City of Joburg Property Company SOC Ltd

Integrated Annual Report Registration Number: 2000/017147/07

2016/2017

Company Information

Registration number: 2000/017147/07

Registered address: 1st Floor, Forum II, Braam Park, 33 Hoofd Street, Braamfontein

Postal address: PO Box 31565, Braamfontein, 2017

Telephone number: +27 010 219 9000

Fax number: +27 010 219 9400

Website: www.jhbproperty.co.za

Bankers: Standard Bank South Africa

Auditors: Auditor-General of South Africa

Company Secretary: Craig Matthews

Vision

Our vision is to provide Property Management, Property Development, Facilities Management, Property Asset Management and Outdoor Advertising services in order to maximise the social, economic and financial benefit to the City of Johannesburg (CoJ) as well as support the delivery objectives on a cost-competitive basis.

Mission

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

Values

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

- Professionalism
- Accountability
- Responsibility
- Customer Service
- Trust

Approval

Date: 05 March 2018

Cllr. Leah Knott
Member of Mayoral Committee

Mr. Patrick Corbin
Chairperson of Board

Ms. Helen Botes
Chief Executive Officer

Mr. Imraan Bhamjee
Chief Financial Officer

Acronyms

Acronym	Name
AFS	Annual Financial Statements
AG	Auditor-General
AGM	Annual General Meeting
AGSA	Auditor-General of South Africa
AIC	Independent Audit Committee
AIDS	Acquired Immune Deficiency Syndrome
ARC	Audit and Risk Committee
B-BBEE	Broad-Based Black Economic Empowerment
BEE	Black Economic Empowerment
BMI	Body Mass Index
BSA	Software Alliance
CAPEX	Capital Expenditure
CBO	Community-Based Organisation
CCMA	Commission for Conciliation, Mediation and Arbitration
COBIT	Control Objectives for Information and Related Technology
CoJ	City of Johannesburg Metropolitan Municipality
CoT	City of Tshwane
CSI	Corporate Social Investment
CSU	Client Servicing Unit
DED	Department of Economic Development
EAC	Executive Adjudication Committee
EAP	Employee Assistance Programme
EE	Employment Equity
EPWP	Expanded Public Works Programme
FMM	Facilities Management and Maintenance
FRACC	Fraud and Corruption Committee
GBCSA	Green Building Council of South Africa

Acronym	Name
GCSS	CoJ: Group Corporate Shared Services
GDS 2040	Growth and Development Strategy 2040
GIS	Geographic Information System
GRAP	Generally Recognised Accounting Practice
GRAS	Group Risk and Advisory Services
GRI	Global Reporting Initiative
HIV	Human Immunodeficiency Virus
IAS	International Accounting Standards
ICT	Information and Communication Technology
IDP	Integrated Development Plan
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
ILP	Individual Learning Plan
IMPSA	Institute of Municipal People Practitioners of Southern Africa
IOC	Integrated Operations Centre
IPM	Institute of People Management
ISPPIA	International Standards for the Professional Practising of Internal Auditing
IT	Information Technology
ITIL	Information Technology Infrastructure Library
JCCI	Johannesburg Chamber of Commerce and Industry
JPC	City of Joburg Property Company SOC Ltd
KPI	Key Performance Indicator
LIS	Land Information System
LLF	Local Labour Forum
MDG	Millennium Development Goal
ME	Municipal Entity
MFMA	Municipal Finance Management Act, No 56 of 2003

Acronym	Name
MMC	Member of the Mayoral Committee
MOE	Maintenance Of Effort
MOU	Memorandum Of Understanding
MSA	Municipal Systems Act, 2003
MTC	Metropolitan Trading Company
NED	Non-Executive Director
NGO	Non-Governmental Organisation
OHASA	Occupational Health And Safety Act, 1993
OPEX	Operational Expenditure
PIMS	Property Information Management System
POC	Proof Of Concept
RDP	Reconstruction and Development Programme
REMCO	Remuneration and Human Resources Committee
RFP	Request For Proposal
SAPOA	South African Property Owners Association
SCM	Supply Chain Management
SDA	Service Delivery Agreement
SDBIP	Service Delivery Budget Implementation Plan
SDJOC	Service Delivery Joint Operations Committee
SDM	Service Delivery Model
SHE	Safety, Health and Environment
SMMEs	Small, Medium and Micro-Enterprises
SOC	State-Owned Company
UNGC	United Nations Global Compact
WMC	Work Management Centre
WSP	Workplace Skills Plan
YTD	Year-To-Date

About This Report

Statutory Annual Reporting Process

The Municipal Finance Management Act, 2003, the Municipal Systems Act (Section 46) and National Treasury's MFMA Annual Report Circular 63 require the City of Joburg Property Company SOC Ltd (also referred to as JPC) as a Municipal Entity to prepare an annual report for each financial year, covering both financial and non-financial performance. The report is informed by guidelines provided by the International Integrated Reporting Council and also considers the reporting priorities outlined in the King Code of Governance for South Africa, this report is structured as follows:

Referencing Content Online

The JPC 2016/17 Integrated Annual Report is available at www.jhbproperty.co.za.

Scope and Boundary of the Integrated Report

The boundary of this report is limited to performance reporting as it relates to JPC during the 2016/17 financial year. Where applicable, the boundary extends to reporting on performance by JPC that facilitate service delivery on behalf of the City, and as mandated by the City. The JPC Integrated Report for the period 1 July 2016 to 30 June 2017 was approved by the Board in November 2017.

Reporting Philosophy and Alignment to Leading Practice Frameworks

JPC subscribes to integrated annual reporting. As such, the report aims to reflect the company's commitment to a measured and integrated approach to its strategy and operational practices, as well as to report on its economic, social and environmental impacts. Through the use of an integrated reporting format and the application of globally recognised governance and sustainability reporting frameworks, this report aims to offer stakeholders a clear view of how JPC's strategy, governance, performance and prospects in the context of its external environment lead to the creation of value over the short, medium and long-term.

Materiality

JPC has applied the principle of materiality in determining pertinent content and disclosure. A matter is material if it is of such relevance and importance that it could substantially influence an assessment of the report and JPC's ability to create value in the short, medium and long term.

The following internal and external criteria were used to identify material issues:

Internal criteria:

- Joburg 2040 GDS criteria and objectives.
- An enterprise Risk Management Process, including key risks impacting JPC's strategic and operational objectives and the associated mitigating activities.
- Stakeholder expectations and feedback – e.g. from residents, ratepayers, the business community, Non-Governmental Organisations (NGOs), National and Provincial Government, neighbouring municipalities, designated targeted groups, academics, investors and the media.
- JPC's mission, vision and values.
- JPC's governance framework and policy environment.

External criteria:

- The provisions of various frameworks, including the MFMA, section 46(1) of the MSA, the King Code on Corporate Governance; discussion papers issued by the South African Integrated Reporting Committee and the International Integrated Reporting Council, International Financial Reporting Standards, the Global Reporting Initiative Framework, the United Nations Global Compact, the Millennium Development Goals, the Carbon Disclosure Project and the Broad-based Black Economic Empowerment Code.
- The factors that may affect JPC's reputation and influence (its ability to promote sustainable growth).
- Changes in the socioeconomic development agenda and priorities of national and provincial government.
- Emerging opportunities and challenges facing the JPC.

Feedback

JPC aims to establish and maintain constructive and informed relationships with its stakeholders. Accordingly, please direct any feedback on this report to clientservicing@jhbproperty.co.za.

Assurance

The integrity of the integrated annual report is overseen by the JPC Board. The Board is supported by JPC's Board committees, namely the Audit and Risk Committee, the Remuneration and Human Resource Committee and the Transformation, Social and Ethics Committee. The Auditor-General (South Africa) audited JPCs reported financial and non-financial performance.

Approval of the Integrated Report

The Board of the City of Joburg Property Company acknowledges its responsibility to ensure the integrity of the 2016/17 Integrated Annual Report. The Board confirms having collectively reviewed the content of the report and agrees that it addresses issues that are material and that it provides a fair representation of the integrated performance of the City for the period 1 July 2016 to 30 June 2017.

Council Chamber

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Leadership & Corporate Profile

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Section 1: Foreword by the Member of the Mayoral Committee

I have recently stepped into my new role as MMC of Economic Development. I have a background in the property business and have experience in an oversight role with Development Planning. I look forward to working with JPC Management and the Board, to play my part in ensuring that the City's key asset base is well managed and maintained.

The department, together with Development Planning, plays a pivotal role in achieving the Mayor's Inner City turn-around objectives. Within this plan, JPC, in particular, is under pressure to hit a number of tight delivery timelines. I am confident however, that with an increased focus and sense of urgency, we can exceed the Mayor's expectations.

JPC is also required to contribute towards the GDS 2040 vision. In this regard, JPC needs to focus on creating *liveable communities* as well as assisting Development Planning to best develop targeted economic nodes by intelligently using Joburg city assets. Added to this, JPC's key role in the rejuvenation of the inner city will assist in combating urban sprawl and addressing apartheid era planning, both key issues in our IDP and GDS 2040 objectives. Having touched on the interconnected roles of Economic Development and Development Planning, I feel that I must emphasise this as an area where improvement is necessary. Both departments are needed to work hand in glove, if the level of required co-ordination is to be achieved.

In terms of public reputation and participation, JPC's open days are a positive step towards better interaction with Joburg's residents. Ultimately, it is our residents, who are the true judges of our performance. Without wanting to water down this gain, it must also be put on record that timeous handling of ward councillor queries can be improved a good deal. Steps are also being taken to test out a pilot initiative, whereby regional JPC representatives will make themselves available at the City's walk-in centres on set days during the month. This will make it more convenient for residents to interact with the entity and resolve outstanding issues.

The entities KPIs were not all achieved by year-end. To be precise, 75% against a standard of 85% was earned. The contributing factors to this underachievement will need to be addressed as quickly as possible to guarantee that JPC can head into a new financial year knowing that it has a clear path ahead of it.

I will be urging JPC Management, as part of my corrective action to conduct sessions with the City Manager in order to address stoppages and delays in the lease renewal process. Particularly community and social leases, as this once again impacts on our 2040 goal to create liveable communities that offer the full array of community facilities and activities.

Moving back to positives, the year resulted in the opening of the new Alexandra Mall, an initiative which will drive job creation and commerce in a historically disadvantaged area. We will also shortly see the passing of the new Outdoor Advertising By-Laws which should enable us to tighten up on the clutter but also improve revenue for the City.

In closing, I would like to thank the Board for their welcoming and helpful stance, and all JPC staff in performing their mandate. It is the staff that will carry the burden of driving day-to-day standards and objectives. We certainly have some challenges ahead of us, but I know that we can overcome.

LEAH KNOTT I MMC Economic Development

Section 2: Foreword by the Chairperson

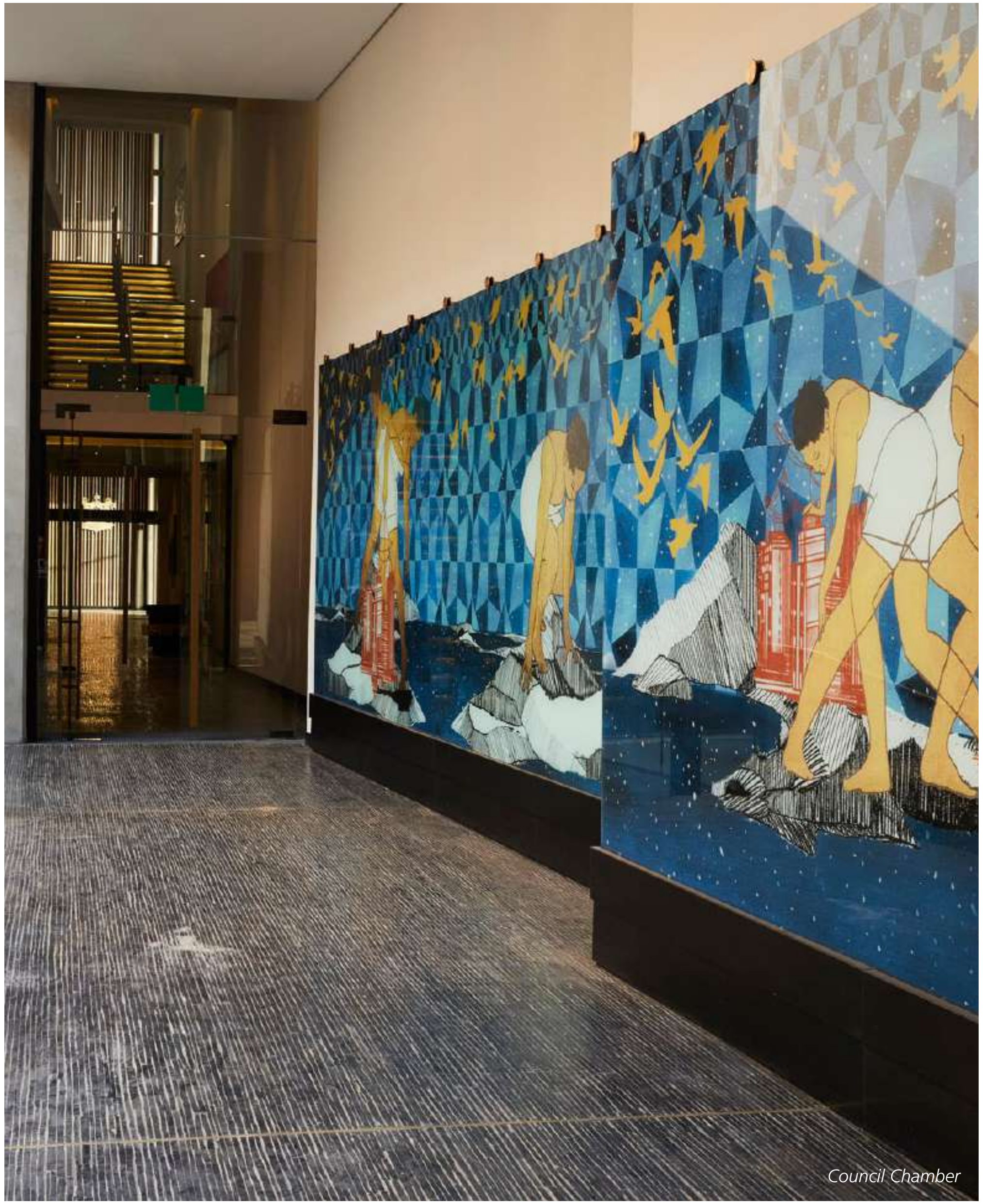
It gives me great pleasure to table my first report as Chairperson since the appointment of the new Board on 16 March 2017 at the shareholder's (CoJ's) Annual General Meeting of its entities. The period covered by this review is 1 July 2016 to 30 June 2017.

I wish to take this opportunity to thank the Executive Mayor, Cllr. Herman Mashaba, for bestowing this responsibility on me and my colleagues. I also wish to thank the previous board, led by Mr. Andile Mabizela, for their contribution.

This review takes cognisance of the appointment of a new Board of Directors as well as the context of the intended integration of the entities into the CoJ. The Board has ensured that, together with the experienced and multidisciplinary Management Team and 557 staff members led by Ms. Helen Botes (Chief Executive Officer), it has delivered on the mandate designated by the City. JPC, through its set of strategic objectives, continued to play a pivotal role in ensuring that the CoJ's property portfolio was utilised to its fullest extent to contribute towards an important source of revenue for the CoJ. The JPC Board streamlined the committee structures, which resulted in the merger of the Transformation, and Social and Ethics committees. From a governance and compliance perspective, the Board continued to keep JPC's policies, procedures and systems updated to ensure that this complex organisation continues to operate and deliver to the highest standards.

I look forward to a challenging and rewarding year ahead as we move towards integration back into the CoJ. JPC will play a leading role in the Mayoral Task Team on the rejuvenation of the Johannesburg CBD, Inner City. This is a very exciting project that will see, inter alia, the release of buildings for redevelopment through partnership with the private sector. Accordingly, I submit JPC's Annual Report for the Financial Year 2016/17 on behalf of the Board of Directors.

PATRICK CORBIN | Chairperson



Council Chamber

Section 3: Chief Executive Officer's Review

It is with great pleasure that I present the Integrated Annual Report period 01 July 2016 to 30 June 2017. The amount of hard work we have put into the realisation of the company's objectives is reflected in this report. The company continues to register commendable progress in the execution of its mandate. We are building a firm foundation of the approved corporate strategy.

The beginning of this cycle coincided with the start of a new political office term for 2016-2021, a five year Integrated Development Plan (IDP) and a review of the GDS 2040. JPC had an opportunity to review the corporate strategy and business plan to align it with the new administration's 10-Point Plan and Mayoral Priorities applicable to the economic development cluster during the mid-term budget adjustments. JPC was fortunate that there were no major changes that affected the entity. The implementation of the 2013 council resolution that mandated JPC to provide holistic facilities management and maintenance services to all the City department and entities was the challenge that we took with pride and worked tirelessly to deliver on the mandate with the limited resources at our disposal.

Ten outdoor advertising resolutions that were taken during the Indaba in May 2016 were achieved. At first it did not look like these would be achieved but through strong partnership with the development planning department, it was. Seven regional meetings with the public on the draft Outdoor Advertising By-Laws were held and concluded with an industry Outdoor Advertising By-Laws Workshop that was successfully attended. Approval of the By-Laws will assist with the implementation of our transformation strategy. I am pleased to announce that JPC has continued to spend the full allocated R271 million in capital expenditure for the year under review to various projects that were undertaken, compared to R125 million that was fully spent in the prior year that translate to 100% CAPEX spent. Furthermore, JPC achieved 75% of the annual target as highlighted in the company scorecard. During the period under review, we delivered eight projects which included the iconic award-winning Council Chamber, Alex Mall, Phase One of the Riverside View Housing Development which includes Reconstruction and Development Programme (RDP) housing for selected Diepsloot residents among other projects.

JPC's financial statements are not looking good. We incurred a loss of R58 million during the period partly due to the reduction in the subsidy, discounting of debtors, sweeping account interest charge and reversal of previously recognised deferred tax assets among the contributors. The non-payment of related parties' debtors has resulted in a significant increase in loans to shareholders. We are obligated by law to pay our suppliers within 30 days, however, we are experiencing challenges in recovering our money timeously. This non-payment has adversely affected our ratios. We are hopeful that the issue will not recur in the next financial year.

JPC's main source of revenue is the subsidy from CoJ. The subsidy covers the rental expenses for the office accommodation for City departments, including repairs and maintenance of those offices and part of employee costs. The only funding that JPC generates outside CoJ is the third party development fees which is seasonal and based on development contracts concluded in the period. The funding model of JPC is currently being discussed with the shareholder.

Four members of the management team left the JPC during the period under review. One position was filled during the period and the other three positions remain vacant. The vacant positions will be prioritised in the next financial period. An internal audit was executed, and a further series of internal audits were undertaken for the financial year under review. The outcomes of the internal audit reports reflect that the control environment of JPC has continuously improved. All internal audit findings for the year under review, and the prior year's Auditor General audit findings have been cleared as part of the process that is gearing up for the third successive clean audit.

The land strategy is a forward looking strategy. It will direct the City of Johannesburg how to release, dispose, acquire and bank land. It is in its final stages and will be presented to council for approval in the 2017/18 cycle. The public will be consulted prior to finalisation and approval of the strategy.

I would like to extend a special word of thanks to the Board for their guidance and support as JPC continues the pursuit of excellence. Last but not least, I would like to express my sincere appreciation to our competent and dedicated management team and employees for their commitment and tireless efforts at making JPC the incredible organisation that it is.

HELEN BOTES | Chief Executive Officer

Section 4: Review of the Chief Financial Officer

The financial year from 1 July 2016 to 30 June 2017 has been a very challenging one, and has had the JPC finance team see the budget grow from R497 million to almost R1 billion in the 2017/18 financial year. Limited resources and the increased pressure placed on supply chain and debtors' management – through the takeover of the CoJ's 494 panel in the current year – has placed strain on the JPC's cash flow and has tested the finance team's ability to deliver on the CoJ's mandate.

In preparation for the financial year-end, Nexia SAB&T was utilised to determine the effectiveness of the internal control environment, leading up to the external audit by the Auditor-General in August 2017. Nexia SAB&T concluded that there were no findings across Finance, Supply Chain Management, Contract Management, Asset Management, Information Technology Management and Human Resources Management. This indicates that the control environment remains effective and that the entity is still on a road to obtaining a clean audit.

Expenditure has rapidly increased for repairs and maintenance during Quarter 4, as CoJ Departments sought to conclude their existing projects. Revenue generated for the year-to-date (YTD) is R432 million, which is 13% below the allocated budget of R497 million. JPC achieved full recovery of subsidy and grant income. Looking forward, the renewal of leases and the implementation of the Outdoor Advertising Strategy would see the income increasing by more than 50%.

JPC is currently owed R646 million from trade and intercompany debtors. This has hampered the cash position of the entity. As a result, the current ratio is 0.94:1, compared to the norm of 1:1. The sweeping account currently reflects as negative R166 million. The collection of outstanding intercompany money places JPC in a cash flow position of positive R479 million. JPC would have attained a target of approximately R10 million by the end of the financial year, but due to cash constraints in the City, City Departments could not honour their commitments.

The solvency ratio is 0.99:1 and debt collection stands at 74 days for external collections and 345 days for intercompany debtors. Remedial action and collaboration between the CoJ, JPC's Facilities Management and JPC's Finance is underway, with the intention of breaking even within the next financial year and having all outstanding internal debt collected by the end of the first quarter.

CAPEX is currently 100% spent, and plans to spend next year's budget for both CAPEX and 494 are underway, with the completion date set for the end of March 2018. This allows JPC to plan at least six months before the 2017/18 financial year-end.

No new deviations have been incurred and all those reported are a continuation of contracts that have been concluded by CoJ and which were handed over to JPC on integration. Reporting of deviations must take place in terms of the law, even if reporting of the same previously took place. The B-BBEE spent on is currently on a level of 100%.

Preparation for the 2016/17 financial year-end audit began at the conclusion of Quarter 2. Management intends on utilising and leveraging existing strengths in financial reporting and compliance to achieve another positive audit outcome. Metrics that were successfully employed in previous financial years to gauge the level of audit readiness, and to determine and mitigate risk areas for the audit, are in place.

Going forward, the emphasis will be placed on reducing the impact of unauthorised expenditure, significantly improving the financial position of the entity and maintaining high levels of internal controls to continuously achieve clean audits for the years to come.

IMRAAN BHAMJEE | Chief Financial Officer

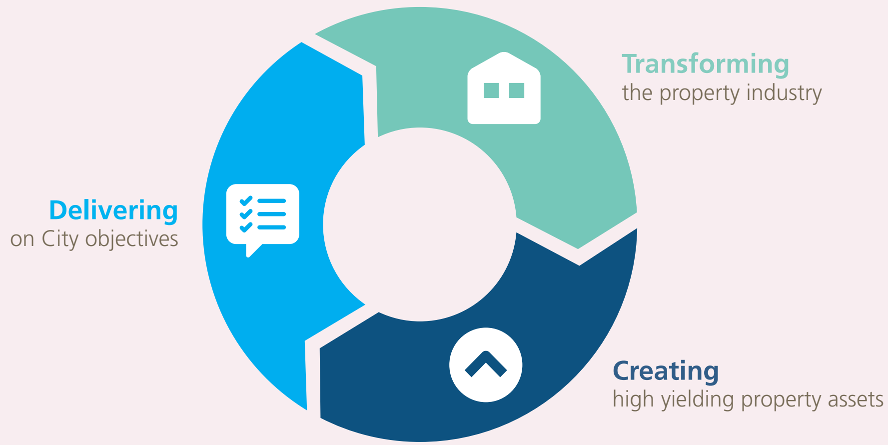
Section 5: Corporate Profile and Overview of the Entity

The City of Joburg Property Company SOC Ltd was established in 2000 as a private company and is wholly owned by the City of Johannesburg.

It was converted into a State-Owned Company after the implementation of the Companies Act of South Africa, 2008 (Act No. 71 of 2008). Consequently, JPC must comply with the legislative framework and reporting requirements applicable to any company in South Africa. This includes, but is not limited to, the Companies Act.

As an independent municipal entity, the company is also subject to the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

The entity has 554 employees based at the head office and depots who execute the strategy of the organisation. JPC derives its mandate from a signed service delivery agreement with its sole shareholder, the CoJ. The core functions of JPC are as follows:



Asset Management – Aims to implement sound asset management practices, including access to new assets, in a sustainable and affordable manner. These objectives are best articulated as follows:

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

Property Development – Aims at maximising the return on City-owned land. In this regard, the objectives for public land development are understood as a trifecta of returns as follows.

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

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

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

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

Outdoor Advertising – This function is tasked with managing and concluding outdoor advertising and cell mast leases. The department is responsible for managing various forms of Out-Of-Home advertising, comprising approximately 720 billboards, 3 800 on-premises signs, 30 000 different forms of street furniture, street pole advertising and 130 cellular mast sites and antennae erected on CoJ land and/or assets.

JPC maximises social and commercial opportunities within the CoJ's portfolio to unlock value and support the City's growth and development strategy.

A drive for economic and social transformation is at the core of JPC's strategy and all its operations. Utilising council-owned land assets, JPC leverages private sector investment in public infrastructure, promoting innovative solutions to the development challenges of the City of Johannesburg.

All forms of outdoor advertising are regulated by the CoJ Department of Development Planning, which is responsible for the enforcement of the provisions of the CoJ Outdoor Advertising By-Laws and any other law or policy that includes the assessment of applications, enforcement and dealing with illegal signs.

Competitive Landscape

JPC manages a diverse property portfolio made up of various classes of assets, i.e. residential, office, commercial, social (sport facilities and stadiums), and service delivery (clinics, fire stations, community centres) assets. Nationally there is no other municipality that comprehensively manages its portfolio through a municipal entity. This therefore makes JPC unique in the industry.

Furthermore, no company in the private sector provides the range of services that JPC offers as indicated above, ranging from asset management to outdoor advertising. In practice, there are companies offering property and facilities management and others dealing with property development. The social and service delivery assets are something unique to municipalities. Unlike other property companies in the private sector, such as JHI, Brol and Attaq, JPC is not only focused on the bottom line (profit-driven), but also has to fulfil the social, economic and empowerment mandates of the municipality, using its portfolio.

Orlando Towers

PROPERTY ASSET MANAGEMENT

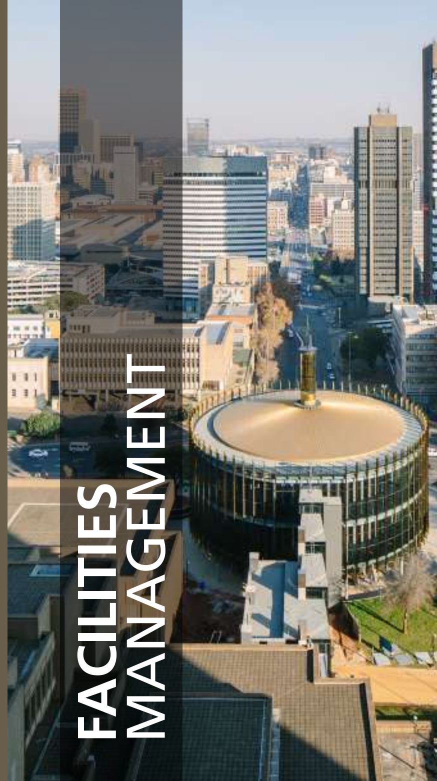
Provides strategic advice relating to activities of capital investment, portfolio planning, disposal of assets and identification of possible scenarios for the positioning of the portfolio. These opportunities enable the City to achieve their land transformation goals.

PROPERTY MANAGEMENT

Obtaining and maintaining value from the property portfolio by effectively administering and leasing, acquiring and selling and lastly ensuring maintenance of the property. The portfolio comprises commercial, social, residential, industrial and municipal property.

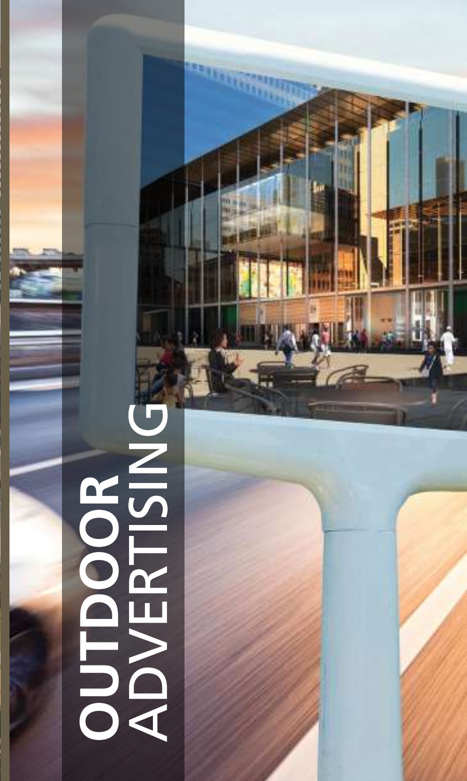
PROPERTY DEVELOPMENT

Actively engages with the property development value chain. This function involves conceptualising, designing and implementing developments on CoJ land.



FACILITIES MANAGEMENT

Corporate building management and maintenance of public facilities. The OSO Programme is set to create a launch pad to elevate service delivery, raise living standards and quality of life.



OUTDOOR ADVERTISING

A wide range of advertising mediums that reach consumers out of home. Monitoring of structures on council land.

Section 6: Strategic Objectives

JPC's corporate strategy is fully aligned with the vision and mission of the integrated development plan, the Growth and Development Strategy 2040 and the mayoral priorities. JPC recognises and emphasises its role as an economic and social property company to achieve positive developmental outcomes. JPC's strategic objectives are long-term plans that contribute annually to the vision of the organisation through the annual target, which is linked to the mayoral priorities.

The GDS 2040 has the following outcomes:

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

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

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

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

- **Priority 1:** Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021.
- **Priority 2:** Ensure pro-development that addresses inequality and poverty and provides meaningful redress.
- **Priority 7:** Enhance our financial sustainability.

JPC's corporate strategy details how it responds to the GDS 2040 and IDP, based on the mandate given to the organisation. JPC's strategy to deliver on the mandate indicated in the corporate strategy has the following long-term strategic objectives:

- Supporting economic development.
- Supporting community development and social initiatives.
- Utilising the property portfolio to address social imperatives and priorities.
- Utilising the portfolio as a vehicle for transformation.
- Ensuring efficient, economic and effective service delivery to clients, customers and stakeholders.
- Ensuring a professionally managed and sustainable company.

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

JPC's Contribution to the Priorities on the Scorecard	Mayoral Priorities	
01. 100% implementation of the Facilities Management Prioritisation Plan. 02. 100% spend of allocated capital expenditure budget. 03. Four informal traders' management agreements. 04. 5005 jobs created through property transactions. 05. 4059 SMMEs supported through property transactions. 06. R1.3 billion investment/rand value attraction of investment on CoJ property. 07. R1.1 billion value attraction of investment on CoJ construction value on the ground.	Priority 1:	Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021.
08. 200 asset management plans formulated. 09. Eight property development projects. 10. Ten Outdoor Advertising Indaba declarations implemented to transform the industry. 11. 11 work packages released under the Jozi@Work Programme. 12. Acquisition of 51 properties along the Corridors of Freedom. 13. Acquisition of two properties to support the housing master plan.	Priority 2:	Ensure pro-poor development that addresses inequality and poverty and provides meaningful redress.
14. Employee misconduct reduced by 60%. 15. 50% of financial losses recovered by the City from proven incidents. 16. 100% resolution of compliance management audit findings.	Priority 5:	Create an honest and transparent City that fights corruption.
17. R110 million rental income raised from leases and servitudes sales. 18. Audit opinion/unqualified audit opinion (clean audit). 19. 100% resolution of financial management audit findings. 20. 100% resolution of predetermined objective audit findings.	Priority 7:	Enhance our financial sustainability.

Governance

02

Section 1: Corporate Governance Statement

Batho Pele

Batho Pele (Sotho for "people first") principles require public servants to be polite, open and transparent and to deliver good services to the public. The Batho Pele initiative aims to enhance the quality and accessibility of government services by improving efficiency and accountability to the recipients of public goods and services.

Batho Pele requires that eight service delivery principles be implemented:

1. Regularly consult with customers
2. Set service standards
3. Increase access to services
4. Ensure higher levels of courtesy
5. Provide more and better information about services
6. Increase openness and transparency about services
7. Remedy failures and mistakes
8. Give the best possible value for money

The Batho Pele principles are the founding principles for corporate governance. These principles are aligned to the Constitution, the MFMA, the King Code on Corporate Governance, and the Companies Act. JPC subscribes to these principles of corporate governance and manage their operations in line with them.

Application of KING III

JPC confirms and acknowledges its commitment to the highest standards of corporate governance. The board charter is in line with the principles contained in the King III report, and continues to further entrench and strengthen recommended practices in its governance structures, systems, processes and procedures.

The board of directors and management recognise and are committed to the principles of openness, integrity and accountability advocated by King III. Through this process, shareholders and other stakeholders may derive the assurance that the entity's ethical management is in accordance with prudently determined risk management parameters in compliance with generally accepted corporate practices.

The entity's practices are, in most material instances, in line with the principles set out in the King III report. The Board is also committed to ensuring that JPC complies with the King IV Report, which was launched in 1 November 2016 and comes into effect from 1 July 2017 for JPC.

Shareholder's Compact

The shareholder's compact sets out annual KPIs for the entity. It also sets out the service standards that need to be adhered to by the entity in discharging its service delivery objectives. Quarterly reports are required from the Board regarding performance against the set objectives.

Conflict of Interest

The JPC Board Charter is one of the cornerstones of the Board's roles and responsibilities, and members are required to declare any interest they might have in the business of JPC. The Board members are required to sign a Declaration Of Interest form on an annual basis. Board members also sign a register at every sitting of the board or any of its committees to indicate any interests on any of the matters on the agenda at that sitting.

This provision is in line with Section 75 of the Companies Act, which refers to directors' personal financial interests. Management, Independent Audit and Risk Committee members and employees are also required to complete Declaration Of Interest forms. The company subscribes to the principles contained in King III, which stipulates that each director and other people representing the company (i.e. management, employees and independent committee members) have a duty to act in the best interest of the company. In the current financial year, no conflicts of interest were declared.

Alex Mall Opening Day. Photo Credit: Richard De Gouveia

Section 2: Board of Directors

The Board of Directors consists of nine Non-Executive Directors and two Executive Directors. The Non-Executive Directors are Mr. Patrick Corbin (Chairperson), Prof. Aly Karam, Mr. Mphethi Morojele (reappointment), Ms. Maggie Mojapelo (reappointment), Mr. Newton Baloyi, Mr. Oscar Maseko, Mr. Owen Kemp and Ms. Nompumelelo Mpofu. The two Executive Directors are Ms. Helen Botes (Chief Executive Officer) and Mr. Imraan Bhamjee (Chief Financial Officer). Ms. Modi Hlobo was appointed to the Board towards the end of May 2017.

The shareholder, at its Annual General Meeting held on 16 March 2017, retired seven Board members and retained only two, as indicated above. The retired members were Mr. Andile Mabizela (Chairperson), Mr. Floyd Ntombela, Pastor Ceniva Kai, Mr. Moeketsi Rabodila, Mr. Lindani Mabuza (appointed as Independent Audit and Risk Committee member), Prof. Alfred Nevhutanda and Ms. Tshidi Mogale.

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

Board members have a wide range of skills, which include, property development, transport and logistics, financial management, accounting and auditing, architecture, town, urban and regional planning, low-cost housing development, quantity surveying, strategic planning, and community development. All the Directors bring to the Board a wide range of expertise, as well as significant financial, commercial and technical experience and, in the case of the Non-Executive Directors, independent perspectives and judgement. The independence of Non-Executive Directors is assessed annually by the CoJ Group Governance Department prior to appointment or reappointment during the AGM.

The Board retained full control over the company and remains accountable to the CoJ, the sole shareholder, and its stakeholders, the citizens of Johannesburg. A Service Delivery Agreement concluded in accordance with the provisions of the MSA governs the entity's relationship with the CoJ. The Board provides quarterly, biannual and annual reports on its performance and service delivery to the CoJ, as stipulated by the SDA, the MFMA and the MSA.

The Board sets the direction of the JPC through the establishment of strategic objectives and key policies. It monitors the implementation of strategies and policies through a structured approach to reporting, based on agreed performance criteria and defined written delegations to Management for the detailed planning and implementation of such objectives and policies.

Members of the Board have unlimited access to the Company Secretary, who acts as an advisor to the Board and its committees on matters including compliance with company rules and procedures, statutory regulations and best corporate practices. Directors are also entitled to seek independent professional advice concerning the affairs of JPC at the company's expense, should they believe that such a course of action would be in the best interest of JPC. The Board of Directors have adopted the Board Charter, which encapsulates the CoJ Group Policy on Shareholder Governance Protocol.

The Board is responsible for monitoring the activities of executive management in JPC and for ensuring that decisions on material matters are considered. The Board approves all the terms of reference for its different subcommittees, including special committees tasked to deal with specific issues.

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

The Board of Directors have incorporated CoJ's corporate governance protocol into its charter, which regulates its relationship with the CoJ as its sole member and parent municipality in the interest of good corporate governance and good ethics. The protocol is premised on the principles of the King Code. The charter sets out the composition and powers of the Board.

The City of Johannesburg Group Governance Department conducted Board evaluations and appraisals for all CoJ municipally owned entities, including JPC. The objective of the review was to establish the effectiveness of the individual directors, the Board and its subcommittees. The evaluation further identified areas where the Board could improve on its performance. The last assessment was conducted in October 2016 and no action plan was communicated to JPC based on the outcome of the assessment.

New Directors and retained Directors attended a formal induction session on 11 April 2017 and another one held by the CoJ in April 2017. Board members were handed updated Board materials that provided them with an in-depth understanding of the entity and its operations. The information provided includes the Board Charter, Board committees' terms of reference, the company's strategy and other relevant company information. Training and development was provided to Board members, where necessary. In addition, the Board held a workshop from 29 May to 1 June 2017 to obtain an in-depth understanding of the JPC business. All aspects of the business and how these relate to the work of the Board and its committees were unpacked and discussed. The relationship between JPC and its shareholder was also discussed.

The Board has delegated certain functions to the following well-structured committees:

- Audit and Risk Committee
- Remuneration and Human Resource Committee
- Transaction and Service Delivery
- Social and Ethics
- Transformation

Council Chamber

At the Board induction session of 11 April 2017, the shareholder proposed that the Social and Ethics Committee and the Transformation Committee be merged into one committee. The Board accepted this proposal and, and the Transformation, Social and Ethics Committee was established with effect from Quarter 4.

During the period under review, the following meetings were held:

Board	ARC	REMCO	Transactions Committee	Transformation, Social and Ethics Commitee	Board Strategy Workshop
28 July 2016	6 July 2016	5 July 2016	12 July 2016	12 July 2016*	27 January 2017
29 August 2016	22 August 2016	11 October 2016	18 October 2016	26 July 2016[a]	16 March 2017
28 October 2016	5 October 2016	24 March 2017	20 January 2017	17 October 2016[a]	29 May 2017
28 November 2016	28 November 2016	15 May 2017	19 May 2017	19 January 2017[a]	30 May 2017
30 January 2017	23 January 2017		22 May 2017	16 February 2017*	31 May 2017
24 May 2017	9 May 2017			10 May 2017	1 June 2017

*Social and Ethics Committee before being merged with transformation

[a]Transformation Committee before being merged with social & ethics

Attendance registers on the disclosure and declaration of interests of Directors and senior management are kept and updated.

The Board/Governance Structures

EXECUTIVE DIRECTORS

- Ms. Helen Botes (CEO)
- Mr. Imraan Bhamjee (CFO)

NON-EXECUTIVE DIRECTORS

- Mr. Patrick Corbin (Chairperson)
- Prof. Aly Karam
- Ms. Maggie Mojapelo
- Mr. Mphethi Morojele
- Mr. Newton Baloyi
- Ms. Nompumelelo Mpofu
- Mr. Oscar Maseko
- Mr. Owen Kemp

AUDIT AND RISK COMMITTEE

- Mr. Lindani Mabuza (Chairperson)
- Prof. Aly Karam
- Mr. George Mufana
- Ms. Maggie Mojapelo
- Mr. Vusi Mokwena

REMUNERATION AND HUMAN RESOURCE COMMITTEE (REMCO)

- Ms. Maggie Mojapelo (Chairperson)
- Ms. Modi Hlobo
- Mr. Oscar Maseko
- Mr. Owen Kemp

TRANSFORMATION, SOCIAL AND ETHICS COMMITTEE

- Mr. Oscar Maseko (Chairperson)
- Ms. Modi Hlobo
- Mr. Mphethi Morojele
- Mr. Newton Baloyi
- Mr. Patrick Corbin

TRANSACTIONS COMMITTEE

- Mr. Owen Kemp (Chairperson)
- Prof. Aly Karam
- Ms. Maggie Mojapelo
- Mr. Mphethi Morojele
- Mr. Newton Baloyi
- Mr. Patrick Corbin





PATRICK CORBIN
Chairperson
Non-Executive Director

Expertise and Experience
Director: International Chamber of Commerce (ICC)–SA, member of ICC World, former President of Johannesburg Chamber of Commerce and Industry Council.

Currently active in the Chamber and other South African business organisations.

Currently lecturing on all aspects of the international trading cycle.

Finance Committee, DTI – Industry Forum, Customs Stakeholder Forum – New Legislation, Extensive training on International Trade Finance.

Qualifications
Matric

HELEN BOTES
Chief Executive Officer
Executive Director

Expertise and Experience
Helen Botes brings expertise and experience in Treasury and Banking, money market trading, trading of financial instruments, foreign exchange, raising of the first City bonds and retail bonds for CoJ, economic development, property development and management.

Qualifications
MBA (Milpark Business School)
Management and Executive Leadership Development Programme
Diploma in Treasury

IMRAAN BHAMJEE
Chief Financial Officer
Executive Director

Expertise and Experience
Financial management, auditing, risk, process and control mapping, management consulting, product management, relationship management.

Qualifications
BCompt Honours
Accreditation as Registered Government Auditor (RGA)
Advanced certificates in Auditing, Leadership Management, and CTA

PROF. ALY KARAM
Non-Executive Director

Expertise and Experience
Associate professor: Department of Architecture and Planning, University of the Witwatersrand, visiting professor, senior lecturer and research fellow at various international institutions. Extensively funded research in the fields of architecture and planning, informal settlements and crime prevention. Extensively published academic in the fields of SA housing policy, migrants and informal settlements.

Qualifications
PhD
Master's in Architecture
BSc

MAGGIE MOJAPELO
Non-Executive Director

Expertise and Experience
Maggie Mojapelo is a seasoned business strategist, chairperson of various boards, and founder of The HR Touch (business management consulting company), which enables businesses to achieve their strategies. Maggie's business management and leadership experience covers a variety of companies and industries, including transport, property, banking, fund management, mining, retail, pharmaceuticals, FMCG, motor, public sector, gaming, hospitality, ICT, etc. Maggie is a non-executive board member of the following boards: HR Committee Member of SARS, Advisory Committee of CoJ; Chairperson of Edge Growth Pty Ltd.

Qualifications
MBA (Henley)
MAP (Wits)
BA (Hons) (University of Limpopo)
BA (Education) (University of Limpopo)
HR Diploma (UNISA)

MODI HLOBO
Non-Executive Director

Expertise and Experience
Senior lecturer at University of Johannesburg: School of Accounting. Expertise include board strategy and governance, enterprise risk management, financial and performance auditing. Modi has also served as a director and audit and risk committee member in other public sector entities, including Johannesburg City Parks and Zoo, the Johannesburg Development Agency and the Department of Public Enterprise.

Qualifications
Chartered Accountant (SA)
BCompt (Hons) and CTA
B Com (Accounting)

MPHETI MOROJELE
Non-Executive Director

Expertise and Experience
Mr Mphethi Morojele is the owner and founder of MMA Architects, an award-winning design studio based in Johannesburg. He was previously appointed as a lecturer and studio master at the University of the Witwatersrand. He has extensive experience in both the private and public sector. Mr Morojele is the past president of the Gauteng Institute of Architects. He has won a SAPOA award for innovative excellence in property development and numerous other awards.

Qualifications
Master of Science in Architecture
Bachelor of Architecture (UCT)

NEWTON BALOYI
Non-Executive Director

Expertise and Experience
Extensive experience as a professional in the mining, engineering, construction and project management fields. Established and led an engineering and project management, a cost management as well as a mining company. Shareholder and director of a game lodge.

Qualifications
Degree in Quantity Surveying
Postgraduate Diploma in Engineering

NOMPUMELELO MPOFU
Non-Executive Director

Expertise and Experience
Served as Director-General for a number of government departments, as well as Secretary of Defence. Town and urban planning.

