

# City of Joburg Property Company 2015/16 Business Plan



a world class African city



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## **CITY OF JOBURG PROPERTY (SOC) LIMITED**

### **COMPANY INFORMATION:**

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

### ***Vision***

*“To provide Property Management, Property Development and Property Asset Management services in order to maximise the social, economic and financial benefit to the CoJ as well as support the delivery objectives on a cost competitive basis.”*

### ***Mission***

*JPC is the manager of the property assets of the City of Johannesburg, responsible for maximising the social, economic and financial value of the CoJ's total property portfolio and enhancing the efficiency of its use. JPC provides asset management, property management and property development services, as well as interacts with the general public in respect of the property portfolio. JPC supports the achievement of the CoJ's strategic priorities, including economic and social development and the service delivery of the CoJ.*

## GLOSSARY OF TERMS / LIST OF ACRONYMS

Acronym/abbreviation	Name/phrase
<b>AFS</b>	Annual Financial Statements
<b>AOPO</b>	Audit of Predetermined Objectives
<b>ATR</b>	Annual Training Report
<b>B-BBEE</b>	Broad-based Black Economic Empowerment
<b>CAPEX</b>	Capital Expenditure
<b>CBD</b>	Central Business District
<b>CBO</b>	Community-based Organisation
<b>CEO</b>	Chief Executive Officer
<b>CoJ</b>	City of Johannesburg
<b>FMMU</b>	Facilities Management and Maintenance Unit
<b>GDS</b>	Growth and Development Strategy
<b>GIAMA</b>	The Government Immovable Asset Management Act
<b>GIS</b>	Geographic Information System
<b>GRI</b>	Global Reporting Initiative
<b>IDP</b>	Integrated Development Plan
<b>IMATU</b>	Independent Municipal and Allied Trade Union
<b>JMPD</b>	Johannesburg Metro Police Department
<b>JoshCo</b>	Joburg Social Housing Company
<b>JPC</b>	City of Joburg Property Company (SOC) Ltd
<b>JRA</b>	Joburg Roads Agency
<b>LIS</b>	Land Information System
<b>LLF</b>	Local Labour Forum
<b>MFMA</b>	Municipal Finance Management Act
<b>MMC</b>	Member of the Mayoral Committee
<b>MOE</b>	Municipal-owned Entity
<b>MSA</b>	Municipal Systems Act
<b>MTC</b>	Metropolitan Transportation Commission
<b>NGO</b>	Non-Governmental Organisation
<b>OCM</b>	Organisational Change Management
<b>OD</b>	Organisational Design
<b>OHASA</b>	Occupational Health and Safety Act
<b>OPCAR</b>	Operation Clean Audit Register
<b>OPEX</b>	Operational Expenditure
<b>OSO</b>	Office Space Optimisation
<b>PIMS</b>	Property Information Management System
<b>POWA</b>	People Opposing Women Abuse
<b>REMCO</b>	Remuneration and Human Resources Committee

<b>RFP</b>	Request for Proposal
<b>SAMWU</b>	South African Municipal Workers' Union
<b>SAPOA</b>	South African Property Owners Association
<b>SCM</b>	Supply Chain Management
<b>SDA</b>	Service Delivery Agreement
<b>SDM</b>	Service Delivery Model
<b>SMME</b>	Small, Medium and Micro-Enterprises
<b>UNGC</b>	United Nations Global Compact
<b>WSP</b>	Workplace Skills Plan

## **1. INTRODUCTION**

The City of Johannesburg Property Company SOC Ltd (JPC) business plan has taken an inter-cluster approach and aligned its projects and programmes in line with the Department of Economic Development (DED) business plan, including identifying areas of cooperation between the DED and its other ME's, in order to deliver on its mandate. It has also taken into account the priority implementation plans of the other clusters into consideration where it impacts JPC.

## **2. CITY OF JOBURG PROPERTY COMPANY CORPORATE PROFILE**

### **Background**

JPC was established in 2000 as a private company and was wholly owned by the City of Johannesburg. JPC was converted into a "state owned company" following 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).

JPC subscribes to high ethical standards and principles of corporate governance and is in the process of ensuring full compliance with King III, published in 2010, and with the provisions of the new Companies Act.

JPC is mandated by its sole shareholder, the (CoJ), to carry out the following:

- ! Property development
- ! Property management
- ! Facilities management which includes Informal trading and Public Transport;
- ! Asset management
- ! All ancillary services related to the above

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The company was established to support the Council's economic and social objectives as outlined in the Growth and Development Strategy (GDS), as well as Mayoral strategic

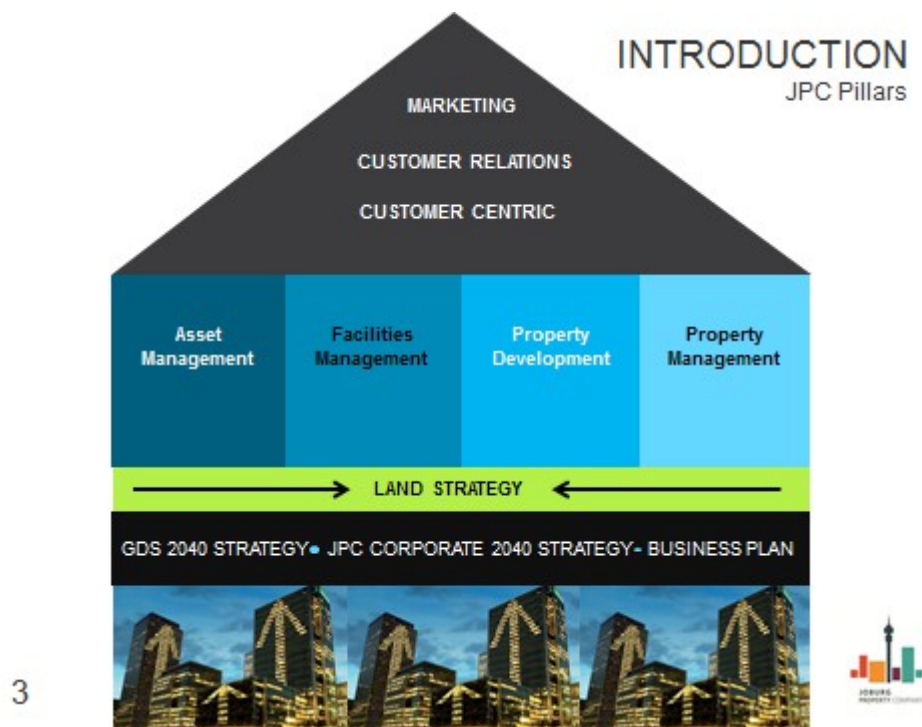
priorities aimed at making Johannesburg a “World-class African City”. JPC’s primary goal in supporting the vision and mission of the 2040 Growth and Development Strategy (GDS) is based on recognising and emphasising its role as an economic and social property agency to achieve positive developmental outcomes. These strategic objectives are aligned with the strategies of the Economic Growth, Human and Social Development, Sustainable Services, and Governance clusters, as well as various Integrated Development Plan (IDP) programmes. The company ensures that economic growth and job creation occur to address socio-economic disparities and legacies of discrimination and inequality, as well as:

- ! Establishing and maintaining a property Asset Register relating to the Council-owned properties;
- ! Realising value (social and economic) for the CoJ through the management and development of Council-owned properties;
- ! Maximising the social and economic development of the Council-owned properties and mobilising private and public capital to increase their value and long-term returns;
- ! Supporting economic development and aligning the CoJ property portfolio with CoJ priorities;
- ! Increasing the effectiveness of economically viable municipal and social use of properties;
- ! Transformation and Social Programme- JPC transferring or leasing to SMME’s, Co-Ops NGO and Community organization;
- ! Managing risk and return with respect to the property portfolio and property transactions for the CoJ;
- ! Ensuring that the Company has developed the systems, infrastructure, and personal skills to achieve its objectives;
- ! Resuscitation of declining nodes by transfer or lease under the Land Regularization Programme;
- ! Redeveloping and revamping of Facilities Management with the focus on SMME development;
- ! Implementation of the Office Space Optimisation (OSO) programme as per the Mayoral resolution

### 3. DESCRIPTION OF CORE BUSINESS

JPC provides an all-encompassing range of property services required for the management and development of the property portfolios of the CoJ and the MOE's. Our core business, as a result of the implementation of the institutional review, has expanded to include facilities management to provide an overall property service. These services are commissioned on a sole-agency basis to administer the acquisition, disposal and conveyance of all land required for rendering municipal services. JPC manages approximately R10 billion (historical value) of the City's immovable property portfolio. The CoJ Property portfolio is diverse with approximately 30 000 properties under management, covering 41 000 hectares that spans across 7 municipal regions.

In terms of the institutional review the company is divided into the following core business (JPC pillars) functions:



#### ! Property asset management



This entails the strategic management of the City's property portfolio, to ensure maximisation of portfolio returns in line with JPC's social and economic mandate

Asset management plans (maintenance of the land asset register and the reconciliation of the asset register).

### **! Facilities Management**

Facilities management is an interdisciplinary field coordinating best use of space, building services and infrastructure, people and provision of a range of supplies and services for the City of Johannesburg and its entities.

The Facilities Management Unit is set to be transformed from its current role in managing and maintaining a set number of buildings to being focused in rendering services to all Municipal owned properties.

JPC has set out a holistic approach to facilities management and maintenance of City properties.

### **! Property management**

There are two functions to property management namely commercial and social. The social returns are minimal and the commercial aspect subsidizes the social aspect. This function involves obtaining and maintaining value from the property portfolio by effectively administering and leasing, acquiring and selling and lastly ensuring maintenance of the property.

JPC is an organization focused on the management of Council owned properties to maximize social and economic opportunities and generate significant financial returns. The impact on the future operations and budget is under review and should result in optimal management of the COJ property portfolio. JPC has embraced the resolution of the COJ and will use this opportunity to review and improve all processes to ensure optimal staff growth and development as well as transformation.

## **4. JPC VALUES**

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

- ! Professionalism;
- ! Accountability;
- ! Responsibility;
- ! Customer Service; and
- ! Trust.

## 5. STRATEGIC OBJECTIVES

The strategic objectives were reviewed and aligned to the newly approved JPC 2040 Transformation through property strategy which fully supports the overall Joburg 2040 strategy.

