



a world class African city

City of Joburg Property Company SOC Ltd.

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2017

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Outcomes of the Joburg Municipal Property Summit

The City of Joburg Property Company (JPC) hosted a successful two day Joburg Municipal Property Summit to engage with various stakeholders on issues that affect the Property Industry, which set a platform for formulating strategy in providing excellent service delivery in line with the Joburg 2040 Growth and Development Strategy (GDS).

The event began with the engagement of all City of Joburg councillors by the MMC Economic Development Cllr Ruby Mathang and was concluded by the inaugural two day Joburg Municipal Property Summit.

The summit took place as a vibrant panel discussion hosted by the MD of JPC Ms. Helen Botes which included the following

1. Boni Muvevi (COO -GPF)
2. Tshepo Matlala (Saibpp President)
3. Lionel Kirsten (Director-Markland)
4. Riaz Koor (Director-KDMQS)
5. Sylvester Martin (Director-Inkanyeli)
6. Portia Tau Sekate (CEO Property Charter)
7. Vuyo Daweti
1. Malcolm Horne (CEO Broll)
2. Martin Ferguson (HRD Manager Sapoa))
3. Prof Viruly (UCT Lecturer)
4. Mashego Maleka (Zenzele Tech Incubator)

The Summit offered an opportunity for community members, ward councillors and industry players to interact with various stakeholders and contribute to the development of a strategy to meet the Joburg 2040 GDS objectives using council owned land and property

Customers of JPC had an opportunity to have their queries resolved and attended to, all the processes and procedures that JPC adheres to were explained and some suggestions were received which management will be presenting to council for consideration

Background/Overview:

The City of Joburg Property Company SOC Ltd (JPC) is a dynamic company mandated to manage and develop the City of Johannesburg Metropolitan Municipality (the City) property assets for the purpose of maximising both social and commercial opportunities. Dedicated to finding solutions to the social and developmental challenges facing the City, JPC provides Property Asset Management, Property Management (both social and commercial) as well as Facilities Management services along with the related subsidiary services.



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JPC plays an important role in the Integrated Development Plan (IDP) and Growth & Development Strategy (GDS2040) of the City to unlock land and drive development especially in under developed and previously marginalised areas. A Joburg Municipal Property Summit was held by JPC to address issues around property transactions and ownership of property as well as how JPC, as the manager of the property assets of the City of Johannesburg, through its transactions can increase economic growth and implement Broad-Based Black Economic Empowerment (BBBEE).

Problem Statement

Direct property ownership in the South African property industry is dominated by institutional investors, large private owners, collective investment schemes, property loan stocks and listed property entities, with Government being the largest commercial player. There is limited participation of black people, particularly women and youth, in ownership and control of property companies. The commercially driven activities surrounding property, including development, management and sales, rest largely in the hands of white-owned companies. Enterprises in the sector have inadequately addressed employment equity with the result that the sector continues to be under-represented in terms of race and gender, under-represented in ownership, control, management and in the possession of professional skills required in the sector.

With this in mind a need for the development of a robust strategy in order to address the current challenges with regard to efficient and effective use of property was identified. The Joburg Municipal Property Summit was held in order to engage with various stakeholders on issues that affect the Property Industry, whilst also setting a platform for formulating a strategy in order to improve service delivery.

The key themes identified for discussion at the Summit interrogated issues around property ownership and how JPC as the manager of the property assets of the City of Johannesburg, through its transactions can increase economic growth and implement Broad-Based Black Economic Empowerment (BBBEE).

The Summit

The Summit objectives were identified as follows:

- Proactively create an awareness of JPC;
- Build and enhance relations with stakeholders;
- Mobilise the citizens of the City to participate in the formulation of the JPC2040 corporate strategy.

The Summit focused on the following key themes:

- 1. Boosting Investor Confidence**
- 2. Creating an enabling environment to transform the property landscape**
- 3. Training and Entrepreneurial Opportunities**
- 4. Facilities Management best practices**

Below is the summary of the key themes and their outcomes

1. Boosting Investor Confidence

The discussion was centered around the regulatory framework applicable to the transfer and lease of land, policies and other documents that govern property transactions. The pieces of legislation established in governing local government in as far as this relates to property transactions were also discussed and debated.



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The topic also explored issues around the socio, political and economic stability or instability as one of the key issues that impact on investor confidence in South Africa. The focus of the debate explored how we can maximize the positive effects and minimize the negative effects of property ownership, management and development on society and the natural environment in a way that is consistent with investor goals whilst remaining mindful of our social responsibilities. Expectations of property investors from local government were discussed so as to guide the government in achieving its investment goals.

Key Discussion Points

Simplicity of processes – Systems and processes need to be simplified. City must unlock complexities in property transactions to allow ordinary citizens access to land.

Certainty – Investors need certainty in terms of systems, processes, timeframes etc. They need to know what to expect and plan around that.

Consistency – Policy must be consistently applied to promote integrity and build trust between potential investors and the City.

Forging Partnerships – the City was encouraged to forge partnerships with Provincial and National Government and also with Financial institutions.