Qualifications
Master's Degree (Coventry University)
BA (Hons) Urban and Regional Planning (Coventry University)

OSCAR MASEKO
Non-Executive Director

Expertise and Experience
Soweto City Council: Councillor from 1988 to 1989. Soweto Mayor from 1989 to 1993. Joburg City Council: Member of SCOPA from 2000 to 2006. IFP ward councillor for Soweto and caucus leader. Served on a number of committees from 1988 to 2011. Community development.

Qualifications
Matric

OWEN KEMP
Non-Executive Director

Expertise and Experience
Businessman and entrepreneur, construction and development of major multi-million rand residential and commercial properties, largest egg producer in KZN supplying to the formal and informal sector.

Qualifications
Government Ticket in Light Engineering
Diploma in Accounting

Section 3: Board Committees

The Board has the following four committees, each chaired by a Non-Executive Director:

- Audit and Risk Committee
- Remuneration and Human Resource Committee
- Transactions and Service Delivery Committee
- Transformation, Social and Ethics Committee

Audit and Risk Committee

The committee consists of the following Non-Executive Directors and Independent Audit Committee members:

- Ms. Lindani Mabuza – IAC (Chairperson)
- Prof. Aly Karam – NED
- Mr. George Mufana – IAC
- Ms. Maggie Mojapelo – NED
- Mr. Vusi Mokwena – IAC

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

The committee has been delegated the task of, inter alia, overseeing the quality, integrity and reliability of the company's financial and risk management function. In terms of its mandate, it reviews and assesses the integrity and the quality of risk control systems and ensures that risk policies and strategies are effectively managed.

The Audit and Risk Committee operates in accordance with written terms of reference approved by the Board, as well as the legislative framework of the MFMA, the Companies Act and various other applicable acts and regulations.

This committee executed its responsibilities according to the terms of reference during the seven meetings held during the year. The committee completed the following tasks, among others:

- Oversaw the appointment of an external audit firm and external audit process, including the approval of the Auditor-General of South Africa audit fee, held a committee meeting with AGSA without management, and so on.
- Oversaw the Internal Audit function, including approval of the internal audit plan, its fees, internal audit reports, and measuring the effectiveness of the Internal Audit function.
- Reviewed JPC's processing to ensure compliance with applicable legal and regulatory provisions.
- Reviewed the annual financial statements and Integrated Annual Report prior to approval by the board.
- Oversaw the drafting of the integrated report and reviewing the document to avoid material misstatement and improve its integrity.
- Reviewed the disclosure of sustainability issues in the integrated report to ensure that it is reliable and does not conflict with the financial information.
- Considered the appropriateness of the expertise and adequacy of resources of the finance team. The committee is satisfied with this team's expertise and resources.
- Considered the expertise and experience of the senior management members responsible for the Finance function. The committee is satisfied with the expertise and experience of senior management of the Finance function.
- The committee is satisfied with the content and quality of the quarterly reports submitted according to the MFMA.

- Discussed matters relating to financial accounting, accounting policies, reporting and disclosures.
- Attended and participated in the risk management workshop and is satisfied with the risk management process.
- Reviewed the quarterly risk reports and is satisfied with the risk system. The system is effective, but there is still room for improvement.

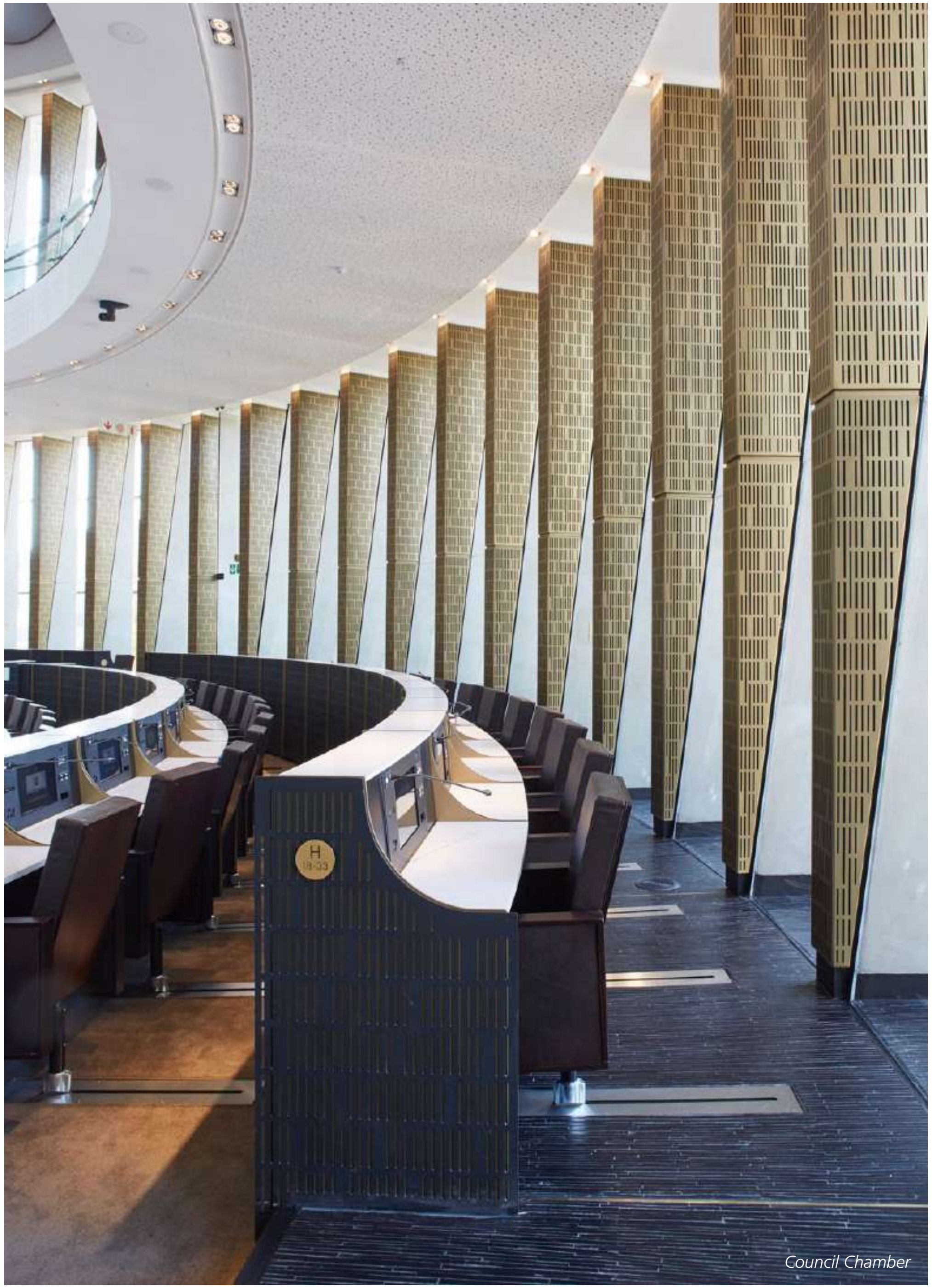
Remuneration and Human Resource Committee (REMCO)

The Remuneration and Human Resource Committee consists of the following Non-Executive Directors:

- Ms. Maggie Mojapelo (Chairperson)
- Ms. Modi Hlobo
- Mr. Oscar Maseko
- Mr. Owen Kemp

This committee advises the Board on remuneration policies, remuneration packages and other terms of employment for senior management. Its specific terms of reference include recommendations to the Board on matters relating to, inter alia, human resource policies, executive remuneration and other human resource and remuneration affairs of the company.

The committee met four times in the period under review and discussed issues in line with its approved terms of reference.



Council Chamber

Transactions and Service Delivery Committee

The Transactions and Service Delivery Committee consists of the following Non-Executive Directors:

- Mr. Owen Kemp (Chairperson)
- Prof. Aly Karam
- Mr. Newton Baloyi
- Mr. Patrick Corbin
- Ms. Maggie Mojapelo
- Mr. Mphethi Morojele

This committee, which makes recommendations to the Board or the shareholder, considers all property transactions. The committee has delegated powers from the Board to deal effectively with certain operational issues relating to the property portfolio of the shareholder and operates within the terms and reference, as approved by the Board.

The committee met five times in the period under review and discussed issues in line with its approved terms of reference.

Transformation, Social and Ethics Committee

The Transformation, Social and Ethics Committee consists of the following Non-Executive Directors:

- Mr. Oscar Maseko (Chairperson)
- Mr. Mphethi Morojele
- Mr. Newton Baloyi
- Ms. Modi Hlobo
- Mr. Patrick Corbin

The purpose of the committee is to monitor the company's activities that relate to any relevant legislation, other legal requirements or prevailing codes of best practice. It studies the social and economic development, including the company's standing in terms of its goals and purposes, good corporate citizenship, the environment, health and public safety, and consumer relationships, including the company's advertising, public relations and compliance with consumer protection laws and labour and employment.

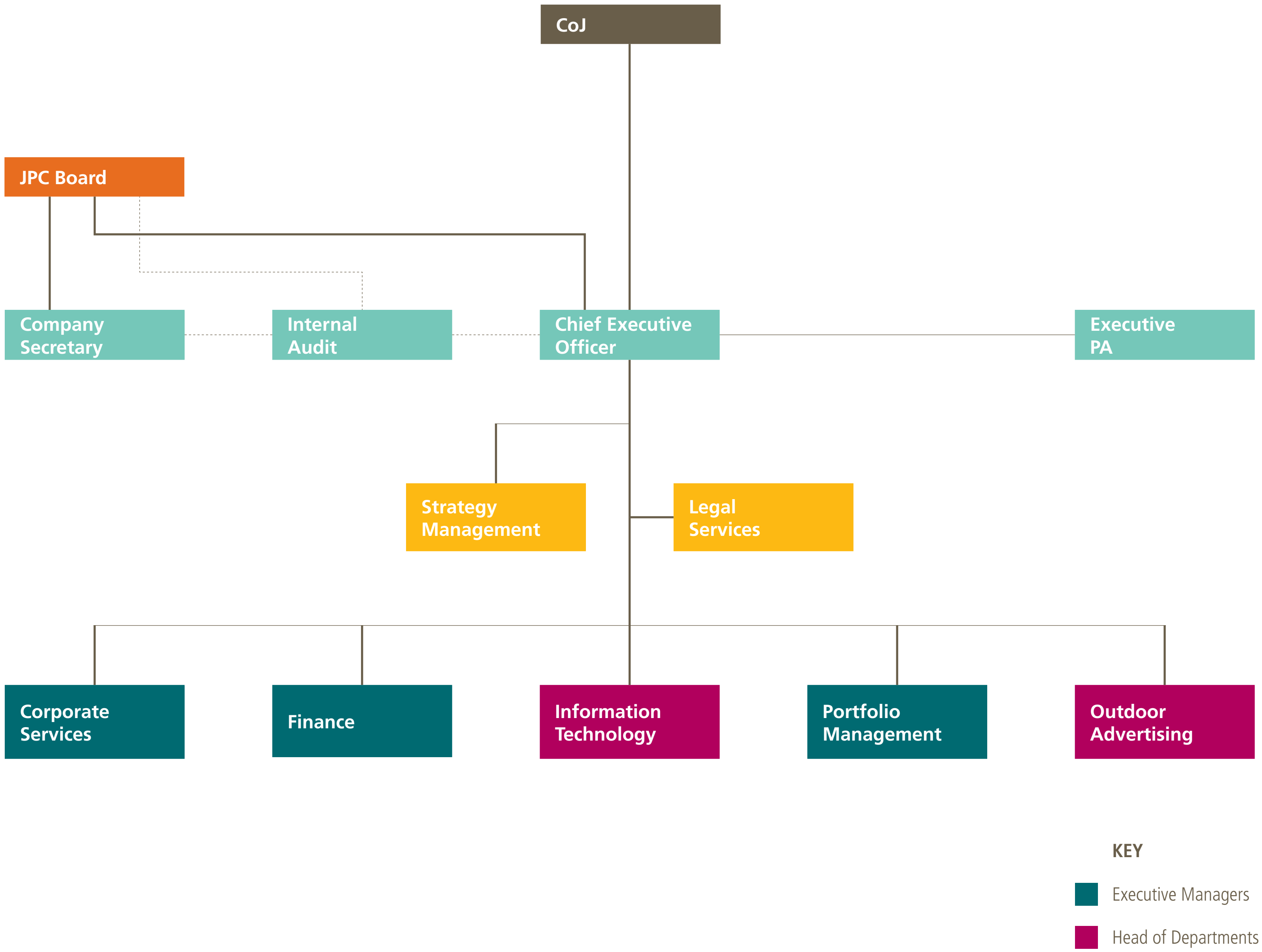
The Transformation, Social and Ethics Committee is also responsible for ground-breaking interventions in transformative property programmes led by JPC. JPC aims to align transformation with the corporate strategy, to define how JPC will transform the property industry, to develop the transformation policy, strategy and implementation plan, and to support the transformation strategic framework through monitoring the development of detailed plans that ensure that every department in the company delivers on transformation.

The company has approved the code of conduct on the management of ethics in line with the MSA, and declarations of interest for the purposes of transparency and compliance with King III. The JPC Board ensures effective, ethical leadership and corporate citizenship. This is entrenched in the work conducted by the Transformation, Social and Ethics Committee, the mandate of which is to ensure that the entity behaves in a manner consistent with a good corporate citizen.
The implementation of the company's ethics management process is effective and thorough, and includes the prevention of fraud and corruption by:

- Fostering ethical standards
- Raising awareness through training, reporting and providing advice
- Encouraging whistle-blowing through mechanisms such as the fraud and corruption hotline
- Conducting forensic investigations where necessary

The committee met once as a joint committee during quarter 4. The Social and Ethics Committee met twice before the merger and three times before the transformation. The joint terms of reference will be tabled to the Board for approval during quarter 1 of the 2017/18 cycle.

Section 4: High Level Organisational Structure



Section 5: Directors' and Prescribed Officers' Remuneration

Entity Remuneration Policy

The Directors of the Board are rewarded for their valuable contribution to the company. In line with King III, the Remuneration Committee governs the remuneration and recommends amounts paid to the Directors. As required by the Companies Act and other applicable municipal laws, the shareholder's remunerations policy regulates the Director's remuneration, Non-Executive Directors' fees comprise a base and an attendance fee component.

The Directors of JPC are appointed by CoJ, as the shareholder. The payment of Directors' fees is in terms of the CoJ Group Policy on the Shareholder Governance of Boards of Municipal Entities. The policy has been adopted by the JPC Board. The upper limits of remuneration of senior management, including that of the Chief Executive Director, are determined by the shareholder and rectified by the Board. The benchmarking of benefits is undertaken by the shareholder prior to revising the upper limits of the benefits. The policy provides an incentive scheme to encourage retention in the form of a retainer based on meetings attended.

Newtown Junction

Non-Executive Directors YTD Payments

Name of Director	Meetings Attended	Emoluments	Retainer Charge	Total
Mr. P Corbin	8	125 872	-	125 872
Mr. A Karam	6	61 477	-	61 477
Mr. O Kemp	8	102 038	-	102 038
Ms. N Mpofu	3	29 704	-	29 704
Mr. O Maseko	7	104 913	-	104 913
Mr. N Baloyi	10	107 956	-	107 956
Ms. M Hlobo	4	48 000	-	48 000
Mr. L Mabuza	20	126 094	[illegible]	[illegible]10
Mr. M Mojerele	12	113 751	[illegible]	[illegible]67
Mr. A Mabizela	8	102 666	[illegible]	[illegible]92
Prof. AN Nevhutanda	6	62 750	[illegible]	[illegible]66
Mr. JM Rabodila	12	120 936	22 816	143 752
Mr. DF Ntombela	16	91 273	22 816	114 089
Ps. C Kai	15	126 643	22 816	149 459
Adv. M Mogale	17	84 422	22 816	107 238
Ms. M Mojapelo	18	167 411	22 816	190 227
Total				**1 804 060**

Directors' and Prescribed Officers' Remunerati

27 Boxes, Melville

Independent Audit Committee Members YTD Payments

Name of Member	Meetings Attended	Emoluments	Retainer Charge	Total
Mr. G Mufana	10	108 593	22 816	131 409
Mr. Y Gordhan	11	77 580	22 816	100 396
Mr. V Mokwena	8	98 326	22 816	121 142
Mr. L Mabuza*	1	16 000	-	16 000
Total		**300 499**	**68 448**	**368 942**

*Mr. L. Mabuza was retired as a Board member and appointed as an Independent Audit Committee member by the shareholder during the AGM in March 2017.

FNB Wesbank Head Office, Fairland

Executive and Senior Management Remuneration

Name	Basic Salary	Company Contributions	Travel Allowance	Bonuses	Leave	Total Cost to Company for the Quarter
Ms. HM Botes	1 982 360.04	20 654.55	249 999.96	294 840.00		2 547 854.55
Mr. I Bhamjee	1 510 605.21	241 387.87	96 000.00	192 600.00		2 040 593.08
Mr. S Mntungwa	1 577 583.00	260 098.86		192 600.00		2 030 281.86
Mr. F Sardianos	1 577 583.00	264 367.35		252 000.00		2 093 950.35
Mr. MV Tisani*	981 069.03	146 799.76				1 127 868.79
Mr. M Makhunga	1 062 487.29	176 190.38	96 000.00	182 000.00	34 025.52	1 550 703.19
Mr. C Matthews**	803 634.75	67 835.97				871 470.72
Mr. T Mokataka	900 291.36	198 439.08		75 024.28		1 173 754.72
Ms. M Padayachee	870 069.96	186 933.48	120 000.00	117 700.00		1 294 703.44
Total	**11 265 683.64**	**1 562 707.30**	**561 999.96**	**1 306 764.28**	**34 025.52**	**14 731 180.70**

*Resigned in April 2017.

**Appointed in September 2016.

As indicated in the table above, there were no ex-gratia payments during the period. The salary ranges are within the parameters set by the shareholder.

HELEN BOTES
Chief Executive Officer
Executive Director

Expertise and Experience
Helen Botes brings expertise and experience in Treasury and Banking, money market trading, trading of financial instruments, foreign exchange, raising of the first City bonds and retail bonds for CoJ, economic development, property development and management.

Qualifications
MBA (Milpark Business School)
Management and Executive Leadership Development Programme
Diploma in Treasury

IMRAAN BHAMJEE
Chief Financial Officer
Executive Director

Expertise and Experience
Financial management, auditing, risk, process and control mapping, management consulting, product management, relationship management.

Qualifications
BCompt Honours
Accreditation as Registered Government Auditor (RGA)
Advanced certificates in Auditing, Leadership Management, and CTA

FANIS SARDIANOS
Executive Manager, Property Management: Acquisitions, Social and Municipal Portfolios

Expertise and Experience
Member of the task team that established JPC, implemented JPC's client service and applications system. Strategic and operational property management planning and support, monitoring and reporting of performance management, coordination and monitoring of strategic projects and implementation of operational plans, development, monitoring and reporting on budget.

Qualifications
IAC (Institute of Administration and Commerce – Local Government)
IMFO (Institute of Municipal Finance Officers)
BMA (Board for Municipal Accountants)

STHEMBISO MNTUNGWA
Executive Manager, Property Development and Facilities Management

Expertise and Experience
New business opportunities, innovative finance structuring skills, knowledge of property portfolios of various municipalities, and stakeholder liaison.

Qualifications
Bachelor of Commerce
Postgraduate Diploma in Business Management
Property Development Programme (PDP)

MALA PADAYACHEE
Head of Department
Information Technology

Expertise and Experience

IT strategy development, development of IT Policies and governance, aligning IT services with the needs of business, mitigating and maintaining IT risk and security, system development, system design, hardware/software and testing. Manage, maintain, monitor IT systems.

Qualifications

Business Information Systems (Honours)
Public Administration and Management (Diploma)
National Certificates in Project Management, Business Engineering, System Development and Customer Complaints, Leadership Skills Development, Knowledge Management, Auditing and Service Level Agreements

MUSAH MAKHUNGA
Head of Department
Strategic Support

Expertise and Experience

Business plan development, implementing corporate strategy, strategic and operational risk assessment, reporting and disclosure, management of transformation initiatives, company-wide monitoring and evaluation.

Qualifications

BCom (Hons)
SA Government
Procurement and Law Practice IFRS
PFM
MFMA

TSHEPO MOKATAKA
Senior Manager
Legal

Expertise and Experience

Admitted Attorney of the High Court of South Africa, providing strategic legal advice, operational transitional compliance, vetting strategic agreements and legal documentation, managing legal advisors, managing legal risks, managing the legal budget, legal departments, budgets, the deputy information officer, conducting internal investigations of alleged fraud and corruption.

Qualifications

BA (Law) LLB
Postgraduate Certificate in Provincial and Local Government
Law; Postgraduate
Diploma in
Labour Law

CRAIG MATTHEWS
Company Secretary

Expertise and Experience

Admitted to practice as attorney. Practised for a number of years. More than 15 years' experience as board/ company secretary in public sector fields such as merchant shipping regulation, agriculture and diamond mining, and exploration. Worked as corporate governance consultant in the private sector.

Qualifications

BA (Law) LLB
MAP

Section 6: Governance of Stakeholder Relationship

Sustainable relationships with stakeholders form the foundation of JPC's ability to create value in the short, medium and long-term. The interest and level of influence of our stakeholders vary according to geographical location, area and nature of their interest.

The entity has identified a number of stakeholders, broken down into the following categories:

- CoJ stakeholders (CoJ departments and municipal entities) – political oversight.
  - Political oversight officials include the Executive Mayor, Members of the Mayoral Committees, Council Committees, Petitions Committee, DED Section 79, among others.
- CoJ stakeholders (CoJ departments and municipal entities) – administrative oversight.
  - Administrative oversight includes the positions of City Manager, Service Delivery Joint Operating Committee, executive management team, economic development, unions, local labour forum, JPC staff, among others.
- JPC external stakeholders (outside of the CoJ).
  - These stakeholders include the property industry, Heritage Council, outdoor advertising industry, government institutions (national, provincial and state-owned entities), and informal traders, among others.

The detailed stakeholder management matrix is presented on a quarterly basis to the Transformation, Social and Ethics Committee. The matrix shows each stakeholder and its interest, level of influence and method of engagement.

The methods of engagement vary from one stakeholder to another, but include CEO workshops, JPC open days, media tours, quarterly reports, attendance of meetings, Indaba, business breakfast meetings, briefing sessions, etc. Effective stakeholder management assists JPC to deliver services timeously and avoids unnecessary delays due to strikes, the approval of documents, etc.

Much attention was paid to the environment within which JPC operates, taking cognisance of the fact that it is fluid and that the needs of the stakeholders are diverse and conflicting, which requires a balanced and objective approach. Without revisiting the findings, attention is continuously paid to the four key elements, namely the macro, political, social and economic environments.

JPC has not refused any requests of information that were lodged with the company in terms of the Promotion of Access to Information Act.

Kgoro Mixed-Use Development, Sandton (artist impression)

Pan Africa Shopping Centre, Alexandra

Section 7: Company Secretariat Function

The Company Secretary is an independent, competent, qualified and experienced individual who has proven competencies and experience in the relevant laws. The Board assesses the company secretary's performance. This is part of its annual performance assessment process.

The Company Secretary provides appropriate guidance, advice, orientation, induction and training to Directors and public officers on their roles, duties and responsibilities and ensures compliance with laws in the interest of good governance. All Directors have access to the advice and services of the company secretary, as well as external legal advice as and when required.

Some of the Company Secretary's key responsibilities include the following:

- Ensuring the Board is kept informed of all laws, regulations and corporate governance developments relevant to the company, and ensuring that statutory deadlines are complied with.
- Preparing and/or reviewing the Shareholder's Compact, delegations of authority, terms of reference of the Board and Board committees, work plan and schedules, as well as the agenda for Board and committee meetings in conjunction with the chairperson.
- Maintaining statutory records, registers, minute books and related documents.

Section 8: Risk Management

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

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

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

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

Risk Register as at 30 June 2017

Ranking	MOE Objectives	Risk Description	Inherent Risk		Residual Risk		Actions to Improve Management of the Risk	Progress to Date
1	Ensuring efficient, economic and effective service delivery to clients, customers and stakeholders	Inadequate management and maintenance of property	Very High	25	Very High	22.5	1. Develop and implement a comprehensive facilities plan. 2. Training plan to be implemented and complemented by individual learning plans. 3. Follow up on budget that has already been requested to increase head count. 4. Contract management system being implemented. 5. Establish framework orders with the entities and departments. 6. Approval and implementation of succession planning framework. 7. Lease audit to be conducted regularly.	1. A facilities plan is being drafted and will be implemented once approved by Board. 2. Information on individual training needs is being collected. Training will be done in accordance with budget available. 3. Ongoing. 4. The Nicor module on contract management has been activated. Busy with data cleansing. 5. Ongoing. 6. Succession planning has been placed on hold as a result of integration. 7. The lease audit commenced in April and it is currently in progress, with 80 interns currently deployed to the project.

Ranking	MOE Objectives	Risk Description	Inherent Risk		Residual Risk		Actions to Improve Management of the Risk	Progress to Date
2	Ensuring efficient, economic and effective service delivery to clients, customers and stakeholders	Inability to implement the Outdoor Advertising Strategy	Very High	25	Very High	22.5	1. Establishment of the Project Management Office (PMO). 2. Upskilling of staff with the emphasis on contract management in accordance with set JPC standards. 3. Establishment of the contract management system.	1. We are working with the City to establish and develop reporting tools. A workshop has been held with all project managers. 2. Will be done in the next financial year due to budget constrains. 3. The Nicor module on contract management has been activated. Busy with data cleansing.
3	Supporting community development and social initiatives	Illegal occupation and use of property	Very High	20	High	18	1. Monitoring of high-risk properties, with the assistance of CRUM and ward councillors. 2. Campaigns in communities/hotline. 3. Improving communications with relevant stakeholders. 4. Entering into maintenance agreements with tenants. 5. Completion and implementation of Land Strategy.	1. Attendance at VSD and council forums as well as attending to client servicing escalations. 2. Planning in progress. 3. Timeous responses to media queries are largely beneficial and provide some coverage. Attendance at VSD and council forums as well as attending to client servicing escalations. 4. As and when leases are finalised, user agreements for short-term requirements are concluded. 5. The Land Strategy has been developed. It is currently at its finalisation stages with the final draft being prepared for Board approval.

JPC's Five Areas of Operation

Ranking	MOE Objectives	Risk Description	Inherent Risk		Residual Risk		Actions to Improve Management of the Risk	Progress to Date
4	Ensuring efficient, economic and effective service delivery to clients, customers and stakeholders	Lack of alignment between HR strategies to the organisational goals	Very High	25	High	12.5	1. Skills development initiatives underway. 2. Submission to City for additional budget for vacancies. 3. Develop internship programme rollout plan for approval and implementation. 4. Conducting training needs analysis. 5. Training plans to be implemented and complemented by individual learning plans. 6. Approval and implementation of succession planning framework. 7. Review of HR strategy to ensure alignment with business requirements. 8. Implementation of ER based on consequence management measures.	1. Skills development initiatives are being implemented to address these gaps: Organisational core competencies such as property-related courses and knowledge of the MFMA. Technical competencies such as artisans training for electrical and plumbing services. Management competencies such as supervisory and coaching programmes. Generic competencies: customer care etc. These initiatives were informed by the individual training plans submitted by employees, which informed the Workplace Skills Plan (WSP). 2. JPC submitted a motivation for additional funding for 126 critical vacancies in the City and awaiting feedback and approval. 3. The internship rollout plan has been developed, but still needs to be signed. 4. The skills audit will be conducted in the next financial year. 5. The Workplace Skills Plan for 2017/ 2018 submitted to Services SETA and is based on the individual learning plans. 6. The succession planning framework will be approved in the next financial year. 7. The HR strategy was reviewed and aligned to business requirements and in the 2017/2018 financial year, reporting will be based on the HR strategic objectives. 8. All misconduct cases reported are dealt with in terms of the disciplinary hearings.

Ranking	MOE Objectives	Risk Description	Inherent Risk		Residual Risk		Actions to Improve Management of the Risk	Progress to Date
5	Utilising the portfolio as a vehicle for transformation	Inability to implement the Outdoor Advertising Strategy	Very High	25	High	12.5	1. Joint intervention between JPC and the City in reviewing the by-laws and implementation of JPC outdoor strategy. 2. Regular interaction with the industry with resolutions reached. 3. Approval of turnaround plan by council for implementation by JPC and CoJ's Department of Development Planning (DDP), subject to budget provision. 4. Upskilling and retraining: staff development and enhancement of capacity and skills base of the department. 5. Approval of master plan as a vision for outdoor advertising by council for implementation by CoJ and JPC. 6. Remodelling CoJ portfolio by JPC in line with the vision (less is more). 7. Review of by-laws by CoJ in consultation with JPC to empower CoJ to remove illegal signs without a court order. 8. Reduction of fees subject to CoJ approval to assist new entrants. 9. Proposed introduction of user fee on all signs facing public roads to reduce number of signs in the urban environment. 10. Introducing street furniture to supply amenities at no cost to CoJ as per strategy. 11. Memorandum of understanding (MOU) with industry associations to foster partnerships with all players for inclusive and responsible growth of the sector. 12. Finalisation of a panel of professional service providers to ensure that JPC obtains all statutory approvals before contracting and site for development.	1. CoJ and JPC are working together and have developed a plan for 2017/8 financial year. 2. Industry workshop on the by-laws held on 28 June 2017 by CoJ planning department and JPC. 3. Report to be submitted to council by August 2017, alongside the CoJ report on the by-laws. Presentation already done to MayCom in March 2017. 4. As per HR training schedules in terms of approved individual development plans. 5. To be approved as part of the by-laws in August 2017. 6. CoJ and JPC will conduct second round of individual leaseholders in July to August 2017 to finalise restructuring of the portfolio. 7. The removal of illegal signs on CoJ land was approved by the council as part of the draft by-laws, subject to public consultation until 30 June 2017. Thereafter the council will approve a new by-law for promulgation. 8. Fees are determined by CoJ and a final report on this will be provided upon finalisation and promulgation of new by-laws, subject to council approval. 9. A user fee included in the draft by-laws currently undergoing public participation until 30 June 2017. 10. Street furniture included in the draft By-laws currently undergoing public participation until 30 June 2017. 11. MOU draft finalised and being reviewed by JPC's Legal Department. 12. POC to be advertised in July 2017.

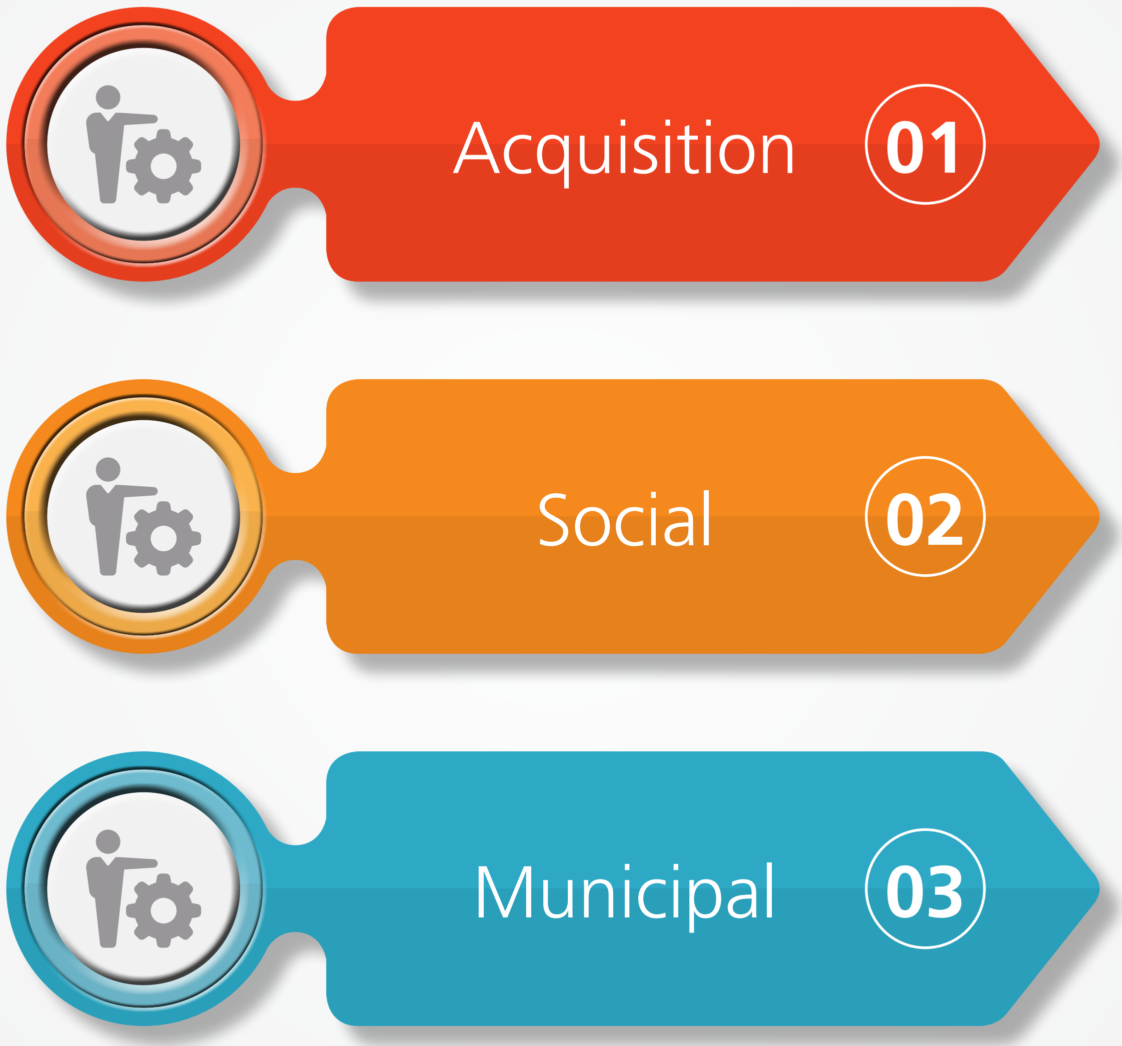
Ranking	MOE Objectives	Risk Description	Inherent Risk		Residual Risk		Actions to Improve Management of the Risk	Progress to Date
6	Utilising the property portfolio to address social imperatives and priorities	Crime and security incidents	High	12	Moderate	10.8	1. Procedure to be put in place that governs regular inspections to ensure that properties are being utilised in line with approved terms and conditions. 2. Application to be developed as part of the facilities management strategy. 3. Explore a forum where information can be shared: Citywide to identify possibly affected properties.	1. Regular site inspections conducted by regional managers. Site inspection template created and implemented and would be loaded into the Property Information Management System (PIMS) as part of the review process. 2. A facilities management strategy is being developed and is expected to be completed in September 2017. 3. Attendances at SDJOC to respond and engage on strategic policy, operations and alignment issues.
7	Ensuring efficient, economic and effective service delivery to clients, customers and stakeholders	Inadequate asset management	Very High	20	Moderate	10	1. Completion and implementation of Land Strategy. 2. Completion and implementation of asset management categorisation. 3. Completion and implementation of Facilities Management Plan. 4. Asset management plans and life cycle costing per category being drafted per facilities management framework, masterplan and strategy.	1. The Land Strategy has been developed. It is currently in its final stages, with the final draft being prepared for Board approval. 2. Portfolio categorisation has been completed and has been implemented. It is an ongoing process during which properties are categorised as and when new leases are concluded. The new categories will be introduced as part of the implementation of the Land Strategy. 3. The Facilities Management Strategy is under development and expected to be complete in September 2017. 4. This is done as part of the Facilities Management Project.
8	Ensuring a professionally managed and sustainable company	Inadequate ICT delivery	Very High	20	Moderate	10	1. Continuous reviewing of IT change management processes. 2. Continuous reviewing of IT security policies and procedures. 3. Integration of systems.	1. Effective controls in place. Controls measured by internal auditors, 100% effective. 2. Effective controls in place. Controls measured by internal auditors, 100% effective.

Ranking	MOE Objectives	Risk Description	Inherent Risk		Residual Risk		Actions to Improve Management of the Risk	Progress to Date
9	Ensuring a professionally managed and sustainable company	Financial sustainability/ inability to generate revenue	High	16	Moderate	8	1. 100% execution of the approved implementation plan for the facilities to ensure that planned work is done and billed. 2. Timely renewal of leases so that revenue generation can be enhanced. 3. Lease audit ongoing to ensure completeness of properties leased by JPC in order to increase and measure revenue base. 4. Promotion of JPC strategy, brand and value proposition among City shareholders. 5. Increasing the work performed by facilities management by 5% a year.	1. A lease renewal programme is implemented. First batch of 40 reports and pipeline transactions in progress. 2. The Lease Audit commenced in April and it is currently in progress with 100 interns currently deployed to the project. 3. A Facilities Management brochure detailing and showcasing work done is complete. To be distributed and promoted on social media in the month of July.

Soweto Theatre

Ranking	MOE Objectives	Risk Description	Inherent Risk		Residual Risk		Actions to Improve Management of the Risk	Progress to Date
10	Supporting community development and social initiatives	Inadequate internal and external stakeholder management	High	16	Moderate	8	1. Implementation of business processes and systems integration (link the JPC Call Centre to PIMS, TRIM) which will improve the tracking and monitoring of stakeholder and client enquiries. 2. Full implementation of the Marketing and Communications Strategy. 3. Implementation of an integrated JPC Call Centre. 4. Undertaking a stakeholder survey. 5. Corporate social investment strategy and policy to be approved by Board.	1. PIMS process improvement underway. Sales/leasing module developed and tested on 21 June 2017. Minor system glitch being attended to, then the module will be signed off and implemented. Anticipated go-live date in mid-August 2017. Development process completed testing to be arranged with Executive Manager: Property Portfolio in the absence of a Senior Manager: Development. Timeline: anticipated to be ready by mid-July 2017, then system improvement and go-live end August 2017. 2. Strategy is being implemented. The visibility of JPC has been improved in the market. 3. Call Centre held in abeyance pending budget allocation for appointment of staff. 4. Stakeholder survey/customer satisfaction survey underway through Marketing and Communications. 5. The policy has been submitted and awaits approval at Social and Ethics.

Property Management Department's 3 Components



Section 9: Internal Audit Function

Internal Audit provides management with assurance on the effectiveness of the controls in place to manage the risk by conducting risk-based audits throughout the year and focusing on the adequacy of risk mitigation plans and their effectiveness in reducing risk exposure. JPC plans to establish its own tolerate level during the 2017/18 cycle as per the approved CoJ plans.

The Internal Audit function of JPC subscribes to the definition of internal audit as defined by the International Standards for the Professional Practicing of Internal Auditing, which defines internal audit as "an independent, objective, assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation achieve its objective by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance process".

JPC's Internal Audit Function conducted audits in line with the requirements of ISPPIA. Independence is defined as the freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner. To achieve the degree of independence necessary to effectively carry out the responsibilities of the internal audit activity, the chief audit executive has direct and unrestricted access to senior management and the Board. The internal auditors of JPC report directly to the Board via the Audit and Risk Committee at least quarterly.

Objectivity is an unbiased mental attitude that allows internal auditors to perform engagements in such a manner that they believe in their work product. The Audit and Risk Committee takes the issue of objectivity seriously and has requested that the Internal Audit function goes through an independent review after every three years instead of the five years prescribed by the ISPPIA.

The role of internal audit is to provide independent assurance that an organisation's risk management, governance and internal control processes are operating effectively.

The roles and responsibilities of the Internal Audit function are in the audit charter, which includes the following, among others:

- Prepare a rolling three-year strategic internal audit plan based on the assessment of key risk areas for JPC, considering its current operations, those proposed in the strategic plan and its risk management strategy.
- Develop a flexible audit plan using a process-based approach linked to an appropriate risk-based methodology for review and approval, as well as quarterly/periodic updates.
- Implement the annual audit plan, as approved, including time as appropriate for any special consulting tasks or projects requested by management and the Audit and Risk Committee.
- Assist in the investigation of significant suspected fraudulent activities in the business unit, and notify management and the Audit and Risk Committee of the results.

JPC has outsourced its Internal Audit function to Nexia SAB&T for a period of three years. Nexia SAB&T reports directly to the Audit and Risk Committee of the Board on a quarterly basis. The committee annually ensures that it is able to deliver quality services that are in line with set standards and evaluates the effectiveness of the Internal Audit function.

The new administration of the City has identified a need to incorporate all the municipal entities back into the City, which has necessitated the Internal Audit function in the City to consolidate its activities to respond to the new strategic direction. The contract with Nexia SAB&T ended in September 2017, the City's Group Internal Audit Unit, under the GRAS Department, will take over the Internal Audit function of JPC and report on a quarterly basis to the Audit and Risk Committee.

Section 10: Corporate Ethics and Organisational Integrity

Bara Link, Johannesburg

The JPC Board and management abide by the principles of King III, among others those related to corporate ethics and organisational integrity. The company values – professionalism, accountability, responsibility, customer service and trust – provide an ethical foundation and are fundamental to success. JPC management encourages employees to live the JPC values.

King III principles require that a company should demonstrate its commitment to organisational integrity by providing effective leadership based on ethical foundations, ensuring that the company reflects responsible corporate citizenship and that the company's ethics are effective. JPC has already taken an initiative to put more effort into promoting ethics and good corporate governance by establishing the Transformation, Social and Ethics Committee, as prescribed by the Companies Act. This committee is tasked with overseeing the social and ethics matters in JPC and report to the Board on progress.

JPC has a code of conduct endorsed by the Board that applies to Directors and employees. The code is regularly reviewed and updated to ensure that it reflects the highest standards of behaviour and professionalism. In summary, the code requires that JPC's entire personnel act at all times with utmost integrity and objectivity and in compliance with the letter and spirit of both the law and its policies. Failure by employees to act in terms of the code results in disciplinary action. The induction training includes discussing the code with each new employee.

JPC created a JPC hotline email address, fraudhotline@jhbproperty.co.za, to report fraud and unethical behaviour to management. The company has a code of ethics that is reviewed by the Board on a regular basis. JPC has defined a set of basic corporate values, ethical guidelines, and corporate social responsibility principles to ensure its corporate integrity.

Section 11: Sustainability Report

Health and Safety

JPC manages facilities for the CoJ and, as a result, issues related to the Occupational Health and Safety Act (OHASA), 1993, are high on the organisation's priority list. The committee monitored the OHASA reports detailing the conditions of the public facilities under the management of JPC. The committee considered some of the challenges faced by the company in implementing its facilities management plans.

Environment

At JPC, reducing environmental impact is a top priority and is considered in all stages of the building and renovation projects to deliver innovative workspaces that are energy-efficient, have low operating costs, and use sustainable materials and recyclable products wherever possible. We have a commitment to maintain the Council Buildings in an environmentally sensitive way, including aspects such as the refurbishment programmes of buildings, planning and delivery of new capital projects and the chemicals used by our maintenance teams.

Built Environment

JPC works with external service providers to deliver on carbon and energy reduction targets through the installation and use of energy-efficient materials and equipment, and water efficiency fittings and equipment.

Through thorough assessments of office space use, the requirements for ergonomically friendly designed buildings are taken into consideration in the planning and construction of the most efficient and environmentally friendly offices. These requirements include aspects related to energy and water use, the internal environment (health and well-being), pollution, transport, materials, waste and facility management processes. Creating office environments with natural ventilation is also incorporated into designs for new and refurbished buildings.

Corporate Social Responsibility Report

The company's corporate social investment philosophy and function is broadly underpinned by the concept of sustainable development. The policy of JPC is to act as a facilitator, rather than as sole sponsor of social investment projects. In this way, the long-term sustainability of projects is encouraged, additional donors are attracted, and formerly disadvantaged communities are empowered. NGOs serve as a major national initiative through which business and government have joined hands to support strategic interventions on the following issues:

- Health care initiatives
- Education
- Skills training and job creation
- Small business development

The Johannesburg Holocaust & Genocide Centre

Section 12: Anti-Corruption and Fraud

JPC subscribes to, and complies with all the governing policies of JPC and the shareholder, including the Prevention and Combating of Corrupt Activities Act, 2004, and its related regulations. JPC's management takes a zero tolerance approach to fraud and corruption. This is set out in the JPC Anti-Fraud and Corruption Policy, which is reviewed regularly.

In line with the policy, JPC has a Fraud and Corruption Committee (FRACC) that comprise six members. The committee is responsible for facilitating investigations into allegations of fraud and corruption, reported to JPC through its fraud hotline email address (fraudhotline@jhbproperty.co.za) or the CoJ Group Fraud Hotline, independently managed by Deloitte. The allegations are reported using the following facilities: telephone: 0800 002 587, short message service: 32840 (charged at R1.50), email: anticorruption@tip-offs.com and website: www.tip-offs.com.