In order to ensure streamlined and focused service delivery, JPC has identified the following strategic objectives:

- ! To provide effective and competitive facilities management services to the City of Johannesburg's entities and departments;
- ! To efficiently support City decision-making on its property portfolio;
- ! To leverage property value through property development in the social and economic interests of the City.

In the medium term the City and the JPC should have the objectives of:

- ! *in facilities management*, systematically increasing service performance and scope within the City;
- ! *in property administration*, getting a firm grip on property asset register; implementing a sound strategic framework for property decision-making; re-engineering administrative processes to cut transaction times in half; and finalising the land regularisation and restitution process;
- ! *in property development*, establishing new specialist capacities, a commercial property portfolio, and rationalising and internalising CoJ office space requirements.

At the end of the first decade JPC envisages:

- (a) a facilities management service which performs well throughout the City;
- (b) a property administration service where rapid responses and efficiency are routine;

- (c) asset management activities which have caused property values to appreciate and significant rental returns to be generated;
- (d) property development activities including effective management of property funds and selected property or land development ventures.

The company's strategic objectives are closely linked to the Mayoral priorities and to the following clusters:

- ! Economic Growth
- ! Human and Social Development
- ! Sustainable Services
- ! Good Governance

## 6. CLIENT CHARTER AND SERVICE STANDARDS

See Annexure A for client service charter.

### 6.1 Stakeholder Relations

A stakeholder analysis and mapping exercise has been conducted by JPC, however, over time as other issues emerge, stakeholder priorities change therefore it is critical to review the stakeholder analysis on an on-going basis. A stakeholder relations approach needs to realise this evolution and respond proactively.

At a day to day level JPC seeks to understand the current service delivery expectations and respond to them. This contributes to good planning for resource allocation and program development. This helps JPC to build strong relationships which can help deal with critical issues and minimize conflict.

#### Principles for Stakeholder Relations

The Stakeholder Relations strategy takes into account linguistic and ethno-cultural issues to ensure that the JPC is able to respond to the challenges of a diverse and evolving stakeholder community.

#### Objectives for Stakeholder Relations

1. Build strong relations with stakeholders
2. Create an understanding of strategic priorities, challenges and concerns through presenting at critical forums.
3. Proactively enhance the reputation of the JPC brand.
4. Mitigate exposure to reputational risk.
5. Ensure key message alignment

#### Stakeholder Analyses Matrix

Stakeholder	Ability to Disrupt	Current understanding	Required understanding	Current commitment	Required commitment	Required Support	Classification
COJ-MAYCOM	H	H	H	M	H	H	Key Players
Executive Management Team (EMT)	H	H	H	M	H	H	Key players
Councillors	H	M	H	M	H	H	Keep satisfied

Municipal Entities	H	M	H	M	H	H	Keep Satisfied
Public / Local community	H	L	H	L	M	H	Keep Informed
Tenants	H	M	H	M	H	H	Key Players
Employees	H	M	H	M	H	H	Key Players
Organised labour	H	M	H	M	H	H	Keep Satisfied
Property Industry	H	M	H	M	H	H	Key Players
Board of Directors	H	H	H	H	H	H	Key Players
Government-Deeds Office	H	M	H	M	H	H	Keep satisfied
Property Professionals							Key Players
Planning Professionals							Key Players
Institute of Planning Architects							Key Players
Law Professional bodies							Key Players

## 6.2 System that have been implemented to measure and improve service standards and turnaround times

- ! Queue management system that measures the waiting time and the volume of transactions
- ! PIMS system which provides the following:
  - Query resolution time
  - Age analysis of outstanding applications
  - Volume of transactions
  - Categorisations of transaction per regions and types
  - Automated notification to clients
  - Escalation process on open queries

## 7. PEST ANALYSIS:

The property environment within which JPC operates is affected by the macro-environment factors such as political (and legal) forces, economic forces, socio-cultural forces and technological forces as follows:

Political (incl. Legal) factors	Economic factors
<p><u>Regulations</u></p> <p>! The Municipal Asset Transfer Regulations, 2008 which regulates the transfer and permanent disposal of non-exempted capital assets by municipalities and municipal entities in order to facilitate the enforcement and administration of section 14(2) of the Municipal Finance Management Act 56 of 2003, which is to attain a council resolution before the alienation (lease or sale) of any council owned properties. These regulations hinder the process of the City in the alienation of land due to lengthy compliance requirements;</p> <p>! Environmental regulations and protection - National Environmental Management Act, 1998;</p> <p>! The introduction of the National Credit Act and the global economic meltdown significantly impacting on the growth and demand for residential, commercial and industrial properties;</p> <p>! Formalities in respect of Leases Act, 1969.</p>	<p>! Long approval processes increase holding costs of property such as security, cleaning and maintenance, which also increase the risk of illegal occupation and vandalism;</p> <p>! Economic growth and investor confidence affects the property market;</p> <p>! Delays in economic development and job creation; and</p> <p>! At the moment the bank rates have been firm and stable for the last three (3) years with a downward trend which may impact future years.</p>
Socio-cultural factors	Technological factors
The skewed disposal income in different	Innovative construction methods should be

regions will adversely impact the property transactions in areas where the levels are low.	investigated to ensure cost reduction.
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## 8. SWOT ANALYSIS:

Below are the SWOT elements that would have an impact on the effective implementation of the corporate strategy.

Internal	Strengths	Weakness
	<ul style="list-style-type: none"> <li>! Good and reliable top management;</li> <li>! A shareholder that supports social transformation( being part of the JPC mandate);</li> <li>! Extensive experience in property management, development, asset management and facilities;</li> <li>! Solid understanding of legislation and ability/commitment to work within it;</li> <li>! Island of excellence in property management;</li> <li>! JPC is the sole agent of the CoJ with a mandate to manage Council owned properties on behalf of the City in terms of the SDA with the City;</li> <li>! Captive CoJ market- All CoJ entities are encouraged to make use of FMM services.</li> <li>! Committed leadership</li> <li>! Increased mandate allowing for some level of risk</li> <li>! Capacity to up-skill employees and organisation</li> <li>! Solid institutional relationships</li> <li>! Large repository of expert property knowledge</li> <li>! A shareholder that supports social</li> </ul>	<ul style="list-style-type: none"> <li>! Inadequate funding;</li> <li>! Lack of proper contracting with clients (SLAs);</li> <li>! Legislative mismatch- MFMA vs Transformation charter ;</li> <li>! Overlaps with City Departments/MOE's; and</li> <li>! Dependency on City departments /MOE's resulting in delays in implementation of property strategies.</li> <li>! Lack of capacity, skills and financial and operational resources</li> <li>! Lack of proper contracting with clients (SLAs)</li> <li>! Decreased financial assistance from COJ - requirement to be financially independent and sustainable and contribute to the total city revenue</li> <li>! Lack of a sustainable revenue model until JPC is managing sufficient FM contracts and developing sufficient properties</li> <li>! SDA and SLAs needs to be developed for centralised facilities management</li> <li>! Legislative mismatch – MFMA vs. transformation charter</li> </ul>

	<p>transformation (being part of the JPC mandate).</p> <ul style="list-style-type: none"> <li>! Access to capex and operating budgets</li> <li>! Alignment and access to CoJ which is a regulator and policymaker</li> <li>! Financial sustainability for as long as FMM revenue collection accrues to JPC</li> </ul>	
<b>External</b>	<b>Opportunities</b>	<b>Threats</b>
	<ul style="list-style-type: none"> <li>! Maximization of revenue</li> <li>! International investment: investigating alternative sources of revenue which can be generated from the property asset;</li> <li>! Maximisation of CoJ office space</li> <li>! Comprehensive database of properties which can be used for strategy formulation;</li> <li>! Development of comprehensive Land Strategy</li> <li>! Assist emerging black facility management companies and property development.</li> <li>! To create a JPC which is an employer of choice</li> <li>! Transformation of the property market</li> <li>! Creation of jobs for the unskilled labour market</li> <li>! Integrated and centralised approach to facilities management at market prices and standards (to include non-specialised services/assets) to MEs and other City buildings</li> <li>! Optimise on economic opportunities</li> </ul>	<ul style="list-style-type: none"> <li>! Vandalism to property portfolio;</li> <li>! Land invasions &amp; illegal occupation of land parcels;</li> <li>! Fraudulent land sales;</li> <li>! Cumbersome CoJ's land approval processes for land transactions.</li> <li>! Budget constraints</li> <li>! Loss of specialised skills</li> <li>! Mature property market which is risk-prone</li> <li>! Lack of diversification in property investment</li> <li>! Impact of the economy on property development</li> <li>! No formalization of relationship with taxi associations and informal traders with transportation departments and economic development</li> <li>! Vandalism of structures/facilities</li> <li>! Competing with external service providers providing facilities management service at market related prices</li> <li>! Private property developers abuse/constrain JPC's expansion into</li> </ul>



	<ul style="list-style-type: none"> <li>! Build on market trends and densification</li> <li>! Comprehensive database of properties which can be used for strategy formulation</li> <li>! Improve intergovernmental relationships</li> <li>! Integrated and centralised approach to facilities management at market prices and standards (to include non-specialised services/assets) to MEs and other City buildings</li> <li>! Engage clients through contracts, and decline requests from clients not contracted to JPC</li> </ul>	property development value chain
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**Table: Desired Outcomes:** City priorities/ flagships and IDP programmes

Key Flagship Programmes	IDP Sub Programmes / Strategic Intervention	Desired outcome: Short-term 1 year	Desired outcome: Medium-term 2-4 years	Desired outcome: Long-term 4+ years
<b>Sustainable Human Settlements</b>	Transit Oriented development (TOD) Programmes  Land Management and acquisition programme	Acquisition of 20 properties along the Transit Oriented Development and support the housing master plan(Priority Areas(corridors and nodes) by acquiring 6 properties  Implementation of the Land Regularisation programme  Implementation of Facilities Management framework and strategy as it relates to social development.	Acquisition of properties along the Transit Oriented Development and support the housing master plan (Priority Areas(corridors and nodes)  Implementation of the Land Regularisation programme  Implementation of Facilities Management framework and strategy as it relates to social development.	Acquisition of properties along the Transit Oriented Development and support the housing master plan(Priority Areas (corridors and nodes)  Implementation of the Land Regularisation programme  Implementation of Facilities Management framework and strategy as it relates to social development.

