


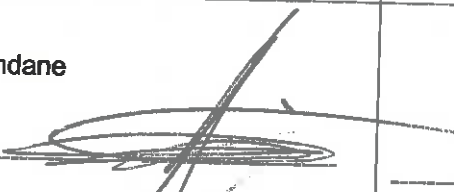
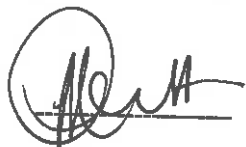


**City of Joburg Property Company SOC Ltd**  
Mid-Term Quarter Report

**2018/2019**

Registration No: 2000/017147/07

## APPROVAL


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<p>Ms. Helen Botes</p> <p>_____</p> <p></p> <p>Name &amp; Surname Signature</p> <p>Chief Executive Officer</p>	<p>_____</p> <p>Date of approval</p>
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<p>Cllr. Leah Knott</p> <p>_____</p> <p></p> <p>Name &amp; Surname Signature</p> <p>Member of Mayoral Committee</p>	<p><u>6 FEBRUARY 2019</u></p> <p>Date of approval</p>

Acronym	Name
AFS	Annual Financial Statements
AG	Auditor-General
AGM	Annual General Meeting
AGSA	Auditor-General of South Africa
AIC	Independent Audit Committee
AIDS	Acquired Immune Deficiency Syndrome
ARIC	Audit and Risk Committee
B-BBEE	Broad-Based Black Economic Empowerment
BEE	Black Economic Empowerment
BMI	Body Mass Index
BSA	Software Alliance
CAPEX	Capital Expenditure
CBO	Community-Based Organisation
CCMA	Commission for Conciliation, Mediation and Arbitration
COBIT	Control Objectives for Information and Related Technology
CoJ	City of Johannesburg Metropolitan Municipality
CoT	City of Tshwane
CSI	Corporate Social Investment
CSU	Client Servicing Unit
DED	Department of Economic Development
EAC	Executive Adjudication Committee
EAP	Employee Assistance Programme
EE	Employment Equity
EPWP	Expanded Public Works Programme
FMM	Facilities Management and Maintenance
FRA/CC	Fraud and Corruption Committee
GBCSA	Green Building Council of South Africa
GCSS	CoJ. Group Corporate Shared Services
GDS 2040	Growth and Development Strategy 2040
GIS	Geographic Information System
GRAP	Generally Recognised Accounting Practice
GRAS	Group Risk and Advisory Services
GRI	Global Reporting Initiative
HIV	Human Immunodeficiency Virus
IAS	International Accounting Standards
ICT	Information and Communication Technology
IDP	Integrated Development Plan
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
ILP	Individual Learning Plan
IMPSA	Institute of Municipal People Practitioners of Southern Africa

Acronym	Name
IOC	Integrated Operations Centre
IPM	Institute of People Management
ISPPA	International Standards for the Professional Practising of Internal Auditing
IT	Information Technology
ITIL	Information Technology Infrastructure Library
JCCI	Johannesburg Chamber of Commerce and Industry
JPC	City of Joburg Property Company SOC Ltd
KPI	Key Performance Indicator
LIS	Land Information System
LLF	Local Labour Forum
MDG	Millennium Development Goal
ME	Municipal Entity
MFMA	Municipal Finance Management Act, No 56 of 2003
MMC	Member of the Mayoral Committee
MOE	Maintenance Of Effort
MOU	Memorandum Of Understanding
MSA	Municipal Systems Act, 2003
MTC	Metropolitan Trading Company
NED	Non-Executive Director
NGO	Non-Governmental Organisation
OHSA	Occupational Health And Safety Act, 1993
OPEX	Operational Expenditure
PIMS	Property Information Management System
POC	Proof Of Concept
RDP	Reconstruction and Development Programme
REMCO	Remuneration and Human Resources Committee
RFP	Request For Proposal
SAPOA	South African Property Owners Association
SCM	Supply Chain Management
SDA	Service Delivery Agreement
SDBIP	Service Delivery Budget Implementation Plan
SDJOC	Service Delivery Joint Operations Committee
SDM	Service Delivery Model
SHE	Safety, Health and Environment
SMMEs	Small, Medium and Micro-Enterprises
SOC	State-Owned Company
UNGC	United Nations Global Compact
WMC	Work Management Centre
WSP	Workplace Skills Plan
YTD	Year-To-Date

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# Chapter 1

## Corporate Profile and Overview

Nyambeleni Tshindane



Chairperson

It gives me great pleasure to table JPC's mid-term report for the 2018/19 Financial Year on behalf of the JPC Board of Directors (the Board) which covers the period 01 July to 31 December 2018.

The Board through its various Committees did much work, however many challenges remain as we re-position the JPC towards integration into the CoJ. One of the critical 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 CoJ buildings and land have to be adequately addressed.

The Board underwent some significant changes, with the appointment of five new Board members on 13 November 2018. I was also appointed by the Shareholder to take over the Chairpersonship of the Board effective 20 November 2018 and in this regard wish to thank Mr. Pat Corbin for steering the ship over the past 19 months. I also wish to thank the existing Board members before 13 November 2018 for the contribution they have made thus far to the JPC. The various Committees of the Board have also been re-constituted and strengthened as we look to continue executing the mandate of the Shareholder.

The Board and its committees held numerous meetings to address 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, 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 Mid-Term review on behalf of the JPC Board of Directors.

.....  
Nyambeleni Tshindane  
Chairperson

WELCOME TO OUR 2018/2019 MID-TERM REPORT



The JPC mid-term report is characterised by pioneering achievements. One of these achievements relates to Council approval of JPC transactions which would result in investment value of over 40 million within property development and

construction. This historical council approval influences directly on the nine mayoral priorities i.e. Promotion of economic development and attraction of investment towards achieving 5% economic growth that reduces unemployment by 2021.

Secondly, JPC has managed to obtain a clean audit outcome for the fourth consecutive year. The 2017/2018 clean audit outcome gives traction to the norm for continuous improvement in respect of internal control drivers i.e. Leadership Oversight, Governance and Financial performance management.


JPC's financial turnaround strategy focuses on unlocking the potential revenue streams from the property portfolio as part of targeting the solvency issue. JPC has engaged its shareholder to address challenges with regards to R504 million intercompany debt, which hampers its cash position. The engagements with shareholder will lead to the collection of intercompany debt and improve JPC's solvency ratio.

JPC managed to achieve 53% of targets set out in Business Plan due for the mid-term report. This achievement entails a R360 million investment spend on projects, acquisition of properties and 31% Capex expenditure.

Robust stakeholder engagements targeting Councillors occurred during the regional roadshows sessions. These engagements provided an opportunity to address matters affecting service delivery with Councillors and ensured understanding of various factors such as JPC key processes influencing service excellence.

The Inner-City Rejuvenation Programme intends building an inclusive society within the enhanced quality of life for residents of the Inner City. To date phase one, two and three have been implemented concurrently resulting in a launch of seventy-one (71) properties in an auspicious occasion with various stakeholders (i.e. prospective bidders; esteemed members of the Executive Council; City employees and various captains of industry).





The launch of the Inner City Rejuvenation project provided an opportunity for key stakeholders to support and understand the City of Joburg's vision for the Inner City regeneration

JPC continues to invest in initiatives, which aim to offer employee growth opportunities i.e. forty-three (43) employees were promoted to higher positions through the internal recruitment process and fifty-six (56) employees were upskilled as part of skills development programmes. Putting safety first is the number one behaviour at JPC, which we are, determined to improve.

The forthcoming quarters, JPC's focus will continue to be on the attraction of investment on COJ property and revenue generation.

In conclusion, I am confident with the progress we have made thus far, JPC will realise its strategic mandate. We can only achieve our ambition through the ongoing collaborative efforts of Board, Management team and JPC employees.

I want to welcome the interim Board members and trust that through their oversight role and support will continue to accelerate JPC on a better excellence journey.

.....  
Helen Botes  
Chief Executive Officer

Imraan Bhamjee

**Chief**  
Financial Officer




For a fourth consecutive year, JPC has achieved a clean audit outcome. The success of the audit is almost unprecedented in JPC as there are no material findings, adjustments and amendments for Finance, Human Resources, Supply Chain Management and

Compliance. A tremendous amount of planning went into the preparation of the audit and the outcome illustrates the endeavours of everyone involved. Preparation has already begun for the 2018/19 financial year audit with emphasis on maintaining our internal control and financial reporting environments.

The mid-term budget review for 2018/19 is currently underway and will conclude before the end of quarter three. JPC has submitted its revised proposals for the next three financial years with prominence being placed on unlocking the potential revenue streams from the portfolio. The budget and the strategic direction of the entity will be decided and revealed during the Budget Lekgotla in February 2019. No budget adjustments have been requested for the portfolio. The most pressing challenge facing JPC is maintaining employee costs within the constraints of the budget provided as inflationary increases to remuneration and benefits have been applied. Additional funding for employee costs have been requested in the 2018/19 mid-term budget review and will be adjudicated by the COJ.

Given the business cycle of the entity and the COJ, the second quarter has revolved primarily around the Auditor General's annual external audit. JPC incurred a loss of R30.3 million for the year-to-date second quarter due to inadequate revenue generation from the Portfolio as illustrated by a R24.8 million revenue shortfall in quarter two. The interest expense on the overdraft contributed R14.7 million to the loss for the second quarter; at its current trajectory the interest is anticipated to total +/-R24 million by the end of quarter three. The COJ approved a reversal of interest for 2017 and 2018 financial years, totalling R40.2 million, in October 2018. Considering that the circumstances around JPC incurring interest relate to late payments by the COJ, JPC will again request an interest reversal before the end of the 2019 financial year.

The cash position of the entity resides at negative R526 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 R215 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. JPC is currently owed R504 million from intercompany debtors and this has hampered the cash position of the entity. JPC has a current ratio of 0.8:1 as compared to the norm of 1:1. The sweeping account or cash position currently reflects as negative R526 million. Collection of outstanding intercompany debt coupled with an increase in facilitation fees and a rise in commission from the Portfolio will see JPC have enough cash to reverse the overdraft. It is improbable nor prudent



for JPC to consider settling intercompany creditors and loans until the cash position of the entity has stabilised. JPC has been granted a subsidy of R415.9 million for the 2018/19 financial year. The subsidy only covers expenditure related to support the upkeep of the COJ's corporate buildings and these expenses are limited to rental, cleaning, security and maintenance. Other profit centres of JPC for materials and employee costs cover any shortfalls from the subsidy, for public facilities as an example. The solvency ratio of JPC is 0.88:1 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 provided by the office of the City Manager to ensure that the JPC remains a going concern.

Currently 31% of the overall Capex budget of R128.2 million has been spent. Other projects are currently in the planning and appointment phases. Prioritisation is to be placed on the Rissik Street Post Office, public convenience facilities and informal trading facilities in quarter three resulting in R90 million of the allocated R128.2 million being spent. It is anticipated that the full budget allocation will be spent by the conclusion of the third quarter of 2017/18.

The overall total operating expenditure, before taxation, for the year to date December 2018 is R263 million, this equates to a 0.16% overspend of the allocated budget. This is due to employee costs exceeding its allocated budget and interest of R14.7 million on the overdraft. Fixed expenditure is currently 79.48% of total expenditure for quarter two with R&M being the main driver of variable expenditure. The budgetary constraints are tight to reduce expenditure further to increase profitability. There was no fruitless and wasteful expenditure incurred by JPC in the first two quarters of 2018/19 financial year.

JPC is currently awaiting the outcome of the COJ's review on its appointment of the fleet services that was procured by the COJ on behalf of the entire group, including JPC. The matter was raised by the Auditor General during the 2017/18 financial year audit that resulted in all fleet expenditure being deemed irregular and disclosed as such in the 2018 annual financial statements. As fleet services are essential to the operations of JPC, and the appointment is controlled by the COJ, JPC has to continue to utilise the services until advised otherwise by the COJ. For the year to date December 2018, fleet services totalled R2 102 080. No additional deviations have been incurred in the second quarter of 2018/19 and those reported are a continuation of deviations previously disclosed. In terms of the MFMA, existing deviations are still required to be reported. The BEE spend is an indication of JPC's commitment to transformation and currently resides at 100% of all goods and services acquired by both JPC and Portfolio. Quarter 3 will see the conclusion of the 2018/19 mid-term budget review as well as the direction the COJ requires JPC to take for the financial years going forward.

.....  
Imraan Bhamjee  
Chief Financial Officer

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 518 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:

### 1. 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 assure 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.

### 2. 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.

### **3. 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.

### **4. 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.

### **5. 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, Brol 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.

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:



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

## Outcome



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 3: Create a culture of enhanced service delivery with pride
- 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

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.
Priority 1	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>
Priority 2	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>
Priority 3	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>
Priority 7	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 2

### Governance

The Board of directors for the mid-term under review consisted of ten (10) Non-Executive Directors. Namely: Mr. Patrick Corbin ( Former Chairperson), Professor Aly Karam, Ms. Maggie Mojapelo, Mr. Newton Baloyi, Mr. Oscar Maseko and new appointees since 13 November 2018: Mr. Nyambeleni Tshindane (newly appointed Chairperson), Ms. Nompumelelo Hlatshwayo, Mr.Thabo Motloung, Mr. Mongezi Ntanga and Prof Kevin Wall. There were also two (2) Executive Directors namely Ms. Helen Botes (Chief Executive Officer) and Mr. Imraan Bhamjee (Chief Financial Officer).

Board members have a wide range of skills, which include, Marketing & Sales, Finance & Auditing, Transport & Logistics, Accounting, Architecture, Town, Urban & Regional Planning, Low-Cost Housing Development, Quantity Surveying, Strategic Planning, Transformation & Change Management, Community Development and Law.

The Board retained full control over the Company and remains accountable to the CoJ, the sole shareholder and its stakeholders, the citizens of Johannesburg. A Service Delivery Agreement (SDA) concluded in accordance with the provisions of the MSA governs the entity's relationship with the CoJ. The Board provides quarterly, bi-annual and annual reports on its performance and service delivery 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 their responsibilities are 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. They monitor 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.

During the period under review the following meetings were held:

	ARC Committee	Transactions & Service Delivery Committee	REMCO, Social & Ethics and Transformation Committee
26 July 2018	19 July 2018	23 July 2018	24 July 2018
29 August 2018	10 August 2018	17 October 2018	10 December 2018
05 October 2018	29 October 2018		
09 October 2018	26 November 2018		
20 November 2018			
25 November 2018			
11 December 2018			

As indicated above the Organisation has the following Board Committees:

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

### Audit and Risk Committee


The Committee comprises of six (6) members, two of whom were Non-Executive Directors of the Board, namely Ms. Modi Hlobo (Former Chairperson – resigned 3 September 2018), Ms Maggie Mojapelo, Mr. Newton Baloyi (replaced as a member) and Mr. Thabo Motloung (newly appointed Chairperson – 20 November 2018). The two Independent members: Mr. Lindani Mabuza and Mr. Vusi Mokwena (resigned on 3 December 2018).

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 Terms of Reference (TOR) for the Committee were amended and approved in October 2018. The TOR now makes provision for the re-focus on Internal Audit matters now that the Shareholder, through its Group Internal Audit Services Unit has centralised this function.

The Committee has been delegated the task of among other things overseeing the quality, integrity and reliability of the financial and risk management function. In terms of its mandate, it reviews and assesses the integrity and the quality of risk control systems as ensures that risk policies and strategies are with effectiveness managed.





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 well as various other applicable legislation to assist the Board with its oversight role.

The committee met four times during the period under review

### **Social & Ethics (Incorporating REMCO and Transformation) Committee**

The Social & Ethics (Incorporating REMCO and Transformation) Committee comprised of five members, namely: Ms. Maggie Mojapelo (Former Chairperson), Mr. Newton Baloyi (rotated by the Board in September 2018), Ms. Modi Hlobo (resigned as Director – 3 September 2018), Mr. Oscar Maseko, Prof. Aly Karam and Ms. Nompumelelo Hlatshwayo (appointed Chairperson on 20 November 2018).

The purpose of this Committee is to monitor the Company's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice.

The Terms of Reference for the Committee was amended and approved by the Board in December 2018. It looks 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 and labour and employment.

The Committee is also responsible for producing ground-breaking interventions in transformative property programs led by the JPC. The JPC aims to align Transformation with the Corporate Strategy. Other focus areas will be:

- The development and implementation of a coherent internal Transformation Framework and Strategy;
- Aligning internal Transformation and Operations to the Transformation Scorecard;
- Tracking Employment Equity deliverables;
- Whereas the Transactions & Service Delivery Committee of the Board will implement the creation of opportunities for Transformation through transactions, this Committee will oversee that such opportunities are created through:
  - The increase of procurement of goods and services from BBBEE suppliers;
  - The facilitation of accessibility of finance for property ownership and property development;
  - The encouragement of good corporate social investment projects;
  - The promotion of investment in the property sector and contribution to the growth of the sector; and
- Supporting the Transformation Strategic Framework through monitoring the development of detailed plans that ensure that every department within the Company delivers on Transformation and

The Committee's focus on Human Resources will focus on, but not be limited to the following broad aspects:



- Monitoring whether or not the JPC Organisational structure and by extension its human capital can deliver on the JPC Strategic Objectives;
- Monitoring performance against the JPC's Strategic Objectives; and
- Monitoring Strategic Human Resources deliverables in accordance with the Human Resources Dashboard.

The Committee met twice during the period under review.

### Transactions and Service Delivery Committee

The Transaction Committee comprises of six members, namely: Mr. Newton Baloyi (Former Chairperson), Professor Aly Karam, Mr. Patrick Corbin and Ms. Maggie Mojapelo. Mr. Mongezi Ntanga (newly appointed Director was appointed Chairperson on 20 November 2018 and Prof. Kevin Wall joined the Committee as members. Amended Terms of Reference (TOR) for the Committee was approved in October 2018.

The amended TOR include:

- Reviewing the parameters of Delegations of Authority to Management;
- Reviewing the Delegations of Authority from the Shareholder to the JPC;
- Investigating ways of disposal of Properties including through auction;
- Monitoring the Lease Management process which includes, the termination of leases and sourcing of new tenants; and
- Monitoring of Repairs and Maintenance and Capex Transactions.

All property transactions are considered by the Committee, which makes recommendations to the Board and/or the Shareholder. The Committee with delegated powers from the Board deal effectively with certain 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 twice during the period under review.

### Entity Remuneration Policy

The Directors of the Board are appropriately rewarded for their valuable contribution to the Company. In line with King IV the Remuneration Committee (the role played by Shareholder Unit within the City of Johannesburg Group Governance Department) governs the remuneration and recommends an amount to be paid to the Board.