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

JPC is working well with the CoJ Group Forensic Unit and has positively contributed to the drafting of the CoJ Anti-fraud and Corruption Strategy. JPC held a fraud awareness workshop in May 2017 for Head Office and all the Depots. The CoJ Anti-fraud and Corruption Unit facilitated the workshop.

Huddle Park Golf & Recreation, Linksfield

Twenty-one allegations were received during the year and were included in the FRACC register. Eight allegations were received via the independent hotline and the rest via the JPC fraud hotline. The FRACC investigated all allegations reported. The outcomes were as follows:

- Four of the reported allegations directed to JPC were private individuals who owned land.
- Seven of the matters investigated were untrue allegations.
- Eight allegations are under investigation and two employees have been suspended, pending the outcome.
- Two investigations were concluded and two employees were issued with final warnings valid for six months.

Section 13: ICT Governance

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

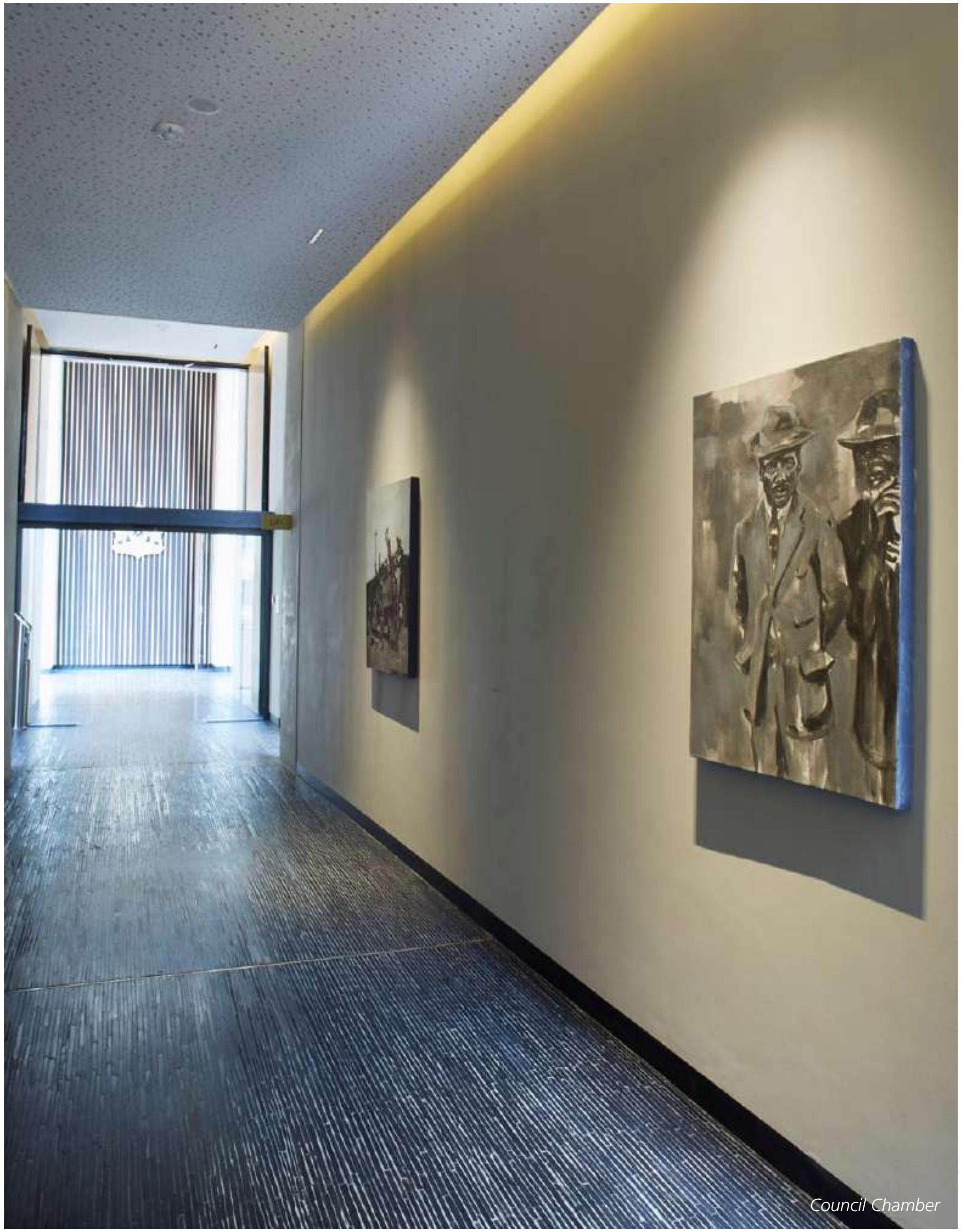
The corporate governance of ICT is a continuous function embedded in all operations of JPC, from executive authority and management level, to business and ICT service delivery.

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

- Control Objectives for Information and Related Technology
- Information Technology Infrastructure Library
- King III

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

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



Council Chamber

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

- Establish clearly understood responsibilities for ICT.
- Plan ICT to best support the needs of the company.
- Acquire ICT validly. Ensure that ICT acquisitions are made for the right reasons in the right way, on the basis of appropriate and ongoing analysis.
- Ensure ICT performs well whenever required.
- Ensure ICT conforms to all external regulations and complies with all external regulations and internal policies and practices.


Council Chamber

- Ensure that ICT use recognises and respects human factors. ICT must meet the current and evolving needs of all users. In addition, the City management acknowledges that to become a high-performing local government entity, JPC needs to enforce rigorous ICT governance in order to achieve the following:

  - Ensure that the business and ICT stakeholders are working towards the same strategic objectives of the City.
  - Establish reliable financial and performance processes and metrics enabled by relevant IT systems and applications that support business decision making.
  - Actively manage the ICT portfolio according to business benefits and ensure that the ICT budgets are a collaborative exercise between the company and ICT stakeholders.
  - Optimise the City's existing ICT functions in order to obtain "true" value from ICT investments.
  - Seek continuous improvement on the use of ICT in JPC.
  - Ensure compliance with regulatory frameworks and legislation on ICT.

Oversight of the entity's ICT function was delegated to the Audit and Risk Committee, which kept this item as a standing agenda item in the year under review. The Board will monitor and evaluate the entity's IT investments and expenditure, taking into account the best interests of the entity.

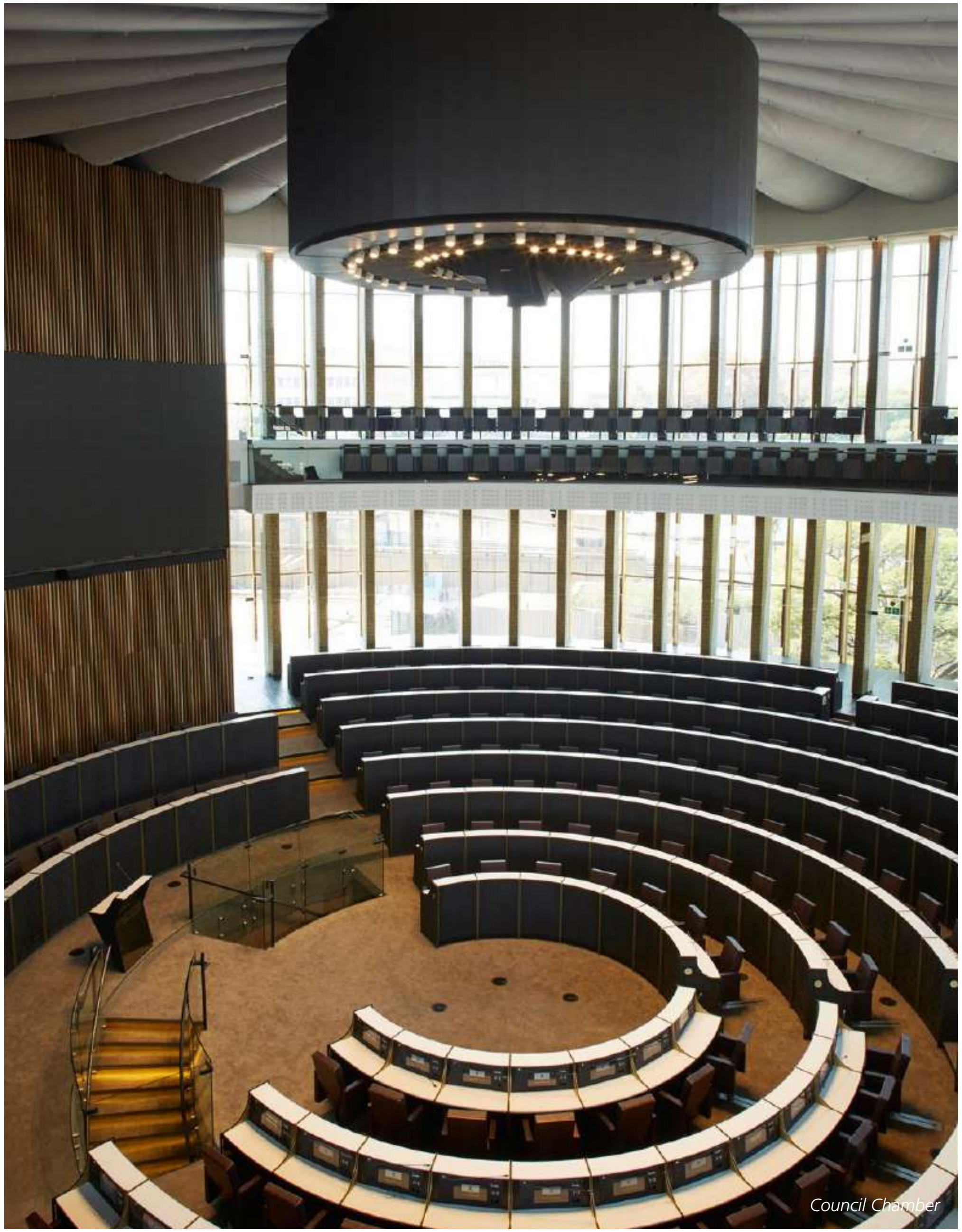
Section 14: Assessment of Arrears on Municipal Taxes and Services Charges

Assessment of Senior Management's Municipal Accounts

NAME	MUNICIPALITY	BALANCE OWING	ARREARS
F. Sardianos	CoJ	Current	None
S. Mntungwa	CoJ	Current	None
M. Makhunga	CoJ	Current	None
M. Padayachee	CoT	Current	None
C. Matthews	CoJ	Current	None
S. Mbethe	CoJ	Current	None
T. Mokataka	CoJ	Current	None

Assessment of Board Members' Municipal Accounts

NAME	MUNICIPALITY	BALANCE OWING	ARREARS
H. Botes	CoJ	Current	None
I. Bhamjee	CoT	Current	None
P. Corbin	CoJ	Current	None
O. Kemp	Msunduzi	Current	None
M. Morojele	CoJ	Current	None
N. Mpofu	CoT	Current	None
O. Maseko	CoJ	Current	None
N. Baloyi	Polokwane	Current	None
Prof. A. Karam	CoJ	Current	None
M. Hlobo	CoJ	Current	None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Service Delivery Performance

03

Section 1: Highlights and Achievements

Section 1.1: Core Business Units

JPC is a dynamic, visionary property company mandated to manage and develop the CoJ's R8.6 billion property portfolio. As a promoter of innovative solutions to the development challenges of contemporary Johannesburg, the company utilises council-owned land assets to leverage private sector investment in public infrastructure. JPC's core business is to manage the property assets of the CoJ, maximising the social, economic and financial value of the CoJ's property portfolio, and enhancing the efficiency of its use. The company's overarching mandate is to support the achievement of the CoJ's strategic priorities, including economic and social development, and its service delivery objectives.

JPC provides the following services for CoJ's property portfolio:

- Asset Management
- Property Management
- Property Development
- Facilities Management
- Outdoor Advertising
- All ancillary services related to the above


Alex Mall Opening Day. Photo Credit: Richard De Gouveia

Alex Mall Opening Day. Photo Credit: Richard De Gouveia

Section 1.1.1: Asset Management

The JPC Property Asset Management unit strives to optimally manage the City's property portfolio to achieve its maximum potential by unlocking its value through a process of careful analysis, strategic planning and efficient management. The primary focus of the Property Asset Management unit is to drive JPC's Land Strategy through defining an appropriate return on investment, cost structure, investment plan, a disposal and acquisition strategy and a maintenance plan that aligns with transformation targets. Property Asset Management must maintain the property asset register and warrant that land supports the City's objectives and spatial development framework in the case of each property under management and the portfolio as a whole. This report focuses on the following aspects of asset management reporting for the period under review:

Status of CoJ Property Portfolio Holdings

Region	2017	2016	2015	2014
Region A	1 931	1 963	1 956	4 884
Region B	4 014	4 124	3 855	4 368
Region C	2 345	2 349	2 307	3 351
Region D	6 667	6 864	6 562	8 843
Region E	4 983	4 950	4 850	6 872
Region F	4 843	5 011	5 559	5 189
Region G	4 665	4 868	4 877	6 296
Outside CoJ Boundaries	491	491	490	492
Total Number of Properties	**29 939**	**30 620**	**30 456**	**40 295**

Portfolio Profile

Size and Value of the CoJ's Holdings

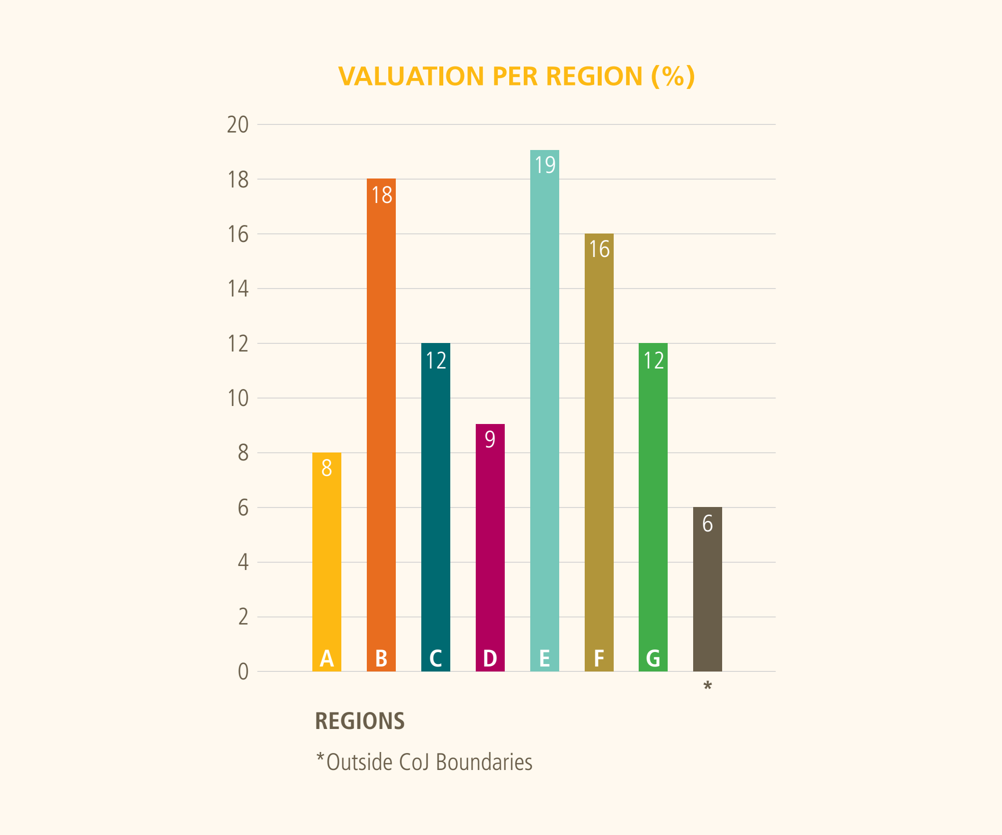
The portfolio of the City of Johannesburg Metropolitan Municipality has a total balance sheet value of R8.9 billion as at 30 June 2017, which comprises of 29 939 properties.

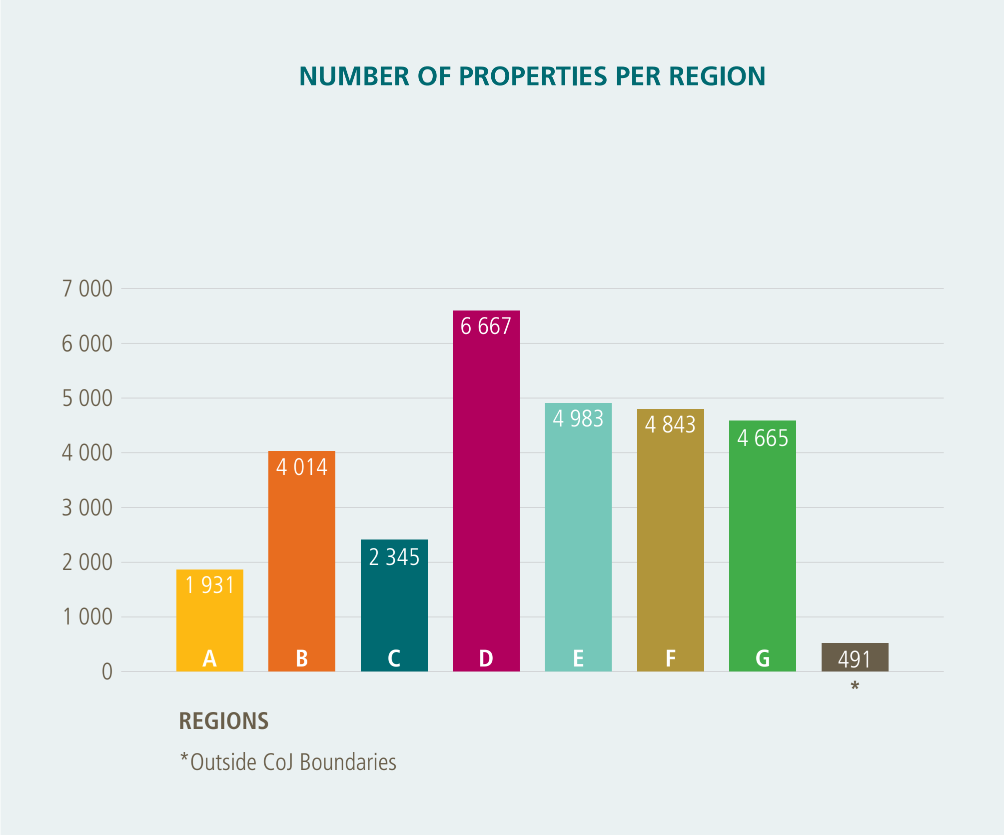
Below is a table that shows summaries of quantity, size and value per region.

Region	Value %	No. of Properties	Sum of Value (R)
Region A	8%	1 931	690 672 918.28
Region B	18%	4 014	1 590 682 828.10
Region C	12%	2 345	1 115 208 153.38
Region D	9%	6 667	813 257 486.01
Region E	19%	4 983	1 728 748 861.18
Region F	16%	4 843	1 403 701 100.97
Region G	12%	4 665	1 074 828 539.53
Outside CoJ Boundaries	6%	491	534 488 576.01
Total Number of Properties	**100%**	**29 939**	**8 951 588 463.46**

Alex Mall Opening Day. Photo Credit: Richard De Gouveia

Regional Summaries in Quantity and Value





Region A still holds the fewest number of land parcels, followed by Region C. Region D continues to show strength in the number of land parcels held, while Regions B, E, F and G show a balanced quantity just below Region D, as graphically presented below.

Regions E, B and F are the strongest in terms of value, reflecting higher valuation, followed by regions C, G, D and G respectively, with Region A having the lowest value. Although Region D reflects the highest number of land parcels, it has a lower valuation mainly because of a large number of residential properties held which are inherently lower in valuation.

JPC has formulated 247 asset management plans for the period 2016/2017, exceeding the set target of 200. The purpose of an asset management plan is to ensure that council-owned land is primarily used to optimally support the delivery of current and future services of the City of Johannesburg to include any of the following: acquisition plan, disposal plan, maintenance plan, leasing plan, user agreement and life cycle plans.

The asset management plans were completed, as shown in the table below.

Asset Management Plans	Township	No. of Plans
Disposal	Lombardy East	55
	Ivory Park Ext 2	17
	Lehae	19
	Claremont	24
	Lufhereng	21
	Vlakfontein	8
	Tshepisong	69
Acquisition	Houghton Estate	13
	Orange Grove	9
	Wynberg	4
	Turffontein	8
Total		**247**

Jabulani Housing Development, Soweto

A total of 103 properties were transferred to beneficiaries under the Land Regularisation Programme.

- 18 Properties were transferred to beneficiaries through the Conversions Act facilitated by the Gauteng Department of Human Settlements.
- 69 Title deeds were issued to beneficiaries for shops in Region D, Soweto.
- 16 Title deeds were issued for churches in Region G.

In April 2017, JPC recruited 100 graduates on an asset management project for a period of four months. The JPC lease audit project is a rent audit and comprehensive review of leases versus occupancy and available data through desktop verification, contract management and site inspection in order to get the most favourable social and economic benefits from lease management.

The Expanded Public Works Programme (EPWP) of the DED funds the interns' stipend. The graduates have undergone an intensive class and on-the-job training on the more basic skills required in the workplace, as well as the practical training on the auditing project.

Eldorado Park Housing Project

Section 1.1.2: Property Management

Property Management's objective is to maximise the efficiency of the CoJ's property portfolio. This includes leasing and alienation of council-owned property, generating financial returns while using sound processes to make well informed decisions based on agreed strategic priorities. It furthermore promotes the emerging property sector, working in partnership with the private sector and providing appropriate interventions for service delivery initiatives to the communities of the City. The department also ensures that the City receives annuity income from leasing properties through reducing holding costs, such as the cleaning, security and maintenance of the properties.

Leases for Renewal

The renewed leases were for categories A, B and C. Category A properties are generally not older than 15 years old. They have had major renovations, boasting high-quality modern finishes, air-conditioning, adequate on-site parking, market rental near top-of-the-range facilities in the metropolitan area in which the buildings are located. Category B's portfolio comprises mixed-use/ key accounts with B-graded buildings. Lastly, Category C comprises properties that stimulate the social and economic development required to create employment opportunities in the City through community-based services.

The following transactions were finalised during the year:

- Fourteen leases under Category A were finalised.
- Two leases under Category B were finalised.
- Six leases under Category C were finalised.

The impact of the renewed leases will ensure income generation for JPC, which will ensure financial sustainability.

Melrose Crossing

Municipal-Owned Entities' Projects

City Power Projects

Acquisition Values	Notarial Registration Investment	Supported MOE/ Department	Current Status
Substation project	R11.7 million	City Power	A town planning consultant has been appointed, at City Power's cost, to attend to the issuing of the required Section 25 Certificate.
Dalkeith substation project	R3.8 million	City Power	The negotiations with all affected landowners are ongoing. The 25 Memoranda of agreement, relating to the acquisition of servitudes offering compensation in respect of the affected properties, were sent to landowners.
Heriotdale transmission lines project	R4.65 million	City Power	Six servitude agreements have been signed. The JPC Legal Department has already appointed attorneys to attend to the registration of servitudes.

Joburg Water Projects

Acquisition Values	Notarial Registration Investment	Supported MOE/ Department	Current Status
Bulk sewer pipeline project – Kyalami	Capex Spent	Joburg Water	Servitude agreements have been signed by 12 of the 13 affected landowners. One last agreement was vetted by our Legal Department and was sent to the landowner for signature.
Bulk water pipeline project – Steyn City	Capex Spent	Joburg Water	21 Of the 25 agreements were vetted by JPC's Legal Department. The 25 agreements were forwarded to STBB Attorneys in order for them to arrange for the signatures of homeowners.
Olievenhoutpoort bulk outfall sewer project	Capex Spent	Joburg Water	Negotiations for the acquisition of servitudes are ongoing.
Carlswald sewer servitude project	Capex Spent	Joburg Water	Valuation reports were requested from Asset Valuations.

CoJ Health

Acquisition Values	Notarial Registration Investment	Supported MOE/ Department	Current Status
Erf 2278, Helderkruin X25	Capex Spent	CoJ Health	The municipal portfolio has followed the allocation process and furnished CoJ Health with a use-and-maintenance agreement. The agreement has been signed by both CoJ Health and JPC.
Erven 351 and 352, Florida	Capex Spent	CoJ Health	A use-and-maintenance agreement has been signed by CoJ Health.
Portion 30 of the Farm Vogelstruisfontein	Capex Spent	CoJ Health	The application is being processed and a use-and-maintenance agreement has been signed by both CoJ Health and JPC.

Transport Department

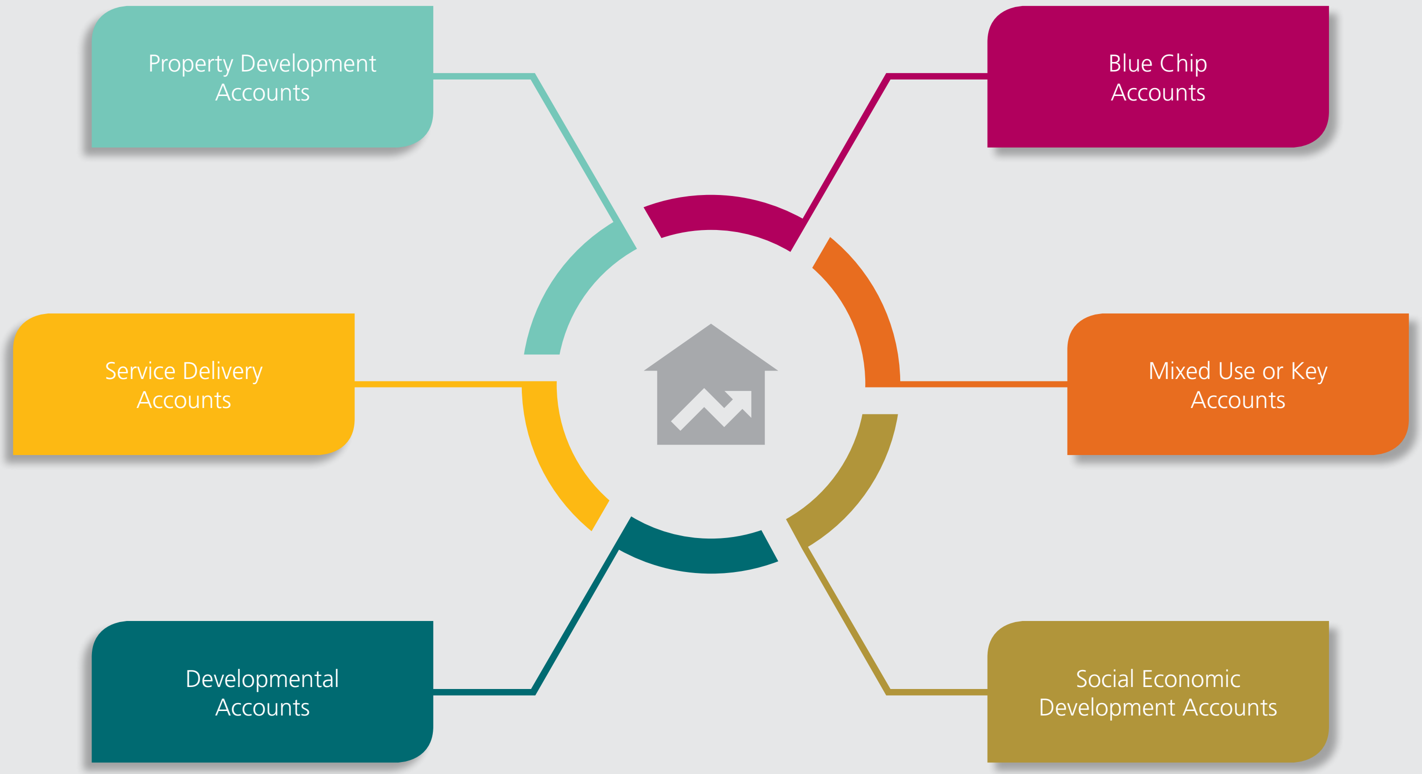
Acquisition Values	Notarial Registration Investment	Supported MOE/ Department	Current Status
Erf 5916 Drieziek, Erven 457 and 458, Roodepoort	Capex Spent	Transport Dept.	Use-and-maintenance agreement has been signed by CoJ Health
Erf 1406 and 1407, Lehae	Capex Spent	Transport Dept.	Use-and-maintenance agreement has been signed by CoJ Health

Service Delivery Accounts (Municipal)

The Category E portfolio completed the registration of the transfer of 19 properties to the CoJ, the registration of five notarial ties and the registration of 97 servitudes in favour of the CoJ. JPC's Asset Management has received 121 original registered deeds from conveyancing attorneys for safekeeping and inclusion in the Land Register.

The servitudes are required for the delivery of sanitation, roads and municipal services to meet the demand and to provide new infrastructure services to areas that do not have access to such basic services, as well as to provide services to new property developments. The registration of these servitudes creates an enabling environment for effective service delivery in regions A, B, C, E and F. The aim of the registration is to ensure the protection of council services in the servitude. The servitude gives legal rights to the council to provide services to new property developments. This has been the highest number of registered deeds sent to JPC's Asset Management in a single quarter.

JPC's Property Asset Management Portfolio



Acquisition of Properties to Support the Housing Master Plan

No.	Property Description	Amount
1	Holding 42, Unaville	R2 250 00.00
2	Holding 75, Unaville	R486 000.00

Acquisition of Properties in Support of the Corridors of Freedom

No.	Property Description	Amount
1	Erf 903, Orange Grove	R1 380 000.00
2	Erf 22, Orange Grove	R844 800.00
3	Erf 1663, Orange Grove	R2 000 000.00
4	Erf 245, Orange Grove	R900 000.00
5	Erf 153, Orange Grove	R1 000 000.00
6	Erf 202, Orange Grove	R966 000.00
7	Erf 940, Orange Grove	R966 000.00
8	Erf 941, Orange Grove	R850 000.00
9	Erf 905, Orange Grove	R850 000.00
10	Erf 5, Orange Grove	R1 236 600.00
11	Erf 227, Orange Grove	R1 236 600.00
12	Erf 229, Orange Grove	R3 190 000.00
13	Erf 228, Orange Grove	R1 100 000.00
14	Erf 14, Orange Grove	R1 600 000.00
15	Erf 37, Orange Grove	R1 255 000.00
16	Erf 151, Orange Grove	R1 300 000.00
17	Erf 152, Orange Grove	R1 550 000.00

No.	Property Description	Amount
18	Erf 3, Orange Grove	R1 088 400.00
19	Erf 17, Orange Grove	R1 400 000.00
20	Erf 1660, Orange Grove	R945 000.00
21	Erf 222, Orange Grove	R920 000.00
22	Erf 1168, Orange Grove	R1 092 000.00
23	Erven 929, Orange Grove	R1 092 000.00
24	Erven 931, Orange Grove	R1 750 000.00
25	Erf 251, Orange Grove	R1 028 200.00
26	Erf 300, Houghton Estate	R4 000 000.00
27	Erf 301, Houghton Estate	R4 000 000.00
28	Erf 336, Houghton Estate	R4 000 000.00
29	Erf 337 Houghton Estate	R4 000 000.00
30	Erf 326, Houghton Estate	R5 880 000.00
31	Erf 327, Houghton Estate	R5 880 000.00
32	Erf 328, Houghton Estate	R5 880 000.00
33	Erf 329, Houghton Estate	R5 880 000.00
34	Erf 304, Houghton Estate	R6 100 000.00

No.	Property Description	Amount
35	Erf 305, Houghton Estate	R6 100 000.00
36	Erf 332, Houghton Estate	R6 100 000.00
37	Erf 333, Houghton Estate	R6 100 000.00
38	Ptn 4 of Erf 356, Bramley	R1 732 500.00
39	RE/ Erf 260, Bramley	R1 600 000.00
40	Erf 1633, Turffontein	R1 950 000.00
41	Erf 1637, Turffontein	R1 950 000.00
42	Erf 1638, Turffontein	R1 950 000.00
43	Erf 776, Turffontein	R528 000.00
44	Erf 1640, Turffontein	R735 000.00
45	Erf 1639, Turffontein	R750 000.00
46	Erf 256, Wynberg	R3 230 000.00
47	Erf 243, Wynberg	R12 000 000.00
48	Erf 102, Gresswold	R1 575 000.00
49	Erf 257, Kenilworth	R790 000 00.00
50	Erf 261, Kenilworth	R1050 000.00
51	Erf 261, Kenilworth	R1050 000.00

Leveraging of Investment in the Inner City

Inner City, Johannesburg

The following four transactions in support of leveraging of investment in the Inner City were concluded. A report for the sale of Erf 502, Sandringham, were approved by the Executive Adjudication Committee of the CoJ on 28 February 2017. From this transaction, an investment of R20 million is anticipated. The development and lease of a portion of Portion 109, Zandfontein, was approved by the EAC on 28 February 2017. An investment of R35 million is expected on the said property. The relaxation of servitudes on Erf 5246, Johannesburg (known as Rennie House), resulted in a compensation amount of R1.4 million payable in the 2017/18 financial year, while the investment value was determined at R200 million. The final report in support of the Rotunda Precinct Plan, in which the City is investing R86 million, was signed.

Berea, Johannesburg

Section 1.1.3: Property Development

The Property Development unit is in the business of creating property assets for the CoJ in such a way that social, economic and financial returns are maximised. The unit employs a four-stage development facilitation process to improve land assets in terms of which land is first packaged and prepared for development by JPC, and development is undertaken by third-party developers procured in terms of the MFMA. Development is based on a long-term development lease in terms of which the entire development reverts to the CoJ at no cost at the end of the lease period. JPC implements property projects by using a development facilitation process, based on long-term development lease agreements in terms of which the development is delivered by a third-party developer on land that has been fully prepared and packaged by JPC. In terms of these development lease agreements, the full improved asset reverts to the CoJ at no cost at the end of the lease period.

JPC's standard development process consists of four stages:

Phase 1: Packaging [6-12 months]

This stage focuses on research, viability studies and investigation of the property. At this point, approval from the City of Johannesburg is sought to develop and dispose of the property in terms of governmental legislation.

Activity

- Site investigation: physical, legal, social and economic
- Development of proposal and feasibility study
- Alienation Approval (Section 14(2) of MFMA)

Outcome

- Property plan
- Section 14(2) approval

Phase 2: Preparation [12-24 months]

Zoning rights, legislative approvals, initial marketing and tenanting initiatives are launched.

Activity

- Development rights: zoning, environmental, heritage and services
- Improvements: services and public environment upgrade
- Marketing campaign
- Tenant/end-user assembly

Outcome

- Development-ready properties

Phase 3: Procurement [6 months]

By way of a tightly controlled tender process, shortlisting and the awarding of contracts, JPC seeks out the various service providers who will help execute the approved plan of action.

Activity

- Public request for proposals - comply with SCMP
- Specified deliverables
- Two stage evaluation (functionality and price)
- Development lease agreement: 30-60 year term, improvements revert at no cost, performance timeframes, transformation requirements, project deliverables

Outcome

- Issue request for proposals
- Award request for proposals
- Signed development contract

Phase 4: Construction [12-36 months]

The final stage of the process entails the construction of the property and JPC's monitoring of the development obligations of the service providers on the project.

Activity

- Construction by third party developer
- Contract management: transformation targets, OHASA, development obligations
- Development facilitation assistance

Outcome

- Start construction
- Complete construction

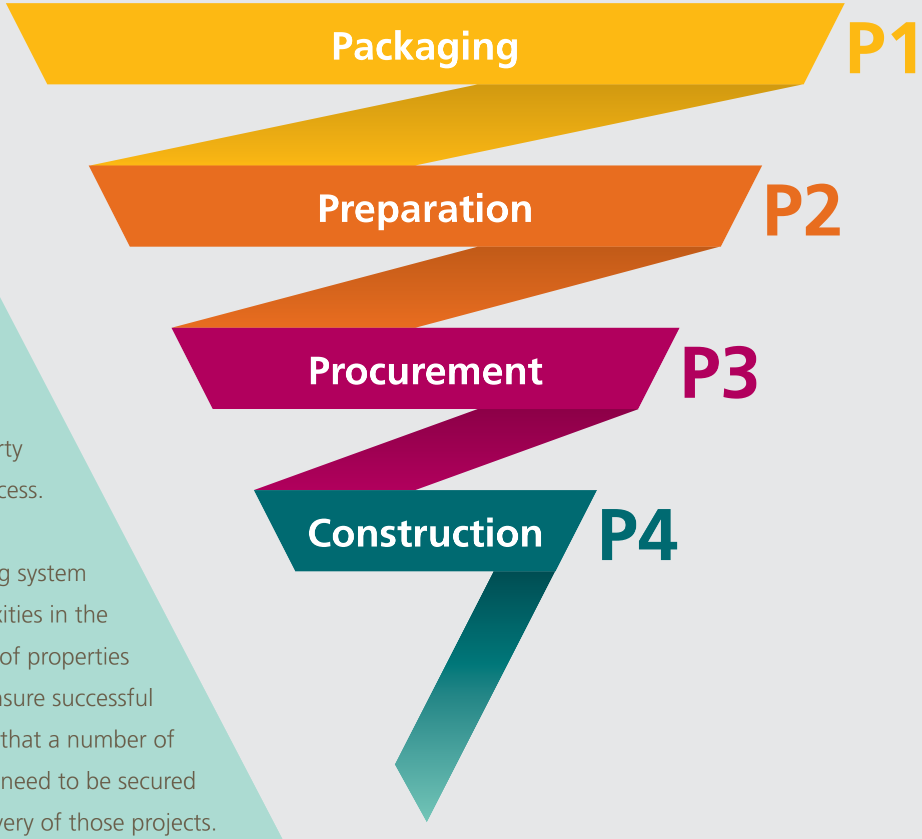
The Project Pipeline

Projects are being managed to ensure that a *pipeline* of development projects that will deliver a smooth and reliable flow of development and development returns.

The pipeline is structured in four parts which correspond to the four stages of the property development facilitation process.

The pipeline is envisaged as a tapering system which recognises that due to complexities in the development process, a larger number of properties need to be prepared and packaged to ensure successful appointment of developers, and that a number of development contracts need to be secured to ultimately ensure delivery of those projects.

A reduced number of projects are thus targeted at each consecutive stage.



The unit aims to deliver R350 million of completed property development investments each year. In order to ensure this, regular delivery through the following project pipeline has been established for development projects:

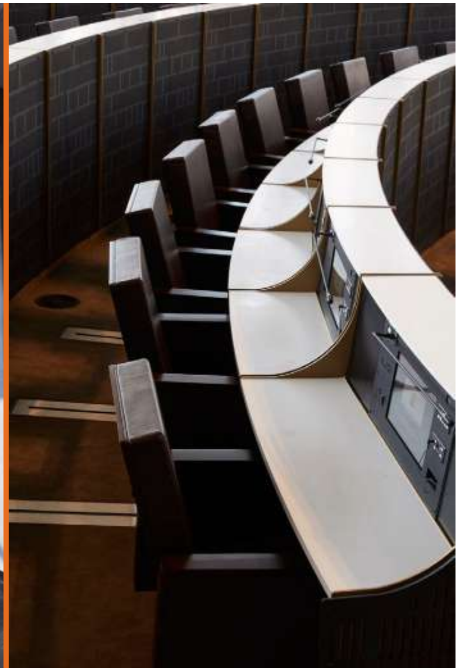
Property Packaging	Property Preparation	Procurement/ Contracting	Development
Projects with an anticipated investment value of R2.8 billion investigated each year	Projects with an anticipated investment value of R1.4 billion are prepared for development each year	Projects with an anticipated investment value of R700 million tendered/awarded and signed up each year	Projects with an anticipated investment value of R350 million completed each year
24 projects with an average value of R200 million each	**12 projects** with an average value of R200 million each	**3 to 4 projects** with an average value of R200 million each	**1 to 2 projects** with an average value of R200 million each

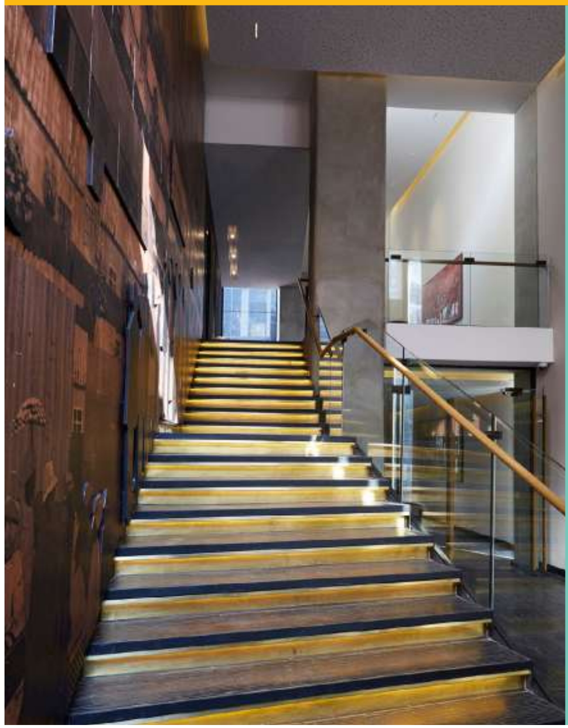
The Council Chamber

This iconic building was launched on 3 May 2017 during the annual State of the City Address. Earlier this year the Council Chamber was awarded the five Star Green Award, which recognises excellence in South Africa for environmental leadership. It was only the first award of many to follow. The JPC was further honoured when it was shortlisted in the "Other Developments" category of the SAPOA Awards because of the very nature of the building and its purpose. It was no surprise that JPC received the prestigious award in this category at the awards ceremony held on 22 June in Cape Town.

The JPC has also received the Public Services Development Award in the category "Africa and Arabia" at the International Property Awards. This is the largest, most prestigious, and most widely recognised programme throughout the regions. JPC was honoured for this project at the Africa & Arabia Property Awards at the JW Marriott Marquis Hotel, Dubai, on 7 September. They competed against the best property professionals across the Asia-Pacific region to be recognised in the Public Services.

Council Chamber Site





Council Chamber

Piazza

The Metro Centre Piazza is set to become the "town crier" for those who live and work in the surrounds of Braamfontein, just north of the city itself. The concrete Metro Centre Precinct is now softened by the new and majestic Council Chambers, allowing space for a new and modern piazza.

With a new and flexible design, this space can be transformed to suit the changing seasons or events where the community can mingle and relax with the whole family in a friendly environment. The Piazza also allows daily use and weekend outings. A large outdoor digital screen will not only showcase the speaker sessions in the newly built Council Chamber above, but will also be used to screen features of national interest, such as soccer, world news and on the odd night, a movie under the stars. The creative element of the red walkways, shows a fun side of the Piazza. Lending a playful spirit is a skateboard park, a purpose-built recreational environment for skateboarding.

Rissik Street Post Office

JPC completed the first stage in the restoration and renovation of the Rissik Street Post office, which was devastated by fire on 1 November 2009. The first phase involved the clean-up and repair of internal spaces, construction of new foundations and the installation of an internal steel "skeleton" structure. This work was essential to ensuring that the structure was stabilised and in no danger of collapse. This work was completed in March 2017.

In the next phase, the main postal hall and north wing will be renovated for use as a flexible event or creative space. The remaining areas will be made safe, but cordoned off from public entry in the interior of the building. Once the interim renovation is complete, a private sector operator will be secured to manage, maintain and operate the premises in accordance with the business plan prepared for the property until the long-term upgrade and use can be secured. The long-term upgrade will involve the full heritage restoration of the building. All works will be undertaken in accordance with heritage guidelines, regulations and public meetings provided by the Provincial Heritage Resources Authority – Gauteng.

Rissik Street Post Office (artist impression), Johannesburg

The Cambridge Residential Estate

Construction of the Cambridge Residential Estate in Bryanston was completed during February 2017. The residential estate, which is already operational, will boast 440 sectional title units upon completion. The development is undertaken at a total cost of approximately R600 million. The developer, Balwin Properties, reported that 167 units, which were completed as part of the first three phases, were already occupied. Sales of the remaining phases are progressing well and over 80% of the total development has been sold out. A total of 273 units are currently under construction. The development caters for the middle-income market and units sell from R850 000.00 up to R1 550 000.00. The lifestyle estate also offers a restaurant, swimming pool, a gym and meeting rooms.


The Cambridge Residential Estate, Bryanston

Riverside View Housing Development

The project is located on 270 hectares of land that previously formed part of the Joburg Water Northern Farm. The land is strategically located between Diepsloot and Steyn City, and as such offers a unique opportunity to integrate these economically diverse areas. Phase 1 of the development project has been completed.

The project will deliver a variety of residential opportunities, including freestanding two- and three-bedroom FLISP (Finance-linked Individual Subsidy Programme) houses ranging in size from 45 to 55 m², high-density rental units and high-density Subsidy Scheme (RDP) units. The costs of units range from approximately R500 000 to "give-away" Subsidy Scheme units. All housing is being developed in a single community to ensure integration and social inclusion.