Key Flagship Programmes	IDP Sub Programmes / Strategic Intervention	Desired outcome: Short-term 1 year	Desired outcome: Medium-term 2-4 years	Desired outcome: Long-term 4+ years
<b>Financial Sustainability</b> <b>Economic Growth</b>	Financial Sustainability	Leveraging of City Owned Assets  R110m of rental income from leases and servitudes sales, servitudes and acquisition	Balance Sheet enhancement  R120m of rental income from leases and servitudes sales, servitudes and acquisition	R130m of rental income from leases and servitudes sales, servitudes and acquisition
	Revenue Maximisation	Revenue from Outdoor Advertising	Implementation of the outdoor advertising strategy	Improved revenue from Outdoor Advertising
<b>SMME and entrepreneurship development</b> <b>Agriculture and food security</b>	Develop a dynamic entrepreneurial spirit, competitiveness, innovation and increased investment through support to SMME	Implementation of the JPC Transformation Strategy. Use of two stage process with 50% of stage one allocated to transformation activities.	Implementation of the JPC Transformation Strategy. Use of two stage process with 50% of stage one allocated to transformation activities.  Allocation of 35 properties for	Implementation of the JPC Transformation Strategy Use of two stage process with 50% of stage one allocated to transformation activities.
		Allocation of 35 properties for agricultural and food	agricultural and food security with the focus on SMME, Co-	Allocation of 35 properties for agriculture, food security with the

Key Flagship Programmes	IDP Sub Programmes / Strategic Intervention	Desired outcome: Short-term 1 year	Desired outcome: Medium-term 2-4 years	Desired outcome: Long-term 4+ years
		security with the focus on SMME , Co-ops in consultation with Social Development Allocation of property to Youth development programs to address youth unemployment and to encourage youth to enter into the property space	ops in consultation with Social Development Allocation of properties to Youth Development programs to address youth unemployment and to encourage youth to enter into the property space  Transformation and Social	focus on SMME –Co-ops in consultation with Social Development  Allocation of properties to Youth Development programs to address youth unemployment and to encourage youth to enter into the property space
		Transformation and Social Programme- JPC transfers or lease 4000 SMME and Co-Ops NGO, Community organisation	Programme- JPC transfers or lease cumulative 4000 to SMME and Co-Ops NGO, Community organisation. Implementation of the Facilities Management	Transformation and Social Programme- JPC transfers or lease cumulative 4000 to SMME and Co-ops NGO, Community organisation.
		Implementation of the Facilities Management framework and master plan	framework and master plan with the focus on SMME and support Jozi@work	Implementation of the Facilities Management framework and master plan with the focus on

Key Flagship Programmes	IDP Sub Programmes / Strategic Intervention	Desired outcome: Short-term 1 year	Desired outcome: Medium-term 2-4 years	Desired outcome: Long-term 4+ years
		with the focus on SMME and support Jozi@work		SMME and support Jozi@work
	Facilitation of the area based economic initiatives	Implementation of the management model of the 92 public conveniences and informal traders' facilities	Implementation of the management model of the 92 public conveniences and informal traders' facilities.	Implementation of the management model of the 92 public conveniences and informal traders' facilities.
Investment Attraction, Retention and Expansion  SMME and Entrepreneurial development and support  Green Economy and Resource resilience  Smart City	Develop a dynamic entrepreneurial spirit, competitiveness, innovation and increased investment through support to SMME	Office Space Optimisation (Phase 1- as per the Mayoral Report resolution	Roll out Office Space Optimisation (Phase 2- As per the Mayoral report resolution	Roll out Office Space Optimisation - As per the Mayoral report resolution

Key Flagship Programmes	IDP Sub Programmes / Strategic Intervention	Desired outcome: Short-term 1 year	Desired outcome: Medium-term 2-4 years	Desired outcome: Long-term 4+ years
SMME and Entrepreneurial development and support  Investment Attraction, Retention and Expansion  Green Economy and Resource resilience Safer Cities	Densification and enterprise development programme	Implementation of Land Strategy to support SMME development and Transformation Strategy to support a total of 4000 SMME's for the year.	Implementation of Land Strategy to support SMME development and Transformation Strategy to support a total of 4000 SMME's for the year.	Implementation of Land Strategy to support SMME development and Transformation Strategy to support a total of 4000 SMME's for the year.

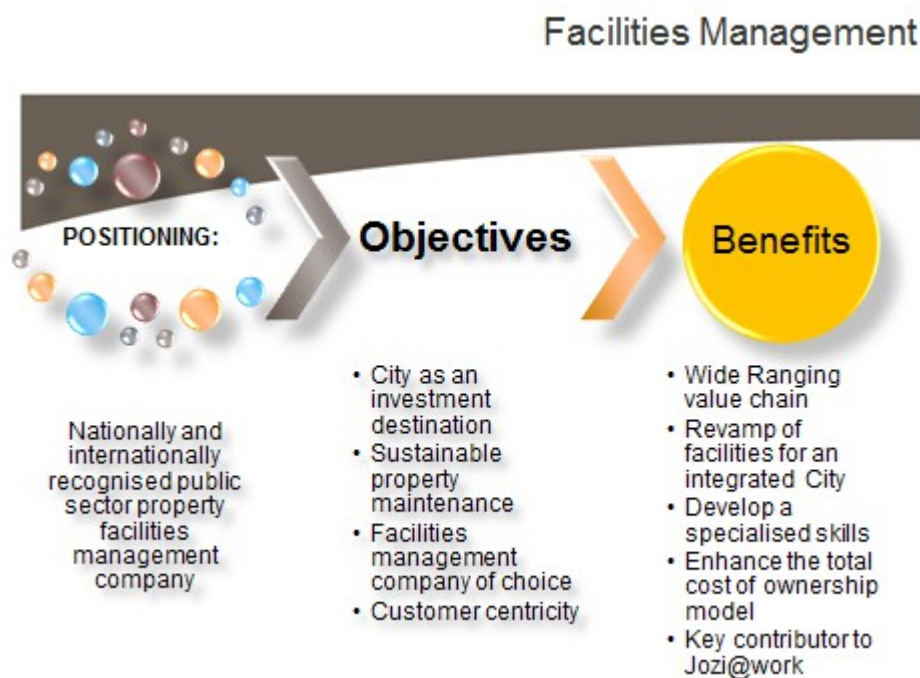


## 9. IMPLEMENTATION AND PERFORMANCE OVERVIEW OF THE 2015/16 CITY OF JOHANNESBURG PROPERTY COMPANY

### 9.1 THE FINAL PUSH

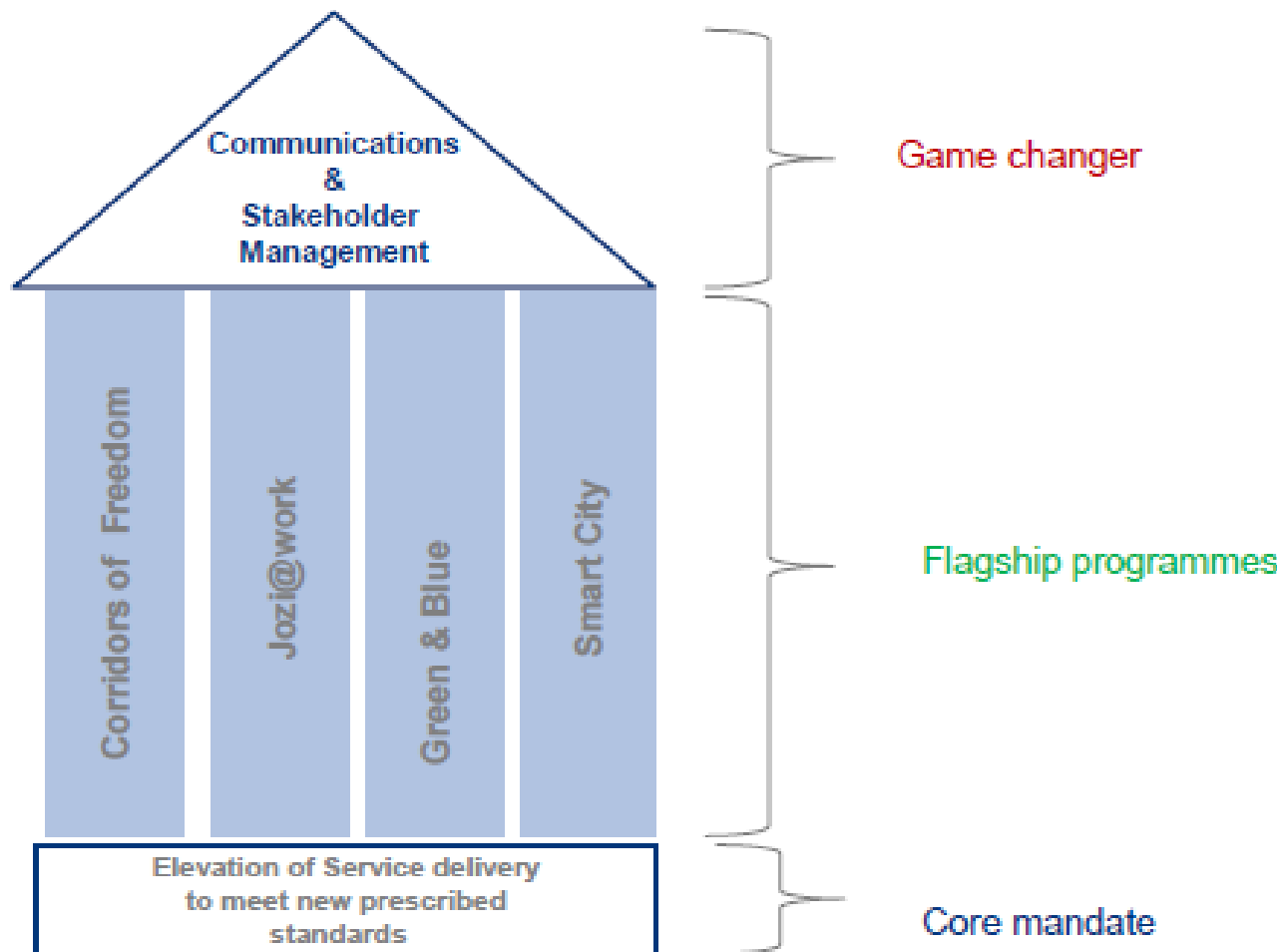
#### Game Changer: JPC will focus on Facilities Management