Creation of new cities – Government is encouraged to create new cities in collaboration with private sector in order to encourage economic growth especially in previously marginalized areas.

Quick Turnaround times – investors are likely to invest where they know that they will get answers quickly whether the answer is yes or no but it must be given quickly.

Accurate asset register – the concern raised was that the City does not fully know what it owns and true empowerment cannot take place if the City does not know what stock it has to work with.

Adequate infrastructure – this point emphasized the need to release serviced stands to the industry for investment. The main concern here is that once a site has been awarded an investor cannot afford to hold it for too long whilst addressing infrastructure challenges.

Masterplan – under this point the discussion centered around the need to develop a masterplan which will inform development and guide potential investors as opposed to the market dictating to the City.

Watchdog body – the creation of a body that will oversee transactions was suggested.

2. Creating an enabling environment to transform the property landscape

The challenges facing new entrants in terms of access to the market is one of the key obstacles in property ownership in South Africa. The process of working collaboratively with suppliers particularly youth, women and disabled owned entities was explored so as to improve or expand their capabilities through the awarding of tenders within the Municipal Finance Management Act (MFMA) guidelines.

The financing instrument plays the major role of strengthening the BBBEE instruments of preferential procurement and enterprise development. It also plays the crucial role of enabling the transfer of significant levels of equity. Views as to how JPC will privatize or dispose its non-core assets to



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previously disadvantaged Black individuals, groups, and businesses should be discussed and ways in which we can improve ownership of the targeted groups in large private sector firms should also be considered. Facilitation and Support that is required to ensure effective and meaningful transformation in the property industry is required.

Key Discussion Points

Funding – new entrants to the market have a challenge to raise funding and are forced to partner with big players or on-sell.

Access – access to land will continue to be a problem if the land is not ring fenced and priced right for new entrants as they cannot compete with the big players.

Correctly priced land – it was noted that if land is sold at market value or to the highest bidder then new entrants can never gain access as they will always be outbid.

Partnerships – partnerships between new entrants and the big players is encouraged in order to ease the challenges associated with funding and inadequate experience. This allows new entrants to learn and grow their own profile.

Networking - The power of networking is not to be downplayed as business generally is about who you know.

Incubation – incubation must be meaningful if it is to make a difference for new entrants and the economy.

Fronting – is a criminal offence and should be monitored closely.

Set asides – without a concerted effort to set aside opportunities for new entrants the playing field will never be levelled.

BBBEE – is time based and therefore Government must implement it vigorously whilst it is still possible otherwise the opportunity will soon be lost.

3. Training and Entrepreneurial Opportunities

Here we need to explore the various training opportunities that exist in the property field. The primary objective of this discussion is to strategically influence the course on training and skills development by ensuring that all trained individuals reflects current needs and requirements of the property sector. There are a number property Incubator programmes currently or previously being implemented and the discussions need to analyse the successes or lack thereof of these initiatives. Along with this we need to debate what did not work with these initiatives and how we can improve on them.

Key Discussion Points

Exposure – it was noted that not all learning takes place in a classroom and by exposing individuals to certain things gives them a form of learning.

Learning culture – learning goes beyond certification but by creating a learning culture.

Incubation – correctly applied an incubation model actually works as it provides the incubatee theoretic and practical skills.

Education system – the system has not given sufficient recognition to property. Currently most property professionals have other qualifications instead of property qualifications.

Gender mainstreaming – the property industry is male dominant with very low female skills. There is a need to balance the natural female skills with the acquired male skills.

Mentorship – it is critical to create mentors in order to increase the talent pool and pass on institutional knowledge.

Recognition of Prior Learning – this is critical since the industry is changing and in a few years professionals will not be allowed to work in the industry without formal property qualifications.

4. Facilities Management best practices



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Key drivers in the industry were invited in order to engage on how to improve efficiency of our assets by maximising the utilisation of buildings and improving the building environment; more efficient and effective use of current space, which fosters a productive workforce; and improved service and departmental performance.

Access to specialized talent and knowledge-sharing across facilities and real estate experts will result in improved performance and greater focus on corporate social responsibility, often resulting in the implementation of “green” programs, such as energy savings design.

The issue of “Green building” concepts was discussed as it allows for long-term sustainable building, which reduces the total costs of occupancy for tenants through the correct implementation of genuinely green technologies. Discussion on opportunities available to facilities managers who wish to better understand what is required to run a green building was one of the issues covered under this session.

Key Discussion Points

Social Responsibility – the human element in property is critical. Consideration must be given to the end users and the impact of materials used will have in their lives.

Green economy – though expensive initially it has proven to be cost effective in the long run and is also socially responsible.

Facilities Management – is a growing field and the most critical as it affects the productivity of the business and the wellbeing of the users. It changes all the time and FM practitioners’ need constant learning.

Opportunities – the industry is still growing and offers a lot of opportunities for new entrants.

Transformation - this offers a great platform to truly transform as the biggest cost and time in the property value chain is spent here.

Rule of thumb – operation and maintenance cost is the biggest cost by far and the focus of budgeting should be on this and has to be done at planning stage otherwise it will not work.



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