The development will be undertaken in phases over a seven-year period to provide 10 000 housing opportunities. To date, approximately R370 million has been invested and 430 units have been completed. Construction of approximately 300 affordable rental units and the first phase of the subsidy housing units (800 in total) are now underway and both are expected to be completed by the end of September 2017.


Riverside View Housing Development Phase 1, Along the R54

Completion of the Pilot Containerised Public Convenience at Florida

As part of the drive to find a sustainable way of delivering high-quality, well-maintained public conveniences to the public of Johannesburg, JPC has piloted a self-funding public convenience project at the 3rd Avenue Bridge in Florida. The construction of this village was completed during February 2017.

The Florida site was identified as a key point in need of a public convenience facility. The development aims to provide a sustainable solution for the provision of public conveniences by developing it as a larger trading village, which will not only provide additional services to the public, but will also provide income (in the form of retail rentals) to fund the maintenance and management of the public conveniences. The village itself was developed using recycled shipping containers, and it includes solar panels and rainwater storage facilities to contribute to environmental sustainability. The model was developed so that it could be easily replicated in other areas if it proved to be successful.

Alex Mall

The Alexandra Mall project was completed with the grand opening on 29 March 2017. The 40 000 m² project was developed by the Greater Alexandra Chamber of Commerce and Industry (GALXCOC) at a total cost of approximately R450 million, and is anchored by Pick n Pay, Checkers and Builders Warehouse. Other national tenants confirmed include Mr Price, Clicks, Truworths, Pep, Edgars Active and Foschini.

Orlando Ekhaya Waterfront Park

Construction of the access road into the Orlando Waterfront Park started during quarter 4. The access road is part of the preparation works to activate the park for events and it will also provide access to the proposed Waterfront Restaurant and watersports facilities at the Orlando Dam.

Refurbishment of the Jabulani Amphitheatre

The Jabulani Amphitheatre is a multi-year project. The overall construction work is currently 60% complete. The seating area is 100% complete and OHASA-compliant. The internal brickwork, the repairs to the projection room and the tunnels have been completed. The widening of the stage is 60% complete, the paving works between the Amphitheatre and the Jabulani Theatre is 50% complete and the ablution facilities are 100% complete.

University of Johannesburg Soweto Campus,Orlando Ekhaya


Alex Mall Opening Day. Photo Credit: Richard De Gouveia

Section 1.1.4: Facilities Management

The Metro Centre is multi-tenanted in the sense that various departments occupy it. Its maintenance and management is the responsibility of JPC. The building underwent an assessment for its compliance in terms of legislation such as the Occupation Health and Safety Act. With regard to space optimisation for the refurbishment of the Metro Centre, JPC embarked on various initiatives to address OHASA findings. These interventions are listed below.

Structural Concerns at Metro Centre

Structural engineers were commissioned to investigate the building to ascertain the condition of the structural materials, identify existing or latent structural defects and provide engineers' drawings through scanning and imaging technology for submission to the council.

The electrical network in the Metro Centre is overall considered to be unsafe. It is in this regard that the services of electrical engineers were engaged to comprehensively investigate all electrical distribution boards for compliance and remedial action. Investigations into water leaks in the building and basement areas were initiated. A section of the piazza area under which the basement parking is situated has been waterproofed during the upgrading of the area. The work has been extended to cover the entire piazza area and will be completed in the next month.

Committee rooms serving section 79 committees of Council had to be upgraded to include larger seating capacity and adequate audiovisual (AV) equipment (supplied by the IT section of the CoJ's Group Corporate Shared Services. The meeting rooms had to be fitted out with appropriate finishes to enhance dialogue and reduce fatigue. Of importance is acoustics, air quality, eco-friendly materials and energy-efficient interventions. With these in mind, the floor space was redesigned to accommodate more seats to enable more guests attending. The upgrading will include new furniture and equipment.

Electronic security was installed at the Metro Centre in 2006, with little maintenance upgrades being done on the system since. Technology in this field changes constantly. JPC has initiated an investigation on the system with a view to make improvements that will ensure that employees, visitors and assets are safe and secure. There will be interventions at the most vulnerable areas, such as the A-level basement entrance and the ground floor staff entrance. In line with future renovations of the Metro Centre, a decision was taken to refurbish all ablutions in the building in this phase. The refurbishment entails the installation of completely new fittings and fixtures. A programme of works has been implemented; this will ensure that employees and visitors have access to such facilities during the construction period. Along with the refurbishment, assessment and renewal of the ageing sewer infrastructure will be done where required. The Metro Centre has eight flats attached to the B-block offices. These flats are to be utilised by maintenance staff that would provide continuous services to the building, with two flats reserved for use by the Office of the Legislature to accommodate councillors who are faced with crisis situations in their constituencies.

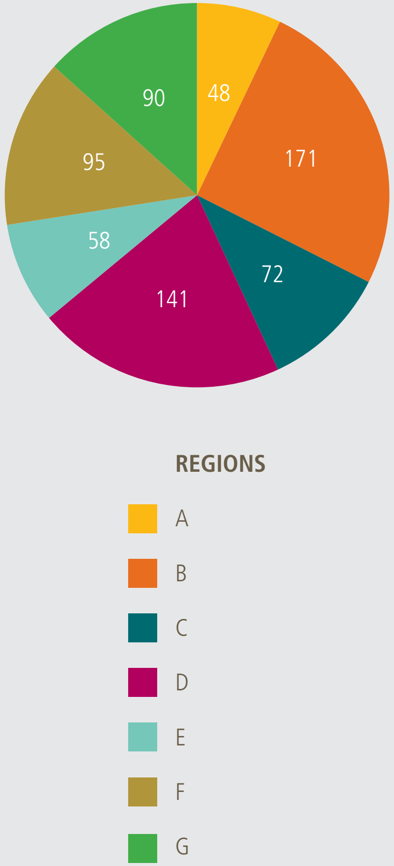
Conditional Assessment

In the 2017/18 financial year, the approach to maintenance will be a holistic one and will focus on facilities that are in a very bad condition. A condition-based assessment project was initiated by the Office of the CEO on 17 February 2017 – after the CoJ's budget office allocated a considerable repair and maintenance budget for all their departments' regional facilities managed by JPC.

A project team was assigned a mandate to plan and develop a strategy with specific deadlines for assessing 1 154 buildings/facilities by using the technical depots' staff resources over a two-month period. The mandate included the evaluation and categorisation of the facilities into grades, as well as a prioritisation (1 = good; 2 = fair; 3 = bad) of repairs and maintenance that will be carried out against the grading status over the next three financial years.

Facilities that are evaluated and prioritised as 3 would have to undergo complete repair and maintenance in the 2017/2018 financial year. All facilities rated as 3 would require that a quantity surveyor compile a bill of quantities and costing in readiness for the 2017/2018 financial year. All evaluations by the Facilities Management Technical Team were complete by the end of June 2017.

Facilities Evaluated



Region	Facilities Evaluated	2017/2018	2018/2019	2019/2020
Region A	48	24	18	6
Region B	171	39	119	13
Region C	72	35	35	2
Region D	141	65	73	3
Region E	58	19	21	18
Region F	95	28	22	45
Region G	90	11	79	0
Total	**675**	**221**	**367**	**87**

Section 1.1.5: Outdoor Advertising

JPC and CoJ Planning are currently engaging various media players. The principle underlying these engagements is the declaration of the City on the removal of all illegal advertising signs on all land. Each media owner is required to provide the City with timelines for removing illegal signs and to make proposals on transformation that is inclusive and broad-based over and above the BEE scorecard.

These engagements also aim to introduce a user fee model, encourage digitisation and reduce clutter. Various media owners have proposed the development of iconic signs or new formats to increase revenue to the City. Most of these were considered in the master plan that JPC developed.

JPC also participated in the regional outreach meetings with the public that commenced [illegible] June 2017 and ended with the second Outdoor Advertising Indaba, which was oversub[illegible] and successfully attended on 28 June 2017. The aim of these meetings were to garner [illegible] inputs and comments on the proposed Outdoor Advertising By-laws that were open to [illegible] comment until 30 June 2017. JPC also used this platform to outline its plans to the indu[illegible] including the much anticipated transformation targets.

Facilities Evaluated

The City of Johannesburg outdoor advertising team (JPC/Planning Department) continued their engagement with the Out Of Home Media Association (OHMSA), an industry representative body comprising in excess of 200 members. The aim was to set up a platform for engagement and collaboration with the sector (media owners and buyers) on transformation to unlock opportunities for diversifying the portfolio, support entrepreneurship and to create jobs across the value chain of outdoor advertising.

The parties have pledged to work together to bring about discipline in the industry and devise processes and plans to eradicate illegal advertising in the city, thereby creating value for all. Both parties agreed to approach various major advertisers to influence advertising spend towards smaller players and discourage the funding of illegal signs.

Achievement Against the Outdoor Industry Resolutions

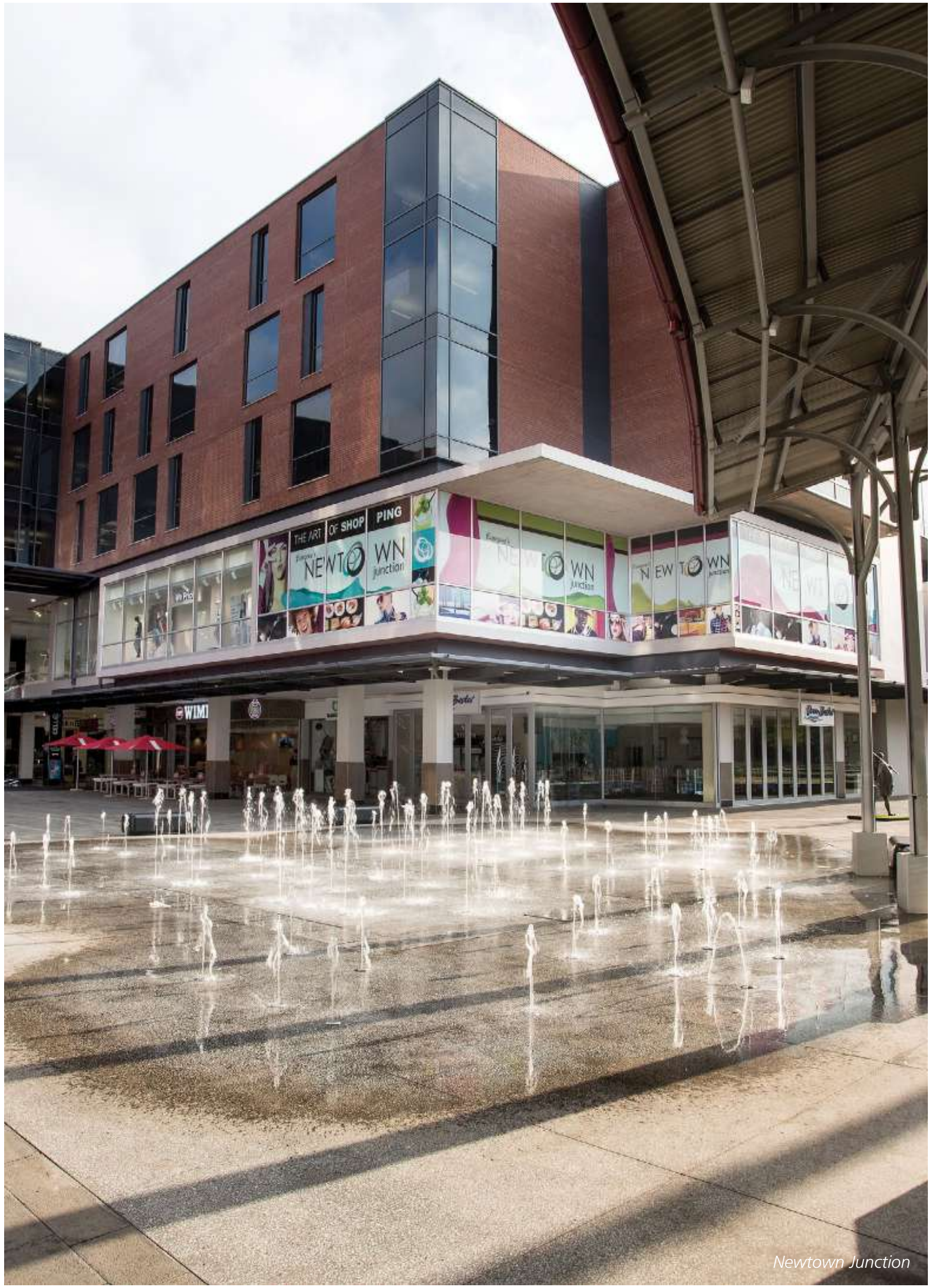
No	Industry Resolution	YTD
1	Industry to come forward and declare all illegal signs to the City.	Achieved
2	The CoJ, through JPC and Development Planning, agree to commit to time frames to remove all illegal signs.	Achieved
3	The CoJ commits to improving the turnaround times in respect of by-law processes.	Achieved
4	JPC commits to being the applicant for by-law approval in respect of council-owned land.	Achieved
[illegible]	The CoJ commits to consider the reduction of application fees for SMMEs.	Achieved
[illegible]	The CoJ commits to develop a digital policy for the city. Certain areas have been developed in the master plan and the policy will follow.	Achieved
[illegible]	The CoJ will engage with development finance institutions (DFIs) to assist SMMEs with funding requirements.	Achieved
8	The CoJ will engage with the industry concerning the proposed Outdoor Advertising Master Plan as part of the Outdoor Advertising By-law review process.	Achieved
9	The CoJ commits to collaborate with the industry to invest in training and development in respect of outdoor advertising.	Achieved
10	The CoJ commits to setting up targets in terms of transformation to assist in ensuring more SMMEs participate in the industry.	Achieved

JPC has concluded a MOU with the OHMSA to jointly work together to address industry-specific challenges such as the following:

- Developing an incubation programme for new entrepreneurs and assist with training, developing and financing smaller entities.
- Inculcating a culture of compliance with any applicable City by-laws and corporate governance measures (such as company laws, tax laws, etc.) by all members.
- Creating a platform for engagement on transformation, by-laws and master plans.
- Jointly developing partnerships with media buyers to assist in buying media from black-owned SMMEs and to agree to withdrawing funding towards illegal signs.

JPC has finalised a programme to determine the status quo of all public ablution facilities, including identifying hot spots and priority areas, particularly in the Inner City and its surrounds. The aim is to implement these as part of a Street Furniture Programme to provide public ablutions at no cost to the City.

This project also includes feasibility studies to determine the viability of a local manufacturing plant being established in the city to manufacture and supply these amenities on behalf of the City and other surrounding municipalities. This project aims to diversify the outdoor advertising portfolio to allow more entrants and create sustainable opportunities for new industrialist/s in the sector while creating jobs through the value chain.



Newtown Junction

Section 1.2: Highlights/Achievements - Support Departments

Section 1.2.1 Marketing and Communication

The marketing and communication team focused on maintaining the media presence which has experienced continuous growth, with the social media pages conveying the message that JPC is the leading property company within the public sector. In this fiscal year, JPC received a huge amount of acknowledgement from the industry. The flagship project, the Council Chamber received a five-star certification by The Green Building Council of South Africa in September 2016. The first public service building to receive a such a rating in the category of "Public and Education Development". The Council Chamber won a SAPOA Award in the "Other Developments" category, and also received an award at the International Property Awards ceremony in the category "Africa and Arabia". These acknowledgements assisted greatly in garnering publicity for JPC's work.

Internal Communication

The two internal newspapers, namely, Staff Talk and Getting To Know You, produced by JPC staff are to be distributed more regularly throughout the year to keep staff up to speed with information. Staff Talk focuses on the projects that JPC is involved in within its five core areas. The purpose of Staff Talk is to communicate on the projects delivered by JPC around the seven regions of the City. These increased publications will keep the staff informed with the impact made by JPC on its residents. The newspaper is also supported by the intranet, providing brief updates on a biweekly basis to all staff members. Getting To Know You focuses on staff by sharing their stories. It allows employees to get to know each other and aims to educate and entertain on the softer issues. Both publications are electronic, eliminating printing expenses.

Facebook: Joburg Property Company Twitter: @jhbproperty Instagram: jpc_prop

JPC STAFF TALK NEWSLETTER

Volume No 60

Joburg Pools Getting Summer Ready

The Florida Lake Swimming Pool, one of forty two (42) pu… ready to be opened on Spring Day.

The swimming season is upon us and the opening of City's pools to the public is September 1.

Even though the provision of pools fall under the City, this is the first time that JPC's Facilities Management have undertaken to manage the repair and maintenance work of the pools. Assistant Project Manager, Dheeran Ramdhari said: "The pressure is placed on JPC to ensure that fully operational and safe pools are available … lic on opening day. E… possible was done to … specialist contractor… working seven days … the pools ready in t… Spring opening."

Work done on th… pools included … repairs, repairs … tems, filtration … switchgear an… trical work.

Facebook: Joburg Property Company Twitter: @jhbproperty Instagram: jpc_prop

GETTING TO KNOW YOU NEWSLETTER

Volume No November 2017 10

In Everything, Be The Best

Growing up in Tembisa, Shimy Malete spent his weekends in the local library. He read books, researched information for his school projects because in his heart he knew that education was the key to future.

He was a reserved young man who kept a few close friends in his circle. Street soccer was his afternoon pastime and at school, he was a diligent pupil with dreams of ivory and gold.

But…life took an uncertain turn when the riots of 1976 forced him to leave school in Form 4 (today known as Grade 11).

Nevertheless, he persevered and continued doing various courses through private institutes.

Some of his studies include a Supervisory Course with Damelin, Project Management through the Academy of York and Marketing Management at Standford College.

"In 2002, I did my trade test in Brick Laying, thereafter I was registered as a Facilitator and Assessor which led to securing a position with the Atteridgeville Technical College.

Before joining the City eleven years ago, Shimy worked as a Foreman at Murray & Roberts – his primary role was to monitor contractors and induct them before they went out to site.

Based at the Alexandra Depot as Superintendent, Shimy says his favourite colours are white and sky blue; he enjoys eating steak, vegetables and fried fish; his hobbies include playing darts and watching soccer.

Shimy is married and has three daughters aged 36, 35 and 28. He will retire in two years but his dream is to be an Operations Managers before that time so he can share his knowledge with his colleagues.

Media Tours

These quarterly tours were introduced last year and the goal was to introduce the media to JPC developments. It was apparent that whenever a tour was hosted, the publicity associated with this increased. The benefit of having the media cover JPC developments is that it increases its visibility among residents and also showcases the inroads made. The media tours content is regularly supported by the JPC and the City of Johannesburg's social media pages. The message is amplified by others who were not in attendance.

In the last year, four media tours were undertaken to the following facilities: Rissik Street Post Office, Jabulani Cultural Precinct, the City of Johannesburg Council Chamber, Alex Mall and a few other developments. Surprisingly, the public art in the city proved to be a firm favourite among residents, indicated by its mention in many social media tweets. The attraction remains the creativity, but also the participative value of taking the citizens along in building the city. This is in accordance with the City's policy of 1% CAPEX spend to be committed to the arts.

The best coverage remains with the community papers and the built-specific publications like Engineering News, Leading Architecture and Earthworks. The Chamber, however, transcended all media types based on its awards, and also because it is a major landmark that has a catalytical value by stitching together suburbs.

SAPOA Site Visit, Council Chamber

JPC Women in Property Conference

The JPC Women in Property Conference is an initiative by JPC to enable and empower women in the property field. JPC was positioned as an organisation that shares its vision, while addressing the concerns of industry players. This is in keeping with being a transparent organisation. The event was held on 24 August 2016. Various property professionals addressed the role of women in property, the role of facilities management, property as an enabler in gender transformation, experiences for women in property, as well as challenges and opportunities in property.

Media Coverage and Media Releases

The key driver throughout the year was the Council Chamber, but the Soweto Steel Art Competition also contributed to the large media coverage.

Soweto Steel Art

Public Relations Events

On 14 June 2017, the City Manager joined JPC for a full day at selected projects that displayed the various aspects of the company's work. The tour started at Martindale at the IOC and proceeded to Jabulani in Soweto. The visit included driving past Bara Central to the Soweto Empowerment Zone. Other sites included FNB Wesbank Head Office and WorldWear Shopping Centre, followed by a visit to Riverside View in Diepsloot, a drive past the Cambridge Residential Development, a quick stop at Alex Mall and then a site visit to Huddle Park Golf and Recreation.

Corporate Social Investment (CSI)

This year, the CSI Policy and Strategy were presented to the Board and approved. The main distinction to the previous strategy is that it has more activities which encourage cohesion among staff, as well as personal involvement and contribution. The change this year has been that there was a build-up to the day, as opposed to a one-day function. The Santa's Shoe Box project generated a lot of interest from all at JPC. Every child who attended the JPC Festive Season Party left with a gift box. In keeping with the CSI strategy, staff contributions were realised.

City Manager, Dr Ndivhoniswani Lukhwareni and JPC CEO, Helen Botes, Development Tour

Various activities were introduced for Mandela Day, which allowed the JPC team to select an activity of their personal interest. Other activities included preparation for the new financial year, collecting books for a library, the knitting of blankets by the organisation and maintaining the facilities of organisations in need of this, as identified by the regional managers. Every team member played a part, for instance in the case of the blankets, the staff who did not knit generously contributed the wool. The interest generated by this activity was contagious and ideally should carry on beyond the financial year. Fourteen blankets were handed over, as well as books that staff members donated from their own homes and existing collections.

JPC has consistently assisted the community with their core skills and have improved the facilities of community members and residents who are less fortunate with refurbishments and maintenance work. A number of facilities benefited from the team spending time at their facilities and making a significant difference.

This will be a gradual change in approach, but a caring JPC is the culture that we continue to strive for through every employee participating voluntarily. Our CSI serves to position JPC as a company that invests in the well-being of its stakeholders; an engaged citizenry.

JPC Festive Season Party

Marketing

The following publications were produced during this financial year:

- The 2015/2016 Annual Report published in March at the annual general meeting.
- A comprehensive Facilities Management brochure that explains the role JPC plays in this industry.
- A Property Development brochure that displays all JPC's developments since its inception and the value of the investments derived for the City.
- A double-page feature of the Council Chamber in the SAPOA Awards coffee table book.

Totem Ceremony, Council Chamber

Participation in External Thought Leadership Events

The Marketing and Communication Department's goals are to build and maintain sustainable relations with JPC stakeholders and the property industry at large, and to promote Johannesburg as a sought-after investment destination. Lastly, it aims to position the JPC locally and globally as a leader in public sector property and facilities management services.

The criteria for participation in any events during the year was that there had to be value beyond the function itself. The message that there is compliance with JPC's transformative agenda had to be amplified. The following events were attended by JPC:

Event	Date
Women in Property Stakeholder Event	August 2016
Women Property Network (WPN) Awards	August 2016
Top Women Awards – Sponsored Property Award	August 2016
SAIBPP Stakeholder Presentation – Meet the CEO	September 2016
SAIBPP Convention	November 2016
SAPOA Convention	June 2017
JCCI Breakfast – Meet the City Officials	June 2017
Outdoor Advertising By-laws Workshop	June 2017

Section 1.2.2: Information Technology

IT Security Penetration Test

The primary objective of this engagement was to determine whether vulnerabilities existed on JPC's network, as well as to determine how deep a malicious hacker could penetrate the JPC internal and external network. Physical access to JPC Braampark was also conducted to determine the possibility of an intruder gaining access to the building.

The two tests were successfully performed and it was concluded that the network of JPC was well protected not only internally, but also externally. Regular penetration tests promote a proactive measure that IT engages to prevent the JPC network from being hacked internally or externally. This ensures that the information and information technology of JPC are secure and managed appropriately, in line with good governance practices.

User Connectivity to Facility Management System

The JPC Information Technology Unit has completed setting up production and quality assurance server infrastructure for the facilities management system, and also incorporating App on the Go. This enables access to the facilities management system from mobile smart devices such as cell phones and tablets, as envisaged by the Smart City Concept.

The production environment will host the Work Management Centre, which is the central call centre where agents will facilitate, manage and coordinate work orders for the Facilities Management Unit in the future. The quality assurance environment will be used for further development, testing and redundancy in the event of failovers. The measure will ensure business continuity.

This environment has enabled Web-based connectivity to the WMC from any JPC facilities depot in real time. The mobility access (App on the Go) will allow portfolio managers to access the WMC from any smart device with internet access in the future.

Lenasia Taxi Rank and Informal Trading Facility

Host Servers Upgrade

JPC's IT server environment infrastructure has almost reached its end-of-life five-year cycle for hardware and software licensing, and it embarked on a proactive infrastructure refresh for its Production and Disaster Recovery Platform. This has been strategically aligned with the CoJs integration plan of all Municipal-Owned Entities. The server infrastructure and software licences have been procured.

Reliable infrastructure will ensure effective information management, disaster recovery and business continuity. Software licences will meet the Software Alliance (BSA) standards, ensuring JPC is compliant with the International Intellectual Property Alliance's best practices. The disaster recovery location will be hosted at the CoJ Roodepoort data centre. This environment will host a complete copy (replication) of the production systems and applications. The technologies used will enable future seamless integration with the CoJ cloud-based platform. In case of an unforeseen disaster, JPC core employees will be connected to the critical applications at an off-site location.

Redesign of the Website

As the existing JPC website has limitations in changing the design and information displayed, JPC IT has embarked on a website and intranet refresh project. The website refresh has been coordinated with JPC's Marketing Department, and will include a new look and feel of both the website and intranet, ultimately enhancing JPC's image by using the latest social and video trends on the Web. An off-line front-page of the website (landing page) has been developed as a prototype for the look and feel JPC would like to project. Brand and image enhancements, social media integration, flexibility to changes as and when required and mobile device versatility will be promoted in JPC.

JPC Physical Security Upgrade

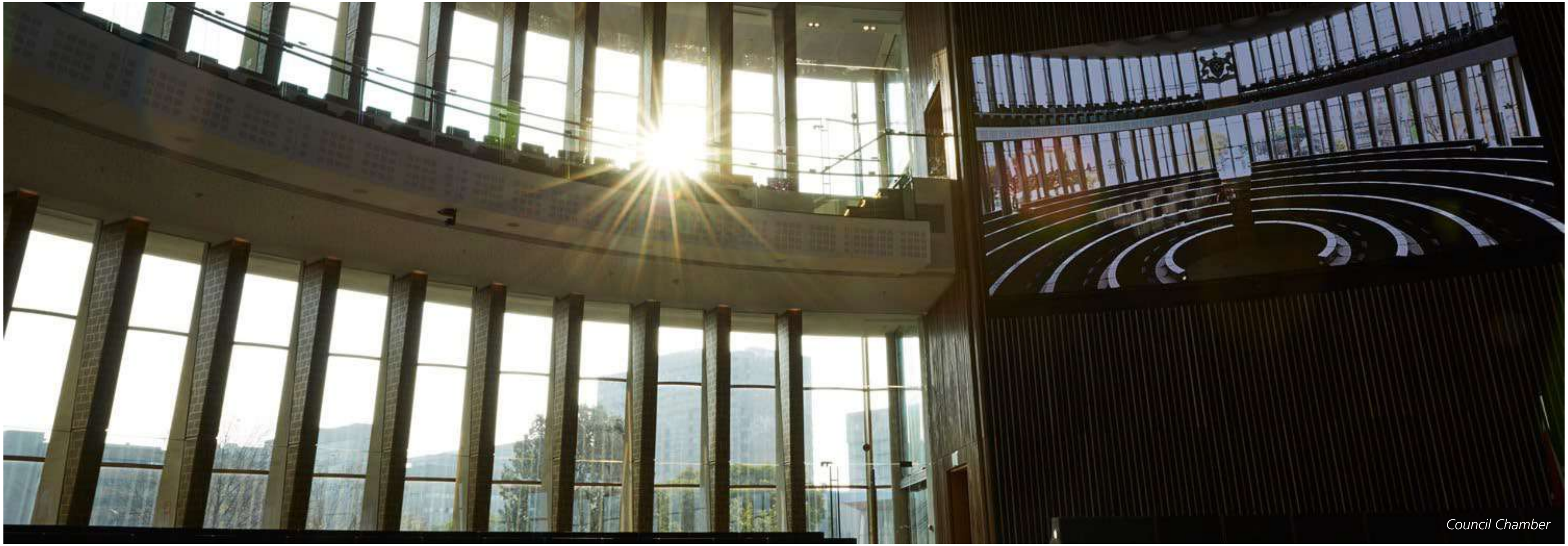
A biometric system has been installed to ensure stringent security measures and to prevent un-authorised personnel from entering JPC departments. Additional surveillance cameras have been installed by the IT department at all strategic positions. New network video recorders have been installed, allowing 80 days of video recording footage. Recording footage has increased from five days to 80 days and biometric access control eliminates tag sharing, but promotes physical fingerprint authentication.

Jabulani Precinct (artist impression)

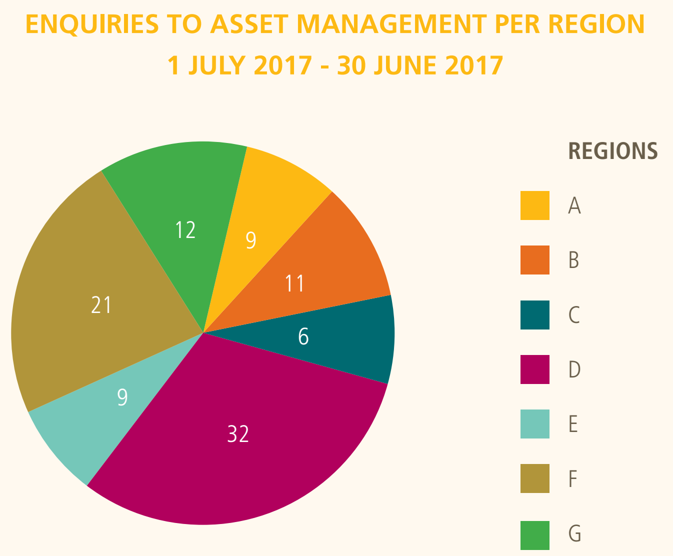
Section 1.2.3: Client Business Operations

Client Relations attended to, and managed 5 570 enquiries for the year ending 30 June 2017.

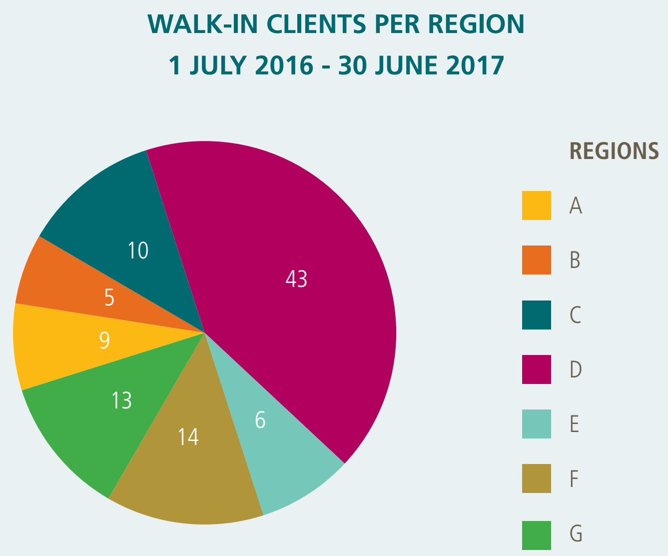
Category	Service	Q1	Q2	Q3	Q4	YTD	Percentage of Transactions
		Total Clients	Total Clients	Total Clients	Total Clients	Total Clients	
A	Follow-up enquiries	126	135	189	262	712	13%
B	New enquiries	1 128	898	1 281	1 108	4 415	79%
C	Open day	142	112	162	0	416	7.5%
D	Ward councillors	4	5	6	12	27	0.5%
Total		**1 400**	**1 150**	**1 638**	**1 382**	**5 570**	**100%**



Council Chamber



Regional Breakdown of 427 Enquiry Escalations to Asset Management



Total Number of Clients Attended To Per Region

The number of follow-up enquiries is increasing due to clients requesting updates on transactions in progress and, in other instances, requesting further engagement or challenging the responses provided.

After analysis by Asset Management, the client is informed that the property is available or not. For properties not available, the enquiry is closed, and where a property could potentially be leased or sold, the client is advised that the property will be circulated for comment by departments and entities to establish whether it is required for the provision of basic municipal services. If not, the property will proceed to receiving council approval for either selling or leasing the property.

Stakeholder Engagements: VIP Enquiries with the Office of the Executive Mayor, The MMC's Office and the Chairperson of the Board for the Year Ending 30 June 2017

JPC has attended to all client enquiries, including VIP queries from the Office of the Executive Mayor, Offices of the Speaker and the MMC and the Councillor Help Desk within the standard service level turnaround times. JPC also attended to all the matters arising from the Joint Operations Committees, regional visible service delivery meetings as well as councillor forums. The main areas requiring attention are the land strategy, land invasion, the maintenance of facilities and clarity on corporate building leases and tenant management.

Highlights for the period:

- JPC participated in ward councillor meetings where 38 IDP sessions were held during the fourth quarter, attended by regional managers, stakeholder consultants as well as EXCO and Extended EXCO members. This provided an opportunity for all JPC officials to understand the community and City's imperatives and to ensure that the provision of efficient service delivery is the standard objective in our day-to-day activities.
- Relationships were strengthened with Region F, including departments, entities, ward councillors and MMC Ngobeni, which has resulted in congratulations at SDJOC level.
- JPC commended the Petitions Committee for the quality of its reports and progress reports.
- Historical records from the Client Servicing Unit (CSU) and municipal portfolio were archived to enable effective decision making and to safeguard records.
- JPC promoted the drafting of the Inner City Informal Trading Implementation Plan.
- The development of Sales/Leasing and Development modules for PIMS was completed – testing and go-live were awaiting the availability of the lead departments.
- Tracking of reports developed on PIMS will be implemented with the go-live of Sales/Leasing and Development modules.
- Marketing Communications and a community-based organisation were launched at a stakeholder survey in June 2017, and the results will assist JPC in identifying areas raised by the community and clients.

Section 2: Service Delivery Challenges

Informal Traders' Management Agreements

JPC met challenges with the signing of the informal traders' management agreements, as the constitution of the market committees were facilitated by DED. The terms of office of the current committees lapsed and JPC could not hand over the facilities to illegitimate committees, as this would be very risky and could lead to protests. JPC will be able to deliver this KPI once the process of electing legitimate committees have been finalised by DED.

Jozi@Work Work Packages

The Jozi@Work target could not deliver results, as the Mayor has earmarked the programme for restructuring.

Housing Master Plan

JPC encountered problems with the acquisition of six properties to support the Housing Master Plan. The main challenge was the reduction of the Department of Planning budget for this project from R10 million to R3 million, which affected the number of properties that JPC could acquire.

Ivory Park Public Convenience Facility

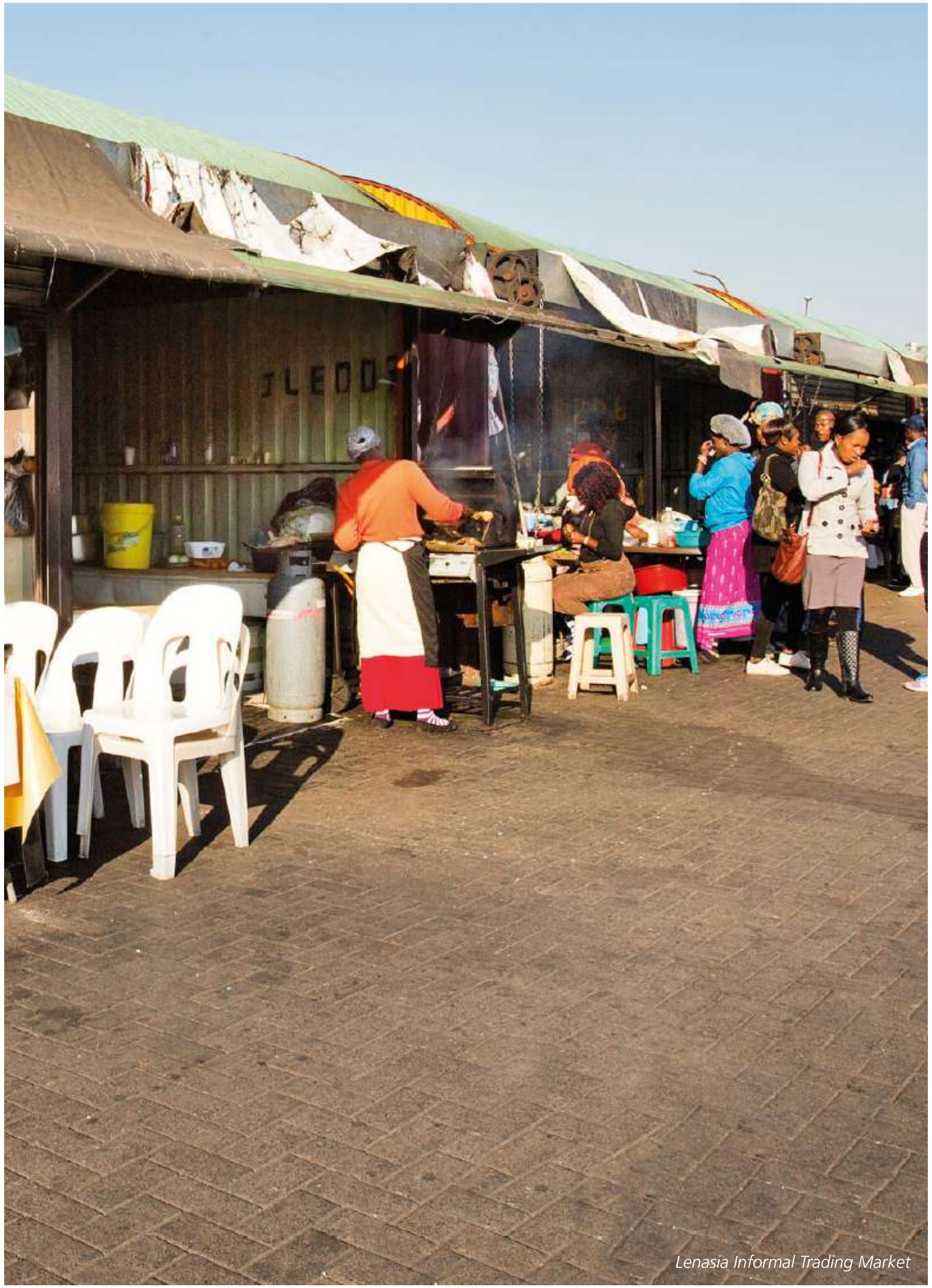
Section 3: Game Changers' Programme

Land Strategy

JPC undertook the development of a comprehensive Land Strategy, which, together with its managing principles, will assist in achieving the City's economic, social and transformation imperatives. It will further enhance service delivery through unlocking the provision of housing, health, social and community development services for the citizens of the CoJ Metropolitan Municipality. Its implementation will ensure the comprehensive management of the City's property portfolio, where faster decision making is guided by a sound strategic framework and well-considered property developments that support the City's strategy. It will unlock transformation both spatially and economically.

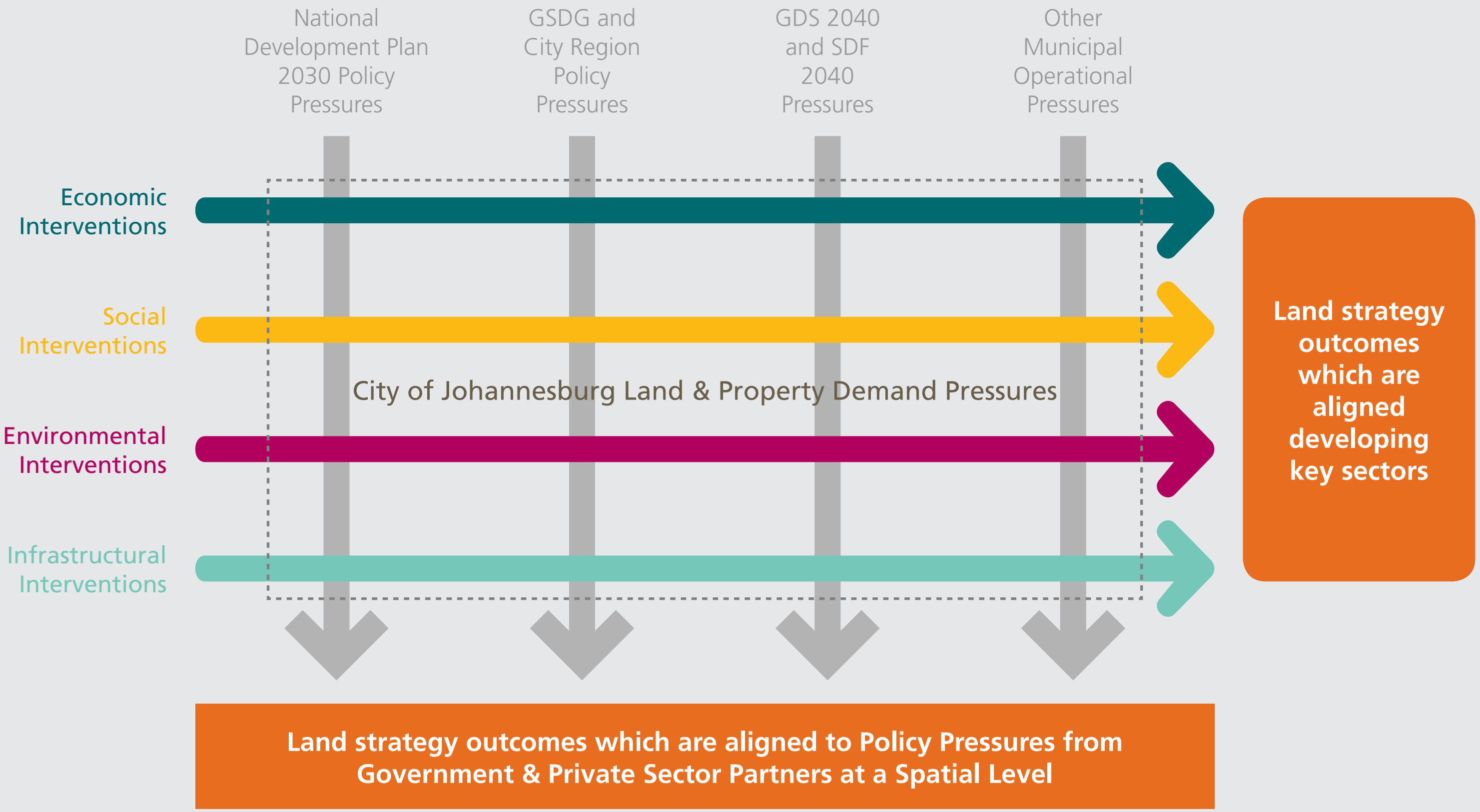
The Land Strategy, guided by principles to ensure that the framework and methodology that are deployed result in a successful and implementable strategy that will meet both the needs of the citizens and the City's objectives. The principles of the Land Strategy were presented and approved by the Mayoral Committee in the third quarter of the 2015/2016 financial year.

Following the approval of the principles of the Land Strategy, a policy framework, which forms the basis for the development of the Land Strategy, was formulated in the fourth quarter of the 2015/2016 financial year. A high-level synopsis of the policy framework is outlined in the diagram on the following page.



Lenasia Informal Trading Market

Land Strategy Policy Framework



High-level Policy Framework

The first draft of the Land Strategy was completed in the first quarter of the 2016/2017 financial year, while the final draft was finalised in the third quarter. The Draft Land Strategy was then workshopped with the Board in the fourth quarter to provide the objectives, benefits and goals, as well as to outline how it was formulated, how it would be implemented and which enabling policy instruments would be required. The final draft of the Land Strategy is currently at its finalisation stage, and will be tabled to the Board of Directors for approval, as well as for Stakeholder Consultation and Mayoral approval in the 2017/2018 financial year.

Facilities Management Strategy

The FM Framework (the document currently in its final stages), together with the FM Strategy and Master Plan, will address all the strategic, tactical and day-to-day operational FM functions that are required for JPC to be successful in its organisational goals and objectives.

A FM Framework provides the structure that guides facilities management companies and their management with what is required (have in place) for them to be considered effective and efficient developers/operators and FM service providers.