Why focus on Facilities Management:



- ! Facilities Management must be viewed as a Value Asset that contributes in numerous ways to the organisations mission and supports the business plans for each departments;
- ! It is an opportunity presented to refurbish the facilities in line with the Green and Blue building principles;
- ! Contributes to principles of “Smart City”
- ! Has a significant impact on job creation, community participation via Jozi@Work and supporting SMME’s
- ! Balance sheet enhancement and contributing to the financial sustainability and resilient City
- ! Investment attraction from the third parties





## 9.2 JPC Contribution to the City of Joburg Flagship Programmes

JPC is confident that the following programmes and projects will bring about the desired outcomes:

Jozzi@Work	<ol style="list-style-type: none"> <li>1. Development and Implementation of Facilities Management Master Plan that includes all facilities on Asset Register.</li> <li>2. Spending of Capex (R180m) and Opex in line with Jozzi@work targets.</li> </ol>
Corridors of Freedom and	Purchase properties along Corridors of Freedom in line with the housing Master plan (approximately 20 Properties)

Green Economy	Implementation of the Office Space Optimisation programme in line with the green economy principles with about R260m to be spent in phase 1a by June 2015.
Smart City	<p>Implementation of the Office Space Optimisation programme. Phase 1a is about R260m to be spent.</p> <p>Upgrading and refurbishment of facilities in line with the Smart City principles. All 91 public toilets to be refurbished.</p>

### 9.3 JPC Contribution to the City of Joburg Priorities and Aligned Projects

<b>City Priority</b>	<b>Jozi@Work</b>
JPC Contribution	! Implement the Facilities Management framework
<b>City Priority</b>	<b>SMME and Entrepreneurial Development</b>
JPC Contribution	<p>! Creating an environment that supports SMMEs and entrepreneurship development;</p> <p>! Focusing on providing land to cooperatives as one of the key vehicles for entrepreneurial development and job creation;</p> <p>! Implementing the JPC Transformation Strategy;</p>
JPC Projects Aligned to Priority	<p>! Facilities Management;</p> <p>! Property Management;</p> <p>! Property Development.</p>
<b>City Priority</b>	<b>Food Security</b>
JPC Contribution	<p>! Disposal or release of Land for Agricultural purposes</p> <p>! Allocation of land for to Co-ops. 50 hectares of land earmarked for Co-ops and another 50 hectares of land to be used for commercial farming.</p>
JPC Projects Aligned to Priority	! Release of land for Agricultural purposes.

<b>City Priority</b>	<b>Investment attraction, Retention and Expansion</b>
JPC Contribution	! Office Space Optimisation (Phases)- as per the Mayoral Report resolution
JPC Projects Aligned to Priority	! Office Space Optimisation programme
<b>City Priority</b>	<b>Green Economy</b>
JPC Contribution	! Comprehensive Facilities Management Plan.
JPC Projects Aligned to Priority	! Retrofitting of council Buildings in line with the Facilities Management Plan. ! Office Space Optimisation (Phase 1-as per the Mayoral report) in line with Green Principles. ! Implementation of the Property development and property management in line with the Land Strategy to achieve green economy principles
<b>City Priority</b>	<b>Human Settlements Development and TOD</b>
JPC Contribution	! Marginalised Areas Programme; ! Acquisition of 20 land parcels in line with the TOD initiatives; ! Mixed Use developments on Council owned Property along the TOD nodes and in line with the economic development township and regional plans;
JPC Projects Aligned to Priority	! Land Regularisation Programme; ! Land Acquisition; ! Leases for Council Facilities; ! Land Sales in Marginalised areas to empower SMME and ownership of land.
<b>City Priority</b>	<b>Financial Sustainability and resilience</b>
JPC Contribution	! Expenditure Management- prudent expenditure management through cost saving; ! Reduction in the use of consultants; ! Build and strengthen internal capacity; ! Adopting a culture of internal controls thereby contribution to clean audit;

	<ul style="list-style-type: none"> <li>! Strategic Procurement- based on well-defined demand management plans;</li> <li>! Financial Management and internal controls.</li> </ul>
JPC Projects Aligned to Priority	! Verification of Asset Register – desk top and physical verification of the asset register.
<b>City Priorities</b>	<b>Active Citizenry</b>
JPC Contribution	<ul style="list-style-type: none"> <li>! SMME outreach Programmes;</li> <li>! Internal stakeholder engagements;</li> <li>! External stakeholder management.</li> </ul>
JPC Projects Aligned to Priority	! SAPOA
<b>City Priority</b>	<b>Safer City</b>
JPC Contribution	! Implementation of the Facilities Management strategy that incorporates safety elements.
JPC Projects Aligned to Priority	! Protection of Council properties

## 10. 2015/16 DEPARTMENTAL SDBIP AND COMMUNITY BASED PLANNING

The table below illustrates how the Key Priority programmes and other IDP programmes that JPC will be undertaking in the 2015/2016 financial year. The JPC indicators and CBP are provided for each of the project identified as well as the baselines and quarterly performance targets in order to measure performance post the approval of the plan.

**Table: Key / Priority Programmes/**

Key priority programmes	Projects	Key Project Performance Indicators	CBP Project Yes/No	Measureme nt unit	Measureme nt Source	Baseline	2015/16 Performan ce Target	Cumulative performance targets (Tangible, measurable targets that fulfil requirements of being SMART)			
								Quarter 1	Quarter2	Quarter3	Quarter4
Sustainable human settlements	Facilities Management	Develop and implement a comprehensive Facilities Management framework for City owned properties	Yes	% implementation of per FM Master Plan Deliverables	Facilities Management Master Plan(Frame work)	New Indicator	100% performance against FM Master Plan deliverables of targeted facilities	Approved Implementation plan of Facilities Master framework linked to a prioritisation model for upgrading of targeted facilities.	40 % of targeted facilities refurbished against Master Plan	30 % of targeted facilities redeveloped, and / or refurbished against Master Plan	30 % of targeted facilities redeveloped, and / or refurbished against Master Plan
	Facilities Management	Remodeling/modernization	Yes	Number of remodelled	91 plus additional	New	100 % facilities	Expression of interest	35% of project	35% of project plan	30% of project

Key priority programmes	Projects	Key Project Performance Indicators	CBP Project Yes/No	Measurement unit	Measurement Source	Baseline	2015/16 Performance Target	Cumulative performance targets (Tangible, measurable targets that fulfil requirements of being SMART)			
								Quarter 1	Quarter2	Quarter3	Quarter4
		and refurbishment of all current public toilets.		public toilets	new facilities remodelled.		management plan implementation of existing and installation of new public toilets	evaluated and RFP advertised and adjudicated.	plan for the FY implemented.	for the FY implemented	plan for the FY implemented
	Facilities Management	Partnership model of the transport facility implemented in line with Mayoral resolution.	Yes	Number of Taxi Ranks and Malls	Agreements entered into with facility users	New	100% implementation of the project plan for the management of taxi facilities	Expression of interest evaluated and RFP adjudicate.	35% of project plan for the FY implemented	35% of project plan for the FY implemented	30% of project plan for the FY implemented
		Partnership management model with informal traders implemented.	Yes	Percentage of Linear Markets and formal trading stalls.	Agreements entered into with facility users	New	100% implementation of the management model	Approve criteria / agreements and other legal and administrative	35% of management model implemented	35% of management model implemented	30% of management model implemented

Key priority programmes	Projects	Key Project Performance Indicators	CBP Project Yes/No	Measurement unit	Measurement Source	Baseline	2015/16 Performance Target	Cumulative performance targets (Tangible, measurable targets that fulfil requirements of being SMART)			
								Quarter 1	Quarter2	Quarter3	Quarter4
								ive formalities for the transfer	nted		

Key priority programmes	Projects	Key Project Performance Indicators	CBP Project Yes/No	Measurement unit	Measurement Source	Baseline	2015/16 Performance Target	Cumulative performance targets (Tangible, measurable targets that fulfil requirements of being SMART)			
								Quarter1	Quarter2	Quarter3	Quarter4
Eradicating Poverty Building Sustainable Human Settlements	City wide Land Strategy	Develop and Implement a Citywide Land Strategy	Yes		Approved Land Strategy	New	Citywide approved Land Strategy	Engagements with all relevant stakeholders.  Overlaying the asset	Categorization of properties to be complete.	Phase 1 approval of the Land Strategy.	Final approval of the Land Strategy.

Key priority programmes	Projects	Key Project Performance Indicators	CBP Project Yes/No	Measurement unit	Measurement Source	Baseline	2015/16 Performance Target	Cumulative performance targets (Tangible, measurable targets that fulfil requirements of being SMART)			
								Quarter1	Quarter2	Quarter3	Quarter4
Building and Growing and Inclusive Economy								register with the SDF.			
SMME and entrepreneurial support	Creating a sustainable SMME sector in the COJ Enterprise Development: 4000 SMME's supported	Creation of the SMME's, NGO's, Co-Ops and Community Organisation programme	Yes	Number of SMME's, NGO's, Co-Ops and Community Organisations supported.	Register of SMME's, NGO's, Co-Ops and Community Organisations supported.	4000 SMME's	4000 SMME's, NGO, Co-Ops and Community Organisation supported	1000 SMME's, NGO's, Co-Ops and Community Organisation	1000 SMME's, NGO's, Co-Ops and Community Organisation	1000 SMME's, NGO's, Co-Ops and Community Organisation	1000 SMME's, NGO's, Co-Ops and Community Organisation
	Job creation	Number of jobs created	Yes	Number of jobs created	Record of jobs created	8000 jobs created	4000 jobs created	1000 jobs created	1000 jobs created	1000 jobs created	1 000 jobs created
	Reduced poverty and dependency	Release of land to SMME's, Co-Ops and Entrepreneurs under the transformation*, social	Yes	Number of properties identified and allocated for agricultural purposes	Register of properties or land identified and allocated for agricultural		35 SMMEs, Co-Ops and Entrepreneurs supported.	5 SMMEs, Co-Ops and Entrepreneurs supported.	10 SMMEs, Co-Ops and Entrepreneurs supported	10 SMMEs, Co-Ops and Entrepreneurs supported	10 SMMEs, Co-Ops and Entrepreneurs supported.