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

Board	ARC Committee	Transactions and Service Delivery Committee	REMCO, Social & Ethics and Transformation Committee
26 July 2018	19 July 2018	23 July 2018	24 July 2018
29 August 2018	10 August 2018	17 October 2018	10 December 2018
05 October 2018	29 October 2018		
09 October 2018	26 November 2018		
20 November 2018			
25 November 2018			
11 December 2018			

#### Non-Executive Directors

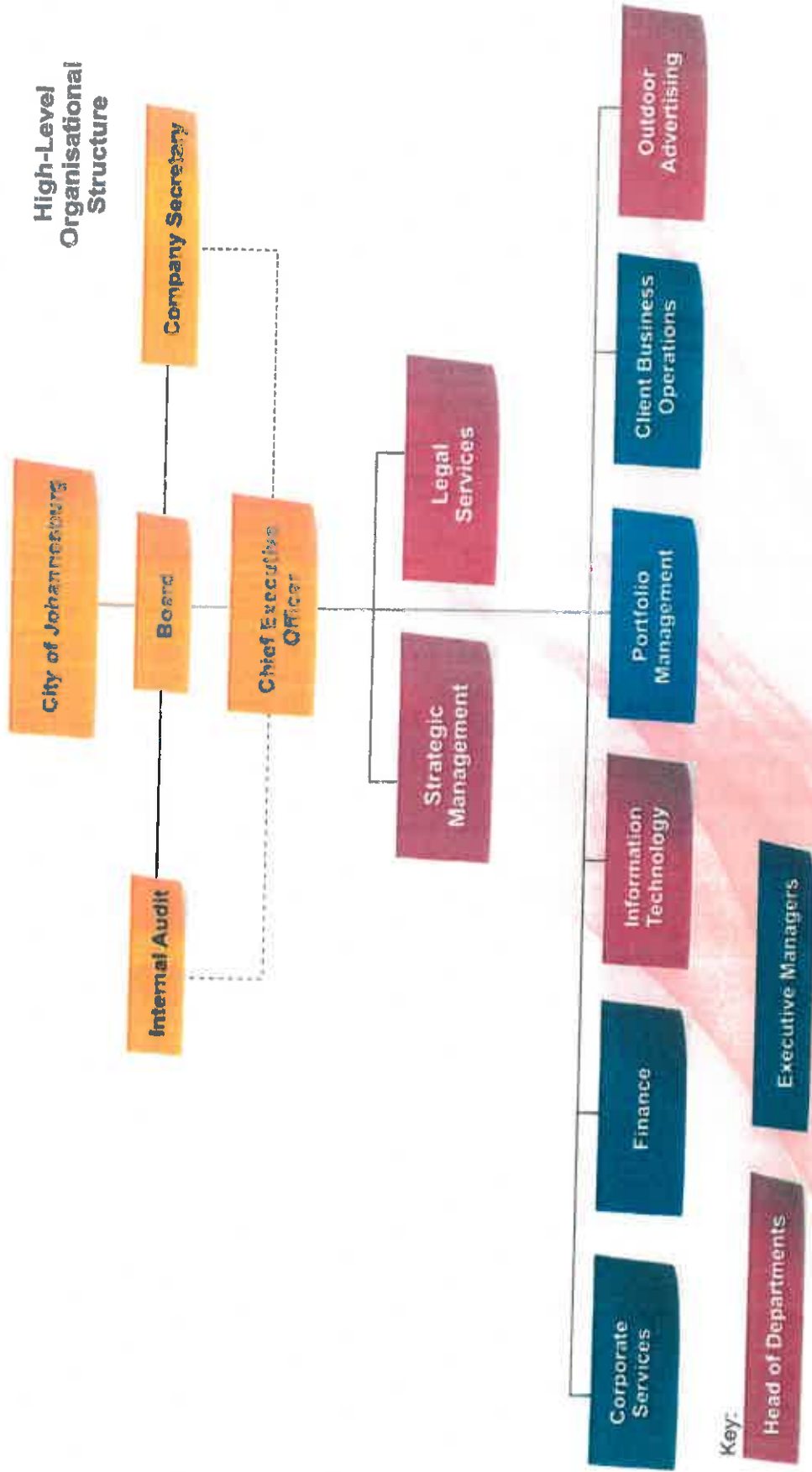
Name of Director	Meetings attended YTD	YTD Emoluments
Mr P Corbin	6	113 857.00
Ms M Mojapelo	5	98 024.00
Mr A Karam	6	91 941.00
Mr V Baloyi	4	77 855.00
Mr O Maseko	6	91 941.00
Mr D Modi	2	62 084.00
Mr M Ntanga	2	30 084.00
Mr N Tshindane	2	38 084.00
Prof K Wall	2	30 084.00
Ms M Hlatshwayo	2	39 209.00
Mr TD Motloung	2	34 084.00
		707 247.00

Name of Director	Meetings attended YTD	YTD Emoluments
Mr V Mokwena	4	38 025.00
Mr L Mabuza	4	38 025.00

## Executive and Senior Management

NAME	BASIC SALARY YTD	TRAVEL ALLOWANCE	BONUSES/13TH CHEQUES	COMPANY CONTRIBUTIONS	TOTAL
Botes HM	R 880 862	R 104 167	-	R 10 386	R 995 414
Bhamjee I	R 666 448	R 40 000	-	R 143 127	R 849 575
Matthews CL	R 497 618	-	-	R 58 482	R 556 100
Makhunga MM	R 513 051	R 40 000	-	R 112 527	R 665 578
Mntungwa SZ	R 695 605	-	-	R 154 051	R 849 656
Mokataka T	R 465 635	-	R 93 127	R 103 057	R 661 819
Padayachee K	R 422 295	R 50 000	-	R 91 007	R 563 301
Sardianos F	R 695 605	-	-	R 154 051	R 849 656
<b>Total</b>	<b>R 4 837 119</b>	<b>R 234 167</b>	<b>R 93 127</b>	<b>R 826 686</b>	<b>R 5 991 099</b>

## High-Level Organisational Structure





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 target in the form of the business scorecard. JPC's business scorecard emanates from the GDS 2040, which is linked to the 2016 – 2021 IDP, that is monitored via the annual SDBIP, which is our annual planned target. Management, with the assistance of GRAS, reviews the organisation's risk for the year. A strategic risk workshop is held with the board to solicit their inputs prior to finalising the strategic risks. The board approves the strategic risks and action plans to reduce the residual risk to acceptable levels are monitored quarterly. The design, implementation and operational



effectiveness of the risk management process are assessed by the internal auditors before using the strategic risks in their risk-based internal audit plans.

The table below illustrates the top 10 strategic risks, the strategic objectives that impact each risk and the mitigation plans that are put in place to mitigate these risks. The likelihood and impact have been taken into account in the inherent risk reflected on the table below. The current control used to manage the risk were assessed prior to concluding on the residual risks. Future actions further to mitigate the risk are also highlighted in the table below. 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 Board is in the process of reviewing the organisational risks.



## 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 a professionally managed and sustainable company	Financial sustainability/Inability to generate revenue	25 Very High	22.5 Very High	<p>1. Timely renewal of leases so that revenue generation can be enhanced.</p> <p>2. Lease Audit ongoing to ensure completeness of properties leased by JPC to increase and measure revenue base.</p> <p>3. Increase projects that can generate facilitation fees.</p> <p>4. Release assets that are not strategic and not used, to increase commission.</p> <p>5. Focus on property acquisition for the City as a whole.</p>	<p>1. EM: Property Management</p> <p>2. EM: Property Management</p> <p>3. EM Property Development</p> <p>4. EM Property Management</p> <p>5) EM: Property Management</p>	<p>1) Ongoing</p> <p>2) Ongoing</p> <p>3) Ongoing</p> <p>3) Ongoing</p> <p>4) Ongoing</p> <p>5) Ongoing</p>	<p>1) A lease renewal program has been implemented. A number of reports have been approved submitted to COJ committees</p> <p>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.</p> <p>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.</p> <p>4. The land strategy has identified parcels of land that can be disposed of. The parcels will be released in phases.</p>

MOE Objectives	Risk Description	Inherent Risk	Residual Risk	Actions to improve management of the risk	Action Owner	Time Scale	Progress to date
2	Ensuring efficient, economical and effective service delivery to clients, customers and stakeholders	Very High 25	Very High 22.5	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) Ongoing 2) Ongoing 3) On-going	5. The budget for the City was finalised in June. The acquisition team is studying the budget to identify department and entities with a budget for acquisitions and proactively engage with them. 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, economical and effective service delivery to clients, customers and stakeholders	Very High 25	Very High 22.5	1. Establishment of the Project Management Office (PMO). 2. Upskilling of staff with emphasis on contract management in accordance with set JPC standards. 3. Establishment of the	1. HOD: Strategic Management 2. HOD: Human Capital 3. HOD: Legal	1) 2018/12/31 2) 2018/12/31 3) Ongoing	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 management is now



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	20	18	<p>contract management system.</p> <p>1. Monitoring of high-risk properties, with the assistance of CRUM, 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) Ongoing</p> <p>2) Ongoing</p> <p>3) Ongoing</p> <p>4) Ongoing</p>	<p>live and being utilised for all active leases.</p> <p>1) JPC 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 most beneficial and provide some coverage. Attendance at VSD and Council Forums as well as 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</p>

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, economical and effective service delivery to clients, customers and stakeholders	Very High 25	High 12.5	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) Ongoing 2) Ongoing 3) Ongoing 4) Ongoing	through the various committees 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



MOE Objectives	Risk Description	Inherent Risk	Residual Risk	Actions to improve management of the risk	Action Owner	Time Scale	Progress to date
							<p>In the scorecard of the organisation.</p> <p>3) The WSP for 2017/2018 submitted to Services SETA and is based on the individual learning plans.</p> <p>4) All misconduct cases reported are dealt with in terms of the disciplinary hearings</p>
6 Ensuring efficient, economical and effective service delivery to clients, customers and stakeholders	Inadequate asset management	Very High	20	<p>1. Completion and implementation of Land Strategy</p> <p>2. Completion and implementation of Asset Management Categorisation</p> <p>3. Completion and implementation of Facilities Management Plan</p>	<p>1) EM: Property Management</p> <p>2) EM: Property Management</p> <p>3) EM: Facilities Management</p> <p>4) EM: Property Management</p>	<p>1) Ongoing</p> <p>2) Ongoing</p> <p>3) Ongoing</p>	<p>1) The Land Strategy has been developed and implementing in phases</p> <p>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</p> <p>3) The Facilities Management Strategy has been completed.</p>

MOE	Objectives	Risk Description	Inherent Risk	Residual Risk	Actions to improve management of the risk	Action Owner	Time Scale	Progress to date
7	Ensuring efficient, economical and effective service delivery to clients, customers and stakeholders	Inadequate asset management	Very High 20	Moderate 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) Ongoing 2) Ongoing 3) Ongoing	1) The Land Strategy has been developed and implementing in phases 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
8	Ensuring a professionally managed and sustainable company	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	Supporting community development	Inadequate Internal and external stakeholder management	High 16	Moderate 8	1. Implementation of business processes and systems integration (link the	1. SM: JPC and HOD: IT 2. SM: JPC	1) Ongoing 2) 2019/06/30	1. PIMS processes completed to date. Sales / Leasing and Development modules were implemented in the last week





MOE Objectives	Risk Description	Inherent Risk	Residual Risk	Actions to improve management of the risk	Action Owner	Time Scale	Progress to date
and social initiatives				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 policy to be approved by the board	3. HOD: Marketing & Communications	3) Ongoing	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 survey completed. Results to be reported to the board 3. The policy has been approved by the board and is now being implemented
10 Ensuring a professionally managed and sustainable company	Non-Compliance with legislation, policies, procedures and poor governance	High	15	1. Introduce an employee awareness campaign for the relevant laws, regulations and policies. 2. Review policies for legal and regulatory completeness. 3. Develop and implement a JPC Compliance Management	1) HOD: Legal 2) HOD: Legal 3) HOD: Legal	1) Ongoing 2) Ongoing 3) Ongoing	1) Awareness workshops are attended by staff on a regular basis 2) Review of policies for regulatory and legal compliance is to be completed after consultation with Labour on policies. 3) The Framework is in place and some custodians of the applicable Acts were trained on Exclaim software during the quarter.
			7.5				
		Moderate					



MOE	Objectives	Risk Description	Inherent Risk	Residual Risk	Actions to improve management of the risk	Action Owner	Time Scale	Progress to date
					Framework, which is aligned with the City Wide Compliance Management Framework.			



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 the 3<sup>rd</sup> quarter to deliberate 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 a 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> <li>Matter set down for January 2019</li> <li>The disciplinary cases for the Orange Grove properties started in July 2018 for both employees. The follow-up meeting scheduled for 30 August 2018 for one employee but he resigned on the 24 August 2018 with immediate effect. The follow-up meeting for</li> </ul>




People	Nature	Status
		<p>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.</p> <ul style="list-style-type: none"> <li>Hearing for one employee partly heard and to proceed in January 2019.</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 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> <li>Report being given at the next FRACC meeting.</li> </ul>
	<ul style="list-style-type: none"> <li>Alleged illegal occupation of 388 Main Street at Jeppestown. The 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 the council.</li> <li>A formal notice to vacate was issued on 2 March 2018</li> <li>The tenant has not vacated the property. Therefore, attorneys are being appointed to deal with the matter</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>





People	Nature	Status
	<ul style="list-style-type: none"> <li>Alleged illegal leasing of properties around University of Johannesburg (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 University of Johannesburg (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 III 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.

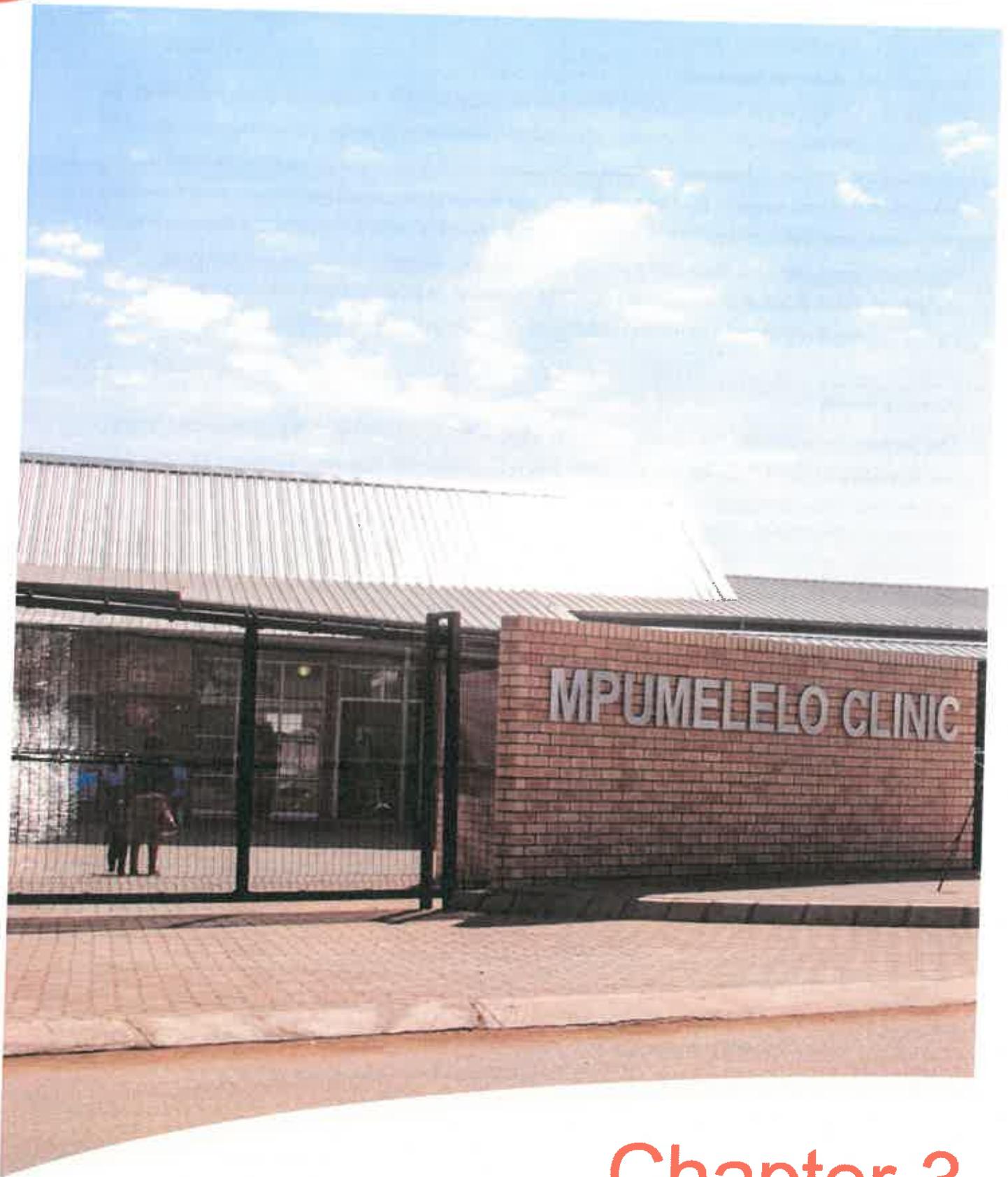
- JPC's ICT governance approach is set on the following principles:
  - Establish clearly understood responsibilities for ICT.
  - Plan ICT to best support the needs of the company.
  - Acquire ICT validly. Ensure that ICT acquisitions are made for the right reasons in the right way, based on appropriate and ongoing analysis.
  - Ensure ICT performs well whenever required.
  - Ensure ICT conforms to all external regulations 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 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.
    - 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 year under review. The board will monitor and evaluate the entity's IT investments and expenditure, taking into account the best interests of the entity.

JPC is committed to execute its mandates within the ambit of law. The public sector has a number of laws and regulation that entities need to abide by. JPC as part of the risk assessment process identified non-compliance with laws and regulation as one of the major 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 is done in order to ensure that JPC cultivates and deepens a culture of integrity, ethical and professional behaviour.

Company Secretariat also drafted a Checklist on compliance with the principles of KING IV as well as the MFMA and MSA. Compliance will be monitored and reported on a quarterly basis.



## Chapter 3

### Service Delivery Performance



## Section 1.1. Core Business Units

### Section 1.1.1: Asset Management

The primary function of the Property Asset Management Department 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. The department 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.

### Portfolio Profile

The portfolio of the City has a total value of R9, 178 billion which comprises of 29 645 properties for the period ending 31 December 2018. The table below illustrates the high-level summary outlining the quantity and value per region.

Region	Area	Value %	No. of Properties	Sum Of Value
Region A	15690.09184	8%	1854	R 756 284 388.28
Region B	3705.237316	17%	3998	R1 602 706 873.10
Region C	9689.069465	12%	2354	R1 117 738 423.38
Region D	9289.340339	9%	6443	R822 483 220.74
Region E	4509.999954	19%	4969	R1 729 412 166.18
Region F	7824.186941	16%	4844	R1 428 948 115.97
Region G	36089.54711	13%	4693	R1 172 618 230.46
Outside CoJ Boundaries	1050.7769	6%	490	R547 881 446.01
	<b>87848.24986</b>	<b>100%</b>	<b>29645</b>	<b>R9 178 072 864.12</b>

Table 1: High-Level Portfolio Summary

Region D has the highest number of council properties at 6 443, followed by Region E, which reflects 4 969 properties, Region G showing 4 639 properties, then by Region F, at 4 844 properties, while Regions 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 1 854. A detailed outline of the portfolio of properties is depicted on the graphs below.

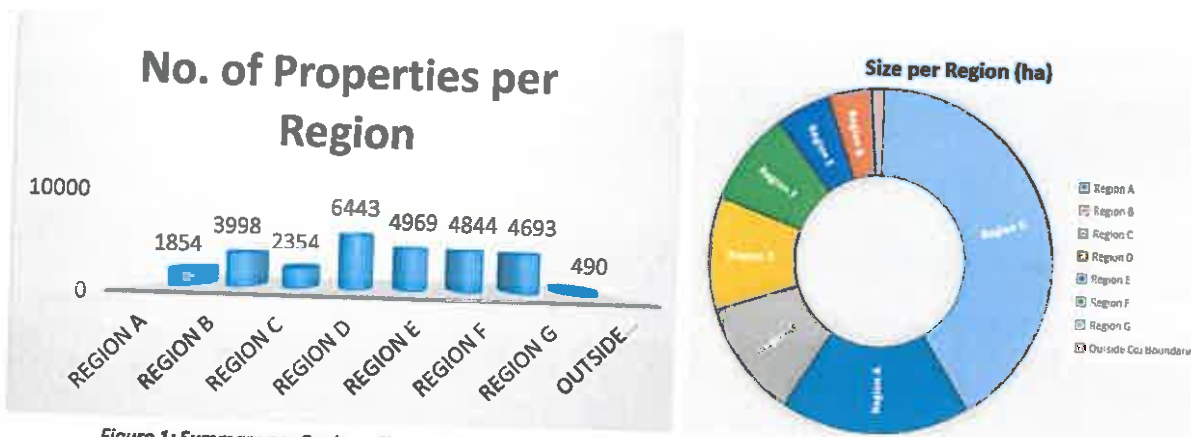


Figure 1: Summary per Region - Size and Quantity

Region B and Region E represent the highest value expressed as a percentage of the total value of City-owned properties at 17% and 19% respectively, totalling 36% of the value of the entire portfolio. Region F is the third highest in value at 16%, followed by Region G at 13%, Region C at 12%, Region D at 9%, while Region A is the least at 8%, which is due to a large number of residential holdings as well as farm portions held which are inherently lower in valuation.