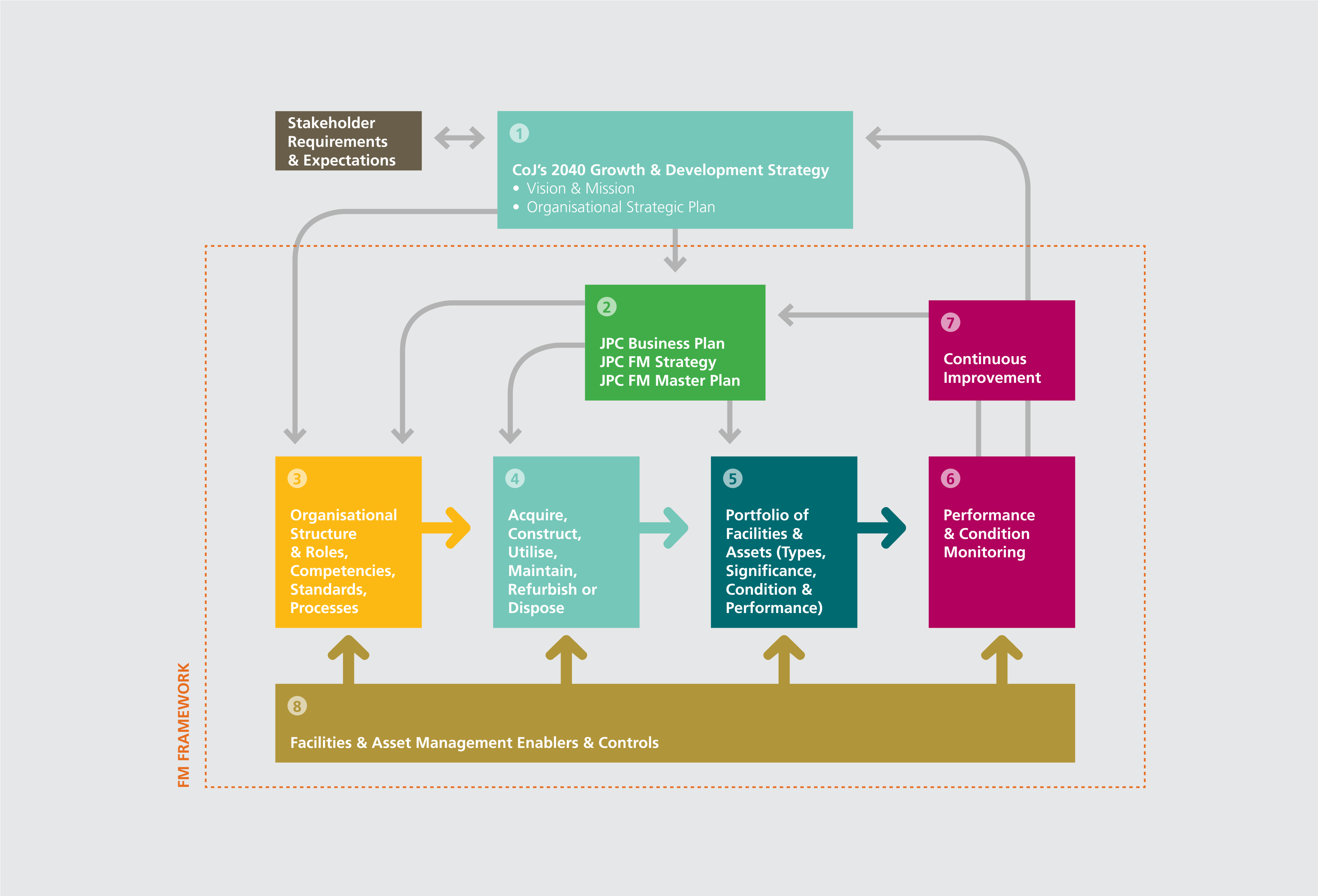
The diagram below illustrates the building blocks of the FM Framework, the interrelationships between the building blocks and the relationship with the larger CoJ and community objectives/expectations. The diagram also illustrates the structure of how people, processes and technologies need to work together to remain focused on the CoJ's 2040 Growth and Development Strategy and JPC's FM business plan objectives.

The FM Framework document precedes the FM Strategy document. The Strategy document defines the strategic approach and methodologies that will be utilised by implementing/improving the necessary functions defined by the FM Framework.

The FM Strategy document then precedes the development of the FM Master Plan. The finalisation of the Master Plan will take place after executive consideration and approval of the FM Strategy implementation roadmap. The FM Master Plan will contain a list of the focused projects, logical sequences against timelines, and several work packages.

The Master Plan could be spread over several years, typically three to five years, and should be strategically sequenced to address immediate requirements, gaps and funding/budget provisions.

Mpumelelo Clinic


Stakeholder Requirements & Expectations
1
CoJ's 2040 Growth & Development Strategy
• Vision & Mission
• Organisational Strategic Plan
2
JPC Business Plan
JPC FM Strategy
JPC FM Master Plan
7
Continuous Improvement
3
Organisational Structure & Roles, Competencies, Standards, Processes
4
Acquire, Construct, Utilise, Maintain, Refurbish or Dispose
5
Portfolio of Facilities & Assets (Types, Significance, Condition & Performance)
6
Performance & Condition Monitoring
8
Facilities & Asset Management Enablers & Controls
FM FRAMEWORK

Section 4: Performance Against Service Standard

KPI	Core Business	Service STD	Target	Quarter 1		Quarter 2		Quarter 3		Quarter 4		Year To Date		JPC Comment
				Total	Actual	Total	Actual	Total	Actual	Total	Actual	Total	Actual	
TOTAL	Actual	Within 1 day of logged call	1 day	3 332	3 332	2 609	2 609	3 054	3 054	2 796	2 796	11 791	11 791	Statistics based on walk-ins, inboxes and emails, except telephonic calls
KPI 1.2	Provision of answers or results related to the receipt of the requests and enquiries regarding properties	Within 3 days of logged call	3 days	2 143	2 143	2 828	2 828	2 061	2 061	1 995	1 995	9 027	9 027	Statistics based on walk-ins, inboxes and emails, except telephonic calls
KPI 1.3	Performance of emergency work	Within 1 day of logged call **	1 days	5	5	14	14	14	14	15	15	48	48	Statistics based on facilities management inbox and emails
KPI 1.4	Performance of minor works on facilities managed	Within 2 days of logged call **	2 days	0	0	0	0	0	0	0	0	0	0	Statistics based on facilities management inbox and emails
KPI 1.5	Performance of major works on facilities managed	Within 5 days of logged call **	5 days	0	0	0	0	0	0	0	0	0	0	Statistics based on facilities management inbox and emails

Section 5: Performance Monitoring Against the Scorecard

The JPC Scorecard for the current quarter ending 30 June 2017 reflects that the entity achieved 75% of the targets.

Exceeded Targets	Targets Achieved	Targets Not Achieved	Total
5	10	5	20 deliverables
25%	50%	25%	100%

1.1. 100% Implementation of the Facilities Management Prioritisation Plan

IDP Priority		Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021	
GDS Outcome		A glowing, diverse and competitive economy that creates jobs	
Current Year 2016/2017		**Prior Year 2015/2016**	
Annual Target	**Actual**	**Annual Target**	**Actual**
100% implementation of Facilities Management Prioritisation Plan	100% implementation of Facilities Management Prioritisation Plan	100% of targeted facilities redeveloped, and/or refurbished against Master Plan	100% of targeted facilities redeveloped, and/or refurbished against Master Plan

Target achieved

1.2. 100% Spent of Allocated CAPEX

IDP Priority		Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021	
GDS Outcome		A glowing, diverse and competitive economy that creates jobs	
Current Year 2016/2017		**Prior Year 2015/2016**	
Annual Target	**Actual**	**Annual Target**	**Actual**
100% spent on allocated CAPEX	100% spent on allocated CAPEX	100% spent on allocated CAPEX	100% spent on allocated CAPEX

Target achieved

1.3. R1.2 Billion Investment/Rand Value Attraction of Investment on CoJ Property

IDP Priority		Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021	
GDS Outcome		A glowing, diverse and competitive economy that creates jobs	
Current Year 2016/2017		**Prior Year 2015/2016**	
Annual Target	**Actual**	**Annual Target**	**Actual**
R1.2 billion attraction of investment on CoJ property transaction (contract signed but no construction yet)	R1.3 billion attraction of investment on CoJ property transaction (contract signed but no construction yet)	R1 billion attraction of investment on CoJ property transaction (contract signed but no construction yet)	R1.2 billion attraction of investment on CoJ property transaction (contract signed but no construction yet)

Target exceeded

1.4. Rand Value Attraction of Investment on CoJ Property/ (Construction Value on the Ground)

IDP Priority		Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021	
GDS Outcome		A glowing, diverse and competitive economy that creates jobs	
Current Year 2016/2017		**Prior Year 2015/2016**	
Annual Target	**Actual**	**Annual Target**	**Actual**
R700 million attraction of investment on CoJ property transaction (construction value on the ground)	R1.1 billion investment on CoJ property transaction (construction value on the ground)	R400 million attraction of investment on CoJ property transaction (construction value on the ground)	R423 million attraction of investment on CoJ property transaction (construction value on the ground)

Target exceeded

2. Informal Economy and SMME Support

2.1. Informal Traders' Management Agreements Signed

IDP Priority		Ensure pro-development that addresses inequality and poverty and provides meaningful redress	
GDS Outcome		An inclusive society with enhanced quality of life that provides meaningful redress through pro-poor development	
Current Year 2016/2017		**Prior Year 2015/2016**	
Annual Target	**Actual**	**Annual Target**	**Actual**
Hand over four facilities to the facility users	No facility handed over to the facility users	Not applicable, as this is a new indicator	

Target not achieved

JPC has met challenges in the constitution of the market committees facilitated by DED. The term of office of the current committees lapsed and JPC cannot hand over the facilities to illegitimate committees, as this is very risky and could lead to protest. JPC will be able to deliver this KPI once the process of electing legitimate committees has been finalised by DED.

2.2. Number of Outdoor Advertising Indaba Declarations Implemented to Transform the Industry

IDP Priority		Ensure pro-development that addresses inequality and poverty and provides meaningful redress	
GDS Outcome		An inclusive society with enhanced quality of life that provides meaningful redress through pro-poor development	
Current Year 2016/2017		**Prior Year 2015/2016**	
Annual Target	**Actual**	**Annual Target**	**Actual**
10 Outdoor Advertising Indaba declarations implemented	10 Outdoor Advertising Indaba declarations implemented	Not applicable, as this is a new indicator	

Target achieved

2.3. 8 000 Jobs Created Through Property Transactions

IDP Priority		Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021	
GDS Outcome		A glowing, diverse and competitive economy that creates jobs	
Current Year 2016/2017		**Prior Year 2015/2016**	
Annual Target	**Actual**	**Annual Target**	**Actual**
8 000 jobs created	3 102 jobs created	4 000 jobs created	4 240 jobs created

Target not achieved

JPC has created more jobs than the 3 102 reported. Sufficient appropriate audit evidence to substantiate the jobs created was limited to the reported number. Going forward, we will treat all projects as EPWP projects, and we have inserted a condition for payments in all our appointment letters which includes evidence required from a supplier to confirm the job opportunity created per project. The monthly project meetings will assist in getting the information timeously, as the project team will first provide evidence before reporting numbers.

2.4. Released 50 Work Packages Under the Jozi@Work Programme

IDP Priority		Ensure pro-development that addresses inequality and poverty and provides meaningful redress	
GDS Outcome		An inclusive society with enhanced quality of life that provides meaningful redress through pro-poor development	
Current Year 2016/2017		**Prior Year 2015/2016**	
Annual Target	**Actual**	**Annual Target**	**Actual**
Release 50 work packages under the Jozi@Work Programme	Released 11 work packages under the Jozi@Work Programme	Not applicable, as this is a new indicator	

Target not achieved

JPC could not deliver on this KPI, as the Jozi@Work Progress was discontinued by the new administration early in November 2016.

2.5. 4 000 SMMEs Supported Through Property Transaction

IDP Priority		Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021	
GDS Outcome		A glowing, diverse and competitive economy that creates jobs	
Current Year 2016/2017		**Prior Year 2015/2016**	
Annual Target	**Actual**	**Annual Target**	**Actual**
4 000 SMMEs supported through property transaction	2 304 SMMEs supported through property transaction	4 000 SMMEs supported	7 159 SMMEs supported

Target not achieved

JPC has supported more than the reported 2 304 SMMEs. Sufficient appropriate audit evidence to substantiate SMMEs supported was limited to the reported number. Going forward, we are profiling all appointed SMMEs in line with our transformation agenda, and appointment letters of the main contract and subcontractor will be requested. The monthly project meetings will assist in getting the information timeously, as the project team will first provide evidence before reporting numbers.

3. Transformation of Sustainable Human Settlements

3.1. Acquisition of 20 Properties Along Transit-Oriented Development

IDP Priority		Ensure pro-development that addresses inequality and poverty and provides meaningful redress	
GDS Outcome		An inclusive society with enhanced quality of life that provides meaningful redress through pro-poor development	
Current Year 2016/2017		**Prior Year 2015/2016**	
Annual Target	**Actual**	**Annual Target**	**Actual**
20 properties acquired and lodged	51 properties acquired and lodged	20 properties acquired and lodged	21 properties acquired and lodged

Target exceeded

3.2. Acquisition of Six Properties to Support the Housing Master Plan

IDP Priority		Ensure pro-development that addresses inequality and poverty and provides meaningful redress	
GDS Outcome		An inclusive society with enhanced quality of life that provides meaningful redress through pro-poor development	
Current Year 2016/2017		**Prior Year 2015/2016**	
Annual Target	**Actual**	**Annual Target**	**Actual**
6 properties acquired	2 properties acquired	Not applicable, as this is a new stand-alone indicator	

Target not achieved

JPC could not acquire six properties during the year under review due to the reduction in the Housing Department's budget from R10 million to R3 million during the mid-term budget adjustments. JPC had identified and started negotiations on seven properties in Zandspruit and one property in Sonnedal, but could not proceed due to budget constraints. We will be proactive in future and enquire information on the budgets of the City Departments or Entities for which we plan to acquire property. Should their budgets change, we will request a change in our business plan deliverable that reflects that change.

3.3. 200 Asset Management/Number of Asset Management Plans Formulated

IDP Priority		Ensure pro-development that addresses inequality and poverty and provides meaningful redress	
GDS Outcome		An inclusive society with enhanced quality of life that provides meaningful redress through pro-poor development	
Current Year 2016/2017		**Prior Year 2015/2016**	
Annual Target	**Actual**	**Annual Target**	**Actual**
200 Asset Management plans formulated	247 Asset Management plans formulated	N/A	N/A

Target exceeded

3.4. Eight Property Development Projects Completed

IDP Priority		Ensure pro-development that addresses inequality and poverty and provides meaningful redress	
GDS Outcome		An inclusive society with enhanced quality of life that provides meaningful redress through pro-poor development	
Current Year 2016/2017		**Prior Year 2015/2016**	
Annual Target	**Actual**	**Annual Target**	**Actual**
8 Property Development projects completed	8 Property Development projects completed	Not applicable, as this is a new indicator	

Target exceeded

4. Financial Sustainability and Resilience

4.1. R110 Million Rental Income Raised from Leases and Servitudes Sales

IDP Priority		Enhance our financial sustainability	
GDS Outcome		Enhanced, quality services and sustainable environment	
Current Year 2016/2017		**Prior Year 2015/2016**	
Annual Target	**Actual**	**Annual Target**	**Actual**
R110 million income raised from leases and servitude sales	R113.1 million income raised from leases and servitude sales	R100 million income raised from leases and servitude sales	R131 million income raised from leases and servitude sales

Target exceeded

5. Good Governance

5.1. Audit Opinion/Unqualified Audit Opinion (Clean Audit)

IDP Priority		Enhance our financial sustainability	
GDS Outcome		Enhanced, quality services and sustainable environment	
Current Year 2016/2017		**Prior Year 2015/2016**	
Annual Target	**Actual**	**Annual Target**	**Actual**
Obtain an unqualified audit opinion (clean audit)	Obtain an unqualified audit opinion (clean audit)	Not applicable, as this is a new indicator	

Target achieved

5.2. 100% Resolution of Predetermined Objective Audit Finding

IDP Priority		Enhance our financial sustainability	
GDS Outcome		Enhanced, quality services and sustainable environment	
Current Year 2016/2017		**Prior Year 2015/2016**	
Annual Target	**Actual**	**Annual Target**	**Actual**
100% resolution of predetermined objective audit findings	100% resolution of predetermined objective audit findings	Not applicable, as this is a new indicator	

Target achieved

5.3. 100% Resolution of Financial Management Audit Findings

IDP Priority		Enhance our financial sustainability	
GDS Outcome		Enhanced, quality services and sustainable environment	
Current Year 2016/2017		Prior Year 2015/2016	
Annual Target	Actual	Annual Target	Actual
100% resolution of compliance management audit findings	100% resolution of compliance management audit findings	Not applicable, as this is a new indicator	

Target achieved

5.4. 100% Resolution of Compliance Management Audit Findings

IDP Priority		Create an honest and transparent city that fights corruption	
GDS Outcome		An honest, transparent and responsive local government that prides itself on service excellence	
Current Year 2016/2017		Prior Year 2015/2016	
Annual Target	Actual	Annual Target	Actual
100% resolution of compliance management audit findings	100% resolution of compliance management audit findings	Not applicable, as this is a new indicator	

Target achieved

5.5. 50% of Financial Losses Recovered by the City from Proven Incidents

IDP Priority		Create an honest and transparent city that fights corruption	
GDS Outcome		An honest, transparent and responsive local government that prides itself on service excellence	
Current Year 2016/2017		**Prior Year 2015/2016**	
Annual Target	**Actual**	**Annual Target**	**Actual**
50% of financial losses recovered by the City from proven incidents	50% of financial losses recovered by the City from proven incidents	Not applicable, as this is a new indicator	

Target achieved

5.6. 60% Reduction in Employee Misconduct

IDP Priority		Create an honest and transparent city that fights corruption	
GDS Outcome		An honest, transparent and responsive local government that prides itself on service excellence	
Current Year 2016/2017		**Prior Year 2015/2016**	
Annual Target	**Actual**	**Annual Target**	**Actual**
60% reduction in employee misconduct	60% reduction in employee misconduct	Not applicable, as this is a new indicator	

Target achieved

The baseline for JPC was nine cases reported in the previous year, and year-to-date cases are three, indicating a 60% reduction in employee misconduct. This KPI is unfair to entities with low cases of misconduct, as a baseline will be low and can easily show an increase in misconduct.

Human Resources & Organisational Management

04

Section 1: Human Resource Management

In the 2016/2017 financial year, the strategic focus for Human Resources has been to conclude the initiatives relating to HR key performance areas and analyse their impact. The main focus has been on employees with respect to skills development, employee wellness and employee relations.

The rationale of the emphasis of initiatives focusing on employees is as follows:

- To increase employees' competence levels, while in some instances also creating an opportunity to acquire new and relevant skills.
- To promote organisational support through wellness and to encourage employees to take care of themselves.
- To build solid relationships with employees and create a sense of passion and commitment to the organisation.

Human Resources has managed initiatives relating to the following HR key strategic transformation agenda items.

Skills Development

JPC's vision is to ensure that its employees are empowered by giving them opportunities to upgrade their competencies and literacy levels. Over the four quarters of the 2016/2017 financial year, 247 individuals were trained in various skills development initiatives, including ABET programmes, matric, OHASA, technical artisan training, and property-related programmes such as real estate market analysis. In some instances, these 247 employees attended more than one training intervention. The skills development initiatives catered for organisational and legislative competencies, and generic and management development competencies, which were identified as the development priority areas in the 2016/2017 WSP in line with the organisation's strategic objectives. JPC was awarded a mandatory skill grant for 2015/2016 by the Services SETA amounting to R292 000.00, and the 2017/2018 WSP was submitted in April 2017.

JPC Sports Day

Change Management

The focus on change management has been redirected to the ensuing reintegration of entities into the City. The reintegration process will impact employees and create uncertainty, and this should be managed accordingly. During the four quarters of the financial year, 460 employees were celebrated as part of a change management endeavour, and of embedding organisational values and forging a sense of belonging for the individual and in the team, thereby creating a single JPC identity. Through the change management celebration, JPC is pursuing a culture that values its employees, and this has a positive impact on employee value proposition. The feedback given by employees indicates that they value and appreciate the celebration initiative, as it also serves as a branding tool among employees.

Employee Engagement

HRM has held engagement sessions with line management and employees as part of ensuring alignment between human capital management initiatives and departmental requirements and needs. The engagement sessions are part of the drive by Human Resources to forge greater alignment with line managers, to position human capital as adding value to key business initiatives and to proactively address line managers' concerns related to human capital.

The following themes were deemed to be the key focus areas:

- City's project: Parity benchmark exercise
- Training and development
- Employee relations
- Employee assistance programme
- Organisational rituals

The engagement process also served as a vehicle to inform employees HRM's practices/activities, with the aim of enhancing services to employees.

Conducive Employee Relations Environment

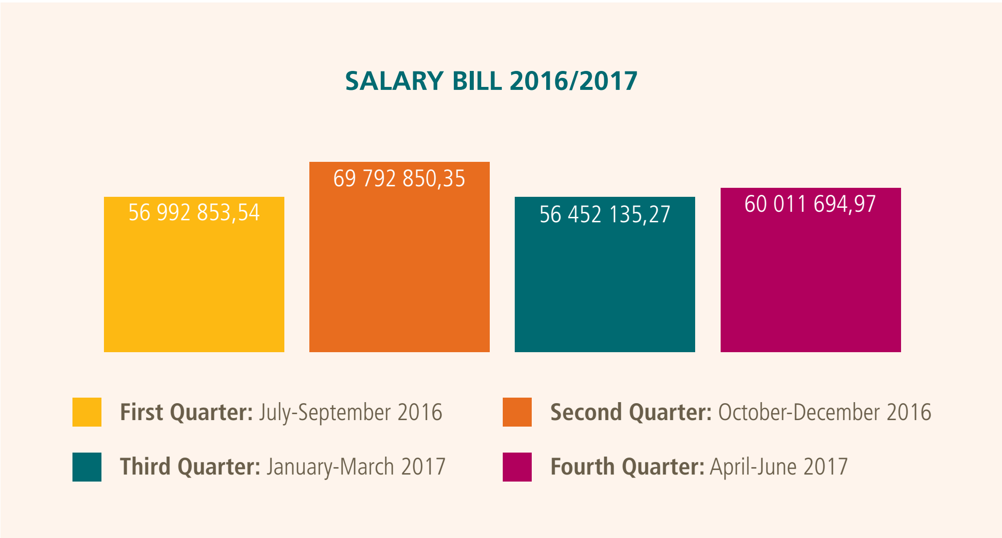
The one key strategic driver for Human Resources was to create sound relationships with organised labour for the 2016/2017 financial year, and this was achieved through relationship-building sessions between management and organised labour. These relationship-building initiatives have culminated in agreement being reached between management and organised labour which addressed legacy-based matters such as placement and salary adjustments, health and safety, communications, and so on. At this stage, the focus is on stabilising the local labour forum (LLF) and concentrating on aspects of the reintegration process as part of organisational readiness.

The City's HR Projects

The City has conducted a salary parity benchmark exercise, following the Pikitup strike, where employees demanded uniformity within the City in respect of salaries. The salary parity benchmark has resulted in the City implementing a common salary scale for level A and B positions, which according to the City, should be implemented by the CoJ and its entities. For JPC, this process impacted three employees on the lower levels. Currently, the City has commenced with parity benchmarking for positions on Level C and D for the CoJ and its entities, which will result in a common salary scale for positions on level C and D. The rationale adopted by the City is to ensure uniformity within the City and its entities, and to create a common path as part of transition during the pre- and post-integration process.

Section 2: Employee Remuneration and Cost Including Executives

The 2016/2017 financial year marks the first year after the merger that JPC extended and implemented approved benefits to all employees. In addition to the 6% cost-of-living increase, benefits such as homeowner allowances and maximum employer contribution to accredited medical aid schemes, linked to the 60/40 split, were efficiently implemented. The remuneration costs comprise all-inclusive packages and benefits, including the salaries of executives and non-executives. The graph below indicates the quarterly salary bill for the 2016/2017 financial year.



JPC Sports Day

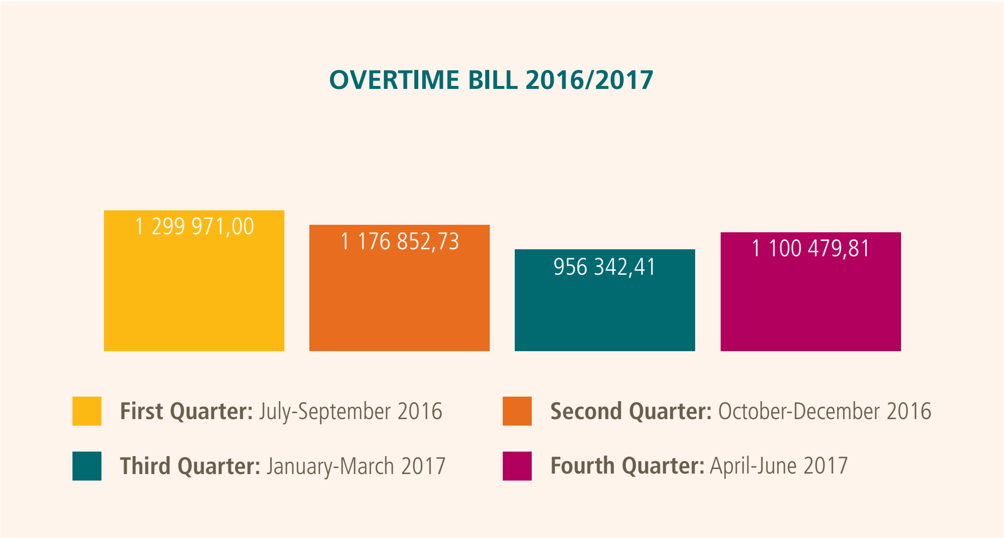
The graph outlines the salary fluctuation within the second and fourth quarters, as follows:

Second quarter: The fluctuation in this quarter is as a result of the service bonus (13th cheques) payments to permanent employees.

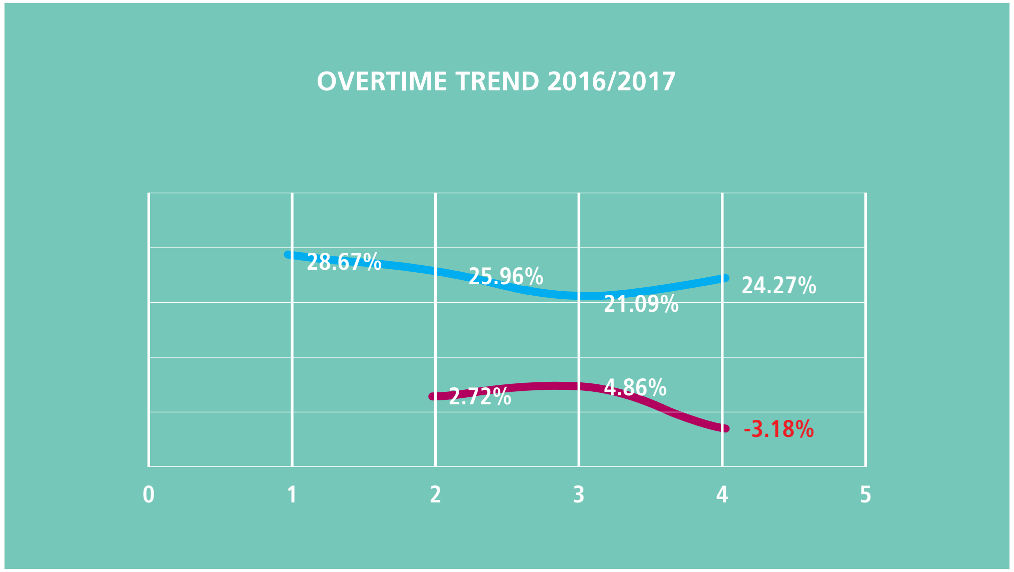
Fourth quarter: The variation in this quarter relates to the payment of performance bonuses for 2015/2016, as well as salary adjustments in relation to placements.

Overtime Costs: 2016/2017 Financial Year

Overtime expenditure consists of the services rendered to the public by JPC in respect of the public convenience facilities. The public convenience facilities are open seven (7) days a week and employees working at these facilities are five-day workers. They are thus required to work during weekends in order to deliver services to the public. JPC incurred an expenditure of approximately R4.5 million on overtime for 2016/2017 financial year. The graph below indicates the quarterly overtime expenditure for the 2016/2017 financial year.



The diagram below shows the periodical overtime percentage fluctuation.



The diagrams above indicate the quarterly costs incurred on overtime. The percentage reduction between the first and second quarter (2.72%), between the second and third quarter (4.86%) occurred as result of stringent measures implemented, such as overtime hours restricted per employee. In the third quarter, it is as a result of the leave taken by employees over the holiday period. There is a 3% increase between the third and fourth quarter, which relates to overtime payments being extended to drivers who offer services of transporting employees attending colleagues' funerals over the weekend. This service was a result of the organisation offering support in the form of transport in case of employee funerals. The overall financial impact in respect of overtime is managed effectively to achieve cost reductions and to ensure services rendered to the public continue.

JPC Cultural Day

The following initiatives contributed to the achievement of the reduction:

- Implementation of shifts where employees alternate to work weekends.
- Limitations in respect of the total hours of overtime worked. Overtime was reduced from 40 hours to 32 hours per employee on a monthly basis, and employees were given time off instead of monetary value for overtime worked.
- The time-off option is applicable to employees in various departments who are required to work overtime to meet project deadlines. JPC will continue to manage the impact and find alternative solutions to reduce overtime costs.

Remuneration as a Percentage of Total Operating Expenditure

The ratio is calculated as a percentage of the total remuneration to total operating expenditure. In terms of National Treasury Circular 71, the norm ranges between 25% and 40%. JPC's ratio is 52%. The ratio is 12% more than the upper limit of the range, which, at face value, could indicate inefficiencies, overstaffing and so on. However, at JPC, 80% of employees are part of the property portfolio, with the majority of employees actually doing repairs that would ordinarily be contracted out to external service providers. The cost of these employees have not been reclassified as repairs and maintenance expenses, which adversely affect the ratio.

Section 3: Strategic Employment and Talent Management

The aim is to ensure business continuity, introduce new talent in the organisation and to provide capacity to departments with the right people in order to achieve the planned strategic goals and objectives.

In the financial year, one appointment into the strategic position of Company Secretary was made, and two temporary employees were employed to provide strategic support in the office of the CEO.

Vacancies

During the 2016/2017 financial year, the organisation experienced challenges with regard to recruitment and filling vacancies as a result of budget constraints. This challenge has had an adverse impact on the core departments such as facilities management, assets management, and finance and property development. To address the matter, a motivation for additional funding for 126 critical vacancies was submitted to the City. To date, the City has not provided feedback on the submission for additional funding, and the inability to fill the identified critical vacant positions has led to scenarios in which employees are rotated in departments to perform other duties. The inability to fill vacancies has resulted in an increased level of absenteeism (due to work burnout and stress) in departments where employees are expected to perform more than one function. The other measure employed to address this challenge is to opt for outsourcing where possible.

JPC Cultural Day

Section 4: Employment Equity

JPC has a total staff complement of 557 employees, and the employment equity demographics indicate that the company has as a majority male employees within junior management, skilled technical and semi-skilled occupational levels. Male employees represent 61% of the total staff complement.

The employment equity gaps in JPC relate to gender representation within all occupational levels and under-representation with respect to demographics within the non-designated group. The gaps are as a result of the nature of work within JPC deemed to be work performed traditionally by male employees.

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	M	F	
Top Management	1	0	1	1	0	1	0	0	0	0	4
Senior Management	1	0	0	0	1	0	2	0	0	0	4
Professionally Qualified and Mid-Management	19	1	5	5	23	1	2	5	0	0	61
Junior Management, Superintendents and Skilled Technical	105	2	4	10	54	8	2	4	1	1	191
Semi-Skilled/ Administration	110	12	3	2	33	6	0	0	0	0	166
Unskilled and Defined Decision Making	52	4	0	1	56	15	0	0	0	0	128
Total Permanent Staff	288	19	13	19	167	31	6	9	1	1	554
Temporary Employees	0	0	0	0	2	1	0	0	0	0	3
Total	**288**	**19**	**13**	**19**	**169**	**32**	**6**	**9**	**1**	**1**	**557**

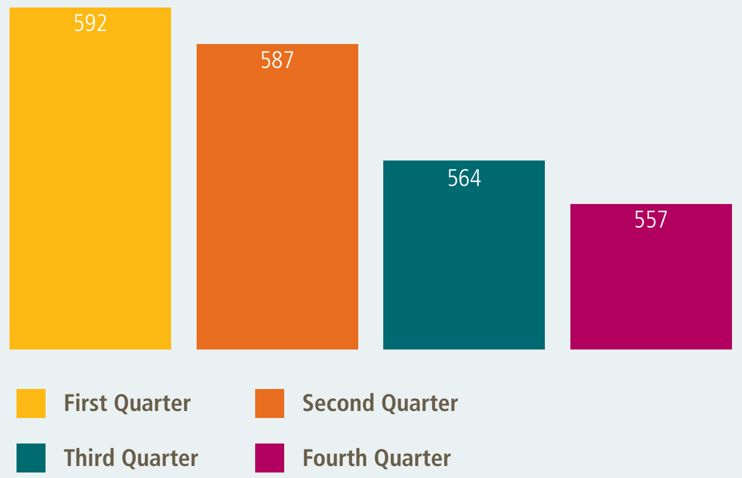
Legend: A = African, C = Coloured, I = Indian, W = White

JPC is committed to employment equity and views it as a strategic objective and focus for next year, which marks the third year of the five-year Employment Equity (EE) Plan. Moving forward, the business agenda will focus on closing the targeted gaps, as outlined in the plan, and implementing diversity programmes.

This year's achievements of the EE Implementation Plan are as follows:

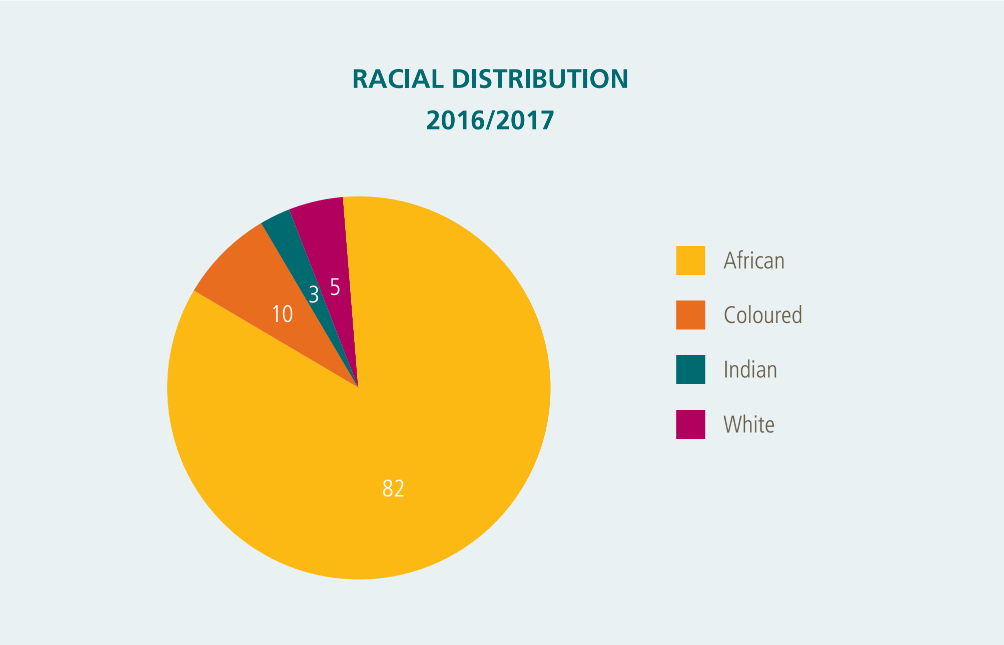
- The terms of reference for the Constitution of the Employment Equity Forum were finalised and approved in consultation with EE representatives.
- The online registration to submit the annual EE report has successfully been achieved.
- This year, the Department of Labour audited JPC's compliance in respect of the Employment Equity Act, 1998. JPC responded well in terms of the audit requests and is still awaiting the outcome.
- The graph below indicates the quarterly workforce trends for the 2016/2017 financial year.
- The analysis above indicates the staff complement per quarter and shows the reduction in staff since the first quarter. Although the staff turnover rate is at an acceptable level, the organisation, with its limited resources, focused on upskilling and reskilling internal resources through training initiatives to fill the capacity gaps. The intention was to fill only critical vacancies in alignment with the EE affirmative action measures plan in order to close the gap identified at various occupational levels.

WORKFORCE PROFILE QUARTER 2016-2017



Racial Split and Key Gender Distribution, as well as the Gap Analyses In-line with Employee Assistance Programme (EAP) Targets as at end June 2017

The overall analyses in terms of race and gender distribution indicate that the non-designated group, referring to whites and females, are under-represented. The imbalance identified is due to the technical environment, that consists mainly of semi-skilled and unskilled levels, being occupied by the designated groups, referring to blacks. These anomalies are incorporated in the EE Corrective Measure Plan to actively target under-representation in certain occupational levels. HRM, in conjunction with the EE Committee and leadership, will implement initiatives to attract, develop and retain women in certain positions that are not of a technical nature. The ultimate aim is to ensure an all-inclusive gender-appreciative culture conducive to transformation.



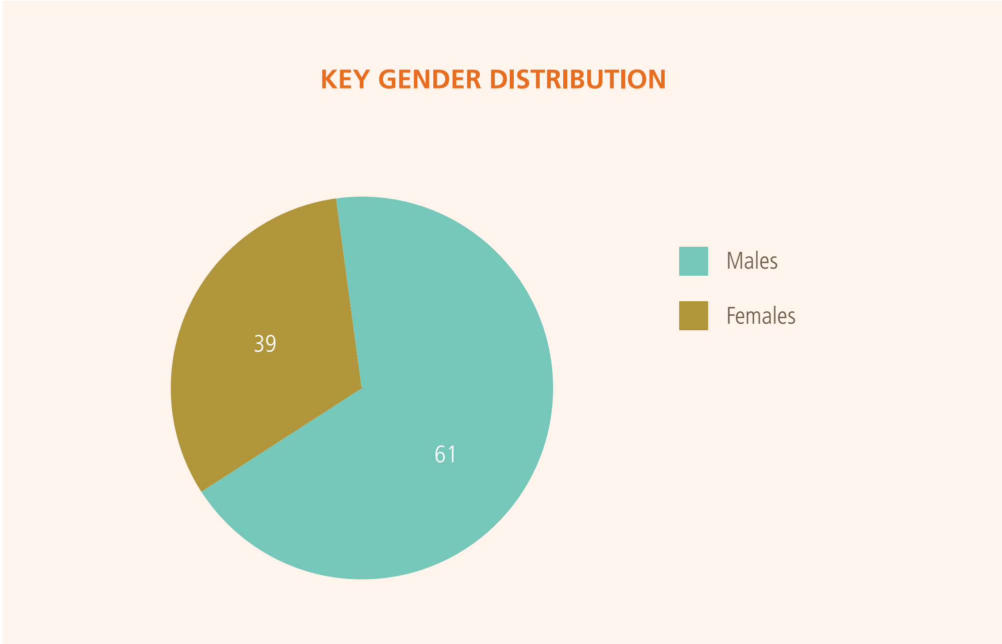
Overall Racial	Racial Split			
	A	C	I	W
Actual	82%	9%	3%	5%
Target	78%	4%	2%	16%
Gaps	4%	5%	1%	-11%

The graph above specifies the over-representation of blacks and the under-representation of whites by 11%. Preference will be given to suitably qualify white females through the talent acquisition process.

Council Chamber

Key Gender Distribution

The graph indicates that males are over-represented, whereas females are under-represented by 11%. The key gender distribution in comparison to previous quarters shows that females increased by 1%. This trend still remains a challenge within the sector due to the technical environment that is male-dominant.



Gender Split	Actual	Target	Gap
Males	61%	50%	11%
Females	39%	50%	-11%

Employment Equity Gap Analyses and Targets 2017: Representation by Race/Gender and Occupational Levels

The analysis below displays the overall representation in respect of race, gender and occupational levels. Analyses like these will assist the organisation to make informed decisions on talent management processes. The objective is to transform JPC into a diverse and equitable workplace against the set targets outlined in the EE Plan.

Occupational Level	Males				Females			
	A	C	I	W	A	C	I	W
Actual %	25%	0%	25%	25%	13%	13%	25%	0%
Target %	38%	2%	1%	9%	38%	2%	1%	9%
Gap %	-13%	-2%	24%	16%	-26%	11%	[illegible]	[illegible]

Key Gender Distribution

The analysis in the table above shows that Africans are under-presented and Indians are
represented. There is no representation of coloured male and white females at top man

EE Gap Analyses and Targets: Professionally Qualified, Experienced Specialists and Mid-Management

Occupational Level	Males				Females			
	A	C	I	W	A	C	I	W
Actual %	31%	2%	8%	8%	38%	2%	3%	8%
Target %	38%	2%	1%	9%	38%	2%	1%	9%
Gap %	-7%	0%	7%	-1%	0%	0%	2%	-1%

The analysis in the table above shows that African males, white males and females are under-represented. Preference will be given to under-representative groups when appointments are made to fill the gaps.

Alex Mall Opening Day. Photo Credit: Richard De Gouveia

JPC Staff Members, Mandela Day

EE Gap Analyses and Targets: Skilled Technical, Junior Management, Superintendents/Supervisors

Occupational Level	Males				Females			
	A	C	I	W	A	C	I	W
Actual %	55%	1%	2%	5%	28%	4%	1%	2%
Target %	38%	2%	1%	9%	38%	2%	1%	9%
Gap %	17%	-1%	1%	-4%	-10%	2%	0%	-7%

The analysis in the table above shows the under-representation of coloured and white males, and African and white females. The majority employees within this category is technical trades and specialists. Preference will be given to suitably qualified candidates when appointments are made.

EE Gap Analyses and Targets: Semi-Skilled and Administration Level

Occupational Level	Males				Females			
	A	C	I	W	A	C	I	W
Actual %	66%	7%	2%	1%	20%	4%	0%	0%
Target %	38%	2%	1%	9%	38%	2%	1%	9%
Gap %	28%	5%	1%	-8%	-18%	2%	-1%	-9%

The analysis above specifies that females are under-represented. This level consists of junior operators (artisan supports, handymen and drivers). Hence, females and people with disabilities will be targeted for suitable administrative positions.

EE Gap Analyses and Targets: Unskilled and Defined Decision Making

Occupational Level	Males				Females			
	A	C	I	W	A	C	I	W
Actual %	41%	3%	0%	1%	44%	12%	0%	0%
Target %	38%	2%	1%	9%	38%	2%	1%	9%
Gap %	3%	1%	-1%	-8%	6%	10%	-1%	-9%

The analysis above shows the under-representation of whites. This level consists of general workers in the public conveniences section. During the placement process, most qualified employees at this level were placed in terms of the placement principle.

Metro Mall Block C Taxi Rank and Market

Steel Art, Johannesburg

Faraday Taxi Rank

Section 5: Skills Development and Training

Learning and development provides occupationally directed learning activities to enable and enhance people to obtain knowledge, practical skills and workplace experience and behaviour for optimal organisational performance and sustainability. Learning and development interventions are informed by four training clusters aligned with the organisational competencies, which include organisational (legislative compliance), functional, generic, and managerial competencies.

Implementation of the 2016/2017 WSP

In the 2016/2017 financial year, a total amount of R2 022 032.16 was spent on training and development.

Description	Total Expenditure
Staff Training	R1 147 300.65
Staff Bursaries	R476 482.00
Seminars And Conferences	R398 249.51
Total	**R2 022 032.16**

In order to achieve the organisational strategic objectives and improve employees' skills, employees and managers jointly completed the individual learning plans (ILPs), identifying competencies to be addressed and the types of interventions required to improve job performance. The identified interventions formed part of the WSP.

The planned interventions commenced on 4 July 2016 to address competence gaps in facilities management, property management and asset management. The interventions shown in the table were implemented successfully.

Training Category	Course/Programme Conducted	Hours	People Trained
Organisational Legislative Compliance	Municipal Finance Management Programme	40	18
Educational Development	Matriculation Programme Assessments (enrolled)	144	24
	ABET (enrolled)	144	23
Functional/Technical	Municipal Finance Management Programme	40	18
	Building Services	40	15
	Real Estate Market Analysis	40	10
	Facilities Management	40	10
	Real Estate Investment Analysis	40	10
	Strategic Corporate Real Estate Management	40	13
	Project Management	80	1
	Contract management	3	21
	Fleet management	24	17
Generic Competencies	Customer Care	24	43
	PA Course	16	10
	First Aid Level 1	16	24
	Firefighting	8	18
	First Aid level 2	16	17
	Administrative Skills	24	43
	ArcGIS Basic	40	1
	First Aid Level 3	8	9
	OHASA	24	98

Continued...