Key priority programmes	Projects	Key Project Performance Indicators	CBP Project Yes/No	Measurement unit	Measurement Source	Baseline	2015/16 Performance Target	Cumulative performance targets (Tangible, measurable targets that fulfil requirements of being SMART)			
								Quarter1	Quarter2	Quarter3	Quarter4
		economic*** and social** programme			purposes.						

Key priority programmes	Projects	Key Project Performance Indicators	CBP Project Yes/No	Measurement unit	Measurement Source	Baseline	2015/16 Performance Target	Cumulative performance targets (Tangible, measurable targets that fulfil requirements of being SMART)			
								Quarter1	Quarter2	Quarter3	Quarter4
Financial sustainability and resilience	Financially and administratively sustainable and resilient city	R100m of rental income from leases and servitudes sales, servitudes and acquisition	Yes	Rental income raised	Statement of Comprehensive Income	R100 million raised	R110 million raised	R20m income raised	R20m income raised	R30 m income raised	R40m income raised

Key priority programmes	Projects	Key Project Performance Indicators	CBP Project Yes/No	Measurement unit	Measurement Source	Baseline	2015/16 Performance Target	Cumulative performance targets (Tangible, measurable targets that fulfil requirements of being SMART)			
								Quarter1	Quarter2	Quarter3	Quarter4

Key priority programmes	Projects	Key Project Performance Indicators	CBP Project Yes/No	Measureme nt unit	Measureme nt Source	Baseline	2015/16 Performan ce Target	Cumulative performance targets (Tangible, measurable targets that fulfil requirements of being SMART)			
								Quarter1	Quarter2	Quarter3	Quarter4
Financial sustainability and resilience	Financially and administratively sustainable and resilient city	R100m of rental income from leases and servitudes sales, servitudes and acquisition	Yes	Rental income raised	Statement of Comprehensive Income	R100 million raised	R110 million raised	R20m income raised	R20m income raised	R30 m income raised	R40m income raised
Key priority programmes	Projects	Key Project Performance Indicators	CBP Project Yes/No	Measureme nt unit	Measureme nt Source	Baseline	2015/16 Performan ce Target	Cumulative performance targets (Tangible, measurable targets that fulfil requirements of being SMART)			
								Appointment of professional team ( architect engineers , structural electrical and mechanical engineers)	Completi on of interior designs	Completi on of constructi on of Super-structure.	Completi on of all works and opening of chamber.
		Construction of the Council chamber as per the Office Space Optimisation programme	Yes	% completion of construction	Progress report on construction	New Indicator	Completion of Council Chamber construction				

Key priority programmes	Projects	Key Project Performance Indicators	CBP Project Yes/No	Measurement unit	Measurement Source	Baseline	2015/16 Performance Target	Cumulative performance targets (Tangible, measurable targets that fulfil requirements of being SMART)			
								Quarter1	Quarter2	Quarter3	Quarter4
Transit Oriented Development - Priority areas (corridors / nodes)	Acquisition of properties along the Transit Oriented Development and support the housing master plan(Priority Areas(corridors and nodes)	Acquisition of 20 properties along the Transit Oriented Development and support the housing master plan by acquiring 6 properties (Priority Areas(corridors and nodes)	Yes	Number of properties acquired	Asset Register	3 properties acquired	Acquisition of 20 properties in the TOD and 6 properties in line with the housing master plan	Identify properties and submit a report to Council	Make an offer to purchase	Finalise negotiation or commence expropriation	Lodge transfer documents with Deeds Office for the 20 properties in the TOD and 6 to support housing master plan.
Key priority programmes	Projects	Key Project Performance Indicators	CBP Project Yes/No	Measurement unit	Measurement Source	Baseline	2015/16 Performance Target	Cumulative performance targets (Tangible, measurable targets that fulfil requirements of being SMART)			
								Quarter1	Quarter2	Quarter3	Quarter4

Key priority programmes	Projects	Key Project Performance Indicators	CBP Project Yes/No	Measurement unit	Measurement Source	Baseline	2015/16 Performance Target	Cumulative performance targets (Tangible, measurable targets that fulfil requirements of being SMART)			
								Quarter1	Quarter2	Quarter3	Quarter4
Transit Oriented Development - Priority areas (corridors / nodes)	Acquisition of properties along the Transit Oriented Development and support the housing master plan(Priority Areas(corridors and nodes)	Acquisition of 20 properties along the Transit Oriented Development and support the housing master plan by acquiring 6 properties (Priority Areas(corridors and nodes)	Yes	Number of properties acquired	Asset Register	3 properties acquired	Acquisition of 20 properties in the TOD and 6 properties in line with the housing master plan	Identify properties and submit a report to Council	Make an offer to purchase	Finalise negotiation or commence expropriation	Lodge transfer documents with Deeds Office for the 20 properties in the TOD and 6 to support housing master plan.
Key priority programmes	Projects	Key Project Performance Indicators	CBP Project Yes/No	Measurement unit	Measurement Source	Baseline	2015/16 Performance Target	Cumulative performance targets (Tangible, measurable targets that fulfil requirements of being SMART)			
Investment attraction, retention and expansion		Third party investment on COJ property transaction	Yes	R350 investment in construction	Asset Register	R350 m	R400 m investment by private sector	R 100 m investment by private sector	R 100 m investment by private	R 100 m investment by private	R 100 m investment by private

Key priority programmes	Projects	Key Project Performance Indicators	CBP Project Yes/No	Measurement unit	Measurement Source	Baseline	2015/16 Performance Target	Cumulative performance targets (Tangible, measurable targets that fulfil requirements of being SMART)			
								Quarter1	Quarter2	Quarter3	Quarter4
Transit Oriented Development - Priority areas (corridors / nodes)	Acquisition of properties along the Transit Oriented Development and support the housing master plan(Priority Areas(corridors and nodes))	Acquisition of 20 properties along the Transit Oriented Development and support the housing master plan by acquiring 6 properties (Priority Areas(corridors and nodes))	Yes	Number of properties acquired	Asset Register	3 properties acquired	Acquisition of 20 properties in the TOD and 6 properties in line with the housing master plan	Identify properties and submit a report to Council	Make an offer to purchase	Finalise negotiation or commence expropriation	Lodge transfer documents with Deeds Office for the 20 properties in the TOD and 6 to support housing master plan.
Key priority programmes	Projects	Key Project Performance Indicators	CBP Project Yes/No	Measurement unit	Measurement Source	Baseline	2015/16 Performance Target	Cumulative performance targets (Tangible, measurable targets that fulfil requirements of being SMART)			
							Target		sector	sector	sector
		Third party investment on COJ property	Yes	R1bn investment leverage on	Asset Register	Nil	R1bn investment leverage on	Nil	Nil	R500 m	R500 m

Key priority programmes	Projects	Key Project Performance Indicators	CBP Project Yes/No	Measurement unit	Measurement Source	Baseline	2015/16 Performance Target	Cumulative performance targets (Tangible, measurable targets that fulfil requirements of being SMART)			
								Quarter1	Quarter2	Quarter3	Quarter4
Transit Oriented Development - Priority areas (corridors / nodes)	Acquisition of properties along the Transit Oriented Development and support the housing master plan(Priority Areas(corridors and nodes))	Acquisition of 20 properties along the Transit Oriented Development and support the housing master plan by acquiring 6 properties (Priority Areas(corridors and nodes))	Yes	Number of properties acquired	Asset Register	3 properties acquired	Acquisition of 20 properties in the TOD and 6 properties in line with the housing master plan	Identify properties and submit a report to Council	Make an offer to purchase	Finalise negotiation or commence expropriation	Lodge transfer documents with Deeds Office for the 20 properties in the TOD and 6 to support housing master plan.
Key priority programmes	Projects	Key Project Performance Indicators	CBP Project Yes/No	Measurement unit	Measurement Source	Baseline	2015/16 Performance Target	Cumulative performance targets (Tangible, measurable targets that fulfil requirements of being SMART)			
		transaction		property transaction			property transaction				

**Note: For Office Space Optimisation (OSO) project, the project is a multi-year project. For the 2015/2016 financial year, focus will be on the Council Chamber Wing and the remainder of the project will be rolled out as outlined in the OSO project plan which is Annexure B of the Business Plan.**



## **11. DAY-TO-DAY OPERATION**

The JPC's day-to-day operations include engagements with internal and external stakeholders, monitoring and analysis of the property sector review and analysis of relevant policies. JPC engages with stakeholders individually and through structures such as the Informal Traders Forum. The stakeholder engagements take place periodically, hence they form part of programme and projects operations at the micro level. Through the engagements, the organisation and its stakeholders are in a better position to address challenges effectively and efficiently.

In pursuit of economic transformation and entrenching the vision of an SMME centric City, the organisation has prioritised the continuous engagement with SCM as a key focus to ensure that SMMEs and in particular youth have unhindered access to the organisations City's procurement spent.

Table 3 below outlines JPC's day-to-day operations and the key deliverables for the 2015/16 financial year.



Table: Operational Plan- day-to-day activities

Day to Day operations	Projects	Key Project Performance Indicators	Measurement unit	Measurement Source	Baseline	2015/16 Performance Target	Cumulative performance targets (Tangible, measurable targets that fulfil requirements of being SMART)			
							Quarter1	Quarter2	Quarter3	Quarter4
Regional Road shows to Councilors at various regions to engage on property issues Customer and stakeholder interactions	Stakeholders engagements	Presentation	Number of Presentations to various regions	Presentations to various regions	7	28	7	7	7	7
		Target companies for engagements on property issues	Number of Targeted companies	Proof of engagements with companies	12	12	3	3	3	3
		Site visits to various projects and facilities	Number of site visits	Program	12	16	4	4	4	4
Property Economic Research	Annual <i>Property research</i>	Property Review document	Printed Annual Property Report	Printed Annual Property Review Report	New indicator	Annual Property Review document	Sourcing and collating relevant Property data	Analysis and Interpretation of the data	Drafting of the Annual Property Review document	Publication of the Annual Property Review document

Day to Day operations	Projects	Key Project Performance Indicators	Measurement unit	Measurement Source	Baseline	2015/16 Performance Target	Cumulative performance targets (Tangible, measurable targets that fulfil requirements of being SMART)			
Media and Communications	Branding of JPC, Marketing of JPC and projects outlined above Proactive media communications and engagement	Marketing and Media and Communication Strategy for JPC	Number of marketing and communication events to profile the organisation		New Indicator	3	Planning and alignment of marketing strategy to align to corporate strategy and projects	1	1	1
			Number of media releases			10	2	3	3	2
Stakeholder engagements	Client satisfaction survey among external users	Facilitate a client satisfaction survey among external users to conduct a survey & and	Results and report on analysis of survey	Questionnaire , statistical analysis & results of survey	New	Implementation of corrective measures to improve service delivery	Appointment of a service provider	Empirical study on JPC stakeholders & their satisfaction on service delivery - Questionnaire	Statistical analysis	Final report on results & recommendations  Implementation of corrective measures

Day to Day operations	Projects	Key Project Performance Indicators	Measurement unit	Measurement Source	Baseline	2015/16 Performance Target	Cumulative performance targets (Tangible, measurable targets that fulfil requirements of being SMART)			
		an empirical study on JPC's Client services						to stakeholders		
Transformation	Transformation Strategy	Develop and Implement the JPC transformation strategy.	Number of supported beneficiaries through the transformation strategy	Report on beneficiaries supported	New	Develop and Implement the JPC transformation strategy.	Appoint a service provider to assist in unpacking the transformation agenda of JPC.	Implement the transformation strategy.	Implement the transformation strategy.	Full implementation of the transformation strategy.