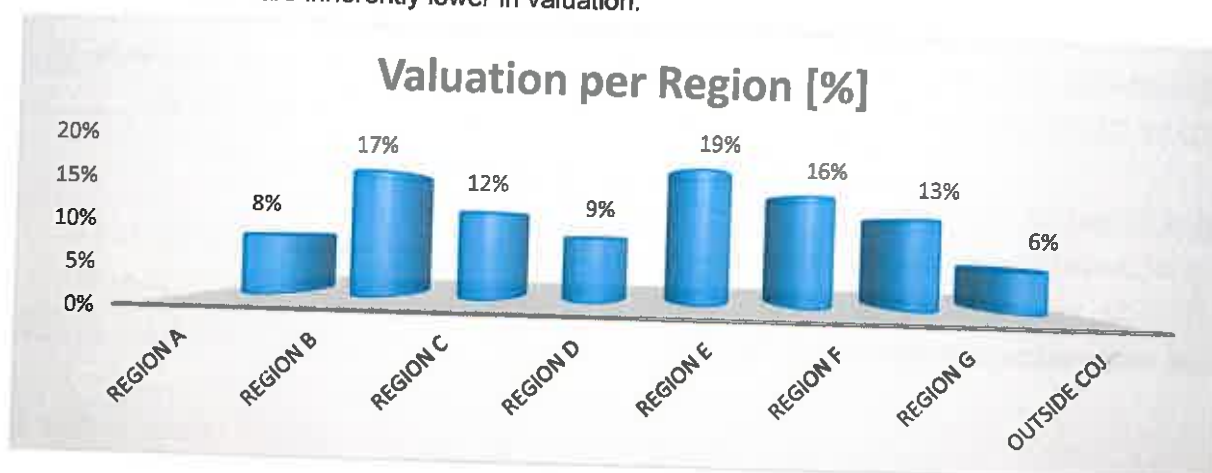


Figure 2: Summary per Region - % Value

### Asset Register Movements

The following table illustrates the movements and updates of the Asset Register in relation to the movements that occurred during the first two quarters of the 2018/2019 financial year.

### MONTHLY MOVEMENTS BY QUANTITY

Movement Category	18-Jul	18-Aug	18-Sep	18-Oct	18-Nov	18-Dec	TOTAL
Acquisitions	16	1	0	0	0	0	17
Disposals	-14	-51	-177	-6	-77	0	-325
Net Movement	2	-50	-177	-6	-77	0	-308

## MONTHLY MOVEMENTS BY VALUE

Movement Category	18-Jul	18-Aug	18-Sep	18-Oct	18-Nov	18-Dec	TOTAL
Acquisitions	R57 121 000.00	R13 395 000.00	R0.00	R0.00	R0.00	R0	R 70516 000.00
Withdrawals	-R50 330.00	-R937 245.00	-R655 160.00	-R6 846.00	-R726 215.00	R0	-R2 375 796.00
Total	R5 707 0670.00	R12 457 755.00	-R655 160.00	-R6 846.00	-R726 215.00	R0.00	R68 140 204.00

### Acquisitions

During the reporting period, seventeen (17) properties were taken on to the value of R70 516 000.00.

### Properties Acquired for Servitude Purposes

Two (2) properties were acquired on behalf of 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 properties were subsequently consolidated into Portion 429 of the farm Zuurfontein 33IR as per Certificate of Consolidated Title T51242/2018. The total purchase price for the properties was R13 395 000, 00.

### Additional Properties Taken On

Sixteen (16) properties were taken on as a result 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.

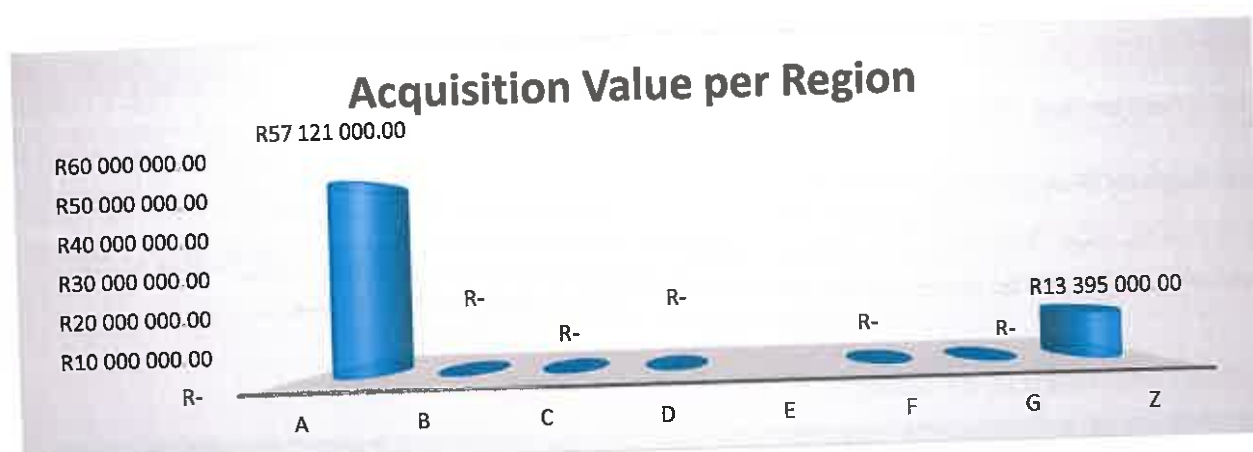


Figure 3: Acquisition Value per Region - Rand Value

### Disposals

Three hundred and twenty-five (325) properties to the value of -R2 375 796.00 were disposed of in the reporting period. Fourteen (14) shops and Four (4) churches to the value of R90 866.00 were transferred

to entitled beneficiaries in Region D as part of the Conversion and Land Regularisation Programme. In addition, three hundred and seven (307) residential properties to the value of R2 284 930.00 were transferred relating to Housing Transfers to beneficiaries as part of the City's service delivery objectives. All these properties were transferred as full title properties.

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

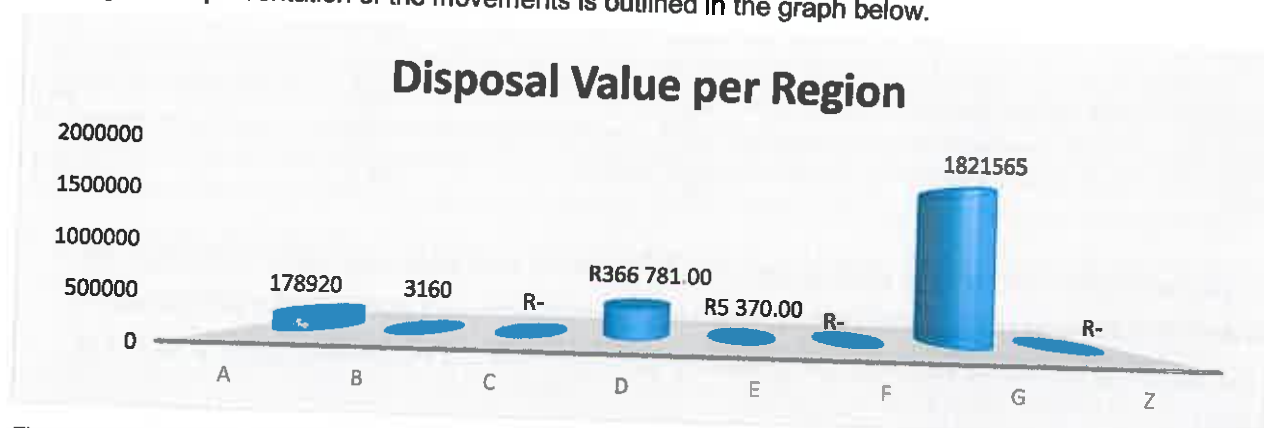


Figure 4: Disposal Value per Region - Rand Value

### Net Movements

This section indicates the impact of the movements on the value of the Asset Register. The reporting period shows a positive net movement of R68 140 204.00, 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 109 932 660.12	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%
18-Oct	R9 178 805 925.12	-R6 846.00	R9 178 799 079.12	0.000%
18-Nov	R9 178 799 079.12	-R726 215.00	R9 178 072 864.12	-0.008%
18-Dec	R9 178 072 864.12	R0.00	R9 178 072 864.12	0.000%
NET MOVEMENT		R68 140 204.00		0.755%

Table 5: Asset Register Movements in value

This positive movement is attributed to the fact that the value of the properties acquired was larger than the value of the properties disposed of during the reporting period.



## Asset Management Plans

JPC has formulated 136 asset management plans by mid-term of 2018/19 as per table below.

	Quarter 1	Quarter 2	Mid Term Total
Region A	2	6	8
Region B	12	2	14
Region C	0	7	7
Region D	15	22	37
Region E	5	7	12
Region F	13	31	44
Region G	12	2	14
<b>Total</b>	<b>59</b>	<b>77</b>	<b>136</b>

The above includes the number of disposal plans for lease or sale purposes, which underwent the standard JPC alienation process before they were released for the intended purpose. Approximately 80% of the plans include vacant land with the possibility for development of residential, social or business facilities.

## 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 Number	Residual value
<b>Agricultural</b>	10	R 37 058 139.00	1	R 1 210.00	9	R 37 056
<b>Commercial - Offices</b>	209	R 183 282 483.00	127	R29 734 237.00	82	R 153 548 246.00
<b>Commercial - Retail</b>	764	R 186 887 880.53	444	R 12 277 752.50	320	R 174 610 128.03
<b>Industrial</b>	34	R 33 239 806.00	4	R 82 972.00	30	R 33 156
<b>Informal Markets</b>	105	R 21 011 502.00	74	R 8 910 279.00	31	R 12 101 223.00
<b>Infrastructure</b>	5539	R 1 837 920 919.44	5362	R 1 704 715 419.50	177	R 133 205 499.94
<b>Residential</b>	10244	R 1 219 219 759.31	9777	R 1 025 811 353.31	467	R 193 408 406.00
<b>Social</b>	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 39 720.00
Social Sports and	1277	R 596 559 530.00	609	R 140 689 826.00	668	R 455 869 704.00
Social - User Departments	2543	R 1 382 792 833.00	2391	R 1 120 226 385.00	152	R 262 566 448.00
Vacant Land	6844	R 3 212 659 543.95	937	R 323 718 660.01	5897	R 2 886 939 213.94
<b>Totals</b>	<b>29645</b>	<b>R 9 178 072 864.12</b>	<b>21333</b>	<b>R 4 597 038 113.21</b>	<b>8302</b>	<b>R 4 579 033 080.91</b>

The allocation is still a work in progress as some of the properties require physical verification to confirm current use, 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.

### Revenue Potential

Below is an analysis of income and revenue potential for the City portfolio. This table provides an overview of the performance of the residual portfolio when benchmarked with the market-related rates of return.

	Residual Number	Residual value	No. of Properties Leased	Value of Leased Properties	Mid Term Income	ROI
Agricultural	9	R 37 056 929.00	0	0	0	
Commercial - Offices	82	R 153 548 246.00	49	R 146 076 095.00	R 6 526 468.59	4.47%
Commercial - Retail	320	R 174 610 128.03	106	R 62 223 538.03	R 5 720 143.37	9.19%
Industrial	30	R 33 156 834.00	6	R 32 424 427.00	R 415 173.72	1.28%
Informal Markets	31	R 12 101 223.00	16	R 10 705 607.00	R 4 468 867.87	41.74%
Infrastructure	177	R 133 205 499.94	134	R 63 568 538.00	R 1 080 670.84	1.70%
Residential	467	R 193 408 406.00	138	R 60 810 396.00	R 5 166 726.92	8.50%
Social	462	R 236 171 729.00	150	R 214 234 455.00	R 1 219 919.01	0.57%
Social - Housing	7	R 398 720.00	7	R 398 720.00	R 3 504.56	0.88%
Social - Sports and Recreation	668	R 455 869 704.00	218	R 364 612 281.00	R 2 417 048.86	0.66%
Social - User Departments	152	R 262 566 448.00	75	R 101 831 760.00	R 1 352 089.78	1.33%
Vacant Land	5897	R 2 886 939 213.94	164	R 325 272 921.00	R 2 463 904.75	0.76%
<b>Totals</b>	<b>8302</b>	<b>R 4 579 033 080.91</b>	<b>1063</b>	<b>R 1 382 158 738.03</b>	<b>R 30 834 518.27</b>	<b>2.23%</b>

For the current reporting period, R30.8 million in revenue is generated from 1 063 properties with a book value of R1.38 billion. This equates to an average rate of return of 2.23%, which is significantly below the

risk-free (South African Government Bond) rate of return that is currently sitting at 8.67% per annum. The only classes of properties that are performing at an exceptional level are informal markets at 41.74% for the reporting period under review. Commercial properties are performing at 10.47%, which may be due to leases that were concluded long ago thus the return rate reflects historical market values compared to leases that are concluded using the current market rates. Annual escalation also plays a role in the declining rate of return if not linked to the consumer price index to reflect inflation performance. It should be noted that the ROI's above reflect ROI based on the reporting period (6 Months).

All other asset classes are performing below 5% mainly because JPC's mandate also includes supporting and advancing sports and social development and cohesion, therefore in some instances leases are usually concluded on a considerate rate instead of market-related rate to enable the realisation of social values. The portfolio of properties that have not been leased out will be included in the leasing plans.

### Section: 1.1.2. Property Management

Property Management Unit aims to create an enabling environment that promotes economic growth for the citizens of the city by creating social development and employment opportunities with the city through communities. Property Management ensures that the City receives annuity income from the leasing of properties through reduction of holding costs such as maintenance, cleaning, security and reduces the risk of vandalism and illegal occupation of city-owned land. This ensures that the properties are utilized for commercial, social and service delivery purposes to attract investment and enhance the value of property assets generating financial returns based on the strategic priorities of the City.

### Property Transactions: Revenue Generation from Lease, Sales, Servitudes and Acquisitions

The table below provides a summary of various stages of transactions from which revenue will be received from property related transactions:

NO	SOURCE INCOME	TRANSACTION TYPE	REVENUE PER ANNUM
1	Finalised Leases	Agreements Finalised and Billing	R 267 000
2	Reports at Council Stages	Leases	R 8 313 612
		Sales & Servitudes	R14 324 150
3	Transactions on Tender	Leases	R 90 000
		Sales	R 8 016 710
4	Sales and Servitudes	Advanced transactions	R 8 089 990
		Eskom	R 4 606 575
5	Large Service Provider Servitudes	Rand Water	R 413 500
		Transnet	R 1 038 320
		Approvals	R 334 700
		Received Payment	R 1 110 862
6	Acquisitions (10% Commission)	Farm Zuurfontein	R 1 339 500
		2 Donations	R 443 000
		Housing Mater Plan	R 144 000
	Total Revenue		R 48 531 919

### Acquisition of 10 Properties In Support Of City Objectives

During this period, Portions 426 and 428 of the Farm Zuurfontein 33 IR (were subsequently consolidated into Portion 429 of the Farm Zuurfontein 33 IR) were registered into the CoJ's name with a value of R13 395 000.

### Council Approved Property Acquisitions

During the period under review, Council approved the acquisition of properties through donation and purchase agreements. Three purchase transactions are in progress for the following properties: Portions 781, 782 & 783 of the Farm Doornfontein 92 IR (known as the Kaserne), Erven 1191 to 1214 Crosby and Erven 1875, 1876 and 1877 Johannesburg (known as Stella Mansions). The properties will be developed and used as High-Density Residential to enable Affordable Rental Housing and Temporary Emergency Accommodation Development (TEA). The budget for these acquisitions is with the Housing Department and transactions are at the contract stage.

Council accepted two donations 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. The acquisitions are further summarised below:

Category	Quantity	Value
Purchase (Farm Zuurfontein 33 IR)	2	R13 395 000.00
Donations	2	R4 430 000.00
Housing Master Plan	3	R14 400 00.00
Total	7	R19 265 500.00

### Service Delivery Accounts: Portfolio 1

The Service Delivery Accounts: Portfolio 1 completed the registration of the transfer of five properties to the CoJ, the registration of one Notarial Tie and the registration of 45 servitudes in favour of the CoJ. Fifty-one original registered Deeds have been requested and received from Conveyancing Attorneys and sent to JPC's Asset Management department for safekeeping and inclusion in the Land Register. The registration of these servitudes created an enabling environment for effective service delivery in Regions A, B, C, E and F.

Types of Registration	Service Delivery	Impact
<ul style="list-style-type: none"><li>13 servitudes for Sewer &amp; Municipal Purposes</li></ul>	The servitudes are required for the delivery of sanitation, roads and municipal services	Registration is done to ensure that the Council's services are protected within the servitude



<ul style="list-style-type: none"> <li>• 8 servitudes for Right of Way and Municipal Purposes</li> <li>• 7 Identification of Sewer and Municipal servitudes</li> <li>• 5 servitudes for Sewer purposes</li> <li>• 4 servitudes for Municipal purposes</li> <li>• 2 Water Pipeline servitudes</li> <li>• 2 servitudes for Substation purposes</li> <li>• 2 servitudes for Electrical Purposes</li> <li>• 1 Partial Cancellation of Sewer servitude</li> <li>• 1 servitude for Right of Way purposes</li> </ul>	to address the demand and to provide new infrastructure services to areas that do not have access to such basic services as well as to provide services to new property developments.	areas as the servitude gives the legal right to the Council to use the servitude areas for its services. This enables the Council to provide services to new property developments. It is during these developments that the servitudes are registered.
<ul style="list-style-type: none"> <li>• 1 Notarial Tie registered</li> </ul>	To ensure that two or more private properties are tied together to be regarded as one for development purposes	Development purposes
<ul style="list-style-type: none"> <li>• The transfer of 5 Properties registered for Roads, Park and other Municipal Purposes</li> </ul>	To ensure that there are adequate public open spaces for the citizens of Johannesburg for recreational purposes as well as for service delivery	Without the transfer of land to the CoJ for park purposes, public open spaces would be inadequate. Land is also required for service delivery, such as for roads.

### Management of the Sanitary Lanes City-Wide



In the second quarter of the 2018/2019 Financial Year, the City approved the management of the sanitary lanes by the adjacent property owners. In the early days of the founding of Johannesburg, household waste had to be collected in tarred buckets (sanitary pails), which were put out on the streets each night to be collected (for a fee) by the "City's cleaning Department". With the introduction of waterborne sewer systems in Johannesburg, the need for the manual collection of sewage from houses was eliminated and these "Sanitary Lanes" became redundant. Although in some cases "Sanitary Lanes" were used for the installation of other underground or overhead infrastructure, these lanes have for the most part been



abandoned by the City and are no longer required for any municipal functions. Over time property owners have either informally encroached onto abandoned lanes or have made formal application to lease or purchase lanes abutting their properties. The City's approval to lease these lanes to the adjacent property owners in perpetuity will prevent illegal occupation, dumping and criminal activities from taking place from the land, as is the case currently.

#### Lease of Various Petrol Stations Situated on City-Owned Land



PROPERTY DESCRIPTION	PHYSICAL ADDRESS	EXTENT	UPSET RENTAL PER ANNUM
The remainder of Erf 3701 Dobsonville	12 Dumas Street at corner of Elias Motswaledi Road	One 405m <sup>2</sup>	R1 225 316
Erf 11900 Orlando West	Khumalo Road	3 627m <sup>2</sup>	R 262 800
Erf 1522 Mapetla	Cnr Mathibe & Manotshe	1 527m <sup>2</sup>	R 471 744
Ptn 3 of Erf 25506 Meadowlands	Van Onsellen Road	2 877m <sup>2</sup>	R 471 744
Ptn 19 of Erf 25506 Meadowlands	Van Onsellen Road	2 537m <sup>2</sup>	R 471 744
Erf 12619 Orlando West	Cnr Klipspruit Valley Road & Zephania Mothopeng Street	2 589m <sup>2</sup>	R1 448 857
Ptn 255 of the Farm Doornfontein 92 IR	Cnr Chilvers Street and Main Reef Road	1 056m <sup>2</sup>	R1 260 280

During the period under review, the City approved seven petrol stations in Soweto for lease. The filling stations were mostly abandoned and the ones where operators were still in service, rentals were on a month-to-month basis. While anticipated to inject R5 602 485 in rental streams, the Lessees will be responsible for the upgrades of the facilities and contribute to SMME's empowerment & job creation will be boosted, thus directly contributing to the City's 5% Economic Growth Initiatives.

### 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 regarding which the entire event reverts to the CoJ at no cost at the end of the lease period.

