFICIT)</b>	<b>4 564 802</b>	<b>-</b>	<b>(4 564 802)</b>	<b>-</b>
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**CITY OF JOBURG PROPERTY COMPANY SOC LTD  
FIRST QUARTER REPORT 2018-2019**

**NOTES**

- 1 The subsidy provided to JPC for the 2018/19 financial year.  
2 Internal recoveries relate to management fees for BRT and R&M fees.

3 The COJ Rental Collection Commission, Servitudes and Rates & Taxes are 54.1% below the budget. This is in line with rental collections in Portfolio. There is currently an undertaking to renew leases; this will increase the amount of revenue Portfolio can collect and the commission receivable by JPC.

4 Relates to the Asset Under Management fee for the administration of the COJ's assets.

5 There are no facilitation fee transactions for the YTD.

6 Ad hoc fees relate to services provided by JPC to City Power and Johannesburg Water for property acquisitions.

7 Cell Mast is 67.15% below the budget, the revenue is generated in line with the contract.

8 No Interest has accrued on the sweeping account as the account is in overdraft.

9 Directors' emoluments and expenditure are 35.28% below the budget. This is in line with the number of meetings scheduled for the YTD.

10 Operational spending is 63.21% below the YTD budget. Cost management measures have been implemented to manage expenditure.

11 Contracted expenditure is 27.58% below the budget. These are the fixed costs of JPC.

12 Repairs & Maintenance is 59.71% below the YTD budget. R&M is below the YTD target as projects have been suspended for the 2018/19 financial year when the R&M is to be transferred back to the COJ.

13 Salary expenditure is 2.53% below the budget. It is in line with the payroll of JPC.

14 Professional services are 0.13% below the budget due to the part-payment of the facilities management strategy.

15 There is no expenditure on travel for the YTD.

16 This relates to interest paid on the overdraft, there is no budget allocation.

17 Depreciation is 26.62% above the budget due to additions to the IT infrastructure in 2017/18. It is in line with the fixed asset register.



**CITY OF JOBURG PROPERTY COMPANY SOC LTD**  
**FIRST QUARTER REPORT 2018-2019**

**Part B: Portfolio Income Statement**

INCOME / BILLINGS								
NOTE	ACTUAL	BUDGET	VARIANCE	APPROVED				
REF	YTD	YTD	YTD	BUDGET				
	2017/2018	2017/2018		2017/2018				
1	18 962 130	23 793 250	-4 831 120	95 173 000				
2	-171 980	795 500	-967 480	3 182 000				
3	524 271	4 159 750	-3 635 479	16 639 000				
4								
5	10 559 002	75 000 000	-64 440 998	300 000 000				
6	-	5 000 000	-5 000 000	20 000 000				
TOTAL INCOME				434 994 000.00				

**CITY OF JOBURG PROPERTY COMPANY SOC LTD**  
**FIRST QUARTER REPORT 2018-2019**

**EXPENDITURE**

	NOTE REF	ACTUAL YTD	BUDGET YTD	VARIANCE YTD	APPROVED BUDGET 2017/2018
Contacted Services: Business Advisory PM	7a	708 123	1 753 500	1 045 377	7 014 000
Contacted Services: Business Advisory Research	7b		2 500 000	2 500 000	10 000 000
Contacted Services: Business Advisory Valuer	7c		1 066 500	1 066 500	4 266 000
Contacted Services: Cleaning	7d	880 446	3 771 250	2 890 805	15 085 000
RM: Buildings	8a	544 059	12 204 250	11 660 191	48 817 000
RM: Fencing	8b		2 780 000	2 780 000	11 120 000
RM: Lifts	8c		143 750	143 750	575 000
Bad and Doubtful Debts	9		475 000	475 000	1 900 000
General Expenses: Electricity supply	10	1 347 790	1 125 000	-222 790	4 500 000
General Expenses: Refuse Fees	11		1 390 000	1 390 000	5 560 000
Advertising, Publicity and Marketing	12	25 000	823 000	798 000	3 292 000
General Expenses: CID	13		524 000	524 000	2 096 000
General Expenses: Sundries	14		65 750	65 750	263 000
Internal Recoveries: JPC Commission	15	9 945 990	19 382 750	9 436 760	77 531 000
Internal Recoveries: Internal Charges Core	16		10 042 500	10 042 500	40 170 000
Depreciation: Other Assets	17		118 750	118 750	475 000
<b>TOTAL EXPENDITURE</b>		<b>13 451 407</b>	<b>58 047 250</b>	<b>44 595 843</b>	<b>232 664 000</b>