## 12. FINANCIAL IMPACT

### Summary of the 2015/16

### KEY PRIORITY PROGRAMMES

Strategic Intervention	JPC Project/Action	GDS Outcome	2015/16	2016/17	2017/18
			Total R000	R000	R000
Sustainable human settlements	Develop and implement a comprehensive Facilities Management for City owned properties	Smart City, Green Economy and Investment attraction.	38 284	45 009	48 153
	Remodeling/ modernization and refurbishment of all current public toilets	Smart City, Green Economy and Investment attraction.	38 284	45 009	48 153

	Partnership model of the transport facility implemented in line with Mayoral resolution		19 142	22 505	24 076
	Partnership management model with informal traders implemented.		19 142	22 505	24 076
	Develop and implement a Citywide Land Strategy	Transit oriented development, provide a resilient, liveable, sustainable urban development	38 284	45 009	48 153
SMME and Entrepreneurial Development	Creation of the SMME's, NGO's, Co-Ops and Community Organisation programme	Increased competitiveness of the economy	38 284	45 009	48 153

	Number of jobs created	Promotion and support to small businesses	38 284	45 009	48 153
	Release of land to SMME's, Co-Ops and Entrepreneurs under the transformation*, social economic*** and social** programme		38 284	45 009	48 153
Financial sustainability and resilience	R110m of rental income from leases and servitudes sales, servitudes and acquisition	Financially and administratively sustainable and resilient city	38 284	45 009	48 153
	Construction of the Council chamber as per the Office Space Optimisation programme	Financially and administratively sustainable and resilient city	38 284	45 009	48 153

Investment attraction, retention and expansion	Third party investment on COJ property transaction – Investment construction	Financially and administratively sustainable and resilient city	38 284	45 009	48 153
	Third party investment on COJ property transaction- investment leverage on property transaction	Financially and administratively sustainable and resilient city	38 284	45 009	48 153
Acquisition of properties along the Transit Oriented Development and support the housing master plan - Priority Areas( corridors and nodes)	Acquisition of 20 properties along the Transit Oriented Development and support the housing master plan by acquiring 6 properties (Priority Areas(corridors and nodes)	Transit Oriented Development - Priority areas (corridors/nodes)	38 284	45 009	48 153
		<b>TOTAL</b>	<b>459 408</b>	<b>495 108</b>	<b>529 685</b>

**Note:** The above budget is only the Opex budget. For this reason the resources have been spread evenly over all the projects. The Capex budget for each project is shown below

**JOHANNESBURG PROPERTY  
COMPANY**
**DRAFT MEDIUM TERM REVENUE AND EXPENDITURE BUDGET FOR  
2015/16 - 2017/18**

	Current year 2014/15			Medium Term Revenue and Expenditure Budget: 2015/16 - 2017/18							
	Approved Budget	Adjust- ments	Adusted Budget	Approved Budget	Adjust- ments	Final Budget	Incr.	Approved Budget	Adjust- ments	Draft Budget	Draft Budget
	2014/15		2014/15	2015/16		2015/16	%	2016/17		2016/17	2017/18
	R 000	R 000	R 000	R 000	R 000	R 000		R 000	R 000	R 000	R 000
<b>REVENUE</b>											
Interest earned - outstanding debtors	2 535		2 535	2 677	10	2 687	6.0%	2 824	11	2 835	2 988
Other Revenue	100 200		100 200	107 193	(92 166)	15 027	-85.0%	113 597	(97 743)	15 854	16 710
Gains on disposal of PPE							0.0%				
<b>DIRECT REVENUE</b>	<b>102 735</b>		<b>102 735</b>	<b>109 870</b>	<b>(92 156)</b>	<b>17 714</b>	<b>-82.8%</b>	<b>116 421</b>	<b>(97 732)</b>	<b>18 689</b>	<b>19 698</b>
<b>Internal Transfers</b>											
Internal recoveries (ME's )	414 674		414 674	437 145	(328 976)	108 169	-73.9%	461 344	(338 202)	123 142	131 804
Operating Grants & Subsidies from (COJ)					333 525	333 525	0.0%		353 277	353 277	378 183
Total Internal Transfers	414 674		414 674	437 145	4 549	441 694	6.5%	461 344	15 075	476 419	509 987
<b>TOTAL REVENUE</b>	<b>517 409</b>		<b>517 409</b>	<b>547 015</b>	<b>(87 607)</b>	<b>459 408</b>	<b>-11.2%</b>	<b>577 765</b>	<b>(82 657)</b>	<b>495 108</b>	<b>529 685</b>
<b>EXPENDITURE BY TYPE</b>											
Employee related costs	209 018		209 018	215 289	6 270	221 559	6.0%	221 748	14 212	235 960	250 354
Debt impairment	2 053		2 053	2 167	9	2 176	6.0%	2 286	10	2 296	2 420
Depreciation & asset impairment	5 030		5 030	5 311	21	5 332	6.0%	5 603	22	5 625	5 929
Repairs and maintenance	27 128		27 128	28 647	5 263	33 910	25.0%	30 223	12 165	42 388	50 866
Finance charges	815		815	860	4	864	6.0%	907	5	912	961
Contracted services	29 723		29 723	28 315	7 353	35 668	20.0%	27 079	12 156	39 235	41 354
Other expenditure	149 221	48	149 269	157 789	436	158 225	6.0%	166 469	458	166 927	175 941
<b>DIRECT EXPENDITURE</b>	<b>422 988</b>	<b>48</b>	<b>423 036</b>	<b>438 378</b>	<b>19 356</b>	<b>457 734</b>	<b>8.2%</b>	<b>454 315</b>	<b>39 028</b>	<b>493 343</b>	<b>527 826</b>
<b>Internal Transfers</b>											
Internal charges (ME's)	1 587	(48)	1 539	1 674		1 674	8.8%	1 765		1 765	1 859
<b>Total Internal Transfers</b>	<b>1 587</b>	<b>(48)</b>	<b>1 539</b>	<b>1 674</b>		<b>1 674</b>	<b>8.8%</b>	<b>1 765</b>		<b>1 765</b>	<b>1 859</b>
<b>TOTAL EXPENDITURE</b>	<b>424 575</b>		<b>424 575</b>	<b>440 052</b>	<b>19 356</b>	<b>459 408</b>	<b>8.2%</b>	<b>456 080</b>	<b>39 028</b>	<b>495 108</b>	<b>529 685</b>
<b>OPERATING SURPLUS / (DEFICIT) - after tax</b>	<b>92 834</b>		<b>92 834</b>	<b>106 963</b>	<b>(106 963)</b>	<b>()</b>	<b>- 100.0%</b>	<b>121 685</b>	<b>(121 685)</b>	<b>()</b>	
<b>TOTAL</b>	<b>92 834</b>		<b>92 834</b>	<b>106 963</b>	<b>(106 963)</b>	<b>()</b>		<b>121 685</b>	<b>(121)</b>	<b>()</b>	



									685)		
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### DRAFT MEDIUM TERM CAPITAL BUDGET FOR 2015/16 - 2017/18 AND ADJUSTMENT BUDGET 2014/15

Project Description	Insert CIMS No.	Priority	Approved Budget 2014/15  R 000	Adjusted Budget 2014/15  R 000	Approved Budget 2015/16  R 000	Draft Budget 2015/16  R 000	Approved Budget 2016/17  R 000	Draft Budget 2016/17  R 000	Draft Budget 2017/18  R 000
<b><u>Only insert capital projects as per MTB 2014/15 - 2016/17 under this section</u></b>	-	-							
Computer Equipment New Computer Upgrades BRAAMFONTEIN WERF EXT.1 City Wide	30364	Other IDP or Day-to Day programmes				4 000	4 000	4 000	
FMMU - Public Conveniences New Public toilets JOHANNESBURG	26423	Green economy	7 500	7 500	7 500	6 500	7 500	7 500	
Jabulani CBD New Operational Capex JABULANI	29392	Investment attraction, retention and expansion	20 000	20 000	25 000	10 000	5 000	10 000	
Land Regularisation Renewal Operational Capex JOHANNESBURCITY Wide	33550	Sustainable human settlements	10 000	10 000	50 000	4 000	32 286		
Office Space Optimisation New Building Alterations JOHANNESBURCITY Wide	33691	Green economy				30 000	10 000	10 000	10 000
Orlando Ekhaya Waterfront Development Renewal Park ORLANDO EKHAYA	29391	Investment attraction, retention and expansion	10 000	10 000	13 793	7 000	10 000	15 000	10 000
Purchase of land in Perth/Empire, Louis Botha and Turffontein Corridors New Corridors of Freedom Intervention CORONATIONVILLE City Wide	33797	Sustainable human settlements	22 402	22 402	56 005		7 780		
Randburg Civic Precinct Renewal Building Alterations FERNDAL	25002	Green economy	2 000	2 000	1 000	1 000	1 000	5 000	10 300
Revamping of the Informal Trading Stalls within the Inner City Renewal Operational Capex JOHANNESBURG	26220	Smart City	1 300	1 300	11 300	7 400	15 000	13 000	1 300
Salisbury House Erf 1052 and 1053 Renewal Heritage JEPPESTOWN	33494	Investment attraction, retention and expansion			500				