#### Soweto Empowerment Zone

Following a public participation process in terms of the Municipal Asset Transfer Regulations of 2008, the COJ Council approved the release of the Soweto Empowerment Zone for development by the private sector. A professional team was appointed to obtain the required development rights for the property. This would include detailed technical studies that would guide the development of the site and support the change in zoning. It is expected that the technical studies would be completed by March 2019. The rezoning application would be lodged by March 2019 and approval of the development rights are expected by December 2019. The site is ideally located at the gateway of Soweto and along the busy Chris Hani Road, which renders it ideal for a mixed-used development precinct with a mix of different income housing products.

#### Paterson Park

The installation of bulk services is 96% complete. In order to attract the maximum private sector investment, payment of R3million was made towards bulk services contribution. An application for additional funding towards bulk services contributions was submitted to COJ Development Planning.



*Installation of services near completion*

CoJ Council approval was obtained for the development of sections of the site by the private sector. The first phase of the project would be released for development through public tender in January 2019. Regarding the project programme, the development award is expected by June 2019.

### **Jabulani Housing Development**

The construction of the 288 units is progressing well, with four of the six blocks of units completed as at December 2018. The development caters for the affordable rental market and an agreement has been reached between Jabulani Development Company and Afcho (Africa Housing Company) for the uptake and management of the units. Full occupation of this phase of the project is expected by March 2019.



*Affordable rental units in Jabulani taking shape*

### **Riverside View Housing Development**

The project delivered 220 social housing units at the end of October 2018. It is expected that the units would be fully occupied by December 2018. A new phase of Finance Linked Subsidy units are in construction and expected to be delivered by June 2019. In the period between October 2018 and December 2018, approximately R160m was spent on various construction activities ranging from bulk services to top structures.

### **Watt Street Precinct**

COJ Development Planning, opening the door for a landmark development at the gateway of Alexandra, approved the rezoning application in support of a high-density mixed-use development precinct. The development would allow significant height zones of 11 and 17 storey residential buildings respectively. Furthermore, COJ Council approved the release of the property for development through a tender process. The property will now be released for development during January 2019 with the aim of securing development partners for the project by June 2019. It is expected that the total investment attraction could exceed R1 billion.



**Property Plan - Region E: Watt Street  
Full Development Perspective**



### **Precinct Developments (Midrand, Randburg and Roodepoort)**

Following extensive public participation processes for the development of underutilised COJ owned precincts, COJ Council approved the development of these precincts in conjunction with private sector developers. This followed the completion of detailed property plans for each of the precincts. Part of the property plans included the identification of office space requirements for COJ operations which would be affected by the development. If developed to its full potential, the three precincts could attract a total investment value of approximately R5 billion, creating about 15,000 jobs over 10 years. Tender processes for the development of the precincts would be launched in January 2019 with the aim of procuring development partners by end June 2019.

**Property Plan - Region B: Randburg  
Full Development Perspective**



**Property Plan - Region A: Midrand  
Full Development Perspective**



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

In its mission to maximise the social, economic and financial value within the City, the facilities management department embarked on a journey to re-design, revamp and upgrade the informal trader stalls within the Inner City. This initiative is in support of the Mayoral Priorities that seek to promote economic development

and ensure pro-poor development that addresses poverty. Below is an overview of the project undertaken during the quarter under review.

### Taxi Ranks

JPC received a request from CoJ Department of Transport stating that the department has opted to continue with JPC's services of facilitating the planned and reactive maintenance for all Public Transport Facilities for 2018/2019 financial year. The request is inclusive of the Provision of Repairs & Maintenance for CoJ Public Transport Facilities (494 repairs and maintenance); Provision of Cleaning, and Soft Maintenance Services for CoJ Public Transport Facilities; Holistic Maintenance of Rea Vaya Stations. Service Level Agreements between JPC and CoJ Transport were signed and concluded on the 30 October 2018. The SLA includes the full scope of services required; Priority list signed by Project Manager; BOQ's where available on projects listed on the priority list; Confirmation of available budget with proof; and How will or at what value will the purchase orders be provided to JPC to work from.

The total budget of R95 282 00 was ring-fenced to JPC on 31 October 2018. The table below outlines the total budget available

	TOTAL BUDGET	EXPENDITURE TO DATE	ACTUAL
Emergency Repairs and Urgent Work	R 2 000 000	R 875 200.50	R1 124 799.50
Planned Maintenance/ Repair Works	R 21 100 000	R0	R 21 100 000
Cleaning and skip bins of various Taxi Ranks	R 15 500 000	R7 750 000	R 15 500 000
Professional Fees	R 13 705 000	R0	R 13 705 000
Leases	R 8 245 000	R0	R 8 245 000
Rea Vaya Holistic maintenance	R 20 732 000	R5 427 129.48	R 20 732 000
Rea Vaya cleaning	R 14 000 000	R2 648 706.42	R 14 000 000
<b>TOTAL</b>	<b>R95 282 000</b>	<b>R 16 701 036.40</b>	<b>R 78 580 963.60</b>

Appointment of Turnkey Project Manager for major repairs and maintenance is underway. The commencement of the works is expected in January 2019 and to be completed end of May.

### 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) trader stalls have commenced. Construction of twenty-two (22) stalls commenced in April 2018, completion was on the 15 October 2018.





*New Stalls at Yeoville Market*

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

The original concept was to redesign the existing structure but to retain the “open look and feel” and for it to be secure at night. After deliberations with the Hillbrow community, a decision was taken for JPC to design a steel structure with roller shutter doors. 345mm high brick walls were built to retain the “open look and feel” the stalls. To date JPC has completed the surveys, architectural, structural and electrical designs and have conservatively assumed the existing soils bearing capacity to complete the structures. The rebar detailing column foundation and the geotechnical requirements were completed. The phase one on designing and producing of Bill of Quantity was completed 03 August 2018. Phase 2 requires R34 million to construct the linear market in 2019/2020.

### **Refurbishment of the Hoek Linear Market**

This open market is located near the busy hub of inner-city Johannesburg, adjacent to Park Station’s eastern entrance. Fast food vendors and some clothing vendors currently populate the market. All two separate parts of the market are made of the steel roof structure with IBR sheeting as cover. The market floor is approximately 800mm from the natural ground level or the existing walkway. The market seems to be mainly used for cooking and selling food with traders having their own designated space to sell their food.

Phase one of the project was 100% completed on the 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 will be implemented during the 2018/2019 financial year. Invitation to professionals registered under Turnkey Project Management to submit RFQ to undertake construction at Hoek Linear Market was advertised on the JPC website, JPC notice board and CIDB Website on the 2<sup>nd</sup> November 2018. The proposals of the bidders and the appointment of the service provider were presented to the BAC on the 14 December 2018. Construction work is expected to commence on the 02 January 2019 and completion at the end of June 2019.

#### **Public Conveniences: New Public Toilets (Phase 1)**

Work to erect new public toilets in public convenience spaces in Ennerdale, Noord Street and Hillbrow Markets commenced on 23 April 2018 and was completed on the 06 September 2018. Furthermore, demolition and fencing of the public convenience in Constitutions Hill and Braamfontein were completed on the 06 September 2018.



#### **Public Conveniences: New Public Toilets (Phase 2)**

Work to erect new public toilets in public convenience spaces in Jeppe, Faraday and Doornfontein Markets commenced on 06 June 2018 and was completed on the 28 September 2018.

## Public Conveniences: New Public Toilets (Phase 2)



*New Toilets at Corner of Van Beek Street and Angle Road, Doornfontein*

Invitation to professionals registered under Turnkey Project Management to submit RFQ to undertake construction of 4 identified Public Conveniences were advertised on the JPC website, JPC notice board and CIDB Website on the 2<sup>nd</sup> November 2018. The four identified Pcs are allocated in the following areas:


- New Container PC: King George Linear Market (King George and De Velliers).
- New Container PC: Noord and Klein Street.
- Refurbishment PC: Beatrice and Alexandra; Hillbrow; Alecgotchel Park).
- Refurbishment PC: Joe Slovo, Abel and Lilly; Hillbrow; Donald MacCay Park).

JPC closed the bids on the 20<sup>th</sup> November as stipulated on CIDB website for compliance. The proposals of the bidders and the appointment of the service provider were presented to the BAC on the 14 December 2018. Construction work expected to commence on the 02 January 2019 and to be completed by the end of June 2019.

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

JPC collected amount of about R 20 million against the budget of R 150 million years to date from outdoor advertising leases. Due to protracted legal processes, this is likely to persist for some time and revenue is projected to be far less than it has been for the past three years. During this period of suspension of the new by-laws, clutter is increasing as the City frantically seeks resolution through the courts, a protracted and costly process concerning the current By-laws. This impact the value of outdoor advertising as oversupply (clutter) is responsible for an unprecedented vacancy rate estimated at over 45%.

The City finds itself in such a period where a new law is being challenged and the existing one does not offer much other than entrenching the status quo. This is a state of inertia, which can only be guided by



Council as the Legislature. It is along these lines that JPC recommended that the revenue from outdoor be reviewed to a realistic target under these circumstances.

In response to the challenges, JPC and CoJ Department of Development Planning held a workshop to develop a strategic intervention plan to deal with the scourge plaguing the sector. The outcome of this workshop was a joint report to the Council that has been successfully presented to the City's Executive Management Team.

The report, aims to make recommendations to the Council to have the period between the current situation and the finalisation of the court matter regarding the new By-laws declared a "Transitional Period". This period, must be understood to be a principle in law that regulates a process that starts before an amendment or enactment of law comes into force and ends after the amendment or enactment of the law has come into force.


It will cater for well-structured clemency or indulgence that seeks to usher the sector into a new era of compliance through win-win settlements of various legal and contractual challenges with all affected role-players. The period shall be used to allow all media owners an opportunity to apply for existing signs that are considered under both the current 2009 and the new 2018 By-laws. Alongside this, the report requires Council's approval for JPC to implement certain high-value signs such as digital multimedia gantries (known as gateway signs), signs on bridges and City's motorways and any other platforms currently prohibited or not adequately provided for in the current by-laws including street furniture.

The new agreements will provide for signs to be retained, upgraded and relocated to comply with applicable laws and shall be subject to voluntary phasing out of any advertising that is none compliant with applicable law. JPC shall use this opportunity to introduce better terms and conditions including a dual turnover rental model to ensure sustained revenue to CoJ. Furthermore, each agreement will stipulate timeframes and fees to be paid to CoJ on all illegal signs that must be phased out from each portfolio on CoJ land in particular. The agreements shall be made an order of the court to ensure that all obligations are legally enforceable to engender compliance throughout the new tenure.

To ensure that transformation is effective, all emerging companies will be prioritized in the awarding of new sites as outlined in the JPC Outdoor Advertising Strategy where certain projects have been set aside for this purpose. All new projects shall be subject to assessment by the City from a regulatory point of view to ensure that each new resultant contract complies with the By-laws. JPC shall follow a competitive bidding process in terms of applicable law and CoJ policies in dispensing with these projects.

Alongside the above, the City's Department of Development Planning (City's Transformation and Planning Unit) will initiate a process to finalise an outdoor development framework or master plan. The final policy framework, initiated by JPC, will provide for better alignment between the City's Spatial Development





Framework (spatial vision for transformation areas) with the operational and regulatory aspects of outdoor advertising.

The proposed turnaround plan through the transitional period, has a potential to increase revenue by about R 200 million over 12 months from finalisation of new agreements particularly on the existing portfolio to be retained and or upgraded. New agreements will see a reduction by over 43% of the size of the portfolio over the first 12 months of this process without a need for litigation and exorbitant legal fees. The potential investment on CoJ land is estimated at over R 360 million and including the deployment of 60 ablution facilities at no cost to CoJ.

### **Street Furniture and Public Conveniences**

In order to leverage the restructuring process to develop and grow B-BBEE enterprises, the need for street furniture and public conveniences present a unique opportunity for such installations and developments to be locally sourced, designed, assembled and or produced particularly within the Johannesburg boundaries. The aim is to create jobs, a black industrialist in the various value chains of the sector to alleviate poverty particularly targeting areas identified in the City's GDS as in dire need of jobs and other poverty intervention programmes.

The report submitted for approval recommends that the provision of street furniture be strictly controlled and coordinated through JPC working on all requirements from all Departments or ME's in consultation with Development Planning Department to avoid the fragmented approach that has contributed to clutter and over-reliance on outdoor advertising by CoJ Departments and entities

Apart from the provision of a service to the City, the portfolio offers revenue potential. This can only be realised if Council approves the principle of a long-term lease agreement with appointed contractor/s to deploy and manage these installations due to capital investment required to outlay a project of this magnitude. The revenue potential can only be determined once the masterplan has been finalised and service requirement properly quantified.


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

#### **Community-Based Projects**

#### **Staircases Repairs and Replacements in Region E: Alexandra**

The Alexandra Staircases Repairs and Replacement Project entails a thorough investigation, remedial work determination, design and the execution of such work. Two main areas of focus are the structural steel repair/replacement followed by the abrasive blast cleaning and coating. Project Management, Engineering and Quantity Surveying team to determine the actual defects and extent of work that needed to be done, inspected the Staircases. Results of the Formal Engineering surveys were submitted as proposed Scope Work that was approved by the relevant stakeholders, followed by a Bill of Quantities that was also approved. Prior to project implementation, it was critical to train the local residents in basic painting skills





which was carried out successfully with the paint supplier Stoncor, as well as Hazard Identification and Risk assessments for safety awareness. Not all of the staircases formed part of this project as per SLA agreement. Certain staircases within various wards were refurbished during the project. However, for the sake of overall safety compliance in various wards, it was advisable to work on additional risky stairs. This ensured the prolonged lifespan of the stairs, while at the same time reducing future maintenance costs.

### **Shower Conversion from Toilets to Showers: Region E: Alexandra**

The Conversion of Showers to Toilets project entails a thorough problem investigation, solution research, design and execution of such work. The project was designed to be wholly community-based and driven with the entire execution on site being run by local SMMEs and Community Liaison Officers. An innovative toilet system solution has also been utilised which saves on water and has more anthropometric room to manoeuvre in for the users. A total of 243 toilets were implemented in total out of a targeted 240 with two extra demonstration units in all Wards of Alexandra. In light of the water saving technology that was being implemented, the toilets functionality was challenging to teach the residents, however the CLOs assisted greatly in relaying the instructions to as many as could be available. The units also came with graphic explanations as to how to operate the system. The project implementation was a resounding success with most feedback on the ground indicating that people require more of the toilets because of their added interior volume and their aesthetic appeal. Going forward we foresee people getting used to the new flushing system which uses a press button mechanism and thereby developing a new norm in mass community sanitation.

### **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 1, 2 and 3 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 One (13 City-Owned Properties)**

Following numerous attempts, RFP 12, 20 & 23 that were recommended to the Executive Adjudication Committee (EAC) in the fourth quarter of the previous financial year have provisionally been approved by EAC. EAC has requested that JPC through its Supply Chain Management appoint Independent Auditors to conduct a Probity. Once this process is concluded then the Phase 1 tender(s) may be awarded to the successful bidder(s).



## **Phase Two (71 City-Owned Properties)**

First Quarter of the 2018/19 Financial year, got off to a positive start as a Bid Specification Committee convened in July 2018 for the seventy-one (71) Inner City properties which were released for redevelopment in the Fourth Quarter of the previous financial year. Subsequent to the Bid Spec, the tender was advertised on 23 July 2018 and the Request for Proposals (RFP) made available to the public on 25 July 2018.

The first non-compulsory briefing session was held at the new Council Chambers in August 2018 and later in the same month, Phase Two (71 properties) were launched. The launch proved quite an auspicious occasion as the Council Chambers were filled to capacity, 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 the first and second quarter of 2018/18 financial year. Furthermore, a decision was taken by the Inner City Bid Specification Committee to extend the closing date and include additional non-compulsory briefing sessions.

## **Phase 3 (Orange Grove Properties)**

A Service Provider was appointed for the rezoning, consolidation and removal of restriction applications for Orange Grove properties. Furthermore, seventy-six (76) reports for Phase 3 properties have been tabled at different Committees in Q1 and Q2.

## **Phase 4 (Acquisition for Inner City Rejuvenation)**

Phase 4 of the Inner City Rejuvenation project has kicked off with JPC investigating various methods of acquisition of privately-owned properties. After researching various methods of acquisition the option to obtain a Declaratory Order has been selected as the most applicable option. Twenty (20) privately-owned properties have been earmarked for acquisition. These properties are inhabitable, unsafe and have been found to be in contravention of the City's By-Laws. Furthermore, the lack of management at these 20 properties has resulted in a loss of revenue for the City, further necessitating the urgent need for the properties to be acquired for redevelopment by the City. A report is currently in circulation at various Committees and ultimately a resolution by Council is sought, for the acquisition of the properties mentioned above.

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

### **Section: 1.2.1. Client Relations Management**

#### **Stakeholder Engagements**

During the period under review, the department implemented the initiatives and engagements in line with its objectives. Stakeholder Relations Management and Corporate Social Investment strategy have been developed with the aim to achieve key objectives such as to promoting JPC as a professional,

transformative and customer-centric organisation. Furthermore it aims to foster a corporate social investment and sustainability culture and to build and maintain sustainable relations with all JPC stakeholders.

### Communication Plan

Stakeholder	Expectations	Method of engagement
COJ	JPC's mandate by the City is to manage the property portfolio efficiently and professionally and to maximise value creation.	JPC continuously engages with COJ through various meetings, including Regional Meetings and JOC Meetings – Monthly and bi-weekly.
COJ-MAYCOM	Approval of all land transactions by MAYCOM, thus it is critical that JPC provides professional and reliable information to enable sound decision making by the COJ.	Through scheduled meetings. Tabling of JPC's transaction reports and other property related matters
Executive Management Team (EMT)	All JPC transactions should get the EMT's support before referred to MAYCOM for approval, JPC is to provide professional and reliable advice to enable sound decision-making.	Through scheduled meetings.
Councillors	Councillors are the community representatives and their support is necessary to curb any community dissatisfaction in the management of the Council Properties. They expect an efficient delivery of service and reliable information.	Councillors engaged through Visible Service Delivery Forums, road shows, ward-based councillor engagements — client Services open days within the region and Head Office.
Municipal Entities	Municipal Entities require properties to operate and an effective facilities management service from JPC.	Engagement through Cluster Meetings and Departmental meetings.
The public at large/local community	There is a need to inform the public at large of JPC's processes and the process of alienating the properties should be transparent, prompt and efficient.	Through open days to walk-in clients and telephonic enquiries, Website, community forum meetings. Engagements with SAPOA and the property industry/business owners, SMMEs, through our regional managers, property development, Client Business and Client Services unit
Tenants	Tenants require an efficient and prompt finalisation of the property process.	Through engagement with Property Managers, stakeholder Unit, Finance Department and Client services
Employees	Employees are key to the success of the company thus the need for information, engagement and education.	Through roadshows, internal communication and Intranet, departmental staff meetings
Organised labour	The Unions can disrupt production if not satisfied with management's dealings with the employees. Communication and engagement are vital.	Through organised labour forums
Board of Directors	The Board of Directors provide governance oversight and direction to Management and as such expect accurate and professional information to enable sound decision-making.	JPC engages with its Board Members as per scheduled meetings

## Regional Councillor Road Shows

In the first quarter, JPC embarked on Regional Councillor Road Shows in Regions B, C, E and G. The intention was to have roadshows throughout all seven (7) regions. Due to other pressing council business the remaining 3 regions will be done in the 3rd quarter of the financial year.

The purpose of the roadshows is to engage the Councillors on JPC purpose, mandate, processes, key projects and activities within their respective wards. 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.