**SURPLUS / (DEFICIT)**

	<b>16 422 016</b>	<b>50 701 250</b>	<b>-34 279 234</b>	<b>202 330 000</b>
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**CITY OF JOBURG PROPERTY COMPANY SOC LTD**  
**FIRST QUARTER REPORT 2018-2019**

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**Notes**

1. COJ Rentals: The overall revenue anticipated from the rentals collection is **20.3% below** the targeted YTD budget.
2. This item reflects interest charged on overdue tenant accounts. The interest generated on the debtor's accounts **121.6% below** the targeted YTD budget.
3. Other income is derived from servitude rights and income billed for services rendered on behalf of COJ Department. Income derived from servitude is **87.4% below** the YTD budget.
4. Bad debts on referred to legal recovered in the period 1 July 2015 - 30 June 2016, no bad debts have been recovered. Base rental to be charged after site audit. Delays in the approval of the city by-laws regulating outdoor advertising.
5. Income derived from outdoor advertising and promotions, **85.9% below** the targeted Annual budget. Outdoor leases are on turnover. Base rental to be charged after site audit.
6. Gains on Disposal of Assets is **100% below** the YTD budget. Transaction reports submitted to City EAC committee have yet to be approved, thus delays stifling income.
- 7a. Contracted Services: Business Advisory PM is **60% Below** YTD budget. These are Portfolio Fixed Costs, on overall contracted services.
- 7b. No expenditure recorded in July, due to finalisation of the POP: Professional Services.
- 7c. No expenditure recorded in July, due to finalisation of the POP: Professional Services.
- 7d. Contracted services: Cleaning - expenditure incurred on the provision of cleaning services is **77% below YTD**. Statutory increments yet to be implemented as per government gazette.
- 8a. Repairs and maintenance of buildings are **95.5% below** the YTD budget. The expenditure relates to the maintenance of the council-owned buildings and properties to maximise profitability through a maintenance plan repairs and maintenance is in line with spending plans.
- 8b. No expenditure recorded in July, due to finalisation of the POP: Contractors.
- 8c. No expenditure recorded in July, due to finalisation of the POP: Contractors.
9. No expenditure incurred this month
10. No expenditure incurred this month
11. General Expenses: Refuse Fees- expenditure incurred on refuse collection services is **3% below** the YTD budget.
12. Advertising, Publicity and Marketing- expenditure incurred on this line item recorded is **10.9% below** the YTD budget.
13. No expenditure incurred this month
14. No expenditure incurred this month
15. Internal Recoveries: JPC Commission is currently **48.7% below YTD budget** indicating the security expenses are within budget. Delay in the conclusion of new leases, lease renewals, servitude registrations and land sales has resulted in the drop in commission payable to JPC.
16. No expenditure incurred this month
17. No expenditure incurred this month

### Section 3: Cash Flow Statement

Statement of Cash flow for the City of Joburg Property Company SOC Ltd  
Quarter-ended: 30 September 2018

	2018/19	2017/18
<b>Cash flows from operating activities</b>		
Rendering of services	55 550 337	55 812 688
Subsidies	103 981 500	368 134 000
Interest Income	-	1 151 674
	<b>159 531 837</b>	<b>425 098 362</b>
<b>Payments</b>		
Employee costs	-66 403 289	-259 372 605
Suppliers	-257 060 675	-334 729 135
Finance costs	-2 918 503	-37 286 819
	<b>-326 382 467</b>	<b>-631 388 559</b>
<b>Net cash flows from operating activities</b>	<b>-166 850 630</b>	<b>-206 290 197</b>
<b>Cash flows from investing activities</b>		
Purchase of PPE	-22 851	-1 703 536
Proceeds/(Loss) on disposal of PPE	-	-
Purchase of intangible assets	-	-
Payment of deposits	-	-9 934
<b>Net cash flows from Investing activities</b>	<b>-22 851</b>	<b>-1 713 470</b>
<b>Cash flows from financing activities</b>		
Net movement of shareholders loan	167 980 907	211 815 578
Finance lease payments	-1 107 426	-3 811 911
<b>Net cash flows from financing activities</b>	<b>166 873 481</b>	<b>208 003 667</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at 01 July 2018</b>	<b>2 000</b>	<b>2 000</b>
<b>Cash and cash equivalents at 30 September 2018</b>	<b>2 000</b>	<b>2 000</b>

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**Section 4: Capital Projects and Expenditure**

Capital expenditure incurred and not yet paid from the COJ to date is R30 691 403.17. An amount of R75 000 000.00 still has to be paid from the CoJ for the financial year ended 30 June 2018. The budget allocated for the year amounts to R115 900 000.00 for the year 2018/2019.