Training Category	Course/Programme Conducted	Hours	People Trained
Management and Leadership Development	Advanced Leadership for Women in ICT Summit	16	1
	Leadership and Partnership Summit	16	3
	Supervisory Skills	24	23
	Institute of People Management (IPM) Conference	32	2
	King IV Reporting	8	5
	Africa GRI Conference	16	3
	Compliance Training Administrator and Act Owner	8	2
	Advanced Public Relations Writing	40	1
	IMPSA Annual Conference	24	2
	Institute of People Management Conference	16	2
	2017 Tax Update Seminar	8	3
	Institute of Municipal Finance Officers Conference	16	2
	7th Annual Public Sector Property and Land Administration	16	3
	African Real Estate Summit	16	3
	2nd Annual Chief Series Africa: Going Beyond	24	2
	3rd Annual Affordable Housing Africa	24	3
	Coaching Skills	16	18
Overall Total Hours		**1 131**	**503**
Average Hours Spent on Training			**2.2**

On average, an employee spends 2.2 hours on training per month, which is a total of 26 hours over a period of 12 months. In 260 working days in a year, an employee spends one day at training.

Note: Employees are captured only once on the table, although they may have attended more than one training intervention during the period under review, with a minimum average of three days (24 hours) and a maximum of five days (40 hours) spent on short courses.

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top Management	2	0	0	1	0	1	0	0	4
Senior Management	3	1	0	0	4	0	2	0	10
Professionally Qualified and Experienced Specialists and Mid-Management	4	0	0	1	6	0	2	1	14
Skilled, Technical and Academically Qualified Workers, Junior Management, Supervisors, Foremen and Superintendents	36	3	5	3	24	1	1	0	73
Semi-Skilled and Discretionary Decision Making	60	4	2	3	17	8	3	1	98
Unskilled and Defined Decision Making	30	3	1	1	3	8	0	0	46
Total Permanent/ Full-Time Contract	135	11	8	9	54	18	8	2	245
Temporary Employees	0	0	0	0	1	1	0	0	2
Grand Total	**135**	**11**	**8**	**9**	**55**	**19**	**8**	**2**	**247**

ABET and Matriculation Programmes

The matric programme provides employees with an opportunity to pursue their career interests and enables the employer to grant financial support for the further development of employees. The second matric rollout commenced in July 2016, with 23 employees enrolling to acquire Matric, including those who wanted to improve their previous matric results. The classes commenced on 6 September 2016 and examinations are scheduled to start in June 2017.

To address the illiteracy and numeracy challenges in the lower occupational levels, 17 employees enrolled in the ABET (Adult Basic Education and Training) programme, which commenced on 4 July 2016. The programme is aimed at increasing accuracy, safety and productivity in the workplace. It also provides employees with confidence to perform and communicate effectively.

JPC Employee Bursary Scheme

Additionally, JPC invested in employee development academically in the form of a bursary scheme to increase the number of employees with qualifications between NQF levels 6 and 9.

In the 2016/2017 financial year, the Talent Management Forum evaluated and granted bursaries to 25 employees.

Alex Mall Opening Day. Photo Credit: Richard De Gouveia

Technical Training

The programme is aimed at empowering employees with the technical skills to progressively move from being general workers (basic), to artisan support (intermediate) and eventually to become qualified artisans (advanced). The technical and maintenance teams are experiencing a shortage of qualified plumbers and electricians due to retirements and a high number of vacant positions not filled in the Facilities Management unit. Although this unit has other skills gaps to be addressed, plumbing and electrical training was prioritised to mitigate the shortage of advanced skills in these trades. Ten employees attended the trade test preparation course in this regard.

Learnerships and Internship Programmes

A total of 100 learners funded by the Extended Public Works Programme are hosted by JPC to assist Asset Management with auditing the asset register. Going forward, JPC aims to also introduce learnerships and internship programmes as part of skills development initiatives and talent attraction. The initiative is aimed at complementing the business with new ideas and trends, specialised strengths and skill sets to allow employees more time to accomplish tasks where higher-level, strategic thinking expertise is required.

The accredited service providers will manage all administrative requirements related to internship and learnership programmes. The administrative services will also include payment of stipends, conducting relevant training, assessments and reporting to the relevant SETAs.

The programmes will run for a period of 12 to 18 months, depending on the type of internship and learnership programmes.

Section 6: Performance Management and Succession Planning

In terms of the Performance Management Policy, the performance cycle of the Joburg Property Company commences on 1 July of the calendar year and ends on 30 June of the following calendar year. The 2015/2016 performance bonuses for the executive management team were paid in April 2017 after the Auditor-General's report and annual general meeting. The business scorecard was presented to the Auditor-General as part of the auditing of performance objectives with supporting evidence. The outcome of the audit and management report signed by AG for the 2015/2016 financial year indicated that no discrepancies had been identified.

Human Resource Management conducted educational sessions with respective line managers on performance management. The line managers were given an overview of the performance management process and were introduced to performance management standards. Furthermore, line managers were trained on how to cascade strategic objectives to individual work plans, linking them to performance standards. The workshops also served to highlight key elements of the job profiles and the role they play in performance management and in preparation of the contracting phase for the 2017/2018 financial year, starting on 1 July 2017.

To improve performance management adoption and compliance, a pragmatic operational implementation plan that includes an educational programmes initiative for both managers and employees have been developed. The plan is aimed at resuscitating the performance process and creating performance awareness to embed a high-performance culture and productivity. Human Resource Management and business units will collaboratively develop performance standards and align them with the business objectives. Furthermore, this initiative will help improve the understanding of performance management, and will share knowledge on how to cascade the strategic objectives to individual performance.

JPC Staff Members, Mandela Day

Section 7: Disciplinary Matters and Outcomes

Local Labour Forum

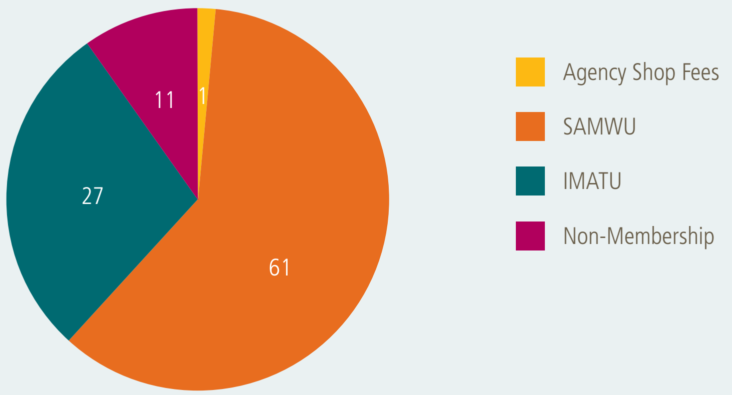
The main objective during the 2016/2017 financial year has been to foster sound relations with organised labour through relationship-building sessions that focused on addressing and concluding agreements, where possible, on the following matters: policies, placement and organisational structure, salary disparities, CCMA cases/unfair labour practice, OHASA, employee wellness/people relations, conditions of service, communications, long-service awards, corruption, and the terms of reference.

The relationship-building session resulted in agreements being reached and the conclusion of matters such as placement and organisational structures, salary disparities, health and safely, conditions of service being availed to all employees, including medical and housing benefits, health and safety, and employee communications. There will be a continued effort to have the Local Labour Forum focusing on organisational readiness in respect of the reintegration process into the City and the conclusion of policy consultations sessions with unions. Although JPC was able to build relationships with organised labour due to the sensitive nature of the relationship, it is also necessary to take cognisance of external labour issues within the city that might impact on the JPC Local Labour Forum, such as the City's parity exercise and issues being addressed at the City's Local Labour Forum.

Union Representation

In terms of the union representation graph, from a staff complement of 557 employees as at end June 2017, the majority of employees belongs to a union. It confirms that JPC is a highly unionised organisation and requires a structured, stabilised labour relationship in order to ensure a harmonious working environment.

UNION REPRESENTATION & MEMBERSHIP



Misconduct Cases

JPC has adopted an approach to tackle and reduce the occurrence of misconduct cases in the organisation through awareness sessions where employees are informed about disciplinary procedures, policies and expected behaviours, and where line management undergo capacity building so that they are able to initiate and preside over disciplinary hearings.

In the period under review, ten misconduct cases were reported and/or processed in terms of the disciplinary code, of which three employees were placed on precautionary suspensions and two were dismissed. The dismissals were imposed because in one instance the offence related to dishonesty and in another it was a repeated offence.

Misconduct	Outcome
Negligence as it relates to performance of duties	The disciplinary hearing commenced and the matter is pending.
Negligence in performing duties: signed a lease agreement on behalf of the company without authorisation	Final written warning.
Fraud and corruption	Investigation currently underway and the employee has been placed on precautionary suspension.

Disputes

Only four matters were referred for an external dispute resolution mechanism at CCMA and two are awaiting the arbitration hearing, while the other two were dismissed and finalised at arbitration level.

Case Description	Outcome
186(2)(b) – Unfair labour practice in that the employer made deduction to the employees' salary, etc.	The matter was dismissed at the arbitration hearing.
186(1)(e) Constructive dismissal	Conciliation finalised, awaiting arbitration referral.
186(2)(b) – Unfair suspension or disciplinary action in that the employee resigns and later challenges the employer on unfair suspension, etc.	The matter was dismissed at arbitration due to a lack of CCMA jurisdiction.
181(1)(a) Unfair dismissal	Conciliation finalised and arbitration hearing scheduled for 1 September 2017.

Grievances

For the period under review, four grievances were lodged and four resolved through the internal process, while one was withdrawn by the employee.

Case Description	Outcome
A grievance against a manager on the conduct (bullying and harassment) by the line manager was lodged by a subordinate	The matter was resolved and the employee was referred for training and the manager for coaching and development.
A grievance against fellow colleagues on gossiping and rumour spreading was lodged by an employee	The matter was resolved.
The employee lodged a grievance for unilateral changes to terms and conditions	The matter was resolved.
Grievance lodged against a manager for intimidation	The matter was withdrawn.

Council Chamber

Section 8: Leave and Productivity Management

Leave Provision

HRM, in conjunction with line management, put effective controls in place to manage and monitor excessive leave days, which have amounted to leave liability of R16 060 878.85 as at the end of June 2017. The main strategic objective is to implement initiatives that will ensure that performance deliverables are achieved and that the leave liability amount is reduced. The principles implemented are as follows:

I. Grant planned annual leave entitlement for line managers and employees, taking into account that peek operational requirements should be prioritised before leave approval.

II. Encourage employees to utilise their 16-day compulsory leave per cycle at the agreed timelines. The ultimate aim is allow employees to rest and be revitalised to have a positive impact on their performance levels upon their return.

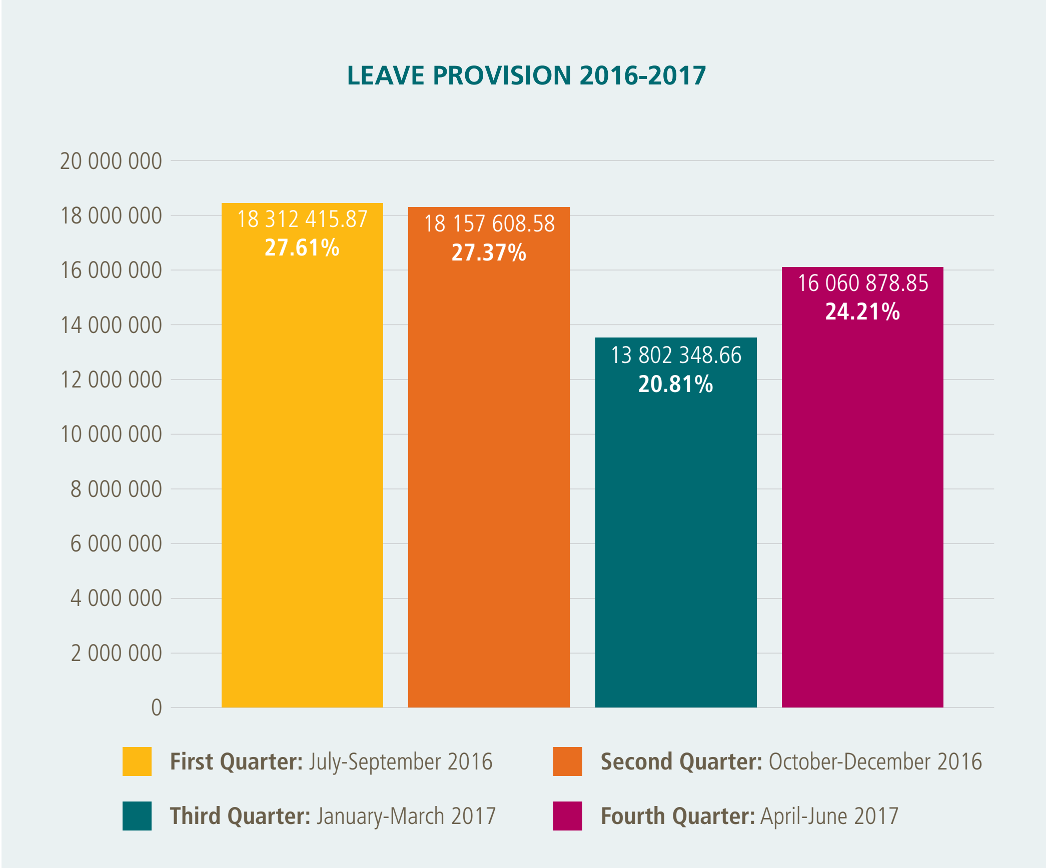
III. In exceptional circumstances where operational requirements demand the business to drive productivity, leave extension is granted based on well-motivated requests from line managers to avoid forfeiture.

The diagram indicates the quarterly leave provision trend for the 2016/2017 financial year.

The graph shows the quarterly leave liability amounts against the total number of annual leave days and the percentage of deviation. During the third quarter, the leave liability reduced significantly due to the festive period, as most leave forms were only captured later.

Leave Encashment for 2016/2017 Financial Year

The Leave Policy prescribes the applicable conditions for leave encashment. It allows employees to sell up to a maximum of eight days non-compulsory leave in a financial year. This practice was primarily permitted only to former City employees, but was later extended to the rest of the organisation. This year a total number of 3021 non-compulsory days were encashed at a total cost of R1.8 million (R1 869 645). This amount contributed to the reduction in the overall leave liability. The procedure in respect of encashment/s is diligently managed in conjunction with the guidelines outlined in the policy document.



JPC Staff Birthday Party

Sick Leave Taken for 2016/2017 Financial Year

Department	Period	Hours	Total Sick Days	% Absenteeism Rate
Office of the CEO	2016-2017	15	61	0.04%
Finance & SCM	2016-2017	34	181	0.13%
Information Technology	2016-2017	9	39	0.03%
Client Business Operations	2016-2017	23	158	0.11%
Corporate Services	2016-2017	20	113	0.08%
Outdoor Advertising	2016-2017	3	10	0.01%
Portfolio Management	2016-2017	366	1 493	1.06%
Total Sick Leave Days		**470**	**2 055**	**1.46%**

The above graph indicates the absenteeism rate of 1.46% for JPC in the 2016/2017 financial year. In comparison to South African organisations' norm of 1.5%, absenteeism in JPC is slightly lower by 0.04%. This serves as a reflection that line management is on track with managing employee absence properly and in alignment with the leave management policies. This also shows that employees are not abusing sick leave. Reducing absenteeism has helped the organisation to meet productivity and service delivery demands despite the capacity gaps.

Section 9: Employee Wellness

During the financial year of 2016/2017, the focus of the employee wellness programme has been on the awareness and utilisation of the EAP. Eight employees were referred for counselling sessions with an external service provider for issues ranging from depressive moods to personal stress management relating to marital and financial issues.

The employee wellness initiatives has positive benefits for both JPC and its employees:

- Reduced absenteeism
- Improved employee attitude
- Improved employee relations
- Increased employee performance and productivity
- Overall stress reduction

HR engagement sessions on the provision of EAP services and other focus areas were held with all employees.

HR arranged a wellness day, a sports day and financial management sessions focusing on pre- and post-retirement planning and personal financial management skills, such as budgeting and investments. These wellness initiatives had 70% reach in respect of employee attendance and participation. They improve the physical, emotional and mental wellbeing of employees and result in a slight improvement with respect to overall productivity.

On 25 August 2016, HRM conducted an employee health wellness. This was aimed at adding value to the health and wellness agenda. JPC is cognisant of the critical diseases that employees commonly face, such as heart disease and cancers, and that are often symptomatic until the very late stages.

The purpose of this health screening day was to enable JPC to identify health risk factors for employees and implement effective strategies to support employees and feed into the wellness agenda.

A total number of 234 employees participated in the respective screening tests. The following screening tests were conducted:

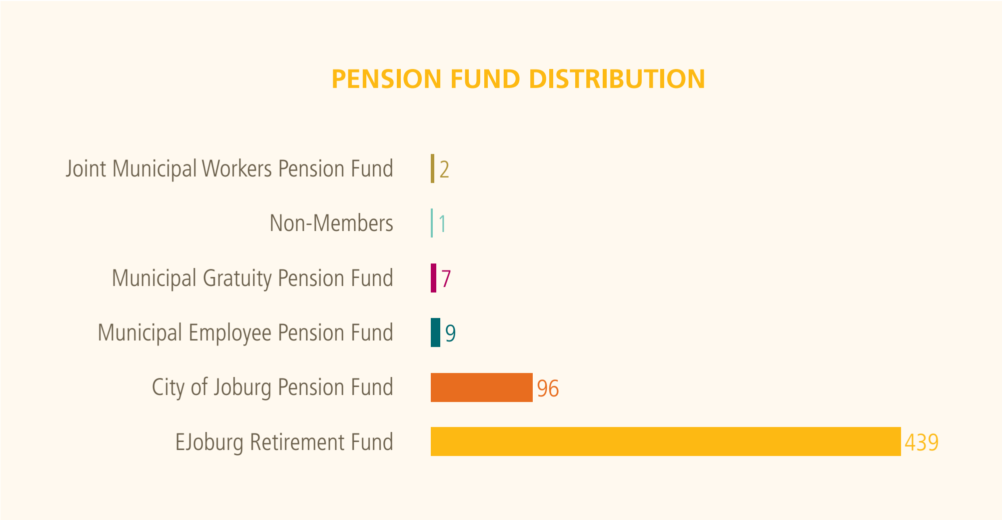
- BMI (body mass index)
- Glucose
- Cholesterol
- Blood pressure
- Acquired Immune Deficiency Syndrome (AIDS)/Human Immunodeficiency Virus (HIV) screening

This was also aimed at reducing lifestyle risks and improving employees' well-being to make positive changes in their daily lifestyle habits. The well-being of employees is a priority and JPC is committed to optimise the health and well-being of employees to build a healthier workplace, and employees supported this initiative, as there was high attendance. This proves that the goal was achieved.

JPC Staff Birthday Party

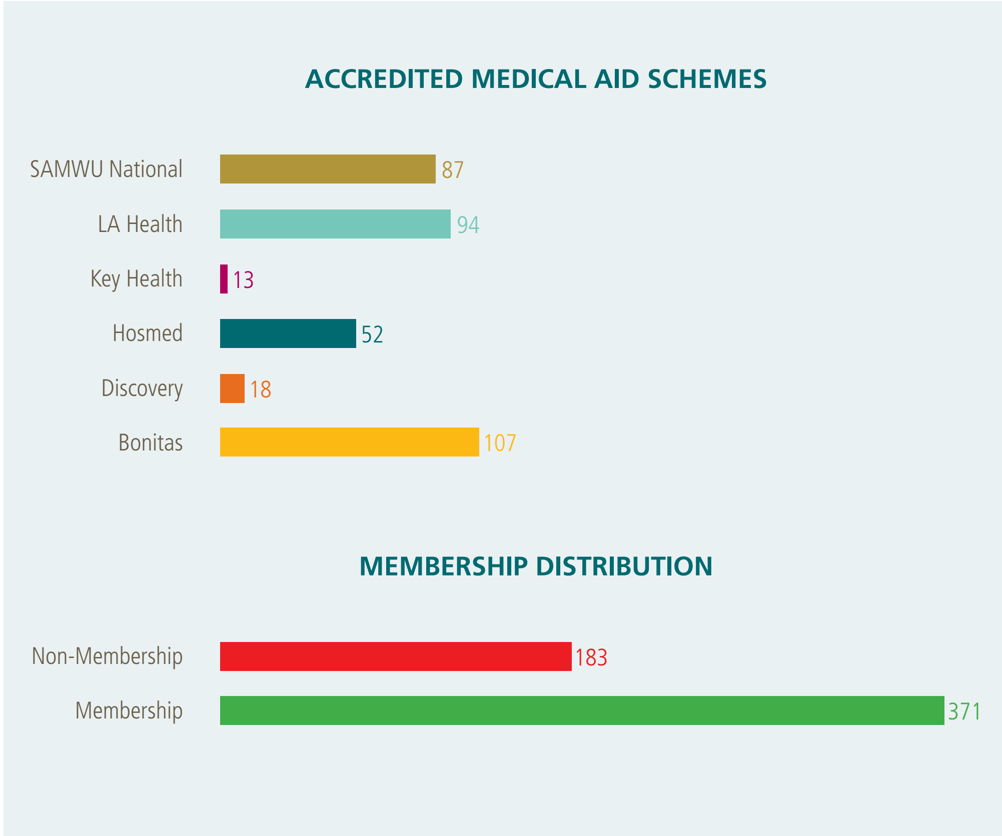
Section 10: Employee Benefits

Pension Fund Membership Distribution as at end June 2017



The graph and table above indicates the membership distribution for the recognised pension funds to which the employer contributes 18% . Although E-Joburg is the preferred pension fund, members who previously joined other pension funds retained their membership. Membership to the fund is compulsory for employees with the exception of the section 56 and temporary employees.

Accredited Medical Aids Schemes Membership as at end June 2017



The graphs above indicate accredited medical aid schemes, as well as the membership distribution. JPC encourage employees to join one of the accredited medical aid schemes to which the company contributes a 60/40 split at a maximum capped amount of R3871.00. The "non-membership" description relates to low-income earners who cannot join the medical aid scheme due to affordability. The major shareholder is investigating alternative options to accommodate medical cover for employees in the low-income brackets.

Section 11: Staff Movement

Recruitment

The appointment of the Company Secretary was the only appointment made in the 2016/2017 financial year. At this stage, JPC only make appointments in critical and key strategic positions that are well motivated by line managers in compliance with the Talent Acquisition policy. The key critical positions have been identified during the budget review to obtain additional funding. The recruitment process will be concluded in the first quarter of 2017/2018.

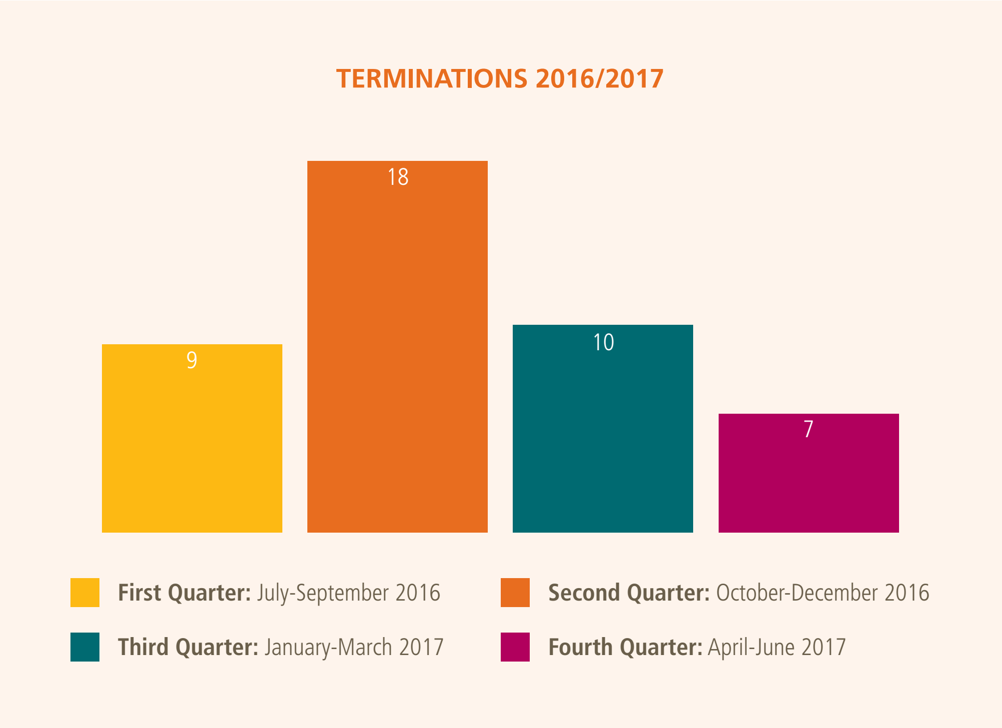
Alex Mall Opening Day. Photo Credit: Richard De Gouveia


Newtown

Terminations

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	M	F	
Top Management	1	0	0	0	0	0	0	0	0	0	1
Senior Management	0	0	0	0	0	0	0	0	0	0	0
Professionally Qualified and Mid-Management	1	0	0	1	1	0	0	0	0	0	3
Junior Management, Superintendents and Skilled Technical	18	2	0	2	1	0	0	0	0	0	23
Semi-Skilled/ Administration	8	0	0	0	2	0	0	0	0	0	10
Unskilled and Defined Decision Making	3	0	0	0	4	0	0	0	0	0	7
Total Permanent Staff	5	2	0	3	8	0	0	0	0	0	44
Temporary Employees	0	0	0	0	0	0	0	0	0	0	0
Grand Total	**5**	**2**	**0**	**3**	**8**	**0**	**0**	**0**	**0**	**0**	**44**

The table above indicates the terminations realised in the 2016/2017 financial year. JPC had 44 terminations in totality, which consisted mainly of retirements and resignations that contributed to the EE representation gaps at various occupational levels.

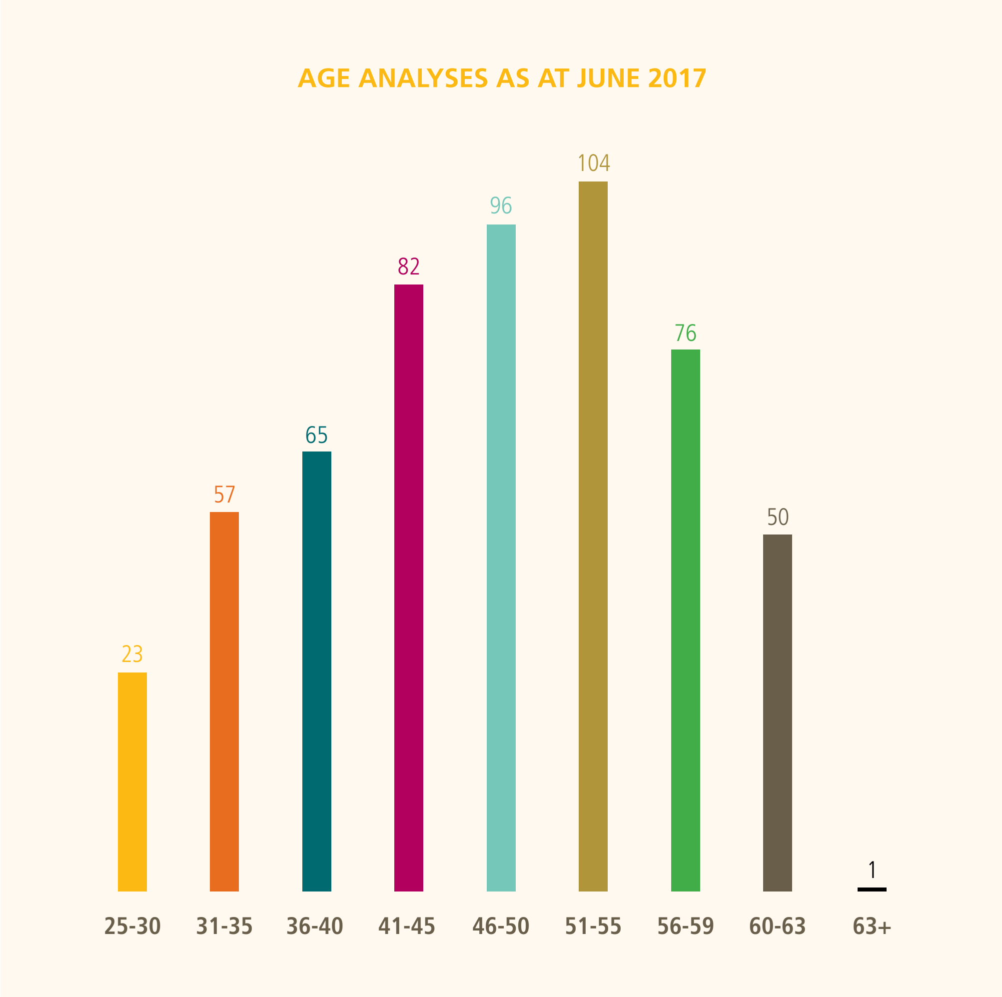


The graph on the right indicates the reasons for termination. As indicated, the largest number of terminations were due to natural attrition. JPC has an ageing workforce, and thus workforce planning is a priority focus area for HR, so that they can put certain measures in place to close the gaps in business functions. Talent interventions such as upskilling and retraining, as well as transferring the technical competencies of existing staff, are essential. HRM, in conjunction with line management, will prioritise key critical areas by forecasting the future workforce in line with the business strategy and objectives.

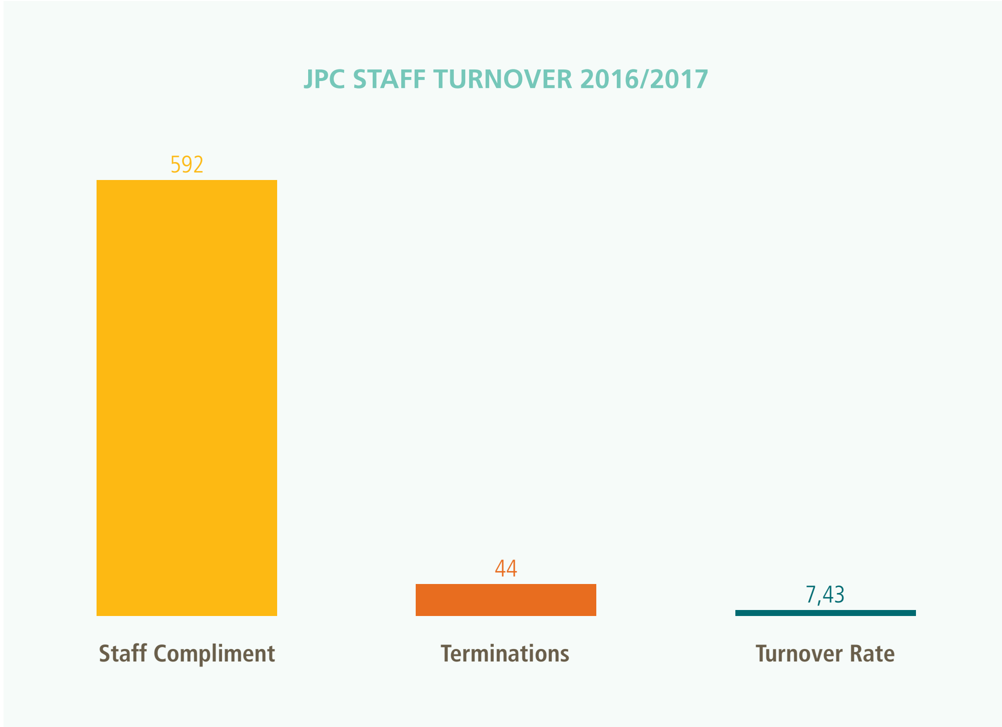
Deceased: The death cases experienced in the 2016/2017 financial year are as a result of natural causes and sudden short illnesses, and these death cases are categorised as staff turnover due to natural attribution. The impact of these death cases on JPC as an organisation resulted in a loss of skill and institutional knowledge, increasing the vacancy rate.

The key measure for JPC to manage this impact is to intensify the employee wellness programme and focus on healthy lifestyle promotion and medical screening and assessments.

Retirements: Due to the ageing workforce, most employees fall within the age groups 50 to 63 years. The retirement graph below indicate expected retirements within the next five years. The workforce planning hence will assist the organisation to contribute to youth development programmes, apprenticeship and job creation in critical business areas.



Staff turnover for 2016/2017 financial year



The graph on JPC staff turnover above shows the staff complement in the first quarter and the terminations realised during 2016/2017 financial year. A staff turnover rate of 7.43% was realised for the 2016/2017 financial year, which is at an acceptable level overall. The terminations experienced are a clear indication that core departments do not have sufficient capacity. The organisation will focus on workforce planning to close the gaps for business continuation purposes. The filling of critical vacancies would be a priority in the financial years between 2017 and 2020.

Section 12: Occupational Health and Safety

The OHASA Rollout Journey: Staff Awareness and OHAS Representation

In the first quarter of the 2016/2017 financial year, planning commenced on the rollout of a suitable OHAS implementation programme. By the second quarter, employee OHAS awareness workshop sessions were completed at ten (10) JPC workplaces. The theme of the programme focused on knowledge sharing, regulations applicable to organisations across industries, meeting OHAS compliance and the OHAS Act, 1993. Employees were encouraged to participate actively in discussions that would influence the implementation of occupational health and safety standards at all workplaces. The approach resulted in the appointment of 142 employees being nominated by fellow colleagues in four OHAS representation categories.

The awareness programme organised for JPC's Exco team provided an opportunity for Exco members to engage with the City's Group Safety, Health and Environment (SHE) head, Dr Shaun Raamroop, and his team of OHAS specialists. The City's team clarified their role as an overseeing one, while holding JPC responsible for ensuring OHAS compliance companywide. Useful information on the laws and obligations of the employer, as described in the ACT, was shared. This further influenced JPC's Exco to review its current structure at a high level and allow room for OHAS management to be addressed as a new separate operational unit in its high-level structure. Discussions also influenced JPC's Exco to make budget provision for addressing OHAS non-compliance risks. An orientation workshop was held for line managers and OHAS representatives to gain clarity and understanding on the respective mandates, including receiving feedback on the value added by the training received.

The City's policy statement was customised and is ready for the CEO's sign-off and display at all workplaces in meeting compliance. This will be implemented in the 2017/2018 financial year. The establishment of workplace OHAS subcommittees at all workplaces has gained momentum thus, allowing for collective OHAS representation participation and influencing OHAS compliance standards. The OHAS Workplace rollout plan is on track with scheduled dates for ongoing staff awareness.

Sandton Lineshops

Training of OHASA Representatives

During the third and fourth quarter of the 2016/2017 financial year, training was provided for appointed OHAS representatives in four OHAS categories: 20 fire safety officers, 20 fire marshals, 54 firefighting representatives, and 52 first-aid representatives. Training with the St John Ambulance for courses in first aid (levels 1 to 3) was completed. Fire and safety representatives completed a similar course on basic fire and evacuation management and the entire team completed a course with Leadership Solution on the OHASA requirements.

The OHASA Partnership Between the City And JPC

JPC participated in the build-up to the City's open day on 19 May, with the theme being "World day for safety and health at work".

Soweto Hospice

Workplace OHASA Compliance: Site Visits

The OHASA compliance site visits were conducted during the third quarter, and the OHASA compliance inspections were completed at all 10 workplaces. The recorded findings from each workplace indicated inefficiencies, but also provided enough information for action plans to be effected according to the OHASA compliance requirements over the short to medium term.

In addressing the inefficiencies, JPC is on track to ensuring that OHASA compliance and standards are met. To date, 404 first-aid items have been ordered, including 61 first-aid boxes, 141 portable first-aid bags and 202 portable Burnshield kits to support first-aid appointees at 10 workplaces – this was the main focus area in the last quarter of 2016/2017. The distribution of the goods will be finalised in the first quarter of 2017/2018 financial year.

During the 2017/2018 financial year, the rollout programme will include the ordering of the required safety tools and goods, such as fire extinguishers, safety and information signs, and fire warning tools (smoke alarms, fire sirens).

Furthermore, the focus will be on the installation of fixed and visible safety warning and information signs inside and outside workplace premises, the supply of portable safety warning signs such as "wet floor" notification and related signage, the installation of fire safety emergency evacuation floor plans with exit routes, the installation of smoke alarms and fire warning sirens, purchasing emergency tools like loudspeakers, torches, identification bibs and name badges, safety clothing and safety gear, helmets, respirators, disposable gloves for personal protection, portable stretchers and so on, as well as the installation of emergency evacuation lighting for power cuts and power outage challenges.

Financial Performance & Exposure

05

Board of Directors' Responsibilities and Approval

The Directors are required by the Municipal Finance Management Act (Act 56 of 2003) and Companies Act,71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the Directors to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended. The External Auditors are engaged to express an independent opinion on the financial statements and were given unrestricted access to all financial records and related data.

The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Board of Directors sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable and not absolute assurance against material misstatement or deficit.

The Directors have reviewed the company's cash flow forecast for the year to 30 June 2018 and, in the light of this review and the current financial position, they are satisfied that the company has or will have access to adequate resources to continue in operational existence for the foreseeable future.

The financial statements are prepared on the basis that the company is a going concern.

Although the Board of Directors are primarily responsible for the financial affairs of the company, they are supported by the company's internal auditors.

The External Auditors are responsible for independently reviewing and reporting on the company's financial statements. The financial statements set out on pages 7 to 57, which have been prepared on the going concern basis, were approved by the Board of Directors on 30 November 2017 and were signed on its behalf by:

Ms. HM Botes
Chief Executive Officer

Mr. P Corbin
Chairperson

Audit and Risk Committee Report

We are pleased to present our report for the financial year ended 30 June 2017.

Audit and Risk Committee Members and Attendance

The Audit and Risk Committee consists of the members listed below, who are required to meet a minimum of 4 times per annum as per its approved terms of reference. During the current financial year the committee of JPC met 7 times.

Name of Member	Meetings Attended
Non-Executive Directors	
Mr. L Mabuza - Chairperson (appointed - 16/03/2017)	7
Prof. A Karam - (appointed - 16/03/2017)	2
Ms. M Mojapelo - (appointed - 16/03/2017)	1
Adv. M Mogale - (retired - 16/03/2017)	4
Mr. M Rabodila - (retired - 16/03/2017)	4
Independent Members	
Mr. V Mokwena	6
Mr. G Mufana	7
Mr. Y Gordhan - (retired - 16/03/2017)	4

Audit and Risk Committee Responsibility

The Audit and Risk Committee reports that it has complied with its responsibilities arising from section 166(2)(a) of the MFMA.

The Audit and Risk Committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The Effectiveness of Internal Control

The system of internal controls applied by the company over financial and risk management are satisfactory. In line with the MFMA and the King Code on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are satisfactory. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported (besides the matters highlighted by the Auditor-General) that indicate any material deficiencies in the system of internal control or any deviations there from.

Quarterly Reporting

The Audit and Risk Committee is satisfied with the content and quality of quarterly reports prepared and issued by the management of the company during the year under review.

Evaluation of Financial Statements

The Audit and Risk Committee has:

- reviewed and discussed the audited financial statements to be included in the annual report, with the Auditor-General recommendations;
- reviewed the Auditor-General of South Africa’s management report and management’s response thereto;
- reviewed changes, if any, in accounting policies and practices;
- reviewed the entity compliance with legal and regulatory provisions; and
- reviewed significant adjustments resulting from the audit.

The Audit and Risk Committee concurs with and accept the Auditor-General of South Africa’s report on the financial statements, and is of the opinion that the audited financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

Audit and Risk Committee Report

Risk Management

The Audit and Risk Committee ensures that the company has effective policies and plans for risk management. The committee also oversees the following:

- Development and annual review of risk management policies and plans
- Monitors implementation of risk management policies and plans
- Recommends to the Board on levels of risk tolerance and appetite
- Ensures risk management is integrated into business operations
- Ensures risk management assessments are conducted on a continuous basis
- Ensures frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks
- Ensures that management considers and implements appropriate risk responses

Finance Function

The Audit and Risk Committee has considered the expertise and experience of the Chief Financial Officer and is satisfied with the appointment of the Chief Financial Officer. The committee has reviewed and considered the experience and resources available to the company's finance function and is satisfied with the resources.

Internal Audit

In line with the MFMA, the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors and the King Code on Corporate Governance, Internal Audit is required to provide the Audit and Risk Committee with quarterly internal audit reports in terms of its approved annual Internal Audit Plan.

Furthermore Internal Audit is required to provide reasonable assurance that the internal controls are adequate an effective, which is achieved by Internal Audit executing its risk -based internal audit plan. The risk based internal audit plan allows Internal Audit to assess the adequacy of controls in mitigating the risks of JPC and whether corrective action plans have been implemented. The Audit and Risk Committee reviewed the internal audit quarterly reports to ensure that internal audit activities were conductedin line with the approved risk based internal audit plan and were satisfied with the completion of the risk based internal audit plan by internal audit.

From our review of the report of the Internal Auditors we note that:

- The internal controls are adequate and effective; and
- The Internal Auditors are operating objectively and independently.

Auditor-General of South Africa

The Audit and Risk Committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

Chairperson of the Audit and Risk Committee
Date:

Board of Directors' Report

The Directors have pleasure in submiting to the Shareholders their report together with the annual financial statements for the year ended 30 June 2017.

1. Incorporation

The company was incorporated on 27 July 2000 and obtained its certificate to commence business on the same day.

2. Review of Activities

Main Business and Operations

The company is a Municipal Entity. The principal activity of the company is the property & facilities management functions and, where appropriate, to provide property services in respect of the City of Johannesburg Metropolitan Municipality and its entities. The company operates only in South Africa.

The operating results and state of affairs of the company are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

The deficit of the company before taxation was R 33 155 082 (2016: surplus R 8 466 572), after taxation it was a deficit of R (58 125 574) (2016: surplus R 5 570 984).

3. Going Concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds from the City of Johannesburg will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

4. Subsequent Events

The Directors are not aware of any matter or circumstance arising since the end of the financial year to the date of this report in respect of matters which would require adjustments to or disclosure in the annual financial statements.

5. Directors' Personal Financial Interest

Directors' personal financial interest in any contracts have been disclosed and no Directors, both executive and nonexecutive, have any interest in contracts with the company.

6. Share Capital

There were no changes in the authorised or issued share capital of the company during the year under review.

7. Borrowing Limitations

In terms of the sale of business agreement, the City of Joburg Property Company (SOC) Limited does not have the authority to borrow funds on its own behalf. All external funding is managed under the auspices of the City of Johannesburg Metropolitan Municipality.

8. Non-Current Assets

There were no changes in the nature of non-current assets of the company during the year.

9. Dividends
No dividends were declared or paid to the shareholder during the year.

10. Directors

The directors of the company during the year ended to 30 June 2017 were as follows:

Name	Nationality	Changes in Appointment
Ms. HM Botes - Chief Executive Officer	South African	
Mr. P Corbin - Chairperson	South African	Appointed - 16/03/2017
Mr. A Mabizela	South African	Retired - 16/03/2017
Mr. IM Bhamjee - Financial Director	South African	
Prof. AN Nevhutanda	South African	Retired - 16/03/2017
Mr. FD Ntombela	South African	Retired - 16/03/2017
Mr. C Kai	South African	Retired - 16/03/2017
Mr. MJ Rabodila	South African	Retired - 16/03/2017
Mr. MM Morojele	South African	
Adv. M Mogale	South African	Retired - 16/03/2017
Ms. M Mojapelo	South African	
Mr. L Mabuza	South African	Retired - 16/03/2017
Mr. N Baloyi	South African	Appointed - 16/03/2017
Prof. A Karam	South African	Appointed - 16/03/2017
Mr. O Kemp	South African	Appointed - 16/03/2017
Mr. O Maseko	South African	Appointed - 16/03/2017
Ms. N Mpofu	South African	Appointed - 16/03/0217
Ms. M Hlobo	South African	Appointed - 27/05/2017

11. Secretary

Mr. Craig Matthews is the company secretary.

Business address: 33 Hoofd Street, Forum II, Braampark Building, Braamfontein, 2000
Postal address: P O Box 31565, Braamfontein, 2017

12. Corporate Governance

12.1 General

The Board of Directors are committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the Board of Directors supports the highest standards of corporate governance and the ongoing development of best practice.

The City of Joburg Property Company confirms and acknowledges its responsibility to comply with the Code of Governance Principles ("the Code") as laid out in the King III Report on Corporate Governance for South Africa 2010. The Board of Directors discuss the responsibilities of management in this respect, at Board meetings and monitor the company's compliance with the code on a yearly basis.

12.2 Board of Directors

The Board:

- retains full control over the company, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the company;
- is of a unitary structure comprising:
  - 9 non-executive directors, all of whom are independent directors as defined in the Code; and
  - 2 executive directors.

Chairperson and Chief Executive

The Chairperson is a non-executive and independent director (as defined by the Code).

The roles of the Chairperson and the Managing Director are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion.