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
Region F	10 October 2018	3	0	1	0	4
Region A	Deferred due to unavailability of councillors	0	0	0	0	0
Region D	Deferred due to unavailability of councillors	0	0	0	0	0
<b>TOTAL</b>		<b>40</b>	<b>11</b>	<b>5</b>	<b>4</b>	<b>60</b>

Though some Ward and PR Councillors were unable to attend the sessions during the 2nd quarter JPC sent out booklets and the memory stick containing the asset register information, in the case of Regions D and A due to the unavailability of the councillors on the allotted date the booklets and asset register were hand delivered to their chosen addresses. This enabled all councillors to have access to JPC information. The roadshows that were held were a success. JPC was supposed to complete the first round of roadshows by visiting Regions A, D and F but due to factors beyond their control only engaged few councillors in Region F. For the regions who had already had roadshows a need to further engage was identified in respect to the proposed uses of COJ owned land; continuous update of the asset register; and holistic approach land invasions. In the 3<sup>rd</sup> quarter JPC will establish whether these should be rolled out or focus on attending Ward Councillor Forums to disseminate information and respond to service delivery issues in preparation for the upcoming elections. Further roadshows, across all regions, may be held in quarters 3 and 4, which would need to address specific matters raised in the roadshows based on the inherent challenges in the regions aligned to the statistical data available. Holistically this could provide a better understanding of the property requirements and uses 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 December 2018:

- Weekly Regional Director and Ward Councillor Open Days;
- JPC Ward Councillor Roadshows held in Regions C, B, E, G and F;
- Booklets and asset register were distributed to councillors in Regions A and C as well as those who did not attend in C, B, E, G and F;
- 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;
- JPC attended and participated in a number of regional IDP sessions where booklets were provided indicating the key JPC processes, contact details and generic queries addressed. The Regional Directors provided a list of IDP issues requiring attention post engagement and these were attended;
- Attended and presented at Regional Visible Service Delivery (RVSD) meetings;
- Attended and presented to all relevant Section 79 committees on matters relating to JPC.
- Attended Petitions, Petitions Technical Committee and a Petitions Workshop. Unfortunately petitions standing committee meetings had largely been deferred in the 2<sup>nd</sup> quarter due to lack of a quorum.
- The Petitions Workshop held on the 5<sup>th</sup> December 2018 focused on understanding the key administrative processes of the Petitions Officials and assisted in streamlining and providing solutions to enable administrative efficiency. A key outcome was that a further workshop should be held for entities to do presentations on their mandate and core processes for the administrators to properly escalate petitions to the respective department and/or entity. Another critical success factor is the need to review the petitions policy particularly the definition which would assist in resolving current systemic challenges.

All matters raised at the various forums have been addressed with either immediate action to address the matter or by indicating the process to be followed to resolve these matters.

## Regional Stakeholder Engagements

Various stakeholder engagements were held during the first 6 months whereby JPC attended meetings, operations and forums. Client servicing and stakeholder engagement/management are not the sole function of JPC but an inherent business requirement of all units within JPC whether the client is internal or external.



## Companies Targeted for Engagements on Property Issues

Region	Company/Department/Entity	Date	Target Audience	Subject Matter
ALL	Development Planning	11 October 2018	Officials within JPC and Development Planning	Meeting with JPC to discuss land alienation and outdoor advertising

## Presentations Made

Region	Meeting	Date	Target Audience	Subject Matter
ALL	Economic Development Section 79	20 August 2018	COJ Departments and Entities officials appointed as Petitions Liaison Officers Petitions Administrative staff	Presentation on JPC mandate, processes and petitions
ALL	Petitions Technical Task Team Workshop	5 December 2018		

## Client Services

Client Services Unit (CSU) attended to 2,848 walk in clients for Quarter 1 & Quarter 2 2018 – 2019 financial year.

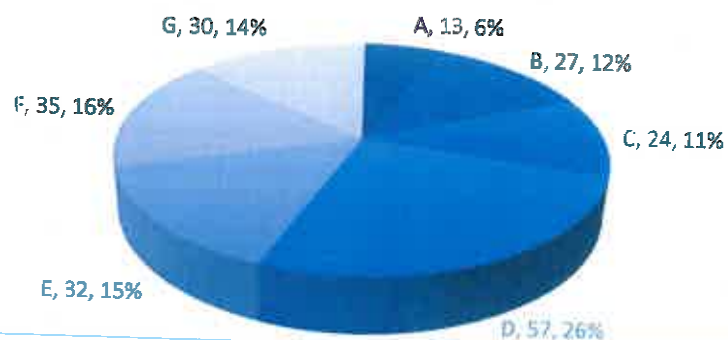
Category	Service	Q1	Q2	YTD	% of Transactions
		Total Walk In Clients	Total Walk In Clients	Total Walk In Clients	
A	Follow-Up Enquiries	299	231	530	18.61%
B	New Enquiries *	1287	1010	2297	80.65%
C	Ward Councillors	8	13	21	0.74%
	<b>Total</b>	<b>1594</b>	<b>1254</b>	<b>2848</b>	<b>100.00%</b>

CSU attended to and closed immediately 1067 (Quarter 1) & 660 (Quarter 2) accumulated total of 1727 enquiries the first 6 months of the financial year relating to general property information, zoning and ownership. 122 (Q1) & 96 (Q2) year to date total of 218 enquiries were escalated to Asset Management & Regional Managers for analysis in terms of viability in line with the land strategy and RSDF of the City. In order to streamline the operational processes during the period CSU and Asset Management reviewed the criteria for escalations for further engagement and determined that given the changes in by laws and processes in certain other departments such as Development Planning some of the queries no longer required such extensive engagement. As the project is rolled out in future months (specifically from 3<sup>rd</sup> quarter) there will be a reduction in queries being escalated for Service Level Agreement KPI 1.12. This will also result in better performance on this aspect and a happier and better serviced clientele.

Detailed below is an analysis of the demand for properties and use across the regions.

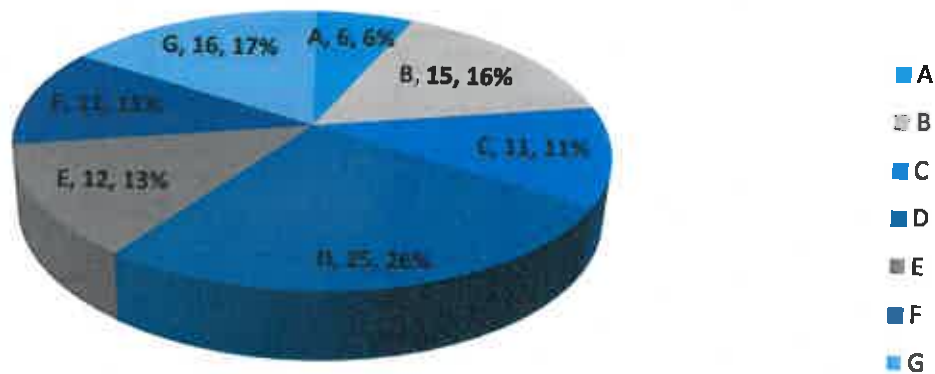
**Table 1: Regional Breakdown of 218 Escalations to Asset Management & Regional Managers (Q1 122, Q2 96) (Potential Availability Analysis)**

### REGIONAL BREAKDOWN OF ESCALATIONS TO ASSET MANAGEMENT & REGIONAL MANAGERS 1 JULY 2018 - 31 DECEMBER 2018



**Table 2: Regional Breakdown of 96 Escalations to Asset Management & Regional Managers (Q2 96) (Potential Availability Analysis)**

### REGIONAL BREAKDOWN OF ESCALATIONS TO ASSET MANAGEMENT & REGIONAL MANAGERS - Q2 2018/19 1 OCT 2018 - 31 DECEMBER 2018



**Table 2: Regional Breakdown of 218 Escalations to Asset Management by Type (Potential Availability Analysis and Transactions) for the year to date.**

TYPE	REGION A	REGION B	REGION C	REGION D	REGION E	REGION F	REGION G	TOTAL
Commercial: Business	2	2	7	10	6	10	4	41
Commercial: Business – Car Wash	0	0	0	3	0	1	0	4
Commercial: Encroachment	0	6	2	1	1	4	3	17
Commercial: Lease (Renewal/request)	1	1	0	0	0	0	0	2
Commercial: Parking	0	2	0	4	3	4	0	13
Commercial: Residential	2	2	5	15	5	4	5	38
Commercial: Road Closure/Security Access/Road Reserve	1	6	2	3	4	3	0	19
Commercial: Sanitary lane	0	3	2	0	0	1	0	6
Commercial: Servitude (Cancellation/Registration/ROW)	1	2	5	2	6	4	0	20
Commercial: User Agreement / Event	0	1	0	1	0	0	0	2
Land Regularisation	0	0	0	3	2	1	0	6
Outdoor Advertising	0	0	0	0	0	0	1	1
Social: Community Facility – Church/Place of worship	4	0	0	8	0	0	8	20
Social: Community Facility – Community Organisation (NGO/NPO)	1	0	0	6	5	2	5	19
Social: Community Facility – Crèche/Day Care Centre/ECD	0	1	0	0	0	0	3	4
Social: Community Facility – Sports and Recreation	0	1	1	1	0	1	1	5
Social: Farming/Co-Operative	1	0	0	0	0	0	0	1
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>13</b>	<b>27</b>	<b>24</b>	<b>57</b>	<b>32</b>	<b>35</b>	<b>30</b>	<b>218</b>

### Year to date Regional Analysis – Assessments to Asset Management & Regional Managers

	Q1 & Q2 Number	Percentage
A	13	6%
B	27	12%
C	24	11%
D	57	26%
E	32	15%
F	35	16%
G	30	14%
<b>TOTAL</b>	<b>218</b>	<b>100</b>

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.

#### Call Centre

The system has been finalised and the User Acceptance Test (UAT) signed off in November 2016. An Implementation meeting was held in February 2017 to discuss the requirements to be met with the go live of the system. Due to a lack of funding the staff for the Call Centre cannot be appointed at the moment. The appointment of staff may be possible in the next financial year.

## SECTION 1.2.2: MARKETING AND COMMUNICATIONS

### Marketing and Communications

JPC Marketing had an interesting first half of the financial year 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 engagement.
- Green Buildings Council of South Africa engagement on 18 October 2018.
- The Inner City Development Engagement on 4 December 2018
- JPC mid-term Motivation Session was held with the CEO was held on the 7<sup>th</sup> of December

The JPC presented to members of the industry at the various SAIBPP Convention activities. The Executive Mayor spoke to 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.

Furthermore, the CEO addressed the South African Forum of Civil Engineering Contractors (SAFCEC) in Bedfordview at their Women's Day celebration. At this forum, the pipeline of work for the year was shared with the members.





Three of the CEO's Regional Roadshows took place during the first and second quarter of the year; these had comprehensive booklets produced by the JPC which were distributed. The ward and PR councillors who attended found these to be very informative. Five of the seven regions were covered, the two outstanding regions are A and D will be organised in the third quarter — marketing support Client Business Operations with event management services at these roadshows.

The JPC provided support to the City of Johannesburg at events that the CoJ organised by bringing panellists to both the Business Day Interview where the Johannesburg Property Owners Management Association (JPOMA) Chairman Nic Barnes and the Property Charters' Portia Tau-Sekati participated. Also, at the CNBC interview in Sandton the JPC worked with Group Marketing Stakeholders to get the CEOs of SAPOA (Neil Gopal) and SAIBPP (Ms Vuyiswa Mutshekwanne) as panellists as well as the CEO of TUHF (Mr Paul Jackson). The two target markets that remain on the radar are the Youth in Property Association (YIPA) and the Women's Property Network (WPN). However, these can be done in the second half of the year. The forums have their own platforms and perhaps it is at these forums where these stakeholders can be addressed.

## Brand Management

The fourth and fifth placements of the quarter page JPC advertisement has appeared in the July/ August 2018 edition and again in the September/October edition.



The JPC Corporate Multimedia DVD was finalised and showcased at the 71 Building Investor Launch Event. Distribution in for the Inner City Rejuvenation of 71 Properties produced for the launch event on 14



August. It is currently available on the website. Regular updates to the information have been made on social media to include briefing sessions, site visits and tender extensions.

A printed prospectus was produced for the delegates who attended the launch event, others could download this free of charge on the website.



### Corporate Social Investment

Mandela Day. The JPC Staff donated previously owned clothes and blankets made by them, and these were handed out to senior citizens and learners. In addition, a team refurbished the Randburg Civic Centre.



The annual JPC Santa Shoebox Drive was completed on 7 December, 120 children from the Hamilton Memorial Crèche in Westbury, Region B received gift boxes from JPC staff. The children were not aware of the event and were pleasantly surprised when they saw all the wrapped boxes waiting for them in one of the classrooms. The JPC staff donated R30, 000, to Hamilton Memorial Crèche.





*JPC Client Business Staff at the Presentation*

## **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 a 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.

### Staff Motivation Session

JPC mid-term motivation session was held with the CEO on 7 December, 2018. The purpose of the meeting was to ensure that staff members all understood the achievements made and the roadmap for the way ahead. This is the only time that all staff members of the company assembled at one point throughout the year. The CEO addressed the staff members, shared highlights and achievement of the first half of 2018-19 financial year including JPC retaining Facilities Management for User Departments of the City. The CEO announced another clean audit for the fourth year in a row.

### Employee A Re Sebetseng

JPC embarked A Re Sebetseng for staff cleaning various areas. The first clean up this financial year was at the Randburg Civic Centre for Mandela Day.



### Internal Communications

An extensive internal communication to the staff of the company went out through monthly newsletters. Issues addressed ranged from the properties available in the Inner City, the proposed developments, the engagements with the partners we have in the property field and the staff of the company. These monthly internal communications ensure that we keep all colleagues aware of what is going on in the organisation.





### Online Presence

During the first two-quarters online communication appeared that pertained to the 71 Properties, which were repositioned as the 84 Properties to cater for the 13 pilot projects that were not awarded. There were regular advertisements on the properties, the loading of the prospectus, the tender documents that were free online and the announcement of site visits with the JPC to the properties in the Inner City.

### 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.

Joburg Property Company (SOC) Ltd Information Technology can be termed as a backbone to JPC business because of wide-scale use of computers, internet and telecommunications systems. Information Technology support 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.

### JPC New Website and Intranet Awareness Campaign

JPC IT has launched an awareness campaign for the development of the new JPC Website and Intranet. JPC IT also proud to announce that it will host the Intranet. The primary objectives of JPC new website development effort focused on aesthetics, simplifying our content, and increasing the visibility of our service areas. The new design also allows for streamlined menus, clear navigation, and a responsive layout catered for all platforms. The updated site includes changes to navigation, with drop-down menus for both mobile



and desktop versions. The structure includes improved website content so as to provide a quick read. One of the biggest changes apart from the look and feel is the fact that the new site will be fully accessible on both mobile and desktop devices. The new intranet site provides a holistic overview of JPC intra-departmental functionality. JPC IT Launched both JPC Website and Intranet awareness campaign to JPC Executive management.

The Intranet awareness campaign will focus on the following pillars:

- The Intranet awareness will be created through the existing Intranet
- "How To Use Intranet" document will be converted to pop-up for all employees.
- The employees who are at the Depot will be informed about the new Website and Intranet that has been developed.
- At each of the five Depots there is one Desktop that is shared by the employees at the Depots to access the JPC system, to view the new Website and Intranet.
- IT has trained about 200 Depot employees that include the P/C employees on a basic computer course.
- Website awareness will be created through social media, banners, creative notice on the existing site for the public.

### **JPC IT Steering Committee (ITSC) and Governance**

The ITSC was established to assist the Accounting Officer to fulfil his / her IT risk management and control responsibilities in accordance with prescribed legislation and corporate governance principles. It shall provide an oversight role to ensure greater accountability and provide sound and quality audit responses. It will further ensure that ICT initiatives and proposed projects help the JPC and the City of Joburg Metropolitan Municipality (COJ) achieve strategic goals and objectives. Members of the steering committee were appointed in terms of 3 (3.1 & 3.2) of the JPC IT Steering Committee Charter. As a member of the Committee, they are expected to provide leadership, technical assistance, and recommendations to contribute to the goals of the JPC on ICT related matters. The responsibilities pertaining to the Steering Committee are contained in the ICT Steering Committee Charter.

### **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 the internet and access JPC applications, logging a call with IT and basics of telephones. The focus in the current year is to provide 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.

### Outdoor advertising

The challenge with regards to outdoor advertising is revenue collection. JPC collected amount of about R 20 million against the budget of R 150 million years to date from outdoor advertising leases. Due to protracted legal processes, this is likely to persist for some time and revenue is projected to be far less than it has been for the past three years.

Another challenge is the suspension of the new by-laws which impacts clutter. The clutter is increasing as the City frantically seeks resolution through the courts, a protracted and costly process in terms of the current By-laws. This impact the value of outdoor advertising as oversupply (clutter) is responsible for an unprecedented vacancy rate estimated at over 45%.

The City finds itself in such a period where a new law is being challenged and the existing one does not offer much either than entrenching the status quo. This is a state of inertia, which can only be guided by Council as the Legislature. It is along these lines that JPC recommended that the revenue from outdoor be reviewed to a realistic target under these circumstances.

### Inner City Projects

In 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. For a while, JPC was not able to solicit the aforementioned comments/requirements from Treasury, posing a significant challenge as awarding of the tender(s) was delayed significantly. The issue has since been, escalated to the City Manager to resolve and following a Probity Audit (which was later recommended by EAC) the tenders will be awarded early in 2019.

### 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	2643	2643					5995	5995	Statistics based on walk ins, inboxes 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	2643	2643					5995	5995	Statistics based on walk ins, inboxes 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	336	336	116	116					452	452	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	474	474					1251	1251	Facilities Management KPI
KPI 1.5	Performance of major works on facilities managed by JPC	Within 5 days of logged call	5 days	29	29	10	10					39	39	Facilities Management KPI



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					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	6	6	0	0					6	6	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	2	2					2	2	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 and facilities managed by JPC.	Quarterly Agreed	Quarterly	0	0	48	48					48	48	Facilities Management
KPI 1.10	Response to general enquiries at client services counter	Immediately - 24 hrs as per current JPC timeframes. Agreed	24 hours	1067	1067	660	660					1727	1727	Statistics based on walk in clients

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 1.11	Responses to enquiries regarding transactions pipeline	Immediately - 24 hrs as per current JPC timeframes. Agreed	24 hours	1709	1709	1358	1358					3067	3067	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)	21/96 22% =	21/96 22% =					75/195 38% =	75/195 38% =	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

The JPC scorecard for the current quarter ending 31 December 2018 reflects that the entity achieved 53% of the targets, 14% of the targets are not yet due and 33% of the targets are not achieved.

Exceeded Targets	Achieved Targets	Not Achieved Targets	Target not yet Due	Total
6	5	7	3	21
29%	24%	33%	14%	100%

1	Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021
---	--

#### 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	R700 million attraction
Actual	R72 million attraction	R0 million attraction			R72 million attraction

Target not achieved

JPC has three reports with a combined value of R450 millions of investment attraction. The Executive Adjudication Committee (EAC) approved the award during the period under review, signatures from the developers are still to be finalised.

#### 1.2. R600 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	R200 million investment spend on projects
Actual	R161 million investment spend on projects	R199 million investment spend on projects			R360 million investment spend on projects

Target exceeded

Riverside View  
Jabulani

R161,2 million  
R37,8 million

### 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	1 000 Job Opportunities Created
Actual	240 Job Opportunities Created	233 Job Opportunities Created			473 Job Opportunities Created

Target not achieved

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	600 SMME's supported
Actual	131 SMME's supported	57 SMME's supported			188 SMME's supported

Target not achieved

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

### 1.5. 100% Payment of valid invoices within 30 days of invoice receipt date.

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	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
Actual	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

Target achieved



**Ensure pro-poor development that addresses spatial and income inequality and provides meaningful redress**

### 2.1. Two hundred and fifty (250) Asset Management plans formulated

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	50 asset management plans concluded	75 asset management plans concluded	75 asset management plans concluded	50 asset management plans concluded	125 asset management plans concluded
Actual	59 asset management plans concluded	77 asset management plans concluded			136 asset management plans concluded

Target exceeded

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

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Target	Nil	Acquisition of 2 properties	Acquisition of 5 properties	Acquisition of 3 properties	2 Properties acquired
Actual	2 Properties acquired	0 Properties acquired			2 Properties acquired

Target achieved

There is council approval for 4 properties to be acquired, JPC is awaiting the signature of the seller on the purchase agreement. The transfer will be effected in the third quarter.

### 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			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			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			Nil

Target not achieved

To improve target achievement, the best use analysis of the properties is being undertaken as thirteen properties were released for crèches/education and community purposes in Regions C and F however, no responsive bids were received from the public.

#### 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
Target	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	4 Inner City property redevelopment projects awarded
Actual	0 Inner City property redevelopment projects awarded	3 Inner City property redevelopment projects awarded			3 Inner City property redevelopment projects awarded

Target achieved

### 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
Target	0	20	50	10	20 employees trained
Actual	47 employees trained	9 employees trained			56 employees trained

Target exceeded.