Sandown Extension 49 Erf 575RE Renewal Building Alterations SANDOWN EXT.49 E	29337	Investment attraction, retention and expansion	35 000	35 000	35 000	25 000	20 000	35 000	35 000
Site Development Projects New Land Preparation JOHANNESBURG City Wide	33692	Investment attraction, retention and expansion	16 298	16 298	41 102	15 000	28 700	8 700	13 000
<b>Total: Council Approved MTB Capital Projects</b>			<b>124 500</b>	<b>124 500</b>	<b>241 200</b>	<b>109 900</b>	<b>141 266</b>	<b>108 200</b>	<b>79 600</b>
<b><u>Insert all other and new 2017/18 capital project requests under this section</u></b>	-								
Watt Street Inter-change New Housing Development WYNBERG E Regional		Sustainable human settlements				39 000		151 000	
Rissik Street Post Office Restoration Project New Heritage JOHANNESBURG F Regional		Investment attraction, retention and expansion				21 000		10 000	15 000
Erf 43-46 Victoria Ext 3(Paterson Park Node) New Housing Development VICTORIA EXT.3 E Regional		Smart City				10 000		15 000	10 000
Rosebank Linear Park ReDevelopment New Precinct Redevelopment ROSEBANK B Regional		Investment attraction, retention and expansion				2 000		4 000	3 000
<b>Total: Other and new 2017/18 capital project requests</b>						<b>72 000</b>		<b>180 000</b>	<b>28 000</b>
<b>GRAND TOTAL</b>			<b>124 500</b>	<b>124 500</b>	<b>241 200</b>	<b>181 900</b>	<b>141 266</b>	<b>288 200</b>	<b>107 600</b>

### Table: Operational Plan-day-to-day activities

Detailed below is the deliverables and associated budgets for the day to day activities of JPC

### Summary of the 2015/16 Budget

Table: Budget summary

	2013/14 Budget	2014/15 Budget	Proposed 2015/16 Budget	% increase	% Budget spend per Quarter			
	R'000	R'000	R'000		Q1 R'000	Q2 R'000	Q3 R'000	Q4 R'000
Revenue	401 718	424 575	459 408	8.2%	114 852	114 852	114 852	114 852
Expenditure	401 718	424 575	459 408	8.2%	114 852	114 852	114 852	114 852
Surplus/deficit before taxation and capital transfers	126	0	0	0%	0	0	0	0
Capital Expenditure#	94 680	124 500	181 900	46%	45 475	45 475	45 475	45 475

### **13. MANAGEMENT AND ORGANISATIONAL STRUCTURES**

With the review of the corporate strategy completed in the beginning of the 2013/ 2014 financial year, JPC had to review the organisational structure that will ensure the delivery of the new JPC 2040 Corporate Strategy. The project has reached its final stages with both the Service Delivery Model (SDM) and the high level structure having been approved by the JPC Board of Directors. The senior management roles have been defined and are currently being evaluated. The development of the lower level structure has been completed as well and management has engaged on roadshows with the staff before the structure is rolled out.

A comprehensive change management implementation plan has been developed to support the effective implementation of the new organisational design. Various change management workshops are scheduled with management, labour and staff to create awareness of the change approach.

The key position at management level has been advertised to ensure smooth running of operations and also to ensure that the entity delivers on its objectives and on the approved corporate strategy.



#### 14. MONITORING AND EVALUATION

The monitoring of the implementation of the business scorecard with the emphasis on the delivery on the business scorecard will be done on a monthly basis and be reported to the shareholder on the quarterly basis.

#### 15. HUMAN CAPITAL

JPC has undergone a review of its service delivery model (SDM) and organisation design (OD) in order to achieve a single integrated organisation that will deliver services in line with JPC's strategy. The high level and lower level organisational design has been completed with the high level design approved and implemented. The lower level organisational design has been completed and was workshoped with the staff prior to implementation.

The following has been identified as benefits for the re-organised structure for JPC:

- ! Improved efficiency;
- ! Better service delivery;
- ! Closeness/ proximity to the customer;
- ! Enhanced skills;
- ! Reduction of duplication and wastage; and
- ! Deployment of scarce resources where they add most value.

JPC advertised the high level organisation design as depicted above in April 2015 with the adverts closing on 24 April 2015. JPC will fill all high level positions by end of June 2015. For the lower level structure, a set of placement principles are in place which will guide the filling of the positions in the lower levels. Below is the table reflecting progress made on the SDM deliverables:

SDM Deliverables	Progress
High level organisational design	• Completed
Low level organisational design	• Completed
Change management framework	• Completed
Roll out of change management plan	• In progress. Road shows have started.

	Culture audit completed.
Job descriptions	• Completed
High level job evaluations	• Completed
Salary scales determination for high level structure	• Completed
HR Strategy	• Completed
HR policies	• Completed
Appointment of senior managers	• Started in April and to be completed in June 2015
Remuneration framework	• Completed
Placement principles	• Completed
Performance management framework	• Completed

## Skills Development and Training

A Talent Management forum was established and the objective was to ensure that the talent management strategies are fully implemented. The main objective in terms of the skills development for this financial year is to support the SDM and to ensure that the required competencies are in line with JPC's strategy. Part of the initiatives in achieving the skills development is to provide an oversight on the compliance aspect in terms of human capital management policies.

JPC is currently engaging in discussion with SAPOA, educational institutions and accredited service provider to structure the development of the business competencies to meet the current demands.

## Business Requisite Competencies

The people development strategies will focus on the categorised interventions to cater for the overall business objectives.



1. Change Management interventions - behavioural change and use of skills
2. Technical Business competence development - Artisan Trade Certification
3. Business Management and Leadership competencies
4. Education/ Professional Development ( RPL)
5. Property Management Competencies - SAPOA partnership.
6. Safety Health and Environment (SHE)
7. Generic Development (Skills based programmes)
8. Adult Basic Education
9. Internships and Learnerships - GEP internship programme

### **Employment Equity and Diversity Management**

The Employment Equity implementation plan has been concluded and will be focusing specifically on Diversity Management, Disability Management and outlining the details of affirmative action measures to be implemented not only to accelerate the achievement of the EE goals but to create an organization that represent and promote a diversified workforce.

JPC will focus to create a work environment that values and utilizes the contributions of employees with diverse backgrounds, experiences and perspectives that are dynamic to the success of the organisation. The Employer and Employees have an ethical and legal responsibility to maintain an environment that is free of discrimination, harassment, safe, respectful and productive and also to be treated fairly within the workplace, in particular recognising that People with Disabilities are entitled to equal rights and forms part of society.

Employment Equity demographics status indicates that JPC has a total staff compliment of **634** employees.

## **16. JPC TRANSFORMATION APPRAOCH**

JPC has developed a Transformation and Economic Empowerment framework which is a document that serves as a guide to JPC to achieve its desired Transformation and Economic Empowerment vision leveraging on its property assets, investments and projects to change economic state of its citizens.

*Linking CoJ transformation agenda as envisaged in the GDS 2040 to JPC transformation approach.*

### **Strategic Pillars**

In line with government and CoJ priorities, the key targeted strategic pillars to drive Transformation and Economic empowerment for any programme and project of JPC will be the following.

- **Ownership and Control**
- **Skill Development**
- **Enterprise and Supplier Development**
- **Experience and Development**
- **Job creation**
- **Localisation**
- **Black Industrialists**

#### **16.2.1 Application of Strategic Pillars**

The majority of the rand value of the procurement spent will be directed towards wholly Black owned, Majority Black owned and controlled, Black women owned and designated group.

#### **16.2.2 Targeted Beneficiaries**

In the delivery and the implementation of Transformation and Economic Empowerment vision, JPC will prioritize procurement that promotes the achievement of the JPC economic empowerment goals.

To bring the vision to fruition, for all JPC projects, companies with at least level BBBEE recognition level will be favoured.

And JPC will commit the majority of the rand value of the procurement spent will be directed towards targeted beneficiaries as shown in the table below:

▪ <b>Black companies</b>	Wholly Black owned
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	<ul style="list-style-type: none"> <li>! 100% Black owned and controlled</li> <li>! With at least 30% Black Female ownership and/or designated group/s.</li> <li>• Majority Black owned and Black Controlled <ul style="list-style-type: none"> <li>! 51% Black owned and controlled</li> </ul> </li> <li>Female Black owned <ul style="list-style-type: none"> <li>! 30% Black female owned</li> </ul> </li> <li>Empowered Companies <ul style="list-style-type: none"> <li>! 25% Black owned</li> </ul> </li> </ul>
▪ <b>Black Designated groups</b>	<ul style="list-style-type: none"> <li>! Unemployed blacks people</li> <li>! Black people who are Youth</li> <li>! Black people who are person with disabilities</li> <li>! Black co-ops</li> <li>! Black people living in under developed areas within the city</li> </ul>
▪ <b>Large Companies with least at BBBEE recognition level 4</b>	<p><b>Current codes:</b> 65%-75% of the overall achievement</p> <p><b>Revised Codes:</b> 80%-90% of the Overall achievement</p>
▪ <b>Companies (as per BEE Codes Of Good Practice)</b>	<p><b>Current Codes</b></p> <ul style="list-style-type: none"> <li>! EME (Exempted Micro enterprises) (&lt;R5M)</li> <li>! QSE (Small Qualifying Enterprises) (R5M&lt;R35M)</li> </ul> <p><b>Revised Codes</b></p> <ul style="list-style-type: none"> <li>! EME (Exempted Micro enterprises) (&lt;R10M)</li> <li>! QSE (Small Qualifying Enterprises) (R5M&lt;R50M)</li> </ul>
▪ <b>Property and Construction Sector Code</b>	<ul style="list-style-type: none"> <li>! Align to Current QSE (Small Qualifying Enterprises) threshold</li> <li>! Align to revised QSE (Small Qualifying Enterprises) threshold</li> </ul>

### 16.3 Framework Strategic Intervention

To achieve maximum economic empowerment impact and achieve transformation goals, the delivery of the model to be implemented demands the program the breakdown into various level of work stages, starting at a high-level with the project categorization based on the project conceptualization and delivery approach. At a high level the proposed

delivery model for the project will be to group the program into the following project categories as an example;

! **Construction of New Spaces**

! **Refurbishment of Existing Spaces**

! **Realignment (incl. leasing from third parties) of Existing Spaces**

These categories are in accordance with the conceptualization in terms of the program to meet the COJ space accommodation needs, the table below seeks to provide for differentiation in the description for the purposes of further breakdown in the delivery process to ensure the level of impact and penetration pertaining to achieving the maximum and the most optimal economic empowerment benefits.