12.4 Remuneration Committee

The Remunerations and Human Resources Committee comprises four (4) members, namely: Ms. M Mojapelo (Chairperson), Mr. O Kemp, Mr. O Maseko and Mr. M Morojele. Up to 16 March 2017, the Remunerations & Human Resources Committee comprised of four (4) members, namely: Ms. M Mojapelo (Chairperson), Ps. C Kai, Mr. F Ntombela and Prof. A Nevhutanda. Except for Ms. Mojapelo whom was re-appointed to the Board, the other members retired on 16 March 2017. The Remuneration and Human Resources Committee advises the Board on the remuneration policies, remuneration packages and other terms of employment for senior managers. Its specific terms of reference also include recommendations to the Board on matters relating inter alia, human resources policies, executive remuneration and other human resource affairs of the company.

12.5 Board of Directors' Meetings

The Board of Directors is required to meet a minimum of 4 times per annum. During the current financial year the Board of Directors of JPC met on 12 separate occasions. Additional meetings were required to address operational challenges with the company secretary, review the corporate strategy with management and for attendance at the entity's risk workshop.

Non-executive directors have access to all members of management of the company.

Name	Board Meeting	Transformation Committee	Transaction Committee	Remuneration & HR Committee	Social & Ethics Committee
Mr. P Corbin (Chairperson)	6		2		
Mr. MM Morojele	9	1	2		1
Ms. M Mojapelo	12			4	
Mr. L Mabuza	9	3	2		
Prof. A Karam	2		2		
Mr. O Maseko	6				1
Mr. N Baloyi	6		2	1	
Mr. O Kemp	5		2	1	
Ms. N Mpofu	3				
Ms. M Hlobo	4				
Mr. A Mabizela (retired - 16/03/2017)	7				
Prof. AN Nevhutanda (retired - 16/03/2017)	1		2	2	1
Mr. MJ Rabodila (retired - 16/03/2017)	5	3	2		
Mr. FD Ntombela (retired - 16/03/2017)	6	3		3	2
Adv. M Mogale (retired - 16/03/2017)	8		1		
Mr. C Kai (retired - 16/03/2017)	8	3		3	2
Total number of meetings held	**12**	**3**	**4**	**4**	**4**

12.6 Audit and Risk Committee

Currently, the Audit and Risk Committee comprises of three (3) non-executive directors, namely: Mr L Mabuza (Chairperson), Ms M Mojapelo and Prof. A Karam.

In terms of Section 166 of the Municipal Finance Management Act, City of Johannesburg, as a parent municipality, must appoint members of the Audit and Risk Committee. Notwithstanding that non-executive directors appointed by the parent municipality constituted the municipal entities' Audit and Risk Committees, National Treasury policy requires that parent municipalities should appoint further members of the municipal entity's Audit and Risk Committees who are not directors of the municipal entity onto the Audit and Risk Committee and these independent members are Mr V Mokwena and Mr G Mufana. The Audit and Risk Committee has fulfilled its responsibilities as provided for in Section 166 of the Municipal Finance Management Act.

12.7 Social & Ethics and Transformation Commitee

The Social and Ethics Committee comprises five (5) members, namely: Mr O Maseko (Chairperson), Mr P Corbin, Mr N Baloyi, Ms M Dolamo and Mr M Morojele. The Board approved the merger of the Social & Ethics and Transformation Committees at its induction session held on 11 April 2017. The Committee became formally known as the Social & Ethics and Transformation Committee. For the year under the review and before the merger, up to 16 March 2017, the Social and Ethics Committee comprised of three (3) members, namely: Past C Kai (Chairperson), Mr. F Ntombela and Prof. A Nevhutanda. These members all retired as Board members on 16 March 2017. The function of the Committee is to monitor the Company's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice. It looks into the Company's social and economic development, including the organisation's standing in terms of the goals and purposes; good corporate citizenship; the environment; health and public safety; consumer relationships including the Company's advertising, public relations and compliance with consumer protection laws; and labour and employment.

12.8 Transformation Committee

For the year under the review and before the merger of the Social & Ethics and Transformation Committees, up to 16 March 2017, the Transformation Committee comprised of five (5) members, namely: Mr. F Ntombela (Chairperson), Mr. L Mabuza, Mr. M Rabodila, Past C Kai and Mr. M Morojele. These members all retired as Board members on 16 March 2017. The commitee was mandated to develop the Transformation Policy, oversee and ensure the alignment of Transformation strategy and plans proposed by the JPC corporate strategy, monitor the development and implementation of transformation strategies and define how JPC will transform the property industry.

12.9 Transactions and Service Delivery Committee

The Transaction Committee comprises six (6) members, namely: Mr O Kemp (Chairperson), Mr N Baloyi, Ms N Mpofu, Prof A Karam, Mr M Morojele and Mr P Corbin. Up to 16 March 2017, the Transactions & Service Delivery Committee comprised of five (5) members, namely: Prof. A Nevhutanda (Chairperson), Mr. L Mabuza, Mr. M Rabodila, Mr. M Morojele and Ms. M Mogale. The primary objective of the committee is to assist the Board in discharging its responsibility by considering all reports relating to property transactions. The committee also ensures that revenue generation targets are achieved in relation to the property portfolio and to make the necessary recommendations to the Board or COJ to ensure that service delivery is enhanced and property related transactions are concluded efficiently within the legal framework that JPC and the CoJ operates in.

12.10 Internal Audit

The company's internal audit function is performed by Nexia SAB&T. The appointment is made in compliance with section 165 of the Municipal Finance Management Act No.56 of 2003.

13. Controlling Entity

The company's controlling entity is the City of Johannesburg Metropolitan Municipality incorporated in South Africa.

14. Auditors

The Auditor General: Gauteng will continue in office in accordance with the Public Audit Act No 25 of 2005, section 92 of the Municipal Finance Management Act No 56 of 2003.

Company Secretary's Certification

Declaration by the Company Secretary in Respect of Section 88(2)(e) of the Companies Act

In terms of section 88(2)(e) of the Companies Act 71 of 2008, and the Municipal Finance Management Act, Act 56 of 2003. I, Craig Matthews, certify that, to the best of my knowedge and belief, the company has lodged with the Commissioner all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

Mr C Matthews
Company Secretary
City of Joburg Property Company (SOC) Ltd

Section 1: Statement of Financial Position as at 30 June 2017

Figures in Rand	Note(s)	2017	2016
Assets			
Current Assets			
Loans to shareholders	3	-	77 880 864
Current tax receivable	5	11 734 027	11 177 915
Receivables from exchange transactions	6	602 932 186	66 520 590
Receivables from non-exchange transactions	7	43 493	53 752
Prepayments	8	341 869	374 399
Cash and cash equivalents	9	2 000	2 000
		615 053 575	**156 009 520**
Non-Current Assets			
Property, plant and equipment	12	24 661 106	22 058 156
Intangible assets	13	14 437 327	12 969 804
Deferred tax	14	11 843 854	36 018 831
Prepayments	8	606 310	779 729
Deposits	10	155 210	148 637
		51 703 807	71 975 157
Total Assets		**666 757 382**	**227 984 677**
Liabilities			
Current Liabilities			
Loans from shareholders	3	302 091 805	73 672 114
Finance lease obligation	15	3 811 911	3 036 553
Operating lease liability	4	777 795	3 750 483
Payables from exchange transactions	16	356 517 840	89 219 298
Provisions	18	2 878 696	2 248 008
		666 078 047	**171 926 456**
Non-Current Liabilities			
Finance lease obligation	15	3 181 419	1 407 334
Employee benefit obligation	11	846 863	669 775
Deferred tax	14	3 615 130	2 819 615
		7 643 412	**4 896 724**
Total Liabilities		**673 721 459**	**176 823 180**
Net Assets		**(6 964 077)**	**51 161 497**
Share Capital	19	5 142 721	5 142 721
Accumulated Surplus (Deficit)		(12 106 798)	46 018 776
Total Net Assets		**(6 964 077)**	**51 161 497**

Section 2: Statement of Financial Performance as at 30 June 2017

Figures in Rand	Note(s)	2017	2016
Revenue	20	429 261 692	443 410 869
Other income	21	-	900 600
Operating expenses		(471 468 045)	(436 446 210)
Operating (deficit) surplus		**(42 206 353)**	**7 865 259**
Investment revenue	22	15 440 822	3 460 166
Finance costs	23	(6 389 551)	(2 858 853)
(Deficit) surplus before taxation		**(33 155 082)**	**8 466 572**
Taxation	27	(24 970 492)	(2 895 588)
(Deficit) surplus for the year		**(58 125 574)**	**5 570 984**

Statement of Changes in Net Assets as at 30 June 2017

Figures in Rand	Note(s)	Share Capital	Share Premium	Total Share Capital	Accumulated Surplus	Total Equity
Opening balance as previously reported		1 000	5 141 721	5 142 721	43 677 384	48 820 105
Adjustments						
Prior year adjustments		-	-	-	(3 229 592)	(3 229 592)
Balance at 01 July 2015 as restated		**1 000**	**5 141 721**	**5 142 721**	**40 447 792**	**45 590 513**
Changes in net assets						
Surplus for the year		-	-	-	5 570 984	5 570 984
Total changes		**-**	**-**	**-**	**5 570 984**	**5 570 984**
Balance at 01 July 2016		**1 000**	**5 141 721**	**5 142 721**	**46 018 776**	**51 161 497**
Changes in net assets						
Deficit for the year		-	-	-	(58 125 574)	(58 125 574)
Total changes		**-**	**-**	**-**	**(58 125 574)**	**(58 125 574)**
Balance at 30 June 2017		**1 000**	**5 141 721**	**5 142 721**	**(12 106 798)**	**(6 964 077)**
Note(s)		19	19	19		

Section 3: Cash Flow Statement as at 30 June 2017

Figures in Rand	Note(s)	2017	2016
Cash flows from operating activities			
Receipts			
Rendering of services		(420 845 616)	273 457 295
Subsidies		327 568 000	340 630 000
Interest Income		1 605 368	3 460 166
Total Receipts		**(91 672 248)**	**617 547 461**
Payments			
Employee costs		(245 304 053)	(219 895 214)
Suppliers		46 697 150	(159 058 680)
Finance costs		(6 389 551)	(2 216 109)
		(204 996 454)	**(381 170 003)**
Net cash flows from operating activities	29	**(296 668 702)**	**236 377 458**
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(3 550 992)	(3 971 336)
Purchase of other intangible assets	13	(446 556)	(22 755)
Payment for deposits		(6 573)	(19 189)
Net cash flows from investing activities		**(4 004 121)**	**(4 013 280)**
Cash flows from financing activities			
Net movement of shareholders loan		305 358 390	(227 276 169)
Finance lease payments		(4 685 567)	(5 088 009)
Net cash flows from financing activities		**300 672 823**	**(232 364 178)**
Net increase/(decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		2 000	2 000
Cash and cash equivalents at the end of the year	**9**	**2 000**	**2 000**

Statement of Comparison of Budget and Actual Amounts as at 30 June 2017

Budget on Cash Basis	Approved Budget	Adjustments	Final Budget	Actual Amounts on Comparable Basis	Difference Between Final Budget and Actual	Reference
Statement of Financial Performance						
REVENUE						
REVENUE FROM EXCHANGE TRANSACTIONS						
Cellmast services	10 657 743	-	**10 657 743**	6 819 291	**(3 838 452)**	Appendix E (1)
Commissions received	86 502 774	-	**86 502 774**	54 428 572	**(32 074 202)**	Appendix E (1)
Debtors discounting	-	-	**-**	(19 166 060)	**(19 166 060)**	Appendix E (1)
Management fees	60 519 226	-	**60 519 226**	57 309 808	**(3 209 418)**	Appendix E (1)
Internal recoveries	-	-	**-**	209 068 684	**209 068 684**	Appendix E (1)
Cost of services	-	-	**-**	(209 068 684)	**(209 068 684)**	Appendix E (1)
Third party development fees	7 500 000	-	**7 500 000**	302 081	**(7 197 919)**	Appendix E (1)
Interest received	2 687 257	-	**2 687 257**	15 440 822	**12 753 565**	Appendix E (1)
Total revenue from exchange transactions	**167 867 000**	**-**	**167 867 000**	**115 134 514**	**(52 732 486)**	
REVENUE FROM NON-EXCHANGE TRANSACTIONS						
TRANSFER REVENUE						
Government grants & subsidies	327 295 000	273 000	**327 568 000**	327 568 000	**-**	Appendix E (1)
EPWP grant	2 000 000	-	**2 000 000**	2 000 000	**-**	Appendix E (1)
Total revenue from non-exchange transactions	**329 295 000**	**273 000**	**329 568 000**	**329 568 000**	**-**	
Total revenue	**497 162 000**	**273 000**	**497 435 000**	**444 702 514**	**(52 732 486)**	
EXPENDITURE						
Personnel	(245 050 617)	(273 000)	**(245 323 617)**	(245 126 965)	**196 652**	Appendix E (1)
Depreciation and amortisation	(6 645 998)	-	**(6 645 998)**	(6 536 094)	**109 904**	Appendix E (1)
Finance costs	(2 430 000)	-	**(2 430 000)**	(6 389 551)	**(3 959 551)**	Appendix E (1)
Lease rentals on operating lease	(99 434 201)	-	**(99 434 201)**	(98 452 825)	**981 376**	Appendix E (1)
Repairs and maintenance	(42 388 000)	-	**(42 388 000)**	(26 463 755)	**15 924 245**	Appendix E (1)
General Expenses	(101 213 184)	-	**(101 213 184)**	(94 433 362)	**6 779 822**	Appendix E (1)
Total expenditure	**(497 162 000)**	**(273 000)**	**(497 435 000)**	**(477 402 552)**	**20 032 448**	
Operating deficit	**-**	**-**	**-**	**(32 700 038)**	**(32 700 038)**	
Loss on disposal of assets and liabilities	-	-	**-**	(455 044)	**(455 044)**	Appendix E (1)
Deficit before taxation	**-**	**-**	**-**	**(33 155 082)**	**(33 155 082)**	
Taxation	-	-	**-**	24 970 492	**24 970 492**	Appendix E (1)
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**-**	**-**	**-**	**(58 125 574)**	**(58 125 574)**	

Appropriation Statement as at 30 June 2017

Figures in Rand	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustments Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council Approved Policy)	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
2017											
Financial Performance											
Investment revenue	2 687 257	-	2 687 257	-		2 687 257	15 440 822		12 753 565	575%	575%
Transfers recognised - operational	327 568 000	-	327 568 000	-		327 568 000	327 568 000		-	100%	100%
Other own revenue	167 179 743	-	167 179 743	-		167 179 743	101 693 692		(65 486 051)	61%	61%
Total revenue (excluding capital transfers and contributions)	**497 435 000**	**-**	**497 435 000**	**-**		**497 435 000**	**444 702 514**		**(52 732 486)**	**89%**	**89%**
Employee costs	(245 323 617)	-	(245 323 617)	-	-	(245 323 617)	(245 126 965)	-	196 652	100%	100%
Depreciation and asset impairment	(6 645 998)	-	(6 645 998)			(6 645 998)	(6 536 094)	-	109 904	98%	98%
Finance charges	(2 430 000)	-	(2 430 000)	-	-	(2 430 000)	(6 389 551)	-	(3 959 551)	263%	263%
Other expenditure	(243 035 385)	-	(243 035 385)	-	-	(243 035 385)	(219 804 986)	-	23 230 399	90%	90%
Total expenditure	**(497 435 000)**	**-**	**(497 435 000)**	**-**	**-**	**(497 435 000)**	**(477 857 596)**	**-**	**19 577 404**	**96%**	**96%**
Surplus	**-**	**-**	**-**	**-**		**-**	**(33 155 082)**		**(33 155 082)**	**DIV/0%**	**DIV/0%**
Taxation	-	-	-	-		-	24 970 492		24 970 492	DIV/0%	DIV/0%
Surplus for the year	**-**	**-**	**-**	**-**		**-**	**(58 125 574)**		**(58 125 574)**	**DIV/0%**	**DIV/0%**

Accounting Policies

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these financial statements, are disclosed below.

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 13	Leases
GRAP 14	Events after the reporting date
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 102	Intangible Assets
GRAP 104	Financial Instruments

The accounting policies are consistent with the previous period.

These accounting policies are consistent with the previous period.

1.1 Going Concern Assumption

These financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.2 Significant Judgements and Sources of Estimation Uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at managements best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Expected Manner of Realisation for Deferred Tax

Deferred tax is provided for based on the expected manner of recovery i.e. sale or use. This manner of recovery affects the rate used to determine the deferred tax liability. Refer note 16 – Deferred tax.

Taxation

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the statement of financial position date could be impacted.

Post Retirement Benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/(income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations. Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 11.

Effective Interest Rate

The company used the City of Johannesburg Metropolitan Municipality average borrowing rate as a point of departure and a basis of discounting financial instruments.

1.3 Property, Plant and Equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

1.3 Property, Plant and Equipment (continued)

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation Method	Average Useful Life
Land		Indefinite
Buildings	Straight line	25 years
Plant and machinery	Straight line	10 years
Furniture and fixtures	Straight line	16 years
Office equipment	Straight line	8 years
IT equipment	Straight line	7 years
Leasehold improvements	Straight line	Term of lease
Leased equipment	Straight line	Term of lease

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note).

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

1.4 Intangible Assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software, internally generated	Indefinite
Computer software	7 years

1.4 Intangible Assets (continued)

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an intangible assets is included in surplus or deficit when the asset is derecognised.

The amortisation charge for each period shall be recognised in surplus or deficit unless this or another Standard permits or requires it to be included in the carrying amount of another asset.

The amortisation period and the amortisation method for an intangible asset with a finite useful life shall be reviewed at least at each reporting date. If the expected useful life of the asset is different from previous estimates, the amortisation period shall be changed accordingly. If there has been a change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the amortisation method shall be changed to reflect the changed pattern. Such changes shall be accounted for as changes in accounting estimates in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

1.5 Financial instruments

Initial Recognition and Measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Loans to (from) Group Companies

These include loans to and from controlling entities, fellow controlled entities, controlled entities, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

On loans receivable an impairment loss is recognised in profit or loss when there is objective evidence that it is impaired. The impairment is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised. Loans to group companies are classified as loans and receivables.

Loans to Shareholders

These financial assets are initially measured at fair value plus direct transaction costs.

Subsequently these loans are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

On loans receivable an impairment loss is recognised in profit or loss when there is objective evidence that it is impaired. The impairment is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Loans to group company (City of Johannesburg Metropolitan Municipality) are classified as loans and receivables.

Receivables from Exchange Transactions

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.

Amounts that are receivable within 12 months from the reporting date are classified as current.

Payables from Exchange Transactions

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank Overdraft and Borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

Other financial liabilities are measured initially at fair value and subsequently at amortised cost, using the effective interest rate method.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred

1.5 Financial Instruments (continued)

Derecognition

Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the entity retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the entity has transferred its rights to receive cash flows from the asset and either
  - has transferred substantially all the risks and rewards of the asset, or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

1.6 Current and Deferred Tax

Current Tax Assets and Liabilities

The tax currently payable is based on taxable income for the year. Taxable income differs from surplus as reported in the statement of financial performance, because it includes income and expenses that are taxable or tax deductible in other years and it further excludes items that are never taxable or tax deductible.

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities / (assets) for the current and prior periods are measured at the amount expected to be paid to / (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Deferred Tax Assets and Liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable surplus will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable surplus will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax Expenses

Current and deferred taxes are recognised as income or an expense and included in surplus or deficit for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to net assets; or
- a business combination.

Current tax and deferred taxes are charged or credited to net assets if the tax relates to items that are credited or charged, in the same or a different period, to net assets.

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance Leases - Lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Finance charges are charged to surplus or deficit, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the company's general policy of borrowing costs.

Operating Leases - Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. Payments made in entering into or acquiring leasehold that is accounted for as an operating lease are amortised over the lease term.

1.8 Impairment of Assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

1.8 Impairment of Assets (continued)

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

(a) the period of time over which an asset is expected to be used by the entity; or
(b) the number of production or similar units expected to be obtained from the asset by the entity.

Reversal of Impairment Loss

The entity assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

1.9 Share Capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Equity instruments issued by the company are classified according to the substance of the contractual arrangements entered into.

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

1.10 Employee Benefits

Short-term Employee Benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined Contribution Plans

Payments to defined contribution retirement benefit plans are charged as an expense as and when they fall due.

The company has no further payment obligations once the contributions have been paid.

Defined Benefit Plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

Actuarial surpluses or (deficits) within the financial year are recognised in the surplus or (deficit).

Surpluses or (deficits) on the curtailment or settlement of a defined benefit plan is recognised when the company is demonstrably committed to curtailment or settlement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs.

Other Post Retirement Obligations

The company provides post-retirement health care benefits to some employees. The entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Valuations of these obligations are carried out by independent qualified actuaries.

1.11 Provisions and Contingencies

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

1.11 Provisions and Contingencies (continued)

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the company settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

1.12 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

1.13 Revenue from Exchange Transactions

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the statement of financial position date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Revenue for the entity, comprises of commission and third party development fees.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

1.14 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for a recognition as an asset and there is no liability to repay the amount.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

1.15 Cost of Services Rendered

The related cost of providing services recognised as revenue is the total cost of delivering the service. The cost of service information is found in the statement of financial performance and represent the direct costs associated with services the entity provides.

These costs comprise:

- costs incurred that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be directly allocated to the contract on a systematic and rational basis; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

The entity discloses other transactions that do not generate revenue but are incidental to the main revenue-generating activities. The presentation reflects the substance of the transaction or other event, by netting revenue with the related expenses arising on the same transaction.

1.16 Borrowing Costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.17 Comparative Figures

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as predictable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as it is predictable, and the prior year comparatives are restated accordingly.

1.18 Fruitless and Wasteful Expenditure

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.19 Irregular Expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

(a) this Act; or

(b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or

(c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

1.19 Irregular Expenditure (continued)

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity’s supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.20 Deferred Income

Revenue received in advance is recognised as income to the extent that the entity has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

1.21 Budget Information

Budget information is prepared in conformity with the accounting policies for preparing and presenting the financial statements.

1.22 Related Parties

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, all entities within the national sphere of government are considered to be related parties.

Notes to the Financial Statements

2. New Standards and Interpretations

2.1 Standards and interpretations Effective and Adopted in the Current Year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

GRAP 17 (as amended 2015): Property, Plant and Equipment

Based on the feedback received as part of the post-implementation review, the Board agreed to reconsider certain principles in GRAP 16 and GRAP 17. In particular, the Board agreed to:

- Review the principles and explanations related to the distinction between investment property and property, plant and equipment.
- Consider whether an indicator-based assessment of useful lives of assets could be introduced.
- Clarify the wording related to the use of external valuers.
- Introduce more specific presentation and disclosure requirements for capital work-in-progress.
- Review the encouraged disclosures and assess whether any should be made mandatory or deleted.
- Require separate presentation of expenditure incurred on repairs and maintenance in the financial statements.

Amendments identified as part of the post-implementation review, affected the following areas:

- Indicator-based assessment of the useful lives of assets
- Use of external valuers
- Encouraged disclosures
- Capital work-in-progress
- Expenditure incurred on repairs and maintenance

The effective date of the standard is for years beginning on or after 01 April 2016.

The entity has adopted the standard for the first time in the 2017 financial statements.

The adoption of this standard has not had a material impact on the results of the entity, but has resulted in more disclosure than would have previously been provided in the financial statements.

GRAP 20: Related Parties

The objective of this standard is to ensure that a reporting entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
  - has control or joint control over the reporting entity;
  - has significant influence over the reporting entity;
  - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
  - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
  - both entities are joint ventures of the same third party;
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
  - the entity is controlled or jointly controlled by a person identified in (a); and
  - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions; and
- Remuneration of management

The effective date of the standard is not yet set by the Minister of Finance.

The entity has early adopted the standard for the first time when the Minister sets the effective date for the standard.

The impact of the standard is set out in note Changes in Accounting Policy.

2.2 Standards and Interpretations Not Yet Effective or Relevant

The following standards and interpretations have been published and are mandatory for the entity's accounting periods beginning on or after 01 July 2017 or later periods but are not relevant to its operations:

Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities

Historically, public entities have prepared financial statements in accordance with generally recognised accounting practice, unless the Accounting Standards Board (the Board) approved the application of generally accepted accounting practice for that entity. "Generally accepted accounting practice" has been taken to mean Statements of Generally Accepted Accounting Practice (Statements of GAAP), or for certain entities, International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board. Since Statements of GAAP have been withdrawn from 1 December 2012, public entities will be required to apply another reporting framework in the future.

2.2 Standards and Interpretations Not Yet Effective or Relevant (continued)

The purpose of this Directive is to prescribe the criteria to be applied by public entities in selecting and applying an appropriate reporting framework.

The effective date of the standard is for years beginning on or after 01 April 2018.

The entity does not envisage the adoption of the standard until such time as it becomes applicable to the entity's operations.

It is unlikely that the standard will have a material impact on the entity's financial statements.

GRAP 109: Accounting by Principals and Agents

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principalagent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. The Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The Standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.

It furthermore covers Definitions, Identifying whether an entity is a principal or agent, Accounting by a principal or agent, Presentation, Disclosure, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The entity does not envisage the adoption of the standard until such time as it becomes applicable to the entity's operations.

It is unlikely that the standard will have a material impact on the entity's financial statements.

GRAP 18: Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the entity. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the entity's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions, states that no comparative segment information need to be presented on initial adoption of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have no been recognised as a result of transitional provisions under the Standard of GRAP on Property, Plant and Equipment, recognition requirements of this Standard would not apply to such items until the transitional provision in that Standard expires.

Directive 4 – Transitional provisions for medium and low capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have not been recognised as a result of transitional provisions un the Standard of GRAP on Property, Plant and Equipment and the Standard of GRAP on Agriculture, the recognition requirements of the Standard would not apply to such items until the transitional provision in that standard expires.

The effective date of the standard is not yet set by the Minister of Finance.

The entity does not envisage the adoption of the standard until such time as it becomes applicable to the entity's operations.

GRAP 108: Statutory Receivables

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The entity does not envisage the adoption of the standard until such time as it becomes applicable to the entity's operations.

It is unlikely that the standard will have a material impact on the entity's financial statements.

GRAP 32: Service Concession Arrangements: Grantor

The objective of this Standard is: to prescribe the accounting for service concession arrangements by the grantor, a public sector entity.

It furthermore covers: Definitions, recognition and measurement of a service concession asset, recognition and measurement of liabilities, other liabilities, contingent liabilities, and contingent assets, other revenues, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The entity does not envisage the adoption of the standard until such time as it becomes applicable to the entity's operations.

It is unlikely that the standard will have a material impact on the entity's financial statements.

IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset

This Interpretation of the Standards of GRAP provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. This Interpretation of the Standards of GRAP shall not be applied by analogy to other types of transactions or arrangements.

A service concession arrangement is a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator is compensated for its services over the period of the service concession arrangement, either through payments, or through receiving a right to earn revenue from third party users of the service concession asset, or the operator is given access to another revenue-generating asset of the grantor for its use.

2.2 Standards and Interpretations Not Yet Effective or Relevant (continued)

Before the grantor can recognise a service concession asset in accordance with the Standard of GRAP on Service Concession Arrangements: Grantor, both the criteria as noted in paragraph .01 of this Interpretation of the Standards of GRAP need to be met. In some service concession arrangements, the grantor only controls the residual interest in the service concession asset at the end of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of GRAP on Service Concession Arrangements: Grantor.

A consensus is reached, in this Interpretation of the Standards of GRAP, on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

The effective date of the standard is not yet set by the Minister of Finance.

The entity does not envisage the adoption of the standard until such time as it becomes applicable to the entity's operations.

It is unlikely that the standard will have a material impact on the entity's financial statements.

Figures in Rand	2017	2016
3. Loans To/(From) Shareholders		
City of Johannesburg Metropolitan Municipality - Group Finance Loan payable to Group Corporate Shared Services for administration of the Facilities Management payroll from March 2016. The loan bears no interest.	(31 416 277)	(19 035 735)
City of Johannesburg Metropolitan Municipality - Unsecured (Portfolio) The City of Johannesburg Metropolitan Municipality Portfolio Loan Account includes commissions accrued. The loan does not bear any interest and is repayable within 12 months.	(69 211 266)	-
City of Johannesburg Metropolitan Municipality - Treasury The Sweeping Account bears interest at an average call rate of 6.01% p.a irrespective of the balance being favourable or not.	(166 863 045)	77 880 864
City of Johannesburg - Group Corporate Shared Services Loan payable to Group Corporate Shared Services for administration of the Facilities Management payroll from March 2013 to February 2016. The loan bears no interest.	(34 601 217)	(54 636 379)
	(302 091 805)	**4 208 750**
Current assets	-	77 880 864
Current liabilities	(302 091 805)	(73 672 114)
	(302 091 805)	**4 208 750**
4. Operating Lease Liability		
Current liabilities	(777 795)	(3 750 483)
The operating lease liability was as a result of an office rental agreement for head office and corporate building accommodation. (Refer to note 32)		

Figures in Rand	2017	2016
5. Tax Refunded		
Balance at beginning of the year	11 177 915	10 728 931
Interest received	556 112	448 984
	11 734 027	**11 177 915**
6. Receivables From Exchange Transactions		
External trade debtors	3 464 408	4 367 254
Debtors discounting	(5 336 561	-
Related party debtors (Note 31)	604 804 339	62 153 336
	602 932 186	**66 520 590**
7. Receivables From Non-Exchange Transactions		
Staff Debtors	43 493	53 752
SARS VAT Debtor	-	2 421 858
Provision for bad debt		(2 421 858)
	43 493	**53 752**
8. Prepayments		
Current	341 869	374 399
Non-Current	606 310	779 729
	948 179	**1 154 128**
Current Assets Prepayments of software licenses to be amortised over the 2016/17 financial year.		
Non-current Assets The long term portion of the prepayment received from Bayete Consulting for professional services. The expense is to be amortised over the course of the lease agreement signed by JPC for the Hoofd Street head office.		
9. Cash and Cash Equivalents		
Cash and cash equivalents consist of: Cash on hand	2 000	2 000
The company's cheque account is swept on a daily basis in terms of an agreement with The City of Johannesburg Metropolitan Municipality (COJ) in order to facilitate better cashflow management on an entity wide basis. Cash is readily available at all times and the sweeping has no effect on its availability.		
10. Deposits		
Deposits held by municipal debtors for informal trading facilities.		
Eskom - Baragwanath	135 403	129 448
Eskom - Lenasia	19 807	19 189
	155 210	**148 637**

Figures in Rand	2017	2016
11. Employee Benefit Obligations		
Defined benefit plan		
Post retirement medical aid plan		
Actuarial valuations are done at an interval of not more than three years using the projected unit credit method,		
The amounts recognised in the statement of financial position are as follows:		
Carrying value		
Present value of the defined benefit obligation	(669 775)	(1 223 546)
Net expense recognised in the statement of financial performance	(177 088)	553 771
	(846 863)	**(669 775)**

The comparative of the net present value of the defined benefit obligation is as follows:

	2016/17	2015/16	2014/15	2013/14
Present value of the defined benefit obligation	(669 775)	(1 223 546)	(996 000)	(879 000)
Net expense recognised in the SoFP	(177 088)	553 771	(227 546)	(117 000)
	(846 863)	**(669 775)**	**(1 223 546)**	**(996 000)**

Net expense recognised in the statement of financial performance		
Current service cost	15 420	(11 508)
Interest cost	(60 280)	(103 904)
Actuarial (gains)/losses	(132 228)	669 183
	(177 088)	**553 771**

Figures in Rand	2017	2016
Key assumptions used		
Assumptions used at the reporting date:		
Discount rates used	9.16 %	9.00 %
Medical cost trend rates	7.44 %	8.15 %
Maximum subsidy inflation rate	5.21 %	5.74 %
Net discount rate - Health care cost inflation	1.59 %	0.78 %
Net discount rate - Maximum subsidy inflation	3.75 %	3.08 %
Expected increases in salary costs	5.94 %	6.70 %

The calculations for post-retirement medical aid were based on the policy adopted by the City of Johannesburg Metropolitan Municipality with regard to post-reitirement medical aid subsidies.

Employees over the age of 55 on 1 July 2003 will get a 60% subsidy on retirement. Employees over the age of 50 but under age of 55 will get a 50% subsidy on retirement. Employees under the age of 50 on 1 July 2003 will not receive any post-retirement medical aid subsidy.

The valuation method and assumptions do not affect the ultimate cost of the long-term benefits – this is determined by actual experience and by the benefits provided. The method and assumptions influence how the past service liability and future-service costs are recognised over time.

The projections assume that the entity's benefit and subsidy policies will remain consistent, and that all the actuarial assumptions made are borne out in practice.

In addition, it is assumed that no contributions are made by the entity towards prefunding its liability via an off-balance sheet vehicle.

Benefits paid refer to the Municipality's subsidy of current continuation members or beneficiaries.

There are no past service costs, curtailments or settlements to reflect.

12. Property, Plant and Equipment

Figures in Rand	2017			2016		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land	487 200	-	487 200	487 200	-	487 200
Buildings	6 350 957	5 030 453)	1 320 504	6 350 957	(4 776 415)	1 574 542
Plant and machinery	1 574 975	(609 105)	965 870	1 680 374	(545 940)	1 134 434
Furniture and fixtures	5 492 589	(1 610 705)	3 881 884	4 965 414	(1 312 442)	3 652 972
Office equipment	2 271 086	(686 448)	1 584 638	2 004 754	(450 937)	1 553 817
IT equipment	7 981 766	(2 661 287)	5 320 479	7 122 099	(1 838 978)	5 283 121
Leasehold improvements	2 140 751	(512 694)	1 628 057	965 290	(409 444)	555 846
Capitalised leased office Equipment	20 780 842	(11 308 368)	9 472 474	15 066 723	(7 250 499)	7 816 224
Total	**47 080 166**	**(22 419 060)**	**24 661 106**	**38 642 811**	**(16 584 655)**	**22 058 156**

Reconciliation of property, plant and equipment - 2017

Figures in Rand	Opening balance	Additions	Disposals	Depreciation	Total
Land	487 200	-	-	-	487 200
Buildings	1 574 542	-	-	(254 038)	1 320 504
Plant and machinery	1 134 434	65 100	(70 162)	(163 502)	965 870
Furniture and fixtures	3 652 972	598 731	(55 954)	(313 865	3 881 884
Office equipment	1 553 817	303 619	(19 422)	(253 376)	1 584 638
IT equipment	5 283 121	1 408 081	(232 982)	(1 137 741)	5 320 479
Leasehold improvements	555 846	1 175 461	-	(103 250)	1 628 057
Capitalised leased office equipment	7 816 224	5 808 172	(76 524)	(4 075 398)	9 472 474
	22 058 156	**9 359 164**	**(455 044)**	**(6 301 170)**	**24 661 106**

Reconciliation of property, plant and equipment - 2016

Figures in Rand	Opening balance	Additions	Disposals	Depreciation	Total
Land	487 200	-	-	-	487 200
Buildings	1 829 276	-	-	(254 734)	1 574 542
Plant and machinery	1 325 144	16 690	(36 395)	(171 005)	1 134 434
Furniture and fixtures	3 982 775	600	(18 258)	(312 145)	3 652 972
Office equipment	690 695	1 040 336	(19 798)	(157 416)	1 553 817
IT equipment	2 160 303	3 814 310	(91 547)	(599 945)	5 283 121
Leasehold improvements	652 638	-	-	(96 792)	555 846
Capitalised leased office equipment	7 058 711	3 852 283	(53 621)	(3 041 149)	7 816 224
	18 186 742	**8 724 219**	**(219 619)**	**(4 633 186)**	**22 058 156**

The following leased assets are included in Property, Plant and Equipment listed above

Figures in Rand	2017			2016		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Leasehold improvements	2 140 751	(512 695)	1 628 056	965 290	(409 444)	555 846
Leased office equipment	20 780 842	(11 308 368)	9 472 474	15 066 723	(7 250 499)	7 816 224
Total	**22 921 593**	**(11 821 063)**	**11 100 530**	**16 032 013**	**(7 659 943)**	**8 372 070**

Figures in Rand	2017	2016
Details of properties		
Erf 737 and Erf 1304, 18 Bedford Road, Yeoville		
Land		
- Cost	487 200	487 200
Erf 737 and Erf 1304, 18 Bedford Road, Yeoville		
Buildings		
- Cost	6 350 957	6 350 957
- Accumulated depreciation	(5 030 453)	(4 776 415)
	1 320 504	1 574 542

13. Intangible Assets

Figures in Rand	2017			2016		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Computer software, internally generated	12 761 889	-	12 761 889	12 761 889	-	12 761 889
Computer software	2 026 986	(351 548)	1 675 438	318 841	(110 926)	207 915
Total	**14 788 875**	**(351 548)**	**14 437 327**	**13 080 730**	**(110 926)**	**12 969 804**

Reconciliation of intangible assets - 2017

Figures in Rand	Opening balance	Additions	Amortisation	Total
Computer software, internally generated	12 761 889	-	-	12 761 889
Computer software	207 915	1 702 447	(234 924)	1 675 438
	12 969 804	**1 702 447**	**(234 924)**	**14 437 327**

Reconciliation of intangible assets - 2016

Figures in Rand	Opening balance	Additions	Amortisation	Total
Computer software, internally generated	12 761 889	-	-	12 761 889
Computer software	226 267	22 755	(41 107)	207 915
	12 988 156	**22 755**	**(41 107)**	**12 969 804**

2016/17: No impairment is required for intangible assets.

14. Deferred Tax

Figures in Rand	2017	2016
Deferred tax liability		
Prepaid Expenses	(18 901)	(18 901)
Property, Plant, Equipment and Intangibles	(943 936)	(619 131)
Finance Lease Fixed Assets	(2 652 293)	(2 181 583)
Total deferred tax liability	**(3 615 130)**	**(2 819 615)**
Deferred tax asset		
Provision for Post Retirement Medical Aid	237 122	187 537
Provision for Leave Pay	4 497 045	4 264 790
Provision for Bonuses	3 439 535	3 093 504
Debtors Discounting	1 494 237	-
Straightlining of Operating Leases	217 783	1 050 135
Finance Lease Liability	1 958 132	1 237 329
Losses	-	26 185 536
Total deferred tax asset	**11 843 854**	**36 018 831**
Deferred tax liability	(3 615 130)	(2 819 615)
Deferred tax asset	11 843 854	36 018 831
Total net deferred tax asset	**8 228 724**	**33 199 216**
Reconciliation of deferred tax asset		
At beginning of year	33 199 216	36 094 804
Increases (decrease) in tax loss available for set off against future taxable income	(24 970 492)	(2 895 588)
	8 228 724	**33 199 216**

It is unlikely that there will be profits in the foreseeable future, against which losses incurred in the previous financial years can be offset. Therefore, the deferred tax asset on losses cannot be recognised for future financial years.

Figures in Rand	2017	2016
15. Finance Lease Obligation		
Minimum lease payments due		
- Not later than one year	4 177 668	3 284 404
- Later than one year and not later than 5 years	3 319 495	1 480 800
	7 497 163	4 765 204
Less: Future finance charges	(503 833)	(321 317)
Present value of minimum lease payments	**6 993 330**	**4 443 887**
Present value of minimum lease payments due		
- Not later than one year	3 811 911	3 036 553
- Later than one year and not later than 5 years	3 181 419	1 407 334
	6 993 330	**4 443 887**
Non-current liabilities	3 181 419	1 407 334
Current liabilities	3 811 911	3 036 553
	6 993 330	**4 443 887**

It is company policy to lease certain equipment under finance leases; These assets are leased over a period of 2 to 5 years at a fixed negotiated rate, and are secured by the assets financed (refer to Note 12).

Figures in Rand	2017	2016
16. Payables from Exchange Transactions		
Trade and other payables	11 506 767	2 962 878
Related parties	160 547	-
Accrued leave pay	16 060 875	15 231 390
Accrued 13th Cheques	9 405 358	8 800 220
Accruals	319 384 293	62 224 810
	356 517 840	**89 219 298**
17. Deferred Income		
Movement during the year		
Balance at the beginning of the year	-	4 701 750
Income recognition during the year	-	(4 701 750)
	-	-

The above deferred income relate to commission received on the conclusion of the 5 year lease agreement relating to outdoor advertising. The final amortisation occured in March 2016.

Figures in Rand

18. Provisions

Reconciliation of provisions - 2017

	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
Provision for bonuses	2 248 008	2 500 528	(1 675 140)	(194 700)	2 878 696

Reconciliation of provisions - 2016

	Opening balance	Additions	Utilised during the year	Total
Provision for bonuses	745 928	2 597 553	(1 095 473)	2 248 008

2015/16: The provision relates to bonuses due to EXCO members for the 2014/15 & 2015/16 financial year.
2016/17:The provision relates to bonuses due to EXCO members for the 2016/17 financial year.

Figures in Rand	2017	2016
19. Share Capital		
Authorised		
1,000 Ordinary shares of R1 each	1 000	1 000
Reconciliation of number of shares issued:		
Reported as at 01 July 2016	1 000	1 000
Issued		
1,000 Ordinary shares of R1 each	1 000	1 000
Share premium	5 141 721	5 141 721
	5 142 721	5 142 721

Figures in Rand	2017	2016
19. Share Capital		
Authorised		
1,000 Ordinary shares of R1 each	1 000	1 000
Reconciliation of number of shares issued:		
Reported as at 01 July 2016	1 000	1 000
Issued		
1,000 Ordinary shares of R1 each	1 000	1 000
Share premium	5 141 721	5 141 721
	5 142 721	**5 142 721**
20. Revenue		
Cellmast services	6 819 291	7 317 470
Commission received	54 428 572	72 434 721
Debtors discounting effect	(19 166 060)	-
Management fees	57 309 808	9 813 368
Internal recoveries	209 068 684	-
Cost of services	(209 068 684)	-
Third party development fees	302 081	12 141 449
City of Johannesburg Metropolitan Municipality - Subsidy	327 568 000	340 630 000
EPWP Grant	2 000 000	1 073 861
	429 261 692	**443 410 869**
The amount included in revenue arising from exchanges of goods or services are as follows:		
Cellmast services	6 819 291	7 317 470
Rendering of services	54 428 572	72 434 721
Debtors discounting	(19 166 060)	-
Management fees	57 309 808	9 813 368
Internal recoveries	209 068 684	-
Cost of services	(209 068 684)	-
Third party development fees	302 081	12 141 449
	99 693 692	**101 707 008**
The amount included in revenue arising from non-exchange transactions is as follows:		
Transfer revenue		
City of Johannesburg Metropolitan Municipality - Subsidy	327 568 000	340 630 000
EPWP Grant	2 000 000	1 073 861
	329 568 000	**341 703 861**

Figures in Rand	2017	2016
21. Other Income		
Donations received	**-**	**900 600**
22. Investment Revenue		
Interest revenue		
Debtors discounting	13 829 499	-
Sweeping Account	950 516	3 011 182
Interest received on land acquisition	104 696	-
South African Revenue Services	556 111	448 984
	15 440 822	**3 460 166**
23. Finance Costs		
Finance leases	557 001	642 744
Sweeping account	5 790 282	2 166 480
Disputed supplier accounts	42 268	49 629
	6 389 551	**2 858 853**

Figures in Rand	2017	2016
24. General Expenses		
Advertising	153 915	307 802
Assets expensed	14 431	22 000
Auditors remuneration	3 312 537	2 491 903
Bank charges	39 472	49 133
Board expenses	1 171 892	827 476
Cleaning	10 907 697	11 454 351
Computer expenses	2 578 278	893 362
Consulting and professional fees	14 303 989	6 815 949
Conferences and seminars	398 250	71 060
Computer consumables	278 343	218 464
Electricity and water	21 530 885	18 867 100
Fleet	7 623 175	7 581 425
Gas	223 514	37 818
Insurance	5 144 335	3 340 439
Launches and communications	4 377 621	2 427 537
Lease rentals - GRAP 13 straightlining adjustment	(2 972 688)	2 709 734
Office rentals	98 452 825	88 283 662
Other expenses	-	200
Pest control	218 212	254 941
Placement fees	21 969	383 214
Postage and courier	1 852	1 296
Printing and stationery	2 098 715	1 823 193
Protective clothing	405 997	49 788
Rates and taxes	1 646 355	3 859 498
Refuse	507 679	406 512
Sanitation and sewerage	623 927	629 820
Security	11 929 421	11 288 272
Software expenses	774 476	355 625
Staff welfare	1 282 932	1 159 265
Storage	158 522	197 707
Subscriptions and membership fees	854 164	2 731 345
Telephone and fax	2 051 916	2 215 709
Training	2 381 171	1 465 114
Travel - local	354 320	623 479
Travel - overseas	36 088	983 698
	192 886 187	**174 827 891**

Figures in Rand	2017	2016
25. Employee Related Costs		
Employee related costs : Salaries and wages	147 734 513	130 650 729
Post-retirement medical aid benefits-Defined benefit plan	177 088	(553 771)
SARS, SITE and PAYE	37 963 560	26 536 492
Allowances	906 604	901 439
Overtime payments	4 337 960	2 136 292
Bonus	2 657 510	2 663 693
UIF	1 019 768	1 270 016
SDL	1 957 618	1 868 507
Payroll levies	36 073	122 443
Leave pay accrual charge	5 031 019	7 359 212
Pension costs	29 880 014	32 860 406
13th Cheque	13 425 238	13 525 985
	245 126 965	**219 341 443**

2016: SARS, SITE & PAYE have been restated for 2015/16 as the costs from March 2016 up to & including June. 2016 were included in employee related costs - salaries and wages.