#### 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	20% 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			11% completion of skill audit for level one to six employees

Target not achieved.

The achievement of this KPI is dependent on the performance of the COJ as the KPI is driven by the City. The preparation of skills audit for employees at levels 5 to 6 commenced with the actual audit of employees data during the period under review. The total number of employees for the skills audit at levels 1 to 6 is 62. The skills audit for levels 5 – 6 will commence in the 3<sup>rd</sup> quarter.

#### 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			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 low.

### 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	1 of 3 cases (33%) concluded within 90 days.	2 of 2 cases (100%) concluded within 90 days			3 of 3 cases (100%) concluded within 90 days.

Target achieved

Two disciplinary cases were 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 concluded	90% success rate in all cases concluded	90% success rate in all cases concluded	90% success rate in all cases concluded
Actual	100% success rate in all cases concluded	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



	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Actual	R30m income raised from leases and servitudes sales	R39m income raised from leases and servitudes sales			R69m 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	20% implementation of the Outdoor Advertising masterplan
Actual	2.5% implementation of the Outdoor Advertising masterplan	0% implementation of the Outdoor Advertising masterplan			2.5% implementation of the Outdoor Advertising masterplan

Target not achieved

The recently promulgated Outdoor Advertising by-laws are suspended pending the hearing of the court matter, thus the non-achievement of the planned activities as per the 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	40% spend on allocated Capex
Actual	26% spend on allocated Capex	31% spend on allocated Capex			57% 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



	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
Actual	Not applicable	Unqualified audit opinion (clean audit) Obtained			Not applicable

Target achieved

**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 a report issued	100% resolution of findings within four months after a report issued	100% resolution of findings within four months after a report issued	100% resolution of findings within four months after a report issued	100% resolution of findings within four months after a report issued
Actual	100% resolution of findings within four months after a report issued	0% resolution of findings within four months after a report issued			100% resolution of findings within four months after a report issued

Target not achieved



## Chapter 4

### Human Resources & Organisational Management



### Highlights and Achievements

The Human Capital Management focused on planning and implementing initiatives that are linked to the Business Plan priority no 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

The HR initiatives above aim to enable JPC to deliver on its strategic objectives and to focus 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 HR Strategy was presented at REMCO on 10 December 2018 and this was in alignment to the Business Strategy. Minor changes have been proposed to ensure that HR meets the business demands effectively.

The following objectives were implemented in the period under review (July – December 2018)

- Department of Labour conducted a compliance audit for the Employment Equity Plan and Unemployment Insurance Fund (UIF). There were minor areas of improvement that were identified and recommendations were proposed.
- Engagement sessions have been held with employees to create awareness of the Employee Wellness Programme (EWP) and also to market access platforms to the programme.
- 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 gaps of under capacitation and operational business requirements.
- Admin Support position was converted to Administrator position due to the similarities of the duties, in line with Job Evaluation and Organizational Review, and Structural Design Maintenance policy documents.
- The training interventions focused on the functional or technical competence cluster. Fifty-six (56) employees were upskilled as part of skills development.
- Employee Declaration of Interest for 2018/2019 financial year was submitted and approved. It was established that there is no conflict of interest.
- A woman's day event was successfully held in August wherein the JPC woman got an opportunity to be motivated and advised about the importance of the mental health and employee wellbeing
- Implementation of the salary and wage collective agreement and all related benefits.



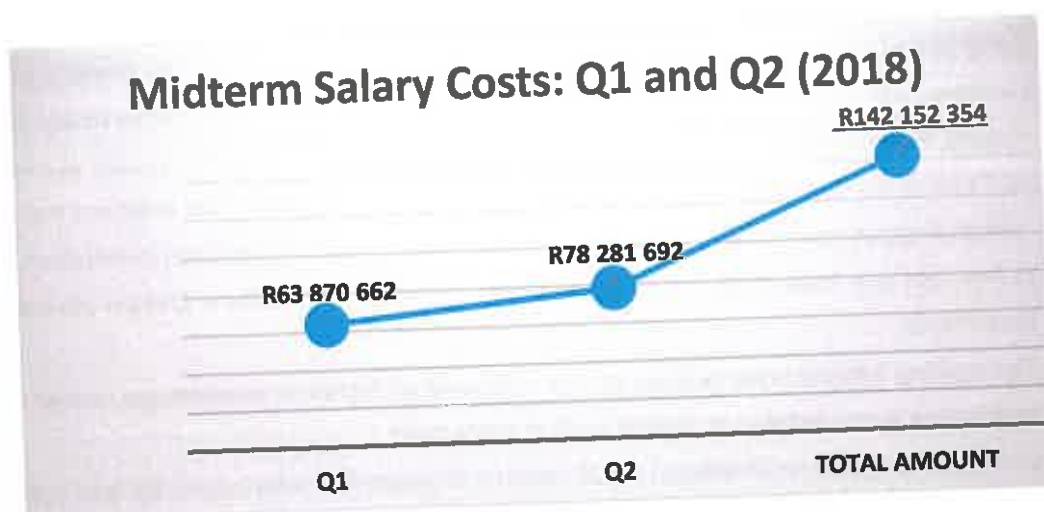
## Section 2: Employee Remuneration and Cost Including Executives

The remuneration expenses reported in the midterm review includes all-inclusive packages from July to December 2018:

SALARY BILL: Midterm for 2018/2019 (July to December 2018)	
MONTH	AMOUNT
Jul-18	R19 544 656
Aug-18	R22 628 863
Sep-18	R21 697 143
Oct-18	R20 998 929
Nov-18	R35 032 347
Dec-18	R22 250 416
<b>Total</b>	<b>R142 152 354</b>

The table above indicates the monthly salary bill inclusive of the following transactions that emerged:

- ✓ The implementation of the Salary and Wage Collective Agreement in respect of the 7% cost-of-living increase and related benefits with effect 1 July 2018 to all qualifying employees;
- ✓ Implementation of 13<sup>th</sup> cheque payments effected during the November 2018 pay run to all qualifying employees;
- ✓ Appointment of 37 (thirty-seven) internal positions was made in September 2018 of which 5 positions were new appointments and the remaining 32-positions were top-ups at a total financial cost of R159.209.50 per month and R1 592 075 from September to June 2019.
- ✓ The implementation of the upper limits cost of living increase of 5.4% effected during December 2018, retrospectively 1 July 2018 intended for the CEO and her direct reporting level (Executive Managers) based on total remuneration packages.
- ✓ The overall salary bill for the midterm review (Jul-Dec 2018) amounts to R142 152 354.00.



The graph above demonstrates an increase in the salary bill in the second quarter due to the 13th cheque payments and the leave encashment transactions in December 2018.

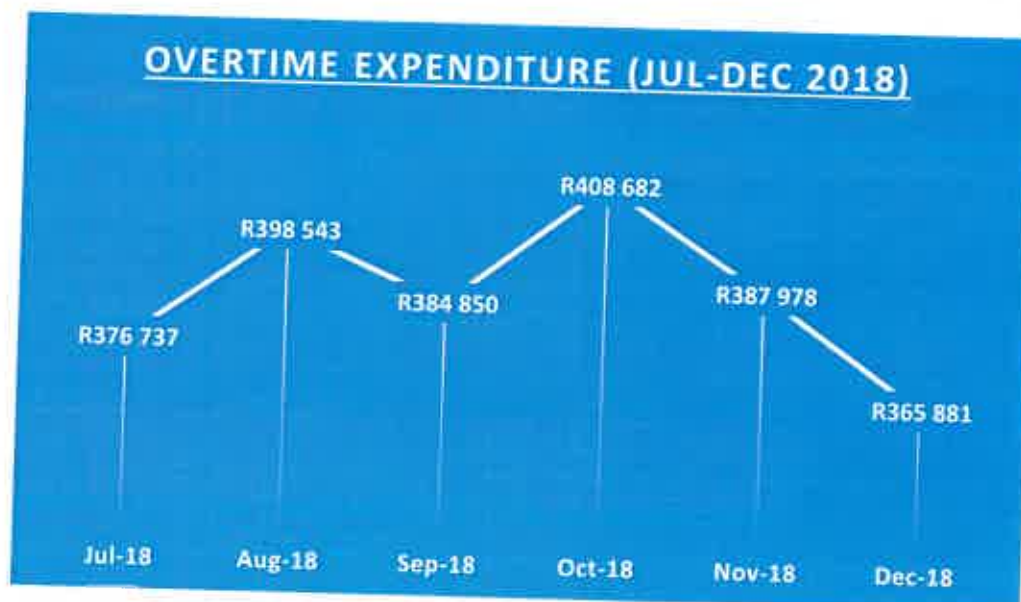
### Midterm Overtime Costs (July to December 2018)

Overtime expenditure is consistent and is as a result of services rendered to the public by JPC in respect of public convenience facilities. 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 overtime expenses: (July to December 2018)

Overtime Bill: Midterm 2018/2019 (July -December 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
Oct-18	98	3041	R408 681.92
Nov-18	101	2888	R387 977.88
Dec-18	91	2725	R365 880.53
<b>TOTALS</b>	<b>588</b>	<b>17571</b>	<b>R 2 322 671</b>

The table above shows the overtime costs incurred during the midterm review, the total staff required to work overtime and the number of hours claimed for overtime worked. The total budget spend on overtime thus far equates to R2 322 671.00 worked by an average of 99 employees on a monthly basis. The public convenience facilities' operating model requires that employees work over the weekend thus resulting in overtime expenses.



The graph above displays the monthly expenditure in respect of the overtime costs. It shows a significant cost reduction in December 2018 pay-run in comparison to previous months.

### Section 3: Key Vacancies

Recruitment and filling of critical vacancies remain 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 the internal recruitment process to curb the costs. The remaining vacant positions will be filled throughout the three years based on budget availability.

To improve business operations and efficiency, management took a business decision to fill the long-standing critical vacant positions through an internal recruitment process as a way of mitigating the current shortages and workloads. The bulk of the vacant positions were identified under core departments particularly the Facilities Management department. After consultations between Labour and Management 86 internal positions were approved for internal recruitment focusing on Facilities Management, Finance, Outdoor Advertising, Client Business Operations and Property Management departments.

The internal recruitment process has helped boost staff morale as it opened opportunities for employees to advance, utilise their skills and gain new competencies. 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), 2 representatives from hiring department; Employment Equity representative and an external manager from other MOE's formed part of the process.

A large number of vacant positions still needs to be fill that requires 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 that are envisaged to be achieved.

#### POSITIONS ADVERTISED AND FILLED INTERNALLY

Department	Business Unit	No. Advertised Positions	No. of Filled Positions
Property Portfolio	Facilities Management	58	25
	Property Development	1	0
	Property Management	20	16
Outdoor Advertising	Outdoor	2	0
Chief Financial Office	Finance & Supply Chain	5	5
Client Business Operations	Client Business Operations	1	1
Total		87	47

The table above demonstrates the total number of vacancies filled internally during the first quarter. There are still vacancies that need to be filled and were created as a result of the recent internal appointments, this includes positions currently occupied by the temporal employees.

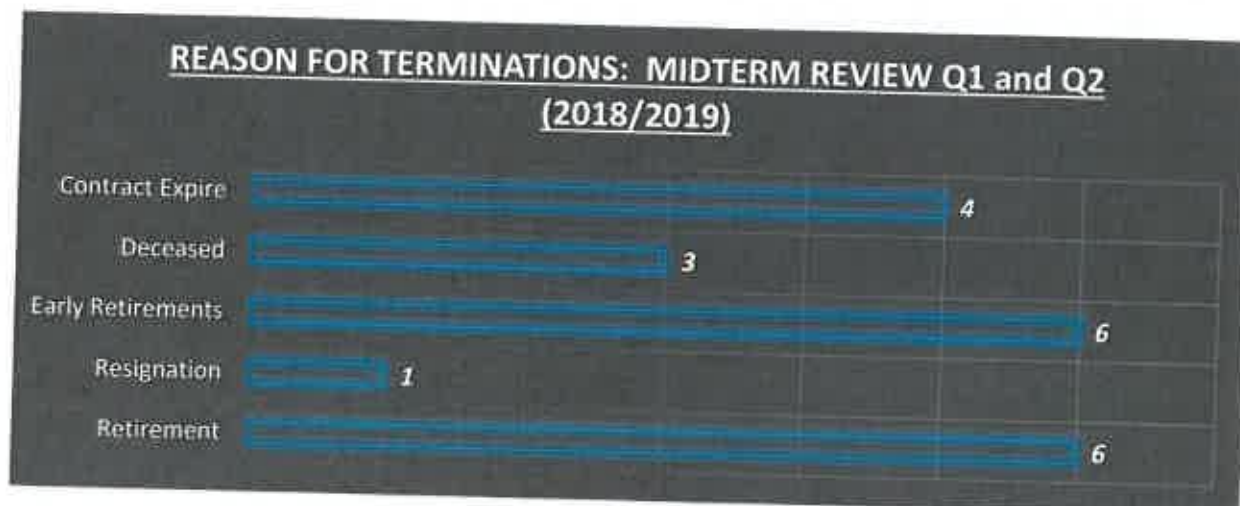
### Staff Movements:

**Terminations:** It is reported during the midterm review (July – December 2018), Sixteen (16) 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	6	0	0	0	2	0	0	0	0	0	8
Semi-skilled Administration /	6	0	0	0	0	0	0	0	0	0	6
Unskilled and defined decision making	1	0	0	0	0	0	0	0	0	0	1
Total Permanent Staff	14	0	0	0	2	0	0	0	0	0	16
Temporary Employees	1	0	0	0	3	0	0	0	0	0	4
<b>GRAND TOTAL</b>	<b>15</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20</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 and early retirements.

The graph below indicates the reasons for termination that transpired during the midterm (2018/2019):





The diagram above points out the reason for terminations during the midterm review (July-Dec 2018), which mainly relates to retirements and early retirements.

**Retirements:** Six (6) employees retired, regarding 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.

**Early Retirements:** Six (6) employees opted for early retirements as per their pension fund rule. These affected employees who qualify for the full benefits in terms of the age over 55-years and long years of service.

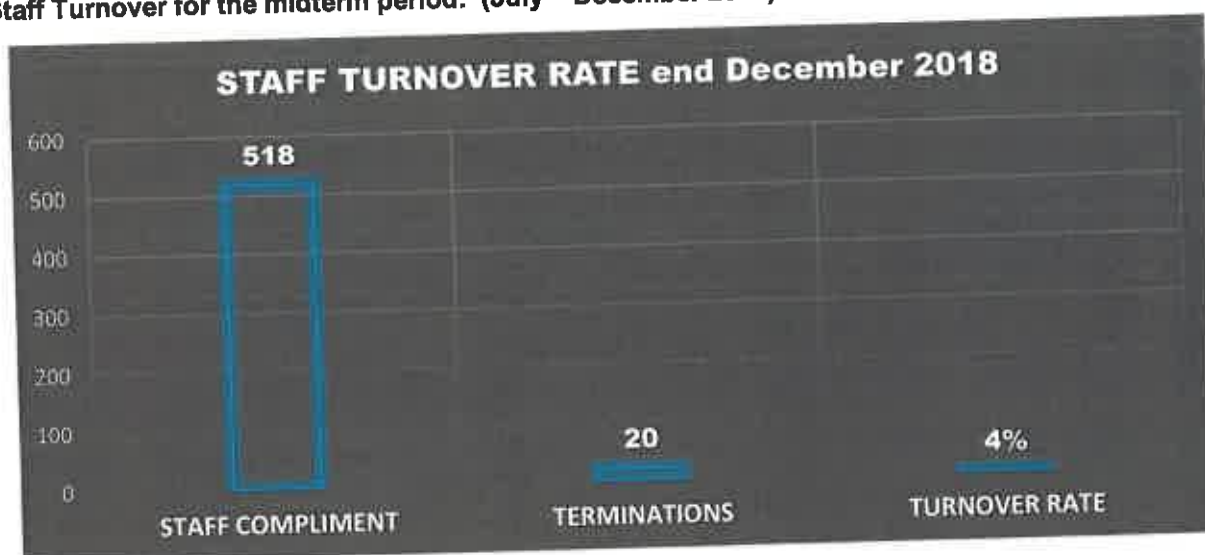
**Resignation:** One (1) employee resigned mainly in lieu of better career opportunities and remuneration compensation within the job market.

**Death:** JPC experienced three (3) deaths during the midterm period as a result of natural causes.

**Contracts:** Four (4) temporary contracts expired.

The impact of the termination rate realised thus far contributes to the under capacitation within key business areas. The current solution is to prioritise critical vacancies within core functions as the most pressing challenge in the business is maintaining employee costs within the constraints of the budget provided. This will ensure that critical capacity gaps are filled and business priority deliverables are achieved optimally.

**Staff Turnover for the midterm period: (July – December 2018):**



The staff turnover of 4% during the midterm review is at an acceptable level taking into consideration that a healthy turnover rate is between 5% and 10%.

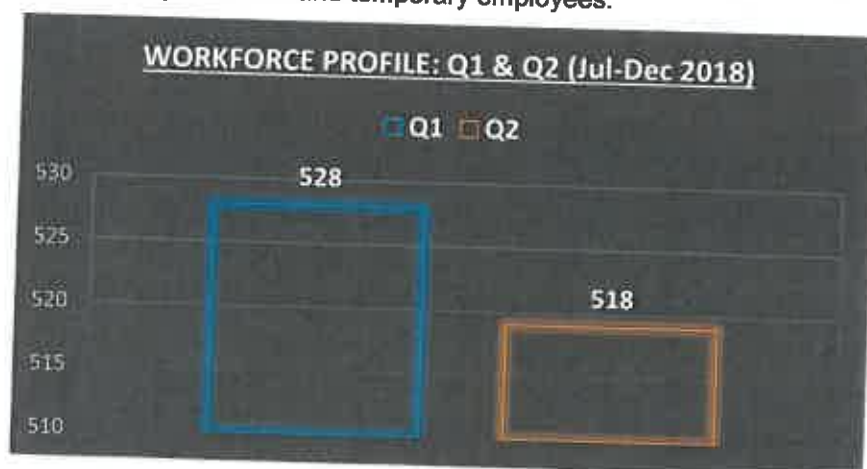
#### Section 4: Employment Equity

JPC as a government entity submitted the Annual Employment Equity report to DoL, in October 2018, the DoL conducted a compliance audit of the JPC Employment Equity Plan and provided recommendations for

improvement. The 2018 Annual Employment Equity Report has been compiled in consultation with EE Forum and Labour representatives and the report will be submitted to the Department of Labour (DoL.) in December 2018. The JPC has a staff complement of 518 employees as at the end of December 2018. The employment equity demographics currently indicates that a majority of JPC employees are males and mainly occupy Junior Management, Skilled and Semi-skilled occupational levels. Male employees represent 58% of the total workforce and 42% of female employees.

Occupational Levels	MALE				FEMALE				Foreign Nationals		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 and Skilled Technical	106	6	6	9	85	15	2	2	1	1	233
Semi-skilled Administration /	84	7	1	1	1	1	0	0	0	0	95
Unskilled and defined decision making	39	4	0	1	54	14	0	0	0	0	112
<b>Total Permanent Staff</b>	<b>248</b>	<b>18</b>	<b>13</b>	<b>17</b>	<b>161</b>	<b>34</b>	<b>5</b>	<b>7</b>	<b>1</b>	<b>1</b>	<b>505</b>
Temporary Employees	3	0	1	0	8	1	0	0	0	0	13
<b>GRAND TOTAL</b>	<b>251</b>	<b>18</b>	<b>14</b>	<b>17</b>	<b>169</b>	<b>35</b>	<b>5</b>	<b>7</b>	<b>1</b>	<b>1</b>	<b>518</b>

From a staff complement of 518-employees, 505-employees are permanent and 13-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. The graph below indicates the workforce profile per quarter inclusive of permanent and temporary employees.