<b>Construction of New Spaces</b>	The work packages in the OSOP identified as construction are all instances in the project where new spaces and/or office accommodation are constructed that did not exist before, this includes, additions to increase the sqm where the extension is more than 10% (measured in sqm) of the existing building.
<b>Refurbishment of Existing Spaces</b>	This is described for instances where there are no new or additional external construction works that increases the building size by more than 10% of its current size. These are limited to building works that involves cosmetic changes to the exterior or interior of the building, installation of features and fittings, external horticulture and landscaping works (not linked to new construction), etc
<b>Realignment (incl. leasing from 3rd parties) of Existing Spaces</b>	Where the allocation of office accommodation or available spaces without any need to new construction or refurbishment. These are primarily relocation, hygiene and building compliance activities.

Beyond the project categorization, a further breakdown into work packages will be applied directly onto the projects or to each project category, depending on the project scheduling. What is to be discouraged with this approach, because it will diminish the level of impact and flow through participation in the economic value chain by targeted beneficiaries, will be the packaged contracts approach to delivery on the main projects categories.

The challenge with the packaged contracts approach is that under this approach a main contractor is appointed who then is expected to have overarching responsibility to split and manage work packages or project elements into subcontracted packages, as these will be included in the main contractor's agreement on the allotted project work.

The type of breakdown that is set out to be implemented in this guideline, drives an approach to packaging that is geared towards splitting a project into a series of work packages suitable for obtaining tenders, acquire materials and /or place orders with the subcontracting and goods supply chain thereby transferring risk for delivering some elements of the works from the main contractor.

## **17. RISK MANAGEMENT**

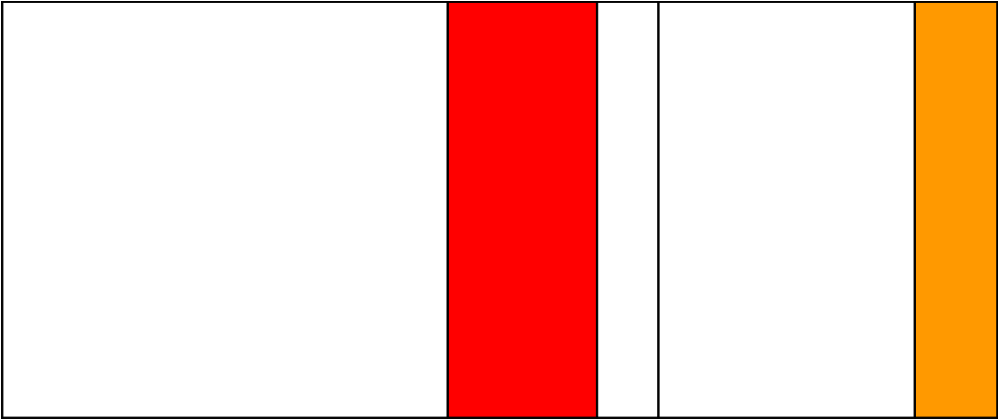
The board accepts its responsibility for the governance of risk. The board regards risk management as a key business discipline which:

- ! balances risk and reward within both existing and new initiatives;
- ! protects the group against uncertainties and hazards, which could prevent the achievement of business objectives;
- ! considers the exploitation of opportunities that can improve the performance of the group; and
- ! Focuses on strategic, financial and operational risks.

The day-to-day responsibility for identifying and managing risk resides with management. Management is accountable to the board for designing, implementing and monitoring the system and process of risk management and to integrate it into the day-to-day activities. Risk management has become a standard business discipline and is applied consistently throughout the entity. The risk management process is integrated with the strategic and business planning process and is embedded through our management reporting and performance management system.



Ranking	Risk Description	Causes/ Background to the risk	Inherent Risk	Current controls	Risk Residual	Trend	Risk Owner	Actions to improve management of the risk	Action Owner	Time scale
1	<b>Incorrect integration funding model</b>	<p>Inadequate due diligence performed prior to integration.</p> <p>Unfunded mandate emanating from the integration of ex FMMU and MTC.</p> <p>Change from the subsidy model to the internal recovery funding model.</p> <p>Move by the shareholder from the journalise process to the cash payout process.</p>	<p><b>Extreme</b></p> <p>25</p>	<p>SLA's entered with the departments.</p> <p>Budgets in place for all the departments.</p> <p>Engagement with the Shareholder on the ideal funding model.</p> <p>Billing as per the Service Delivery Agreement.</p> <p>Monthly tight expenditure management.</p>	High	↓	CEO	<p>Signing of the Service Delivery Agreement.</p> <p>Review of the JPC Corporate Strategy</p> <p>Outsourcing models on non-cash generating business units (taxi ranks and Public convenience).</p> <p>Subsidy instead of the recovery model.</p> <p>If subsidy is not given, budget and payments will be allocated directly to the departments.</p> <p>Strict adherence to</p>	Finance Director	May-15



	the allocated budget.		
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2	<b>Erosion of the Asset Base</b>	<p>Lack of a comprehensive facilities management strategy for the Citywide properties.</p> <p>Lack of an integrated land management strategy.</p>	Extreme	20	<p>Adhoc facilities management approach.</p> <p>Reactive approach to the needs of the community on land issues.</p> <p>Planned maintenance activities</p>	High	↕	CEO	<p>Complete verification of the asset register.</p> <p>Categorisation of the asset register into portfolios linked to Portfolio managers.</p> <p>Link facilities management into the Portfolios.</p> <p>Develop and Implement the comprehensive land strategy.</p> <p>Develop and implement a Citywide facilities management strategy.</p> <p>Employ the necessary skills for the portfolio</p>	<p>EM: Asset Management</p> <p>EM: Facilities Management</p> <p>EM: Property Development</p> <p>EM: Property Management</p>	Jun-15
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3	<b>Lack of integrated ICT framework</b>	<p>Lack of business continuity plan Inadequate IT disaster recovery plan</p> <p>Lack of ICT structure</p> <p>Lack of IT strategy</p> <p>Lack of IT Governance framework.</p> <p>IT not treated as an important strategic asset.(services currently outsourced)</p> <p>Lack of efficient &amp; effective data and document management systems.</p> <p>Lack of proper IT infrastructure and system integration.</p>	Extreme	20	<p>Approved IT policy.</p> <p>Outsourced IT management system.</p> <p>Disaster Recovery Plan.</p>	High	↑	CEO	<p>Develop an integrated ICT strategy.</p> <p>Develop an ICT framework.</p> <p>Continuous testing of the Business Continuity and Disaster Recovery Plan.</p> <p>Installation of a backup generator for business continuity.</p> <p>Appointment of the Head of Information Technology.</p> <p>Development of the IT structure.</p> <p>Systems integration through SAP via CoJ platform.</p>	Senior Manager : IT	Jun-15
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4	<b>Lack of integrated communications and stakeholder approach</b>	<p>Poor community participation as well as inadequate feedback to communities.</p> <p>Communications and stakeholder management not treated as a business strategic priority.</p>	High	16	<p>Marketing and communications strategy in place.</p> <p>Implement the stakeholder relations management and corporate social investment strategy in place</p> <p>Internal communications</p> <p>Weekly Open day for stakeholder engagements</p>	Moderate	↑	CEO	<p>Implement the stakeholder relations management and corporate social investment strategy.</p> <p>Implement the marketing and communications strategy.</p> <p>Implement the new organisational structure to address the strategic importance of the functions.</p>	Senior Manager: Marketing and Communications	Jun-15
5	<b>Fraud and corruption (both internal and external)</b>	<p>Fraudulent sales and unlawful occupation of land and buildings</p> <p>Cash mismanagement</p> <p>Collusion between officials and clients</p> <p>Bribery</p>	Moderate	12	<p>FRACC.</p> <p>Fraud and whistle blowing policy in place.</p> <p>Staff training and workshops.</p> <p>Quarterly reporting to ARC on fraud issues.</p>	Low	↓	CEO	Marketing and awareness of fraud reporting.	Senior Manager: Legal	May-15

6	<b>Lack/ inadequate project Management</b>	<p>Lack of project management skills</p> <p>Poor contract management with the developers</p>	High	16	<p>Project management contracts in place.</p> <p>Adhoc contract management</p>	Moderate	↑	CEO	<p>Establishment of the Project Management Office (PMO).</p> <p>Appointment of the skilled project managers.</p> <p>Establishment of the contract management system.</p>	<p>EM: Asset Management</p> <p>EM: Facilities Management</p> <p>EM: Property Development</p> <p>EM: Property Management</p>	Jun-15
7	<b>Noncompliance with laws and regulation</b>	<p>Conflicting legislation (e.g. MFMA and Company Act conflicting).</p> <p>Capacity challenges on adherence to legislation.</p> <p>Lack of sanctions for non-compliance (apathy to discipline)</p> <p>Ignorance to legislation</p> <p>Lack of accountability by officials</p> <p>Conscious or unconscious failure to implement the requirements of laws, regulations, agreements and ethical standards .</p>	Moderate	9	<p>Quarterly compliance checklist.</p> <p>Policies and procedures in place that are consistent with laws and regulations.</p>	Moderate	↓	CEO	<p>Introduce an employee awareness campaign for the relevant laws , regulations and policies.</p> <p>Implement regular compliance reviews and audits.</p> <p>Review policies for legal completeness</p>	Compliance Officer	May-15

8	<b>Delayed implementation of the Change Management Plan</b>	<p>Delays in finalising the change management plan</p> <p>Inability to consult with organised labour due to the leadership challenges.</p>	High	16	<p>Change Management champions are in place.</p> <p>Training on change management processes.</p> <p>Change management framework in place.</p>	Moderate



	(i.e. lack of gaps).  Keep abreast of legislative and regulatory changes		
CEO	Develop and implement a change management plan.  Implement the HR Strategy	EM: Human Resources	May-15