Project No	JSIP No	Details	Annual Budget	1st Quarter Budget	1st Quarter Actuals	1st Quarter Variance	Overall Variance	% Spent Quarter	% Spent Overall
1	4142	Erf 43-46 Victoria Ext 3(Paterson Park Node) VICTORIA EXT.3 E Regional	5 000 000	750 000	-	750 000	5 000 000	0%	0%
2	4180	Watt Street Inter-change New Housing Development WYNBERG E Regional	2 000 000	300 000	-	300 000	2 000 000	0%	0%
3	4181	Rosebank Linear Park Redevelopment New Precinct Redevelopment ROSEBANK B Regional	10 000 000	1 500 000	-	1 500 000	10 000 000	0%	0%
4	4184	Office Space Optimisation Program New Precinct Redevelopment JOHANNESBURG F City Wide	8 800 000	1 280 000	-	1 280 000	8 800 000	0%	0%
5	6348	Newtown Land Preparation and Packaging	5 000 000	750 000	-	750 000	5 000 000	0%	0%
6	22084	Newtown Public Park Upgrade and service connections	10 000 000	1 500 000	-	1 500 000	10 000 000	0%	0%
7	22149	Micrand Station Development public environment upgrade	3 000 000	450 000	-	450 000	3 000 000	0%	0%
8	3843	Neighbourhood Development for Bertrams Priority Block New Building Alterations BERTRAMS F Regional	10 000 000	1 500 000	-	1 500 000	10 000 000	0%	0%
9	3844	Site Development Projects New Land Preparation JOHANNESBURG F City Wide	5 000 000	750 000	639 549	110 451	4 360 451	85%	13%
10	2421	Soweto Empowerment Zone New Economic Infrastructure DIEPKLOOF D Regional	3 000 000	450 000	-	450 000	3 000 000	0%	0%
11	2507	Sandown Extension 49 Erf 575RE Renewal Building Alterations SANDOWN EXT.49 E	27 300 000	27 300 000	27 300 001	-1	-1	100%	100%
12	2638	Dobsonville Informal Trading Market Upgrading and construction of Informal Trading Facility New Informal trading Stalls DOBSONVILLE D Ward	5 000 000	750 000	-	750 000	5 000 000	0%	0%
13	2523	Jabulani CBD Precinct development New Operational Capex JABULANI D Ward	5 000 000	3 500 000	2 751 853	748 147	2 248 147	79%	55%
14	2280	FMMU - Public Conveniences New Public toilets JOHANNESBURG F Ward	5 000 000	750 000	-	750 000	5 000 000	0%	0%
15	2284	Revamping of the Informal Trading Stalls within the Inner City Renewal Operational Capex JOHANNESBURG F Ward	10 000 000	1 500 000	-	1 500 000	10 000 000	0%	0%
16	2669	Computer Equipment New Computer Upgrades BRAAMFONTEIN WERF EXT.1 F City Wide	2 000 000	300 000	-	300 000	2 000 000	0%	0%
			<b>115 900 000</b>	<b>43 340 000</b>	<b>30 691 403</b>	<b>12 648 597</b>	<b>85 208 597</b>	<b>71%</b>	<b>26%</b>



## Section 5: Ratios Analysis

### Part A – JPC

#### Liquidity Ratio

JPC is currently owed R548 million from trade and intercompany debtors, and this has hampered the cash position of the entity. This affects the ratio and reflects poorly upon JPC. JPC has a current ratio of 0.79:1 as compared to the norm of 1:1. The sweeping account currently reflects as negative R546 million. It is improbable nor prudent for JPC to consider settling intercompany creditors and loans until the cash position of the entity has stabilised. However, the cash position is likely to reverse as revenue and collections increase during the 2018/19 financial year with the influx of intercompany receipts.