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

TOP 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%
SENIOR MANAGEMENT								
OCCUPATIONAL LEVEL	MALES				FEMALES			
	A	C	I	W	A	C	I	W
ACTUAL %	33%	0%	0%	0%	33%	0%	33%	0%
TARGET %	38%	2%	1%	9%	38%	2%	1%	9%
GAP%	-5%	-2%	-1%	-9%	-5%	-2%	32%	-9%
PROF QUALIFIED/SPECIALISTS/MID MANAGEMENT								
OCCUPATIONAL LEVEL	MALES				FEMALES			
	A	C	I	W	A	C	I	W
ACTUAL %	29%	2%	9%	9%	34%	3%	3%	10%
TARGET %	38%	2%	1%	9%	38%	2%	1%	9%
GAP%	-9%	0%	8%	0%	-4%	1%	2%	1%
SKILLED /Technical qualified, Junior Management/Superintendents/Artisans/Administrators								
OCCUPATIONAL LEVEL	MALES				FEMALES			
	A	C	I	W	A	C	I	W
ACTUAL %	48%	3%	3%	4%	35%	7%	1%	0%
TARGET %	38%	2%	1%	9%	38%	2%	1%	9%
GAP%	10%	1%	2%	-5%	-3%	5%	0%	-9%
SEMI-SKILLED (ARTISAN SUPPORT)								
OCCUPATIONAL LEVEL	MALES				FEMALES			
	A	C	I	W	A	C	I	W
ACTUAL %	81%	7%	1%	1%	8%	3%	0%	0%
TARGET %	38%	2%	1%	9%	38%	2%	1%	9%
GAP%	43%	5%	0%	-8%	-30%	1%	-1%	-9%
UNSKILLED (GENERAL WORKERS)								
OCCUPATIONAL LEVEL	MALES				FEMALES			
	A	C	I	W	A	C	I	W
ACTUAL %	35%	4%	0%	1%	48%	12%	0%	0%
TARGET %	38%	2%	1%	9%	38%	2%	1%	9%
GAP%	-3%	2%	-1%	-8%	10%	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-presentation of the non-designated group

(Whites). The imbalances identified are due to a technical environment that constitutes mainly semi-skilled and unskilled occupational levels which are occupied by the designated groups (Blacks). Secondly, the budget constraints have contributed to the company's inability to recruit people from non-designated groups. These anomalies are included in the EE Action plan. EE representatives fully participate during the recruitment process to achieve underrepresentation against set targets. As and when vacancies are filled EE targets will be a priority to identify suitably qualified candidates from diverse groups.

### Section 5: Skills Development and Training

JPC's strategic focus is to ensure that its employees are empowered by giving them an opportunity to upgrade their competencies and literacy levels, improve the employee performance, organisational effectiveness and competitiveness. Part of the interventions of ensuring that JPC achieves its goals and creates a learning culture is through capacitating employees with appropriate skills to meet the business operational goals/objectives.

#### Implementation of the 2018/2019 Workplace Skills Plan

The training interventions conducted in the period under review (July to Dec) focused on the Functional /Technical training cluster to address specific organizational competencies that are required to perform the day to day business functions. The total amount spent in the period under review is R478 699.96.

Training Cluster	Course/Programme conducted	No. of people trained
Functional/Technical	Document Management	19
	Ms Excel	14
	Ms Word	14
	Technical Report Writing	9
<b>Total</b>		<b>56</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	2	0	0	0	6	0	0	0	0	0	8
Unskilled and defined decision making	2	0	0	0	1	0	0	0	0	0	3
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	56

### Internships and Learnerships Programmes

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
Total		37

### Section 6: Performance Management

During the period under review, EXCO's performance objectives have been completed for 2017/2018 financial year and reviews to be finalised.

## Section 7: Disciplinary Matters and Outcomes

### Disciplinary Matters

Three (3) employees are facing charges relating to various misconduct cases and the disciplinary hearings are in progress:

Case Description	Outcome
Non- compliance with the code of conduct	The matter is closed because the employee resigned
Non –compliance with the code of conduct and fraud	The disciplinary hearing took place on 27 <sup>th</sup> November 2018 and scheduled to continue on 09-10 January 2019.
Dishonesty	The hearing took place on 22 November 2018 and scheduled to continue on 12 December 2018, and postponed to January 2019

### Disputes

Only two (2) matters were referred to an external dispute resolution mechanism at SALGBC and the outcome is as follows:

Case Description	Outcome
186 (1) (e) Constructive Dismissal	The matter was withdrawn by the applicant thus the matter is closed
185 Unfair Labour Practice	The matter referred for conciliation and remains unresolved.

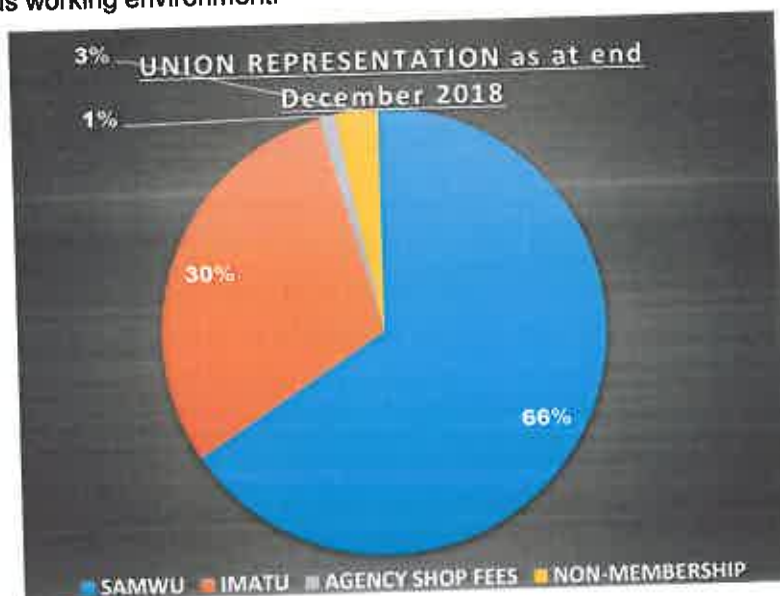
### Grievances

In this period under review only one (1) grievance was lodged relating to unfair labour practice and the grievance meeting is scheduled to take place on 7 September 2018

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 for conciliation at SALGBC.

## Union Representation

JPC is highly unionised 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 complement of 518 employees including temporary staff, 66% belongs to SAMWU, 30% 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.

## Section 8: Leave and Productivity Management

### Leave Provision: Midterm Review period (July to December 2018)

The leave liability amount based on the annual leave balances as at end December 2018 amounts to R18 094 545. The leave liability amount will show a true reflection once all leave forms are captured for the festive period and will significantly reduce. Although most employees utilise their annual leave days during December/January. Management will still ensure that skeleton staff will remain to ensure the business continuation and effective service delivery.

The table below illustrates the monthly leave liability amounts: (July – December 2018):

Leave Provision Midterm: July to December 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
Oct-18	8 999	18 185 304
Nov-18	9 418	19 085 366
Dec-18	8 541	18 094 545

### Leave Encashment for the Midterm review: (July to December 2018)

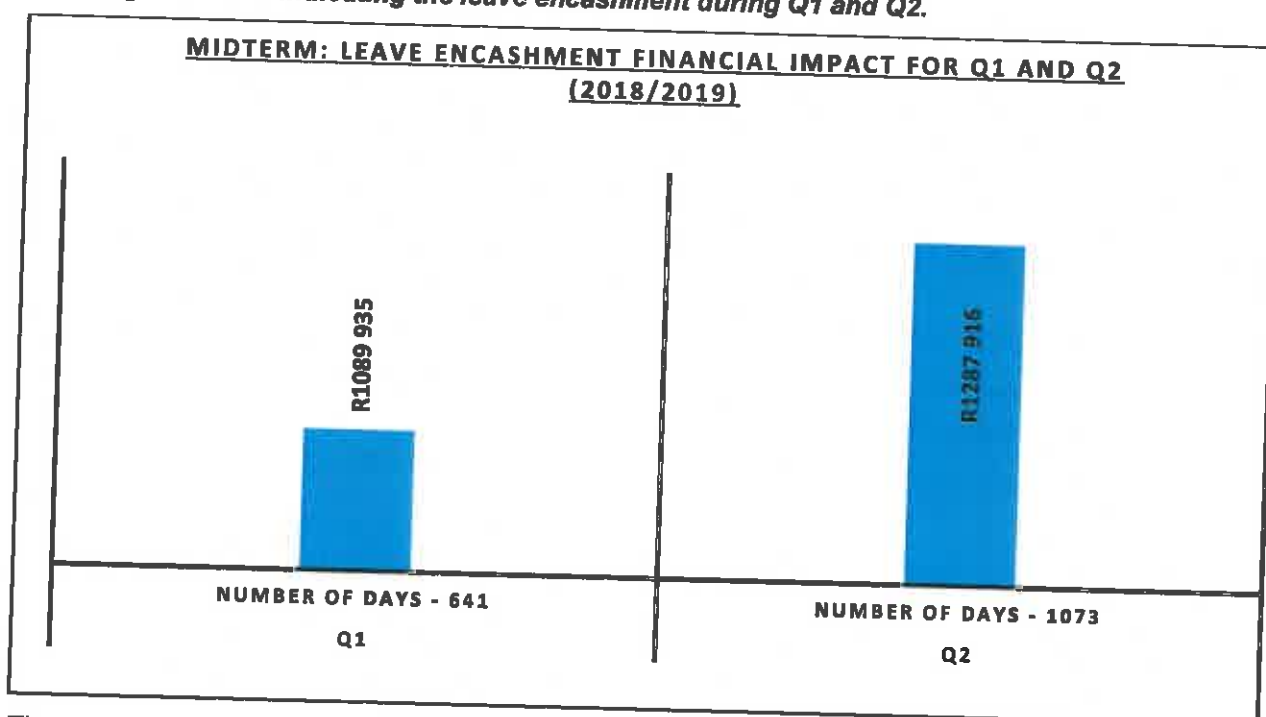
The leave encashment applications were implemented in line with the principle that, "An employee is only allowed to sell once within a financial year up to a maximum of 8 days" as per the Leave policy provision

The table below illustrates the monthly leave encashment: (July-December 2018)

MONTH	LEAVE DAYS	AMOUNT
Jul-18	197	320 155
Aug-18	219	374 044
Sep-18	225	395 736
Oct-18	104	165 703
Nov-18	31	34 984
Dec-18	938	1 087 229
<b>Totals</b>	<b>1714</b>	<b>2 377 851</b>

Employees' encashed a number of "1714"-non-compulsory days at total costs of R2 377 851.00. This initiative positively impacted on the organisation as it forces employees to utilise their compulsory leave days before selling thus reduces the liability amount.

The diagram below indicating the leave encashment during Q1 and Q2.



The diagram indicates the total numbers of day's encashed in Q1 and Q2, as well as the amounts paid out.



### Absenteeism: Midterm period (July – December 2018)

DEPARTMENT	PERIOD	Number of Staff taken Sick leave	Total Sick Days Taken	% Absenteeism
Office of the CEO	July 2018 - December 2018	13	68	0.07%
Finance & SCM	July 2018 - December 2018	34	452	0.49%
Information Technology	July 2018 - December 2018	8	50	0.05%
Client Business Operations	July 2018 - December 2018	19	193	0.21%
Corporate Services	July 2018 - December 2018	18	150	0.16%
Outdoor Advertising	July 2018 - December 2018	4	24	0.03%
Portfolio Management	July 2018 - December 2018	276	2195	2.40%
<b>TOTALS</b>	<b>Q1 &amp; Q2</b>	<b>372</b>	<b>3132</b>	<b>3.42%</b>

The above table illustrates the absenteeism rates per department as well as the overall rate of 3.42% for JPC. In contrast to the norm of 1.5%, JPC shows a high absenteeism rate by over 1.92% at 3132 sick leave days. This serves as a reflection that JPC has 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 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

During the fourth quarter, HCM engaged in a drive to educate all employees on Pension Fund Rules to ensure that employees are fully conversant with the rules. The exercise was aimed at creating awareness for employees on various factors that are necessary for pension planning and highlighted financial viability for retirement, health and wellness as well as affordability for the rising cost of living and a rapidly ageing workforce. The Pension Fund Information Session forms part of employee benefits offered by JPC and the initiative also served as a motivation enhanced engagement and contributed to improving employee well-being.

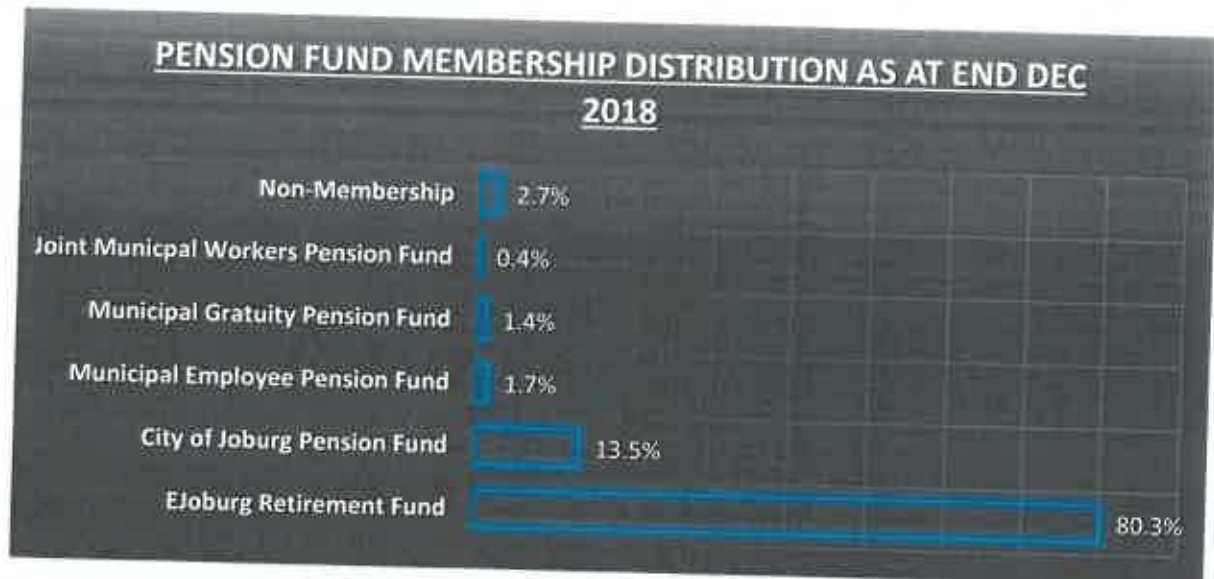
Engagement sessions have been held with employees to create awareness of the Employee Wellness Programme (EWP) also to market access platforms to the programme. The initiative became an eye-opener to employees that the Wellbeing of employees is pivotal to the success of JPC and hence the investment in the programme has been initiated by the organisation. Employees and their dependants can also access the Employee Wellness Programme.

Continued promotion of EWP wellness initiatives is envisaged to sustain employee well-being gains achieved is recommended for all employees.

The Pension Fund membership distribution is shown in the table below as at end December 2018:

THE PENSION FUND MEMBERSHIP	TOTAL	REMARKS
E Joburg Retirement Fund	417	Defined Contributions
City of Joburg Pension Fund	70	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	14	Not compulsory
<b>TOTAL</b>	<b>519</b>	

The table above demonstrates the membership distribution of JPC to the accredited pension funds. The graph below shows the percentage membership to the pension funds.

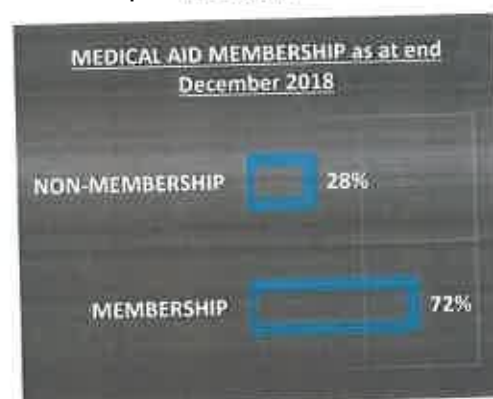
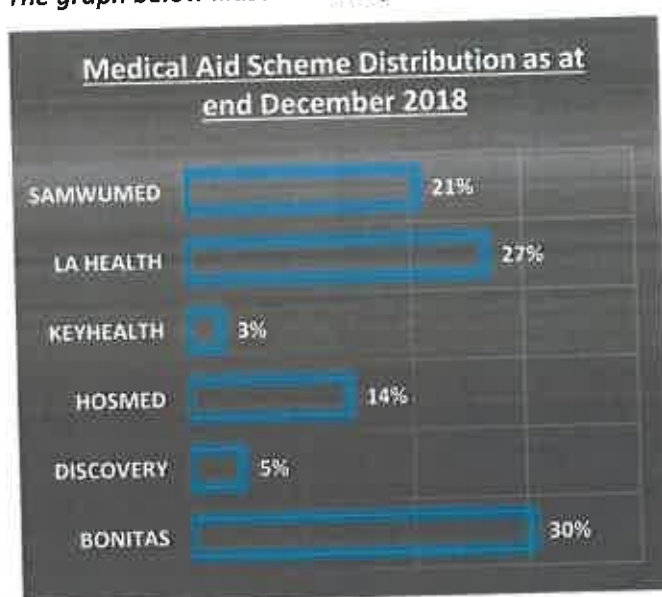


This condition is compulsory for all JPC employees except the Chief Executive Officer and temporary employees. Regarding the salary and wage collective agreement, Circular 6/2018, the pension fund condition ordinarily increases by virtue of its link to the salary increase of an employee. Thus, the employer continues to contribute 18% towards employees' pensionable salaries. The parties agree to conclude the terms of conditions of the Retirement Fund Restructuring process in a separate collective agreement negotiated under the auspices of the applicable bargaining council committee.

## Accredited Medical Aid Schemes and membership distribution as at end December 2018

	MEMBERSHIP
BONITAS	110
DISCOVERY	17
HOSMED	52
KEYHEALTH	11
LA HEALTH	97
SAMWUMED	75
<b>TOTAL MEMBERSHIP</b>	<b>362</b>

The graph below illustrates the percentage of medical aid and membership distribution:



The graph above specifies the accredited medical aid schemes as approved by JPC, as well as the membership distribution to each scheme as at end December 2018. The provision set out in the Main Collective Agreement in relation to medical aid, it states that the 60/40 principle rule will apply and the maximum employer contribution towards the accredited medical aid scheme increased to R4 218.17 for 2018/2019 financial year. In Q2, medical aid presentations were conducted to give employees the opportunity to join or change to alternative medical aid schemes of their choice. The presentations were successfully concluded and staff that do not have medical aid schemes were also encouraged to join medical aids and enjoy the benefits thereof.

During July to December 2018 period, the JPC Occupational Health and Safety (OHAS) roll out journey continued to gain momentum through JPC's team of dedicated Safety, Health and Environment (SHE) representatives.

The following initiatives were included in the roll out programme;

- Installation of fixed and visible safety warning and information signs inside and outside of workplace premises.
- Supply of portable safety warning signs such as "Wet Floor" notification and related signage
- Installation of emergency evacuation floor plans with exit routes for fires
- Installation of smoke alarms and fire warning sirens
- Purchasing of emergency tools namely; loudspeakers, torches, identification bids and name badges, safety clothing and safety gear; helmets, respirator, disposable gloves for personal protection, portable stretcher and related items of necessity to name a few
- Installation of emergency evacuation lighting for during power cuts and power outage challenges

The planning and rollout of a suitable OHAS implementation programme was achieved with success in meeting minimum OHAS compliance and standards as stipulated in the Occupational Health and Safety Act no.85 of 1993. By involving as many OHAS Stakeholders into the programme, the team encouraged active participation and buy-in to influence positive occupational health and safety standard changes at JPC's facilities and workplaces. This was indeed an achievement towards the long journey ahead.

#### **Appointments and Training of OHAS Representatives**

Although appointed health and safety representatives were trained, more training to advance their knowledge is required in the near future for example, first aid officers will be trained in levels 2 and 3 and fire-fighting representative on fire and safety management levels 2 and 3.

Training will also be extended to section 8's (Line Managers), section 16.2's (CEO's sub-delegation team) and section '20s should attend specialised training. In the third quarter an OHAS orientation workshop is planned for line managers and OHAS representatives to ensure participation and cooperation between the stakeholders.

#### **Workplace OHASA Compliance -SITE Visitation**

Appointed representatives conduct the OHAS compliance site visits once every quarter and matters of high priority were discussed at the prescheduled SHE committee meetings. The recorded findings from each workplace provided sufficient information for actions plans to be effected according to the OHASA compliance requirements over a period; short to medium term.