Key Personnel

	2017	2016
Remuneration of Executive Manager: Client Business Operations		
Annual Remuneration	1 577 583	1 499 571
Performance Bonuses	252 000	183 299
Contributions to UIF, Medical and Pension Funds	264 367	318 652
Subsistence Allowance	-	1 059
Leave Pay	-	36 610
	2 093 950	**2 039 191**
Remuneration of Executive Manager: Property Portfolio		
Annual Remuneration	1 557 583	1 499 570
Performance Bonuses	192 600	191 678
Contributions to UIF, Medical and Pension Funds	260 099	318 753
Leave Pay	-	38 336
	2 010 282	**2 048 337**
Remuneration of Executive Manager: Strategic Support		
Annual Remuneration	1 062 487	998 851
Travel Allowance	96 000	96 000
Performance Bonuses	182 000	-
Contributions to UIF, Medical and Pension Funds	176 190	218 462
13th Cheque	-	50 886
Leave Pay	34 026	-
	1 550 703	**1 364 199**
Remuneration of Executive Manager: Corporate Services		
Annual Remuneration	981 069	1 245 334
Contributions to UIF, Medical and Pension Funds	146 800	268 285
	1 127 869	**1 513 619**

Figures in Rand

26. Directors' Emoluments

The following emoluments were paid to the executive and non-executive directors during the year.

Executive 2017	Emoluments Travel	Allowance	Company Contributions	Performance Bonus	Total
Ms H M Botes - Chief Executive Officer	1 982 360	250 000	20 655	294 840	2 547 855
Mr I M Bhamjee - Financial Director	1 510 605	96 000	241 388	192 600	2 040 593
	3 492 965	**346 000**	**262 043**	**487 440**	**4 588 448**

Executive 2016	Emoluments Travel	Allowance	Company Contributions	Performance Bonus	Back-Pay	Total
Ms H M Botes - Chief Executive Officer	1 484 534	250 000	29 126	280 000	769 566	2 813 226
Mr I M Bhamjee - Financial Director	1 373 269	96 000	290 681	193 462	-	1 953 412
	2 857 803	**346 000**	**319 807**	**473 462**	**769 566**	**4 766 638**

Non-Executive 2017	Emoluments	Retainer fees	Total
Mr P Corbin - Chairperson	125 872	-	25 872
Mr A Karam (appointed - 16/03/2017)	61 477	-	61 477
Mr O Kemp (appointed - 16/03/2017)	102 038	-	102 038
Ms N Mpofu (appointed - 16/03/2017)	29 704	-	29 704
Mr O Maseko (appointed - 16/03/2017)	104 913	-	104 913
Mr N Baloyi (appointed - 16/03/2017)	107 956	-	107 956
Ms M Hlobo (appointed - 27/05/2017)	48 000	-	48 000
Mr L Mabuza	142 094	22 816	164 910
Ms M Mojapelo	167 411	22 816	190 227
Mr MM Morojele	113 751	22 816	136 567
Mr A Mabizela (retired - 16/03/2017)	102 666	45 626	148 292
Adv M Mogale (retired - 16/03/2017)	84 422	22 816	107 238
Mr J Rabodila (retired - 16/03/2017)	120 936	22 816	143 752
Mr FD Ntombela (retired - 16/03/2017)	91 273	22 816	114 089
Mr C Kai (retired - 16/03/2017)	126 643	22 816	149 459
Prof AN Nevhutanda (retired - 16/03/2017)	62 750	22 816	85 566
	1 591 906	**228 154**	**1 820 060**

Non-Executive 2016	Emoluments	Retainer fees	Total
Mr A Mabizela - Chairperson	171 120	45 626	216 746
Mr T Hickman (retired 15/03/2016)	132 344	22 816	155 160
Prof AN Nevhutanda	118 658	22 816	141 474
Ms P Msweli (retired 15/03/2016)	74 166	22 816	96 982
Mr J Rabodila	133 491	22 816	156 307
Mr FD Ntombela	158 600	22 816	181 416
Mr MM Morojele	95 836	22 816	118 652
Mr C Kai	173 441	22 816	196 257
Dr N Mabuya (resigned 05/01/2016)	65 034	22 816	87 850
Mr L Mabuza (appointed 15/03/2016)	50 198	-	50 198
Adv M Mogale (appointed 15/03/2016)	66 172	-	66 172
Ms M Mojapelo (appointed 15/03/2016)	30 802	-	30 802
	1 269 862	**228 154**	**1 498 016**

Figures in Rand	2017	2016
27. Taxation		
Major components of the tax expense (Income)		
Deferred		
Originating and reversing temporary differences	24 970 492	2 895 588
Reconciliation of the tax expense		
Reconciliation between accounting surplus and tax expense.		
Accounting (deficit) surplus	(33 155 082)	8 466 572
Tax at the applicable tax rate of 28% (2016: 28%)	(9 283 423)	2 370 640
Tax effect of adjustments on taxable income		
Non taxable/non-deductible expenses	34 253 915	524 948
	24 970 492	**2 895 588**
28. Auditors' Remuneration		
Fees	3 312 537	2 491 903
Reconciliation of audit fees		
Audit Fees - External	1 231 162	1 301 125
Audit Fees - Internal	2 081 375	1 190 778
	3 312 537	**2 491 903**

Figures in Rand	2017	2016
29. Cash Generated from Operations		
(Deficit) surplus	(58 125 574)	5 570 984
Adjustments for:		
Depreciation and amortisation	6 536 094	4 674 292
Loss on sale of assets and liabilities	455 044	219 617
Finance costs - Finance leases	557 001	642 744
Debt impairment	-	2 423 893
Movements in operating lease assets and accruals	(2 972 688)	2 709 734
Movements in retirement benefit assets and liabilities	177 088	(553 771)
Movements in provisions	630 688	1 502 080
Annual charge for deferred tax	24 970 492	2 895 588
Non-cash flow Interest received - debtors discounting	(13 829 499)	-
Scrapped finance lease asset	-	(152 644)
Movement in discounting of receivables	19 166 060	-
Changes in working capital:		
Receivables from exchange transactions	(541 748 157)	173 033 060
Consumer debtors	-	(2 423 893)
Other receivables from non-exchange transactions	10 259	2 546 884
Prepayments	205 949	(29 948)
Payables from exchange transactions	267 298 541	48 020 588
Deferred income	-	(4 701 750)
	(296 668 702)	**236 377 458**

30. Commitments

Commitments in respect of capital expenditure:		
Authorised		
• Property, plant and equipment	1 700 000	4 000 000
Total capital commitments		
Not yet contracted for and authorised by directors	1 700 000	4 000 000
Authorised operational expenditure		
Already contracted for but not provided for		
Audit fees	-	627 923
Cleaning	29 704 507	-
Consulting fees	76 825	19 567 505
Fleet	2 332 260	4 784 377
Licenses	-	396 096
Repairs and maintenance	1 530 486	3 866 999
Staff wellness	25 468	107 294
Temporary staff	-	511 077
	33 669 546	**29 861 271**

Figures in Rand	2017	2016
Total operational commitments		
Already contracted for	33 669 546	29 861 271
Total commitments		
Authorised capital expenditure	1 700 000	4 000 000
Authorised operational expenditure	33 669 546	29 861 271
	35 369 546	**33 861 271**

This committed capital expenditure relates to plant and equipment and will be financed by available bank facilities, retained surpluses, existing cash resources, funds internally generated, etc. The entity has been allocated a capital expenditure budget of R1 700 000 for the 2017/18 financial year (2016: R4 000 000).

Operating leases – as lessee (Buildings)		
Minimum lease payments due		
• Not later than one year	81 946 911	63 939 108
• Later than one year and not later than five years	65 521 474	114 609 316
• Later than five years	-	1 525 307
	147 468 385	**180 073 731**

Operating lease payments represent rentals payable by the entity for the JPC head office and office accommodation for 10 buildings for various City departments. Leases are negotiated for a term of 2 to 5 years for City department occupied buildings and 9 years and 11 months for the JPC head office, all leases are subject to yearly escalations. No contingent rent is payable.

31. Related Parties

Relationships
The company adheres to Section 45 of The Municipal Supply Chain Management Regulation:
Contracts are entered into in terms of Services Delivery Agreements
As all related parties are current no provision has been made in respect of bad debts.
Controlling entity: The City of Johannesburg Metropolitan Municipality
Fellow subsidiaries: City Power Johannesburg (SOC) Ltd
Johannesburg City Parks (NPC)
Johannesburg Development Agency (SOC) Ltd
Johannesburg Social Housing Company (SOC) Ltd
Johannesburg Roads Agency (SOC) Ltd
Johannesburg Fresh Produce Market (SOC) Ltd
Johannesburg Water (SOC) Ltd
Johannesburg Theatre (SOC) Ltd
Pikitup (SOC) Ltd

Figures in Rand	2017	2016
31. Related Parties (continued)		
Related party balances		
Loan Accounts - Owing from related parties		
City of Johannesburg Metropolitan Municipality	-	77 880 864
Loan accounts - Owing to related parties		
City of Johannesburg Metropolitan Municipality	(302 091 805)	(73 672 114)
Interest paid to related parties		
City of Johannesburg Metropolitan Municipality	5 790 282	2 166 480
Services rendered to related parties		
The City of Johannesburg Metropolitan Municipality - Commission received	30 676 757	44 764 978
The City of Johannesburg Metropolitan Municipality - Capital commission received	23 638 051	27 386 973
The City of Johannesburg Metropolitan Municipality - Management fees	57 309 808	7 625 975
The City of Johannesburg Metropolitan Municipality - Internal recoveries	209 068 684	2 187 393
The City of Johannesburg Metropolitan Municipality - Cost of services	(209 068 684)	-
The City of Johannesburg Metropolitan Municipality - Subsidies received	327 568 000	340 630 000
City Power	-	146 016
Johannesburg Fresh Produce Market	102 147	-
Johannesburg Roads Agency	94 500	-
Joburg Water	70 015	45 633
Metrobus	308 675	-
Pikitup	-	34 452
	439 767 953	**422 821 420**

Figures in Rand	2017	2016
Balance included in trade receivables		
City of Johannesburg Legal Services	53 381	-
City of Johannesburg Ombudsman	4 764 139	1 044 622
City of Johannesburg Portfolio	31 981 933	-
City Power	3 902 169	110 070
Department of Citizen Relations and Urban Management	3 788 173	12 205 644
Department of Community Development	81 665 705	5 372
Department of Development Planning	22 627 148	750 000
Department of Economic Development	18 950 921	1 224 201
Department of Health	50 954 546	7 959
Department of Housing	45 683 137	3 715 394
Department of Public Safety	9 903 960	-
Department of Social Development	6 053 942	13 070 775
Department of Transport	75 699 929	560 666
Department of Transport - BRT	2 392 437	421 315
Emergency and Medical Services	41 791 239	4 982 114
Environment and Infrastructure Services Department	3 779 000	-
Group Corporate Shared Services	3 835 548	580 407
Group Finance and Revenue	24 857 626	5 819 462
Johannesburg Metropolitan Police Department	70 281 347	16 726 921
Johannesburg Roads Agency	592 515	-
Johannesburg Tourism	-	2 957
Johannesburg Water	30 034	5 685
Metrobus	3 870 782 -	
Museum Africa	7 506	7 506
Office of the Executive Mayor: City Manager	7 280 051	-
Office of the Executive Mayor: Executive Mayor	1 278 196	-
Office of the Executive Mayor: Group Governance	1 619 683	-
Office of the Executive Mayor: Communications	1 110 358	-
Office of the Speaker	85 567 628	872 991
Pikitup	481 306	39 275
	604 804 339	**62 153 336**
Balance included in trade payables		
Johannesburg Fresh Produce Market	160 547	-
Office of the Mayor	3 809 378	-
	3 969 925	**-**
Interest received from related parties		
City of Johannesburg Metropolitan Municipality	949 898	3 004 637
Services received from related parties		
City of Johannesburg Civic Theatre	296	260
Department of Development Planning	40 320	-
Group Corporate Shared Services	1 844 355	1 575 352
Metrobus	7 000	-
Office of the Mayor	3 341 560	2 159 312
	5 233 531	**3 734 924**

Figures in Rand

31. Related Parties (continued)

Remuneration of management

Executive management

2017	Basic Salary	Bonuses and 13th cheques	Travel Allowance	Company contribution	Other payments received	Total
Ms HM Botes	1 982 360	294 840	250 000	20 655	-	2 547 855
Mr IM Bhamjee	1 510 605	192 600	96 000	241 388	-	2 040 593
Mr F Sardianos	1 577 583	252 000	-	264 367	-	2 093 950
Mr SZ Mntungwa	1 557 583	192 600	-	260 099	-	2 010 282
Mr MM Makhunga	1 062 487	182 000	96 000	176 190	34 026	1 550 703
Mr M Tisani	981 069	-	-	146 800	-	1 127 869
	8 671 687	**1 114 040**	**442 000**	**1 109 499**	**34 026**	**11 371 252**
2016						
Ms HM Botes	1 484 534	280 000	250 000	29 126	769 566	2 813 226
Mr IM Bhamjee	1 373 269	193 462	96 000	290 681	-	1 953 412
Mr F Sardianos	1 499 571	183 299	-	318 652	37 669	2 039 191
Mr SZ Mntungwa	1 499 570	191 678	-	318 753	38 336	2 048 337
Mr MM Makhunga	998 851	50 886	96 000	218 462	-	1 364 199
Mr M Tisani	1 245 334	-	-	268 285	-	1 513 619
	8 101 129	**899 325**	**442 000**	**1 443 959**	**845 571**	**11 731 984**

32. Risk Management

Financial risk management

Liquidity risk

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities. The companies cash is swept on a daily basis to The City of Johannesburg Metropolitan Municipality (COJ) main account. The City releases money for use by The City of Joburg Property Company (SOC) Ltd as and when it is needed. Any over expenditure in which current cash swept cannot cover is covered by the COJ.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

At 30 June 2017	Less than 1 year	1-2 years	2-5 years	Over 5 years
Finance lease obligations	3 811 911	3 181 419	-	-
Trade and other payables	356 517 840	-	-	-
At 30 June 2016				
Finance lease obligations	3 036 553	1 407 334	-	-
Trade and other payables	89 219 299	-	-	-

Interest rate risk

As the company has no significant interest-bearing assets, the company's income and operating cash flows are substantially independent of changes in market interest rates.

The company policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on surplus/(deficit). Fixed rate borrowings expose the company to fair value interest rate risk.

The company has not performed a sensitivity analysis as the company is exposed to fixed rate borrowings only.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. Trade debtors are comprised of development fees on contracts awarded to a developer who has been awarded the tender and related party debtors generated from the internal recoveries of office accommodation for FMMU. The company manages development fee risk by inserting suspensive conditions in the signed contracts. If the developer cannot pay in the specified time, payment terms are arranged and failing which the contract will be cancelled and awarded to another developer.

Figures in Rand	2017	2016
Financial assets exposed to credit risk at year end were as follows:		
Financial instrument		
Financial assets measured at fair value:		
-Trade and other receivables	602 932 186	66 520 590
-Cash and cash equivalents	2 000	2 000
	602 934 186	**66 522 590**

Debtors Age Analysis	30 Days	60-90 Days	90-120 Days	120-180 Days	180+ Days	Total
Trade and other trade receivables	388 730 015	75 606 134	11 238 170	41 951 659	90 742 769	608 268 747
Discounting effect	(3 435 113)	(665 303)	(466 039)	(208 808)	(561 298)	(5 336 561)
	385 294 902	**74 940 831**	**10 772 131**	**41 742 851**	**90 181 471**	**602 932 186**

33. Going Concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The existence of the company is dependent on the continued support of its sole shareholder being the City of Johannesburg Metropolitan Municipality by way of management fees paid each year in terms of a service delivery agreement entered into. Development fees received from external parties further support the going concern of the company. To support the continuous collection of management fees, JPC has a 30 year agreement with the Shareholder, of which 14 years are remaining. The deficit of the company before taxation was R 33 155 082 (2016: surplus R 8 466 572), after taxation it was a deficit of R (58 125 574) (2016: surplus R 5 570 984). In lieu of the current financial position, the City of Johannesburg Metropolitan Municipality has issued a subordination agreement for the debt and loans of the entity.

Figures in Rand	2017	2016
34. Fruitless and Wasteful Expenditure		
Opening balance	2 379 855	2 330 226
Written off	(2 379 855)	-
Penalties and interest	42 268	49 629
	42 268	**2 379 855**

2017: During the financial year, the Board of Directors of JPC wrote off the historical fruitless and wasteful expenditure of R2 379 855.
Disputes with creditors over contracts and invoices resulted in interest being levied on overdue accounts in the 2016/17 financial year amounting to R42 268.
2016: Disputes with creditors over contracts and invoices resulted in interest being levied on overdue accounts in the 2014/15 financial year amounting to R49 629

35. Irregular Expenditure

	2017	2016
Opening balance	-	3 513 933
Written off	-	(3 513 933)
	-	-

2017: JPC incurred no irregular expenditure during the 2016/17 financial year.

2016: During the 2015/16 financial year, the board of JPC resolved that the irregular expenditure from previous financial years be written off.

36. Reconciliation Between Budget and Statement of Financial Performance

Reconciliation of budget surplus with the surplus in the statement of financial performance:

	2017	2016
Net deficit per the statement of financial performance	(58 125 574)	5 570 983
Adjusted for:		
Revenue	52 732 000	14 805 336
Operating expenses	(19 576 918)	(23 271 907)
Taxation	24 970 492	2 895 588
Net surplus per approved budget	-	-

37. Deviation from Supply Chain Management Regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.
Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the directors and includes a note to the financial statements.
Rental of premises and cleaning services were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the directors.
Additional deviations that have transpired during the 2016/17 financial year have been listed below. The deviations listed below are a continuation of those listed in the 2015/16 financial year. The deviations are are as follows:

Figures in Rand	2017	2016
Extensions - Contracted Cleaning		
Khulani Makhosikazi Khulani	-	780 000
Green Sweep	-	432 000
	-	**1 212 000**
Extensions - Operating Lease Rentals		
Sanlam/JHI	8 278 860	9 340 469
Redefine Properties	33 123 991	34 628 992
Investec Ltd	7 925 325	5 981 722
Germiston Bronze	5 029 893	6 498 123
CEZ Investments	2 836 423	3 508 965
6 Plein Street CC	7 824 480	8 695 886
Liberty Group Property Management	-	11 422 548
Zenprop	-	14 351 278
Orion Property	5 718 574	7 400 597
Hermans and Romans	9 499 366	10 042 797
Mutodo	21 725 733	-
Abzubix	14 086 807	-
Blend Property	809 251	-
Accelerate	177 515	-
City Property	656 228	-
Lakeside	48 474	-
Lodestone	25 534	-
Malvern Plaza	88 721	-
Eurefin	1 133 763	-
	118 988 938	**111 871 377**
Extenstions - Other Expenditure		
Document Warehouse	191 549	242 127
Nicor Propsys	843 745	694 484
Softline VIP	-	573 752
Telkom	1 221 589	1 646 137
Infra-Sol	-	4 783 951
Schindler Lifts	-	2 307 409
Vodacom	-	738 146
Abzubros	-	383 494
	2 256 883 1	**11 369 500**
Extenstions - Security		
Mabotwane Security	-	4 721 795
Mafoko Security Patrols	-	1 431 114
Marshall Knights	-	572 844
MC Security	-	2 156 597
Peak Security	-	132 347
Sihlangane Security	-	2 077 338
SOS Protecsure	-	1 508 230
Venus Security Solutions	-	2 695
Vimtsire Security Protection	-	1 699 762
	-	**14 302 722**

Figures in Rand	2017	2016

38. Sponsored Skills Development

During the 2016/17 financial year the trust account earned interest of R144 573.
The pledge is held in trust by Cliff Dekker Hofmeyer Attorneys on the pledgees' behalf.
As at 30 June 2017, R1 501 371 of this fund has been utilised to identify the best international practices and standards for property and facilities management.

Sponsored skills development		
Opening Balance	1 314 683	482 728
Additions	144 573	2 208 974
Utilized	(130 352)	(1 377 019)
	1 328 904	**1 314 683**

Detailed Income Statement

Figures in Rand	Note(s)	2017	2016
Revenue			
Cellmast services	20	6 819 291	7 317 470
Commission received	20	54 428 572	72 434 721
Trade debtors discounting	20	(19 166 060)	-
Management fees	20	57 309 808	9 813 368
Internal recoveries	20	209 068 684	-
Cost of services	20	(209 068 684)	-
Third party development fees	20	302 081	12 141 449
Other income	21	-	900 600
Interest received	22	15 440 822	3 460 166
City of Johannesburg Metropolitan Municipality - Subsidy	20	327 568 000	340 630 000
EPWP grant	20	2 000 000	1 073 861
Total revenue		**444 702 514**	**447 771 635**
Expenditure			
Employee related costs	25	(245 126 965)	(219 341 443)
Depreciation and amortisation	12&13	(6 536 094)	(4 674 292)
Finance costs	23	(6 389 551)	(2 858 853)
Debt Impairment 7 - (2 423 893)	7	-	(2 423 893)
Repairs and maintenance		(26 463 755)	(34 959 074)
General expenses	24	(192 886 187)	(174 827 891)
Total expenditure		**(477 402 552)**	**(439 085 446)**
Operating (deficit) surplus		**(32 700 038)**	**8 686 189**
Loss on derecognition of assets	12	(455 044)	(219 617)
(Deficit) surplus before taxation		**(33 155 082)**	**8 466 572**
Taxation		27 24 970 492	2 895 588
(Deficit) surplus for the year		**(58 125 574)**	**5 570 984**

Appendix E(1)

Figures in Rand	Current Year Actual Balance (000's)	Current Year Revised Balance (000's)	Variance (000's)	Var	Explanation of Significant Variances Greater than 10% Versus Budget
Revenue					
Cellmast services	6 819	10 658	(3 839)	(36.0)	
Commissions received 54 429	54 429	86 503	(32 074)	(37.1)	Commissions trail budgeted objectives due to leases currently under review at EAC.
EPWP grant	2 000	2 000	-	-	
Internal recoveries	209 069	-	209 069	-	
Cost of services rendered	(209 069)	-	(209 069)	-	
Interest received	15 441	2 687	12 754	474.7	Interest received includes R14.1 million from the discounting of debtors
Management fees	57 310	60 519	(3 209)	(5.3)	
Sales of housing	-	-	-	-	
Subsidy	327 568	327 568	-	-	
Third party facilitation fees	302	7 500	(7 198)	(96.0)	
Debtors discounting	(19 166)	-	(19 166)	-	
	444 703	**497 435**	**(52 732)**	**(10.6)**	
Expenses					
Personnel	(245 126)	(245 324)	198	(0.1)	
Depreciation	(6 536)	(6 646)	110	(1.7)	Depreciation is in line with the fixed asset register.
General expenditure	(94 433)	(101 213)	6 780	(6.7)	Expenditure has been kept below the budget due to cost cutting measures during the financial year.
Finance costs	(6 390)	(2 430)	(3 960)	163.0	Expenditure exceeds budget due to interest incurred on the overdraft
Lease rentals	(98 453)	(99 434)	981	(1.0)	
Repairs and maintenance	(26 464)	(42 388)	15 924	(37.6)	
	(477 402)	(497 435)	20 033	(4.0)	
Operating profit					
	(32 699)	-	(32 699)	-	
Other revenue and costs					
Gain or loss on disposal of fixed assets	(455)	-	(455)	-	
Net surplus/ (deficit) for the year	(33 154)	-	(33 154)	-	
Taxation					
Deferred tax	(24 971)	-	(24 971)	-	
Profit/(Loss) for the year	**(58 125)**	**-**	**(58 125)**	**-**	

Section 4: Capital Projects & Expenditure

CIMS Nos.	Project Name	Approved Budget 2016/2017	Expenditure	Percentage Spent as at 30 June 2017
30364	Computer Equipment New Computer Upgrades BRAAMFONTEIN WERF EXT.1 F City Wide	R 4 000 000	R 3 998 842	99%
33944	Erf 43-46 Victoria Ext 3(Paterson Park Node) New Housing Development VICTORIA EXT.3 E Regional	R 20 000 000	R20 000 000	100%
26423	FMMU - Public Conveniences New Public toilets JOHANNESBURG F Ward	R 7 500 000	R7 500 000	100%
2620	Upgrading of the Hillbrow Public Transport Facility linear market and taxi rank upgrade New Operational Capex JOHANNESBURG F Ward	R 2 000 000	R2 000 000	100%
2632	Kliptown Market & Taxi Rank (Improving Trading Facilities) Renewal Informal trading Stalls PIMVILLE ZONE 9 D Ward	R 3 500 000	R3 500 000	100%
2638	Dobsonville Informal Trading Market Upgrading and construction of Informal Trading Facility New Informal trading Stalls DOBSONVILLE D Ward	R 2 000 000	R 2 000 000	100%
29392	Jabulani CBD Precinct development New Operational Capex JABULANI D Ward	R 9 000 000	R9 000 000	100%
33550	Land Regularisation Renewal Operational Capex JOHANNESBURG F City Wide	R 5 000 000	R 5 000 000	100%
33991	Office Space Optimisation Program New Precinct Redevelopment JOHANNESBURG F City Wide	R 128 000 000	R128 000 000	100%
29391	Orlando Ekhaya Waterfront Development Renewal Park ORLANDO EKHAYA D Regional	R 8 000 000	R8 000 000	100%
25002	Randburg CBD Renewal Building Alteration Renewal Building Alterations FERNDALE B Regional	R 2 000 000	R2 000 000	100%
26220	Revamping of the Informal Trading Stalls within the Inner City Renewal Operational Capex JOHANNESBURG F Ward	R 10 000 000	R10 000 000	100%
33941	Rissik Street Post Office Restoration Project New Heritage JOHANNESBURG F Regional	R 20 000 000	R20 000 000	100%
33988	Rosebank Linear Park Re-development New Precinct Redevelopment ROSEBANK B Regional	R 2 000 000	R2 000 000	100%
29337	Sandown Extension 49 Erf 575RE Renewal Building Alterations SANDOWN EXT.49 E	R 35 000 000	R 35 000 000	100%
33692	Site Development Projects New Land Preparation JOHANNESBURG F City Wide	R 8 700 000	R8 700 000	100%
33987	Walter Sisulu Square of dedication (Refurbishment)	R 5 000 000	R 4 994 501	100%
Total		**R 271 700 000**	**R271 698 842**	**99.99%**

Section 5: Ratio Analysis

Current Ratio

JPC is currently owed R608 268 747 from trade and intercompany debtors, excluding the impact of debtors discounting. This has hampered the cash position of the entity. As a result, the current ratio is 0.92:1 as compared to the norm of 1:1. The sweeping account currently reflects as negative R166 863 045. Collection of outstanding intercompany monies places JPC with a cash flow position of positive R441 405 702. After settling intercompany creditors of R115 502 816, the net cash position of JPC will be positive with sufficient cash reserves to settle accruals of R319 384 293.

Debtors' Collection Ratio

JPC has debtors' collection ratio of 74 days for 3rd party/external debtors and the ratio is 345 days for intercompany debtors as compared to the industry norm of 60 days. Third party debtors have declined due to the timing difference for the receipt on cell mast income from one service provider. The decline in the intercompany debtors' collection ratio is due to the timing differences in the receiving of commission from Portfolio and collection of intercompany debtors for repairs and maintenance and other capital projects. In June 2017 alone, billing in excess of R425 million was done by JPC to the CoJ's departments, this has affected the debtors' collection ratio.

Solvency Ratio

JPC has a solvency ratio of 0.99:1 against the CoJ norm of 2:1 and is technically insolvent, whereby the financial statements indicate that there are insufficient assets to cover all liabilities, resulting in a net liability of R7 million.

Cost Coverage Ratio

Due to the negative cash flow of JPC, the cost coverage ratio is negative 4.25:1. However, the ratio is not a true reflection of JPC's operational expenditure as R&M related to and expensed by the COJ is paid for by JPC. This is not reflected in the expense component of the calculation but rather in the cash outflows of JPC.

Creditors Payment

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

WorldWear Shopping Centre, Fairland

Section 6: Supply Chain Management and B-BBEE

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

The SCM Policy ascribes to a procurement system which:

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

Deviations

JPC has twenty deviations that were approved by the Board and CoJ Executive Acquisition Committee. The deviations were disclosed in the Annual Financial Statement. Eight five percent of the deviations relate to office accommodation.

Payment Within 30 Days

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

Irregular Expenditure

Management did not identify any irregular expenditure for the year under review. The auditors did not identify any irregular expenditure during their audit processes for the period ended 30 June 2017. JPC does not have any irregular expenditure under investigation as it has zero irregular expenditure.

Fruitless and Wasteful Expenditure

Management identified R42 268 as fruitless and wasteful expenditure for the period ending 30 June 2017. The expense is R7 thousand below the figure reported in the preceding period. Supplier disputes have resulted in JPC incurring interest and penalties for delayed payments. This is concomitant of doing business with certain service providers.

Section 7: Pending Litigations and Possible Liabilities

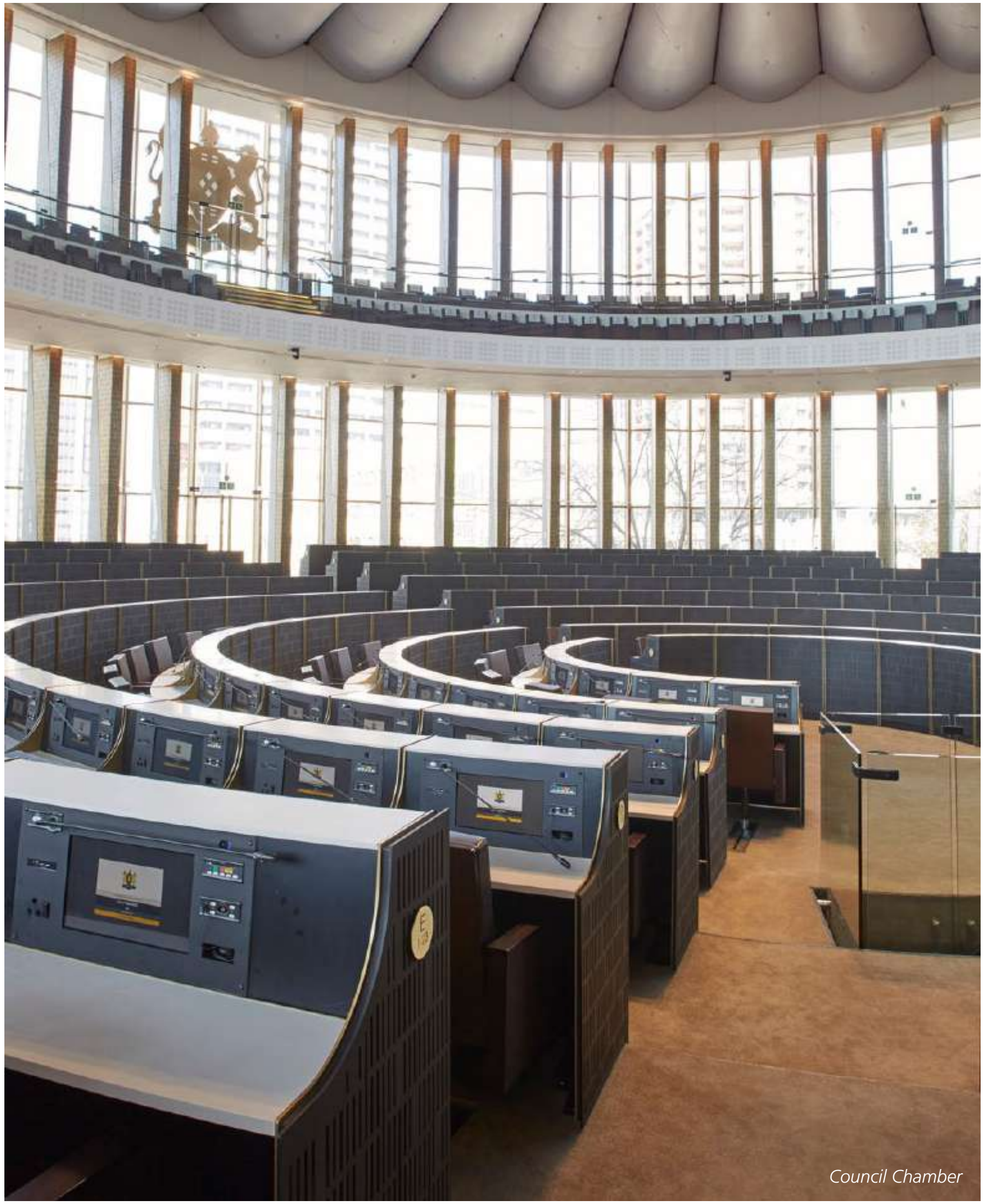
JPC does not have any pending litigations and or possible liabilities

Section 8: Insurance Claims Against/To JPC

JPC has one pending claim with the insurers. The claim relate to the fraudulent alteration of invoice and banking details that resulting in JPC losing R557 169. The case is still being investigated by South African Police Services and Group Forensic Investigation Unit. The amount has been subsequent to year end, reimbursed by our insurers.

Section 9: Statement on Amount Owed by and to Government Departments and Public Entities

JPC does not have amounts owed by/to government department and public entities.



Council Chamber

Internal & External Audit Findings

06

Section 1: Results of Internal Audits

Nexia SAB&T (hereinafter referred to as SAB&T) is the appointed internal audit services provider for the Joburg Property Company (SOC) Ltd. The three year rolling internal audit plan is reviewed and approved annually by the Audit and Risk Committee after taking into account both strategic and operation risks of the entity.

Progress Made on the Annual Plan

Control Environment (CE) Rating	Preventative or detective controls are in place	🙂 (green)
	Control environment requires improvement	😐 (amber)
	Internal controls are not in place and intervention is required to design and implement appropriate controls	☹️ (red)

Riverside View Housing Development Phase 1, Along the R54

Audit Performed for the Quarter	Status	Comment
Pre-determined Objectives	Completed	🙂
Contract Management	Completed	🙂
Supply Chain Management	Completed	🙂
Human Resources	Completed	🙂
Anti-Fraud & Corruption	Completed	🙂
Information TechnologY	Completed	🙂
Contract Management	Completed	🙂
Supply Chain Management	Completed	🙂
Revenue Management	Completed	🙂
Asset Management	Completed	🙂
Employee verification	Completed	🙂
AFS Review	Completed	🙂

Section 2: Progress on Resolution of Internal Audit Findings

All findings raised by internal auditors were cleared and resolved by the JPC.

Section 3: Progress on Resolution of External Findings

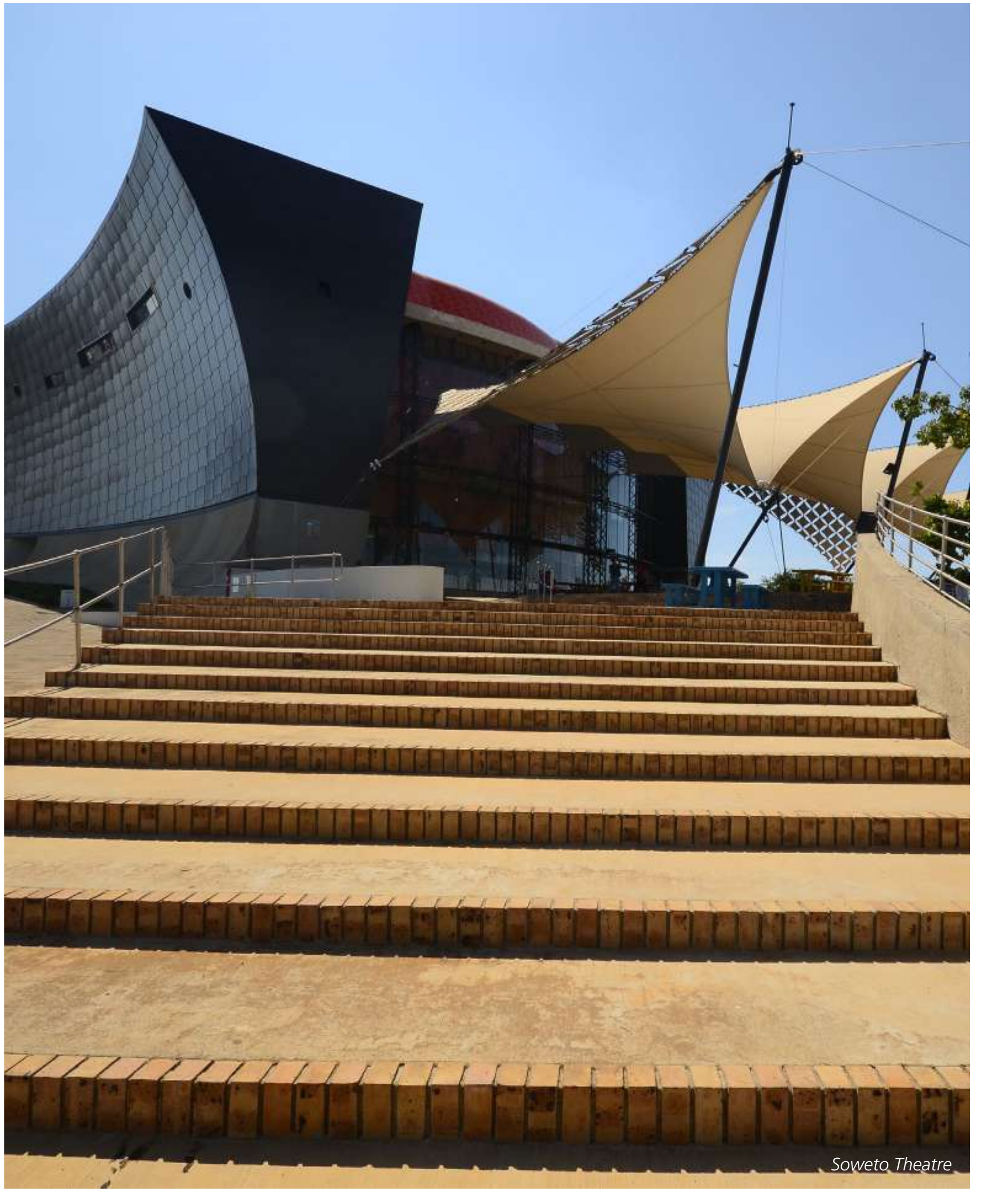
The Auditor General of South Africa (AGSA) finalised the 2015/16 audit and issued their audit and management report letter on 30 November 2016. The AGSA findings indicated that the financial statements presented were fair in all material respects, including the financial position of the City of Joburg Property Company (SOC) Ltd as at 30 June 2016 and its financial performance and cash flows for the specified year that ended. No material findings identified the usefulness and reliability of the reported performance information. There were also no instances of non-compliance where key legislation was concerned, as set out in the general notice issued in terms of the Public Audit Act.

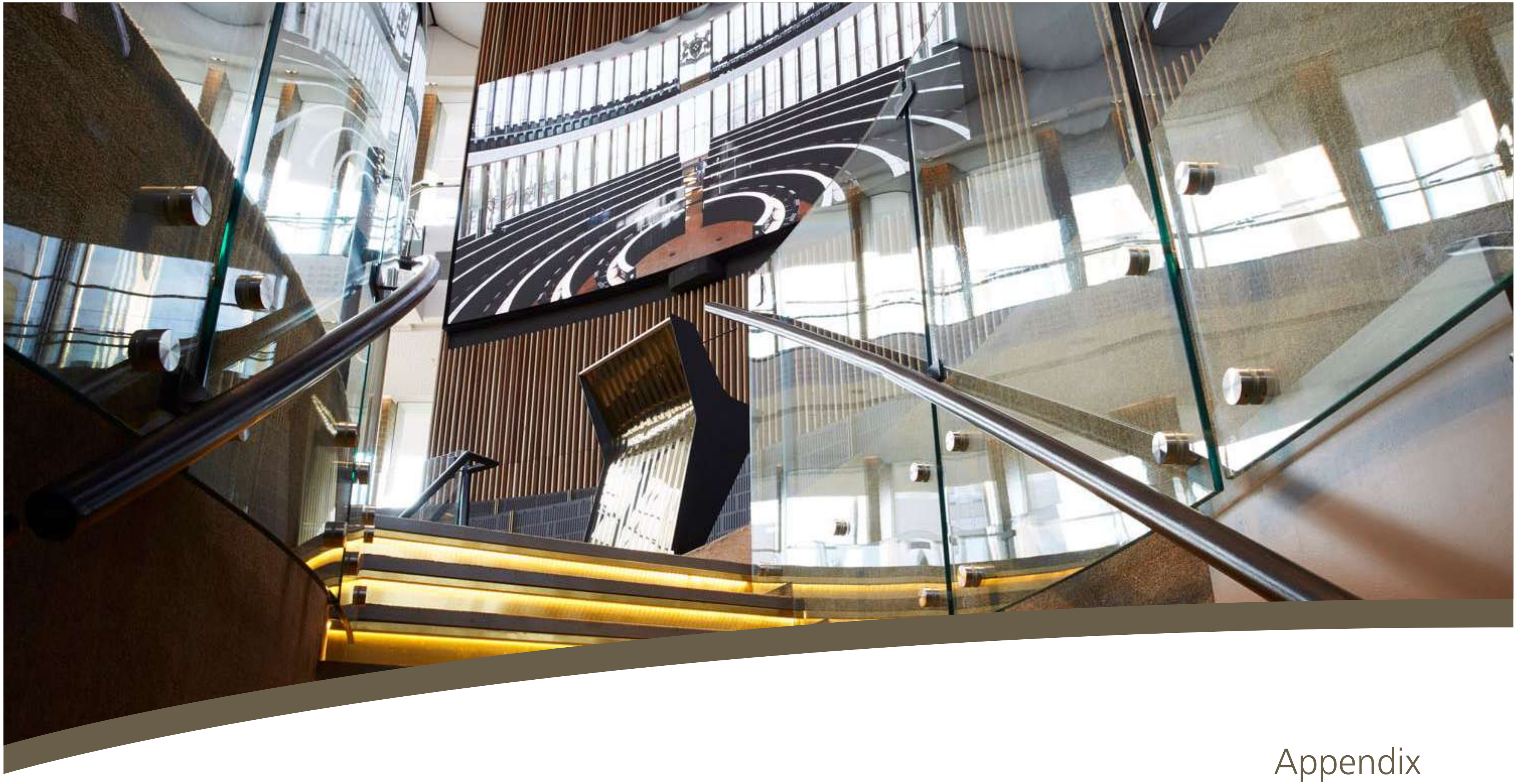
The two findings raised by the auditors were rectified and certified as correct by the AGSA; therefore, as at June 2017 we do not have any unresolved audit findings to follow up on.

Section 4: State of the Internal Controls

The control environment of the organisation is improving; this was affirmed by AGSA during the planning of the 2015/16 audit cycle where JPC was selected as a pilot entity for their new methodology for auditing municipal entities in Gauteng. The previous reports by both AGSA and the outsourced internal auditors indicate a sound control environment.

The AGSA issued another "clean audit outcome" for the 2015/16 audit cycle, this indicates a sound control environment at JPC.


Soweto Theatre



Appendix

A

Section 1: Auditor General's Report

The Constitution S188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA section 45 states that the results of performance measurement must be audited annually by the Auditor-General.

	2012/13	2012/13	2012/13	2012/13	2012/13
Audit opinion	Unqualified	Unqualified	Clean*	Clean*	Clean*

*A clean audit opinion is issued when the financial statements contains no material misstatement and there are no material findings on the quality of the annual performance report and compliance with key legislation

The full Annual Financial Statement and audit report is included in the appendix of the annual report.

The Potato Shed, Newtown

Section 2: Audit Findings and Remedial Actions

Type of Finding	New findings	Repeat findings	Remedial/ corrective action
Matters Affecting Audit Opinion	Nil	Nil	Not applicable
Other Important Matters	1	1	• Information supporting achievement of a pre-determined objective to be verified in details prior to submission of the annual report for audits. Means of verification to be addressed upfront • The City, including all municipal entities do not have a system to verify false declaration. JPC to cancel contracts with suppliers who have falsify the MBD forms
Administrative Matters	Nil	Nil	Not applicable