*Below is a detailed table illustrating amounts owed to JPC from various departments and MOE's*

Department	Opening Balance	Billing	Receipts	Closing Balance
COMMUNICATIONS	848 944.98	-	-	848 944.98
GROUP GOVERNANCE	632 499.98	-	-	632 499.98
PUBLIC SAFETY	30 028 578.67	-	-	30 028 578.67
LEGAL SERVICES DEPT	253 000.00	-	-	253 000.00
METROBUS	9 548 962.47	398 882.57	-9 947 845.04	-
OFFICE OF THE CITY MANAGER	9 478 072.43	-	-	9 478 072.43
OFFICE OF THE EXECUTIVE MAYOR	43 839 461.50	-	-	43 839 461.50
City Power	207 734.23	-	-115 254.08	82 480.15
CRUM	1 021 039.33	-	-113 495.38	907 543.95
Com Dev	102 122 723.00	418 694.80	-11 850 078.52	90 691 339.28
Dept of Economic Development - DED	4 081 034.78	39 948.98	-227 845.05	3 893 138.69
Dev Planning	7 119 946.55	201 618.97	-5 270 585.30	2 051 000.22
Health	14 225 781.47	748 754.11	-8 849 445.46	8 125 090.12
Housing 1 - 300 COJ	2 431 323.90	-	-	2 431 323.90
Housing 2	78 034 418.30	1 245 403.12	-4 190 232.95	75 089 588.47
Transport	58 911 018.12	3 441 245.05	-11 816 901.20	50 535 361.97
Transport - BRT	4 896 171.09	4 113 188.74	-2 797 874.49	6 211 485.34
EMS	32 674 365.88	690 772.30	-16 115 823.23	17 449 314.75
EIS	882 722.00	66 578.93	-614 768.62	334 532.31
GCIT	12 639 580.46	116 458.80	-92 992.68	12 663 026.58
GCSS	7 475 703.86	-	-2 499 989.99	4 975 703.87
Revenue and Finance	12 545 424.41	120 215 928.18	-80 586 656.58	52 174 696.01
JMPD	92 188 516.99	1 375 034.03	-	93 561 551.02
SOCIAL DEVELOPMENT	17 988 016.81	151 732.38	-17 988 017.14	151 732.05
Speaker	33 341 078.81	766 706.00	-1 148 266.79	32 959 518.02
JRA	28 996.73	-	-28 996.73	-
OMBUDSMAN	1 130 213.53	1 604 867.88	-45 192.44	2 689 888.97
CoJ - Portfolio	8 016 809.79	14 739 728.26	-19 388 841.83	3 367 796.22

Department	Opening Balance	Billing	Receipts	Closing Balance
GROUP FORENSIC	2 329 200.11	428 833.42	-2 329 200.11	428 833.42
GROUP STRATEGY AND MONITORING	879 174.98	-	-	879 174.98
GROUP AUDIT AND RISK	318 250.00	-	-	318 250.00
JHB Water	1 683 844.85	1 347.80	-	1 685 192.65
METROPOLITAN TRADING COMPANY	70 307.00	26 631.16	-26 631.17	70 306.99
	591 648 985.61	150 792 353.46	-184 044 824.78	548 396 415.29

#### **Debtors Collection Period**

JPC has debtors' collection ratio of 84 days for 3<sup>rd</sup> party/external debtors. Collection of third party debtors have declined due to the timing difference for the receipt of cell mast income and other 3<sup>rd</sup> party debtors. The debtors' collection ratio for intercompany debtors is 439 days. The decline in the intercompany debtors' collection ratio is due to the timing differences in the collection of intercompany debtors and non-payment by COJ departments and other MOE's.

#### **Solvency Ratio**

JPC has a solvency ratio of 0.84:1 against the norm of 2:1 and is factually insolvent, whereby the financial statements indicate that there are insufficient assets to cover all liabilities. A letter of surety will be requested from the office of the City Manager to ensure that the JPC remains a going concern.

#### **Cost Coverage Ratio**

Due to the negative cash flow of JPC, the cost coverage ratio is negative 15.03:1. However, the ratio is not a true reflection of JPC's operational expenditure as R&M related to and expensed by the COJ is paid for by JPC and offset against internal recoveries revenue. Cash has also been used to pay for accruals related to the 2017/18 financial year.

#### **Creditors Payment Cycle**

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

### **PART B - CoJ-JPC Portfolio**

#### **Liquidity Ratio**

CoJ-JPC Portfolio has a current ratio of 1.25:1 as compared to the norm of 2:1, with a negative cash flow of R187 million for the period under review as compared to the positive cash flow of R78 million for the same period in the 2016/17 financial year. Intercompany debtors currently owe Portfolio R110 million. This accounts for 37% 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 the cash position and liquidity. An average monthly collection is between R9m – R12m that is sufficient to cover average monthly expenditure.

#### **Debtors Collection Period**

CoJ-JPC Portfolio collection period is 105 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 the Mayoral Committee for approval.

#### **Solvency Ratio**

CoJ-JPC Portfolio has a solvency ratio of 1.24:1 against the norm of 2:1 and is currently solvent. The CoJ-JPC Portfolio Financials indicate that there are sufficient assets to cover all liabilities despite not meeting the ratio norm.

#### **Cost Coverage Ratio**

The Portfolio has a cost coverage ratio of negative 41.7:1. This is due to a negative sweeping account balance of R187 million and average monthly expenditure is R4.4 million.

#### **Creditors Payment Cycle**

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

### **SECTION 6: SUPPLY CHAIN MANAGEMENT AND BBBEEE**

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

The SCM Policy ascribes to a procurement system which:

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

#### **Deviations**

##### **JPC Entity**

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

#### City Portfolio

There are no deviations

#### Payment within 30 days

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

#### Section 7: Fruitless and Wasteful Expenditure

DESCRIPTION			ESTIMATED AMOUNT	CATEGO RY	CORRECTIVE MEASURES		
UNAUTH ORISED EXPENDI TURE	IRREGULAR EXPENDITURE	FRUITLESS AND WASTEFUL EXPENDITU RE			DISCIPLINARY ACTION	CRIMINAL CHARGE	OTHER
None	None	None	R nil		None	None	None

#### SECTION 8: PENDING LITIGATIONS AND POSSIBLE LIABILITIES

##### JPC Entity

None

##### City Portfolio

Legal action brought by JPC on behalf of COJ

Legal action brought against brought against the COJ and/or against JPC on behalf of the COJ.

#### SECTION 9: 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 10: STATEMENT ON AMOUNT OWED BY AND TO GOVERNMENT  
DEPARTMENTS AND PUBLIC ENTITIES**

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



**CHAPTER SIX: INTERNAL AND EXTERNAL AUDIT FINDINGS**



***Alex Mall facilitated by JPC***




## Section 1: Results of Internal Audits

Group Internal Audit Services (GIAS) is responsible for performing the Internal Audit Function (IAF) of JPC. The three-year rolling internal audit plan is reviewed and approved annually by the Audit and Risk Committee (ARC) after taking into account both strategic and operational risks of the entity. The ARC has not approved the three-year rolling plan and annual internal audit plan for the period under review.

The internal audit plan for 2017/18 financial year was not completed. This is the first time in years that JPC's audit plan was not completed. Only two of the twenty-two audits were completed. GIAS and JPC Management disagreed on ten audits and the remaining ten were either not executed or presented to management.

The board and the City Manager are currently dealing with the issue of the effectiveness of the Internal Audit Function of JPC.

### Progress made on the Annual Plan

Control environment (CE) rating	Preventative or detective controls are in place	
	Control environment requires improvement	
	Internal controls are not in place and intervention is required to design and implement appropriate controls	

The internal audit plan for the 2018/19 has not been presented to management and not approved by the board.

## Section 2: Progress on Resolution of Internal Audit Findings

Management is disputing the audit findings raised by GIAS on the ten audits concluded. Even though there are some findings that JPC management agrees with, the unavailability of Group Chief Audit Executive to discuss the reports has resulted in the reports not being signed off by the Accounting Officer. The Audit and Risk Committee resolved to appoint an external service provider to mediate the audit finding an issue.

Management has resolved all the findings raised in the two internal audit reports that were signed off by the Accounting Officer.

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

The Auditor General of South Africa (AGSA) finalised the 2016/17 audit and issued their audit and management report letter on 30 November 2017. 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 2017 and its financial performance and cash flows for the specified year that ended. No material findings identified the usefulness and reliability of the reported performance information. There were also no instances of non-compliance where key legislation was concerned, as set out in the general notice issued in terms of the Public Audit Act. AGSA audit report issued to JPC indicates a "clean audit" for a third consecutive time

The two findings raised by the auditors related to regulation 44 (suppliers in the employ of the state) and audit of predetermined objectives. JPC has stopped doing business with the suppliers identified by AGSA. The predetermined objective finding relating to adjustment of figures reported for SMMEs supported and job opportunities created is part of the current audit by GIAS.

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

The state of internal controls remains sound according to management, even though the internal audits have not adequately assessed the effectiveness of internal controls implemented by management to manage the risk.