## Chapter 5

### Financial Performance

**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>			
Property, plant and equipment			
Land	1	45 440 287	56 414 203
Building	2	35 382 898	44 065 745
Prepayment - Non-current	3	487 200	487 200
Deposits	4	938 402	1 214 017
Deferred Tax Asset	5	465 997	606 310
	6	165 144	155 210
		8 000 644	9 885 722
<b>CURRENT ASSETS</b>			
Trade and other receivables	7	529 523 865	534 795 401
Cash and cash equivalents	8	152 682	194 629
Straight lining of operating leases	9	2 000	2 000
SARS	10	3 091 592	-
Amounts due from shareholder	11	10 511 013	11 784 439
Trade Debtors	12	10 878 011	-
		504 888 568	522 814 332
		<b>574 964 152</b>	<b>591 209 604</b>



## EQUITY AND LIABILITIES

### CAPITAL AND RESERVES

Issued Capital

Shareholders' Equity

Retained Profit / (Loss)

Opening Balance

Prior period Profit / (Loss)

Profit / (Loss) - Current period

NOTE REF	ACTUAL SEPTEMBER 2018	ACTUAL JUNE 2018
13	1 000	1 000
13	5 141 721	5 141 721
14	(81 561 539)	(37 801 837)
	(51 166 906)	(12 114 898)
	(24 401 698)	(16 073 929)
	(5 992 935)	(9 613 010)
	(76 418 818)	(32 659 116)
	<b>8 191 724</b>	<b>13 016 255</b>
15	2 497 679	1 656 998
16	5 694 045	11 359 258
	<b>643 191 246</b>	<b>610 852 464</b>
17	5 028 141	7 778 856
18	20 066 375	44 953 635
19	19 085 366	17 704 979
20	2 199 305	3 200 838
21	794 039	865 254
22	2 461 185	2 878 696
23	67 182 496	82 981 821
24	526 374 339	450 488 385
	<b>574 964 152</b>	<b>591 209 604</b>

### NON - CURRENT LIABILITIES

Deferred Tax Liability

Finance Lease Liability

### CURRENT LIABILITIES

Trade and other payables

Accruals

Provision for Leave Pay

Finance Lease Liability

Post-Retirement Medical Aid Provision

Provision for EXCO Bonuses

Intercompany Creditor

Sweeping Account

## NOTES

1. Property, plant and equipment and Intangible Assets are measured at the lower of cost or carrying amount.
2. Land is measured at the lower of cost or carrying amount.
3. Building is measured at the lower of cost or carrying amount.
4. Amounts included in the 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 R67 118 and the current portion of the prepayment made to Bayette Consulting for professional services relating to the leasing of the new office accommodation is R85 564.
8. Relates to cash and cash equivalents.
9. GRAP 13 adjustment for the straightlining of operating leases. The calculation is performed annually.
10. Refund due from SARS for income tax assessments from 2012/13 to present of R6 416 378. A refund for the December 2017 VAT submission of R4 094 634.
11. Represents the Portfolio loan account with JPC.
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 consist of VAT payable to SARS.
18. Relates to trade accruals for the fourth quarter of 2017/18.
19. Relates to Leave Pay Provision calculated per the SAP payroll for the period ended December 2018.
20. This is the Short Term portion of the Finance Lease Liability which is payable within one year.
21. 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 GCSS and Group Finance for salaries.
24. Sweeping account overdraft with COJ: Group Treasury

## Part B: JPC Portfolio Balance Sheet

ASSETS		NOTE REF	ACTUAL September-18	ACTUAL September-17
NON-CURRENT ASSETS				
Prepayment - Outdoor Advertising commission - JPC				
	9			
CURRENT ASSETS				
Trade and other receivables				
Debtors - Rentals				
	1			
Doubtful Debts - Move Provision				
	1			
Debtors - Other: COJ				
	2			
Debtors - Land Sales				
	3			
COJ Portfolio - VAT Claim/Payable Account				
	4			
COJ Departments Debtors				
	5			
JPC Portfolio Loan Account				
	16			
Capital Expenditure: Current Year				
	10			
Capital Expenditure: Prior Year				
	10			
Cash and cash equivalents				
	6			
STD/ABSA COJ Loan Account - Bank Sweeping				
	7			
STD/ ABSA Bank: JRA Portfolio Account				
	8			
STD/ABSA Bank - Tenant Deposit Account				
				</



## EARNINGS AND RESERVES

Retained Income - Prior Year  
Current Period Surplus/(Deficit)  
To End Prior Month Surplus/(Deficit)  
Current Month Surplus/(Deficit)

77 561 351	53 607 653
35 540 951	39 905 038
42 020 400	13 702 615
37 165 517	12 180 929
4 854 883	1 521 686

77 561 351

53 607 653

## CAPITAL AND RESERVES

### NON CURRENT LIABILITIES

Prepaid Income - Outdoor Advertising

12

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### 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

248 771 817

196 755 395

6	212 290 010
4	-
13	-
14	13 331 714
15	14 301 929
16	6 178 647
17	176 997
19	457 276
20	1 944 008
21	91 237
22	-

134 435 537
-
27 942 643
14 019 419
14 316 748
-
141 243
659 017
1 944 008
91 237
3 205 543

326 333 168

250 363 048

## Notes

1. Debtors balance as per age analysis.
2. This relates to rental accommodation of Councillors, Community Participation Projects. It was agreed with COJ that the JPC Portfolio would 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.
6. 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
8. 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.
- 9 Prepayment - Outdoor Advertising commission - JPC for the outdoor advertising income prepaid from Continental and Outdoor to clear in April 2016
10. Capital expenditure incurred and not yet paid from the COJ to date is R35 349 620.80. 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.
13. Accruals fully paid.
14. 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.
15. The amount reflects Tenant Deposits held and Rissik Post Office Insurance paid in the COJ Portfolio Trust account excluding interest earned.
16. 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.
17. 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 are normally paid over to MOE's the following month.
19. 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.
20. Payments received from Solar Street names, no contract exists thus amounts are due and payable to clients.





21. Payments received from Khulu Outdoor, no contract exists thus amounts are due and payable to clients.
22. Unallocated receipts received in the JPC Portfolio Bank Account, amounts cannot be allocated due to insufficient information for example lease agreements, unclear transaction description.

**Section 2: Statement of Financial Performance and High-Level Notes**  
**Part A: JPC Income Statement**

NOTE	ACTUAL	BUDGET	ACTUAL	APPROVED BUDGET	FULL YEAR APPROVED BUDGET
REF	DECEMBER	DECEMBER	YTD		
INCOME					
CoJ Subsidy					
Internal Recoveries	34 660 500	34 660 500	207 963 000	207 963 000	415 926 000
	0	504 250	4 290 104	3 025 500	6 051 000
Income from Portfolio Management	2 783 527	7 329 102	19 215 906	43 974 612	87 949 224
- Commission on CoJ Rental Collections, Servitudes and Rates & Taxes	2 200 194	6 745 769	15 715 908	40 474 614	80 949 228
- Assets Under Management Fees	583 333	583 333	3 499 998	3 499 998	6 999 996
Third Party Development Fees		723 500	525 000	4 341 000	8 682 000
Ad hoc Fees	13 662		200 540	-	-
Cell Mast	233 472	710 750	1 400 832	4 264 500	8 529 000
Interest Received		350 000	-	-	-
TOTAL INCOME	37 691 161	44 278 102	233 595 382	263 568 612	527 137 224



NOTE	REF	ACTUAL		BUDGET		ACTUAL		APPROVED BUDGET		FULL YEAR APPROVED BUDGET	
		YTD		YTD		YTD					

## EXPENDITURE

Board of directors fees and expenses	9	71 028	151 543	638 772	1 056 893	2 113 785
Office operational expenses	10	893 303	2 006 015	6 615 206	13 933 467	27 866 934
Contracted services	11	11 786 176	15 142 081	77 588 079	84 669 295	169 338 590
Repairs & Maintenance	12	1 153 571	3 242 874	16 423 640	19 567 498	39 134 995
Salaries	13	22 680 785	21 305 855	138 588 561	135 545 500	271 091 000
Professional services	14	839 148	1 363 580	4 931 255	5 053 492	10 106 984
Travel	15	1 848	44 620	64 864	250 490	500 980
Interest Paid on COJ Sweeping Account	16	5 513 921	-	14 703 790	-	6 983 956
Depreciation	17	744 315	523 663	4 421 213	3 491 978	-
(Profit) / Loss on disposal of assets	18	-	-	14 635	-	-
<b>TOTAL EXPENDITURE</b>		<b>43 684 096</b>	<b>43 780 231</b>	<b>263 980 015</b>	<b>263 568 612</b>	<b>527 137 224</b>

SA Normal Tax

## SURPLUS / (DEFICIT)

(5 992 935) 497 871 (30 394 633)

## NOTES

- 1 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 59.93% below the budget, this is in line with rental collections in Portfolio.
- 4 There is currently an undertaking to renew leases, this will increase the amount of revenue Portfolio can collect and the commission receivable by JPC.
- 5 Relates to the Asset Under Management fee for the administration of the COJ's assets.
- 6 For the year to date, one transaction has occurred that has generated a facilitation fee.
- 7 Ad hoc fees relate to services provided by JPC to City Power and Johannesburg Water for property acquisitions.
- 8 Cell Mast is 67.15% below the budget, the revenue is generated in line with the contract.
- 9 No interest has accrued on the sweeping account as the account is in overdraft.
- 10 Directors' emoluments and expenditure are 35.54% below the budget. This is in line with the number of meetings scheduled for the YTD.
- 11 Operational expenditure is 50.72% below the YTD budget. Cost management measures have been implemented to manage expenditure.
- 12 Contracted expenditure is 6.74% below the budget. These are the fixed costs of JPC.
- 13 Repairs & Maintenance is 6.35% 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.
- 14 Salary expenditure is 2.61% above the budget. This is due to 13th cheques being paid in November 2018.
- 15 Professional services are 2.83% below the budget due to the part-payment of the facilities management strategy.
- 16 Travel is 69.81% below the budget as travel is limited to operational requirements for site inspections and verifications.
- 17 This relates to interest paid on the overdraft, there is no budget allocation.
- 18 Depreciation is 26.35% above the budget due to additions to the IT infrastructure in 2017/18. This is in line with the fixed asset register.
- 19 Disposals relate to furniture and fittings and office equipment





## Part B: Portfolio Income Statement

	NOTE REF	ACTUAL YTD 2017/2018	BUDGET YTD 2017/2018	VARIANCE YTD	APPROVED BUDGET 2017/2018
<b><u>INCOME / BILLINGS</u></b>					
Rent of Facilities and Equipment	1	41 567 923	47 586 500	-6 018 577	95 173 000
Interest Received - Arrear Debtors	2	162 396	1 591 000	-1 428 604	3 182 000
Other Income	3	524 271	8 319 500	-7 795 229	16 639 000
Recoveries: Bad Debts - COJ	4	-	-	-	-
Outdoor Advertising - COJ	5	21 502 102	150 000 000	-128 497 898	300 000 000
Gains on Disposal of Assets	6	5 885 942	10 000 000	-4 114 058	20 000 000
<b>TOTAL INCOME</b>		<b>69 642 634.47</b>	<b>217 497 000.00</b>	<b>-143 740 308</b>	<b>434 994 000.00</b>



## **EXPENDITURE**

	NOTE REF	ACTUAL YTD	BUDGET YTD	VARIANCE YTD	APPROVED BUDGET 2017/2018
Contacted Services: Business Advisory PM	7a	959 370	3 507 000	2 547 630	7 014 000
Contacted Services: Business Advisory Research	7b		5 000 000	5 000 000	10 000 000
Contacted Services: Business Advisory Valuer	7c	754 928	2 133 000	1 378 072	4 266 000
Contacted Services: Cleaning	7d	3 513 453	7 542 500	4 029 047	15 085 000
RM: Buildings	8a	1 016 860	24 408 500	23 391 640	48 817 000
RM: Fencing	8b		5 560 000	5 560 000	11 120 000
RM: Lifts	8c		287 500	287 500	575 000
Bad and Doubtful Debts	9		950 000	950 000	1 900 000
General Expenses: Electricity supply	10	1 399 867	2 250 000	850 133	4 500 000
General Expenses: Refuse Fees	11	270 192	2 780 000	2 509 808	5 560 000
Advertising, Publicity and Marketing	12	661 566	1 646 000	984 434	3 292 000
General Expenses: CID	13		1 048 000	1 048 000	2 096 000
General Expenses: Sundries	14		131 500	131 500	263 000
Internal Recoveries: JPC Commission	15	19 045 998	38 765 500	19 719 502	77 531 000
Internal Recoveries: Internal Charges Core	16	-	20 085 000	20 085 000	40 170 000
Depreciation: Other Assets	17		237 500	237 500	475 000
<b>TOTAL EXPENDITURE</b>		<b>27 622 234.64</b>	<b>116 094 500.00</b>	<b>88 472 265</b>	<b>232 664 000</b>

<b>SURPLUS / (DEFICIT)</b>	<b>42 020 400</b>	<b>101 402 500</b>	<b>-59 382 100</b>	<b>202 330 000</b>
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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. Contacted 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

Statement of Cash flow for the City of Joburg Property Company SOC Ltd			
Quarter-ended: 31 December 2018			
		2018/19	2017/18
<b>Cash flows from operating activities</b>			
Rendering of services		115 197 635	55 812 688
Subsidies		207 963 000	368 134 000
Interest Income		-	1 151 674
		<b>323 160 635</b>	<b>425 098 362</b>
<b>Payments</b>			
Employee costs		-138 588 561	-259 372 605
Suppliers		-308 234 288	-334 729 135
Finance costs		-14 703 790	-2 289 398
		<b>-461 526 639</b>	<b>-596 391 138</b>
<b>Net cash flows from operating activities</b>		<b>-138 366 004</b>	<b>-171 292 776</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		141 854 763	176 818 157
Finance lease payments		-3 465 908	-3 811 911
<b>Net cash flows from financing activities</b>		<b>138 388 855</b>	<b>173 006 246</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 31 December 2018</b>		<b>2 000</b>	<b>2 000</b>





## Section 4: Capital Projects and Expenditure

Project No	JSIP No	Details	Budget	Oct 2018 Actuals	Nov 2018 Actuals	Dec 2018 Actuals	YTD Actuals	Variance	%
1	4142	Erf 43-46 Victoria Ext 3 (Paterson Park Node) VICTORIA EXT 3 E Regional	5 000 000	3 000 000	-	1 180 019	3 118 019	1 881 981	62%
2	4180	Watt Street Inter-change New Housing Development WYNBERG E Regional	2 000 000				-	2 000 000	0%
3	4181	Roadbank Linear Park Redevelopment New Precinct Redevelopment ROSEBANK B Regional	10 000 000				-	10 000 000	0%
4	4184	Office Space Optimisation Program New Precinct Redevelopment JOHANNESBURG F City Wide	8 600 000				-	8 600 000	0%
5	6348	Newtown Land Preparation and Packaging	5 000 000				-	5 000 000	0%
6	22094	Newtown Public Park Upgrade and service connections	10 000 000				-	10 000 000	0%
7	22149	Midrand Station Development public environment upgarde	3 000 000				-	3 000 000	0%
8	3943	Neighbourhood Development for Bertrams Priority Block New Building Alterations BERTRAMS F Regional	10 000 000				639 549	4 360 451	13%
9	3944	Site Development Projects New Land Preparation JOHANNESBURG F City Wide	5 000 000				-	3 000 000	0%
10	2421	Soweto Empowerment Zone New Economic Infrastructure (DIEPKLOOF D Regional	3 000 000				27 300 001	-1	100%
11	2507	Sandown Extension 49 Erf 575RE Renewal Building Alterations SANDOWN F XI 49 E	27 300 000				-	5 000 000	0%
12	2638	Dobsonville Informal Trading Market Upgrading and construction of Informal Trading Facility New Informal trading Stalls DOBSONVILLE D Ward	5 000 000	32 815		419 196	3 203 863	1 796 137	64%
13	2523	Jabulani CBD Precinct development New Operational Capex JABULANI D Ward	5 000 000			313 280	313 280	4 686 720	6%
14	2290	FMMU - Public Conveniences New Public toilets JOHANNESBURG F Ward	5 000 000			774 908	774 908	9 225 092	8%
15	2284	Revamping of the Informal Trading Stalls within the Inner City Renewal Operational Capex JOHANNESBURG F Ward	10 000 000						
16	2669	Computer Equipment New Computer Upgrades BRAAMFONTEIN WERF EXT 1 F City Wide	2 000 000				-	2 000 000	0%
			115 900 000	3 032 815	-	1 625 403	35 349 621	80 550 379	31%

**Part A – JPC****Liquidity Ratio**

JPC is currently owed R504 million from trade and intercompany debtors and this has hampered the cash position of the entity. This affects the ratio and reflects badly upon JPC. JPC has a current ratio of 0.8:1 as compared to the norm of 1:1. The sweeping account currently reflects as negative R526 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

**Debtors Collection Period**

JPC has debtors' collection ratio of 71 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 367 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 0.88:1 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 has been provided by 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**

**Definition:** The ratio is mainly used to give an idea of a company's ability to pay back its short-term liabilities (eg. debt and payables) with its short-term assets (eg. cash and receivables). The higher the current ratio, the more capable the company is of paying its obligations.



CoJ-JPC Portfolio has a current ratio of 1.31:1 as compared to the norm of 2:1, with a negative cash flow of R212 290 010.04 for the period under review as compared to the positive cash flow of R134 435 537 for the same period in the 2017/18 financial year.

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

## Section 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.

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





## Chapter 6

### Internal and External Audit Findings

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 timeously. This is the first time in years that JPC's audit plan was not completed. The audits relating to the 2017/18 plan that were completed after the financial period were not signed off by management and also not approved the ARC. The 2018/19 internal audit plan has not been presented to the ARC for discussion and approval. 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	😞

No internal audits have been done for the 2018/19 financial cycle.

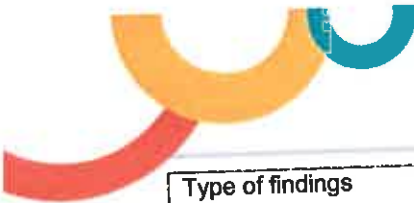
### Section 2: Progress on Resolution of Internal Audit Findings

Management is disputing the audit findings raised by GIAS on the ten audits concluded. Even though there are some findings that JPC managements 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 City Manager and the board are currently dealing with this issue.

The Auditor General of South Africa (AGSA) finalised the 2017/18 audit and issued their audit and management report letter on 30 November 2018. The AGSA reports 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 2018 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 fourth consecutive time.

The management report findings that were identified by AGSA are detailed in the table below.

Type of findings	New findings	Repeat findings	Remedial / corrective action
Matters Affecting Audit opinion	None	None	None
Other Important Matters	Ineffective steps taken to prevent fruitless and wasteful expenditure	New finding	<ul style="list-style-type: none"> <li>• Paying SARS two days prior to deadline.</li> <li>• Fixed cost expense paid using last invoice received and reconcile later to avoid interest.</li> </ul>
	No local content stipulated in the advertisement relating to furniture	New finding	Tender documents have being updated to include this requirement.
	No service delivery agreements entered between CJMM and JPC	New finding	To engage with Group Governance as the findings emanates from the City.
	Operating lease commitment disclosure note on the financial statement not accurate	New finding	Detail review of AFS to supporting schedules
	Overstatement of commitment amount disclosed on the annual financial statement	New finding	Not Applicable as the detail brake down of the commitment which agrees to the budget was provided to the auditors.
	Awards to persons in the employee of the state	Repeat	Cancel contracts with suppliers who issued false declaration to



Type of findings	New findings	Repeat findings	Remedial / corrective action
			JPC. There were no suppliers that were included in the previous year's finding
	High vacancies	New	Review the organisational structure and request budget from the City for unfunded positions in the structure.
	Payments made to suppliers that were not appointed through competitive bidding process by CJMM	New	Disclose irregular expenditure. Disclose irregular expenditure. This finding will be addressed at the City.
	Payment not made within 30 days	New	Contracts with service provide updated to clearly indicate that invoices must be submitted to finance and 30 days start from submission date to Finance which confirmed by the stamp
Administrative Matters	Discrepancies noted on the integrated annual report	New	Minutes to be agreed to attendance register prior to inclusion in the annual report.

#### 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.



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Property Company SOC Ltd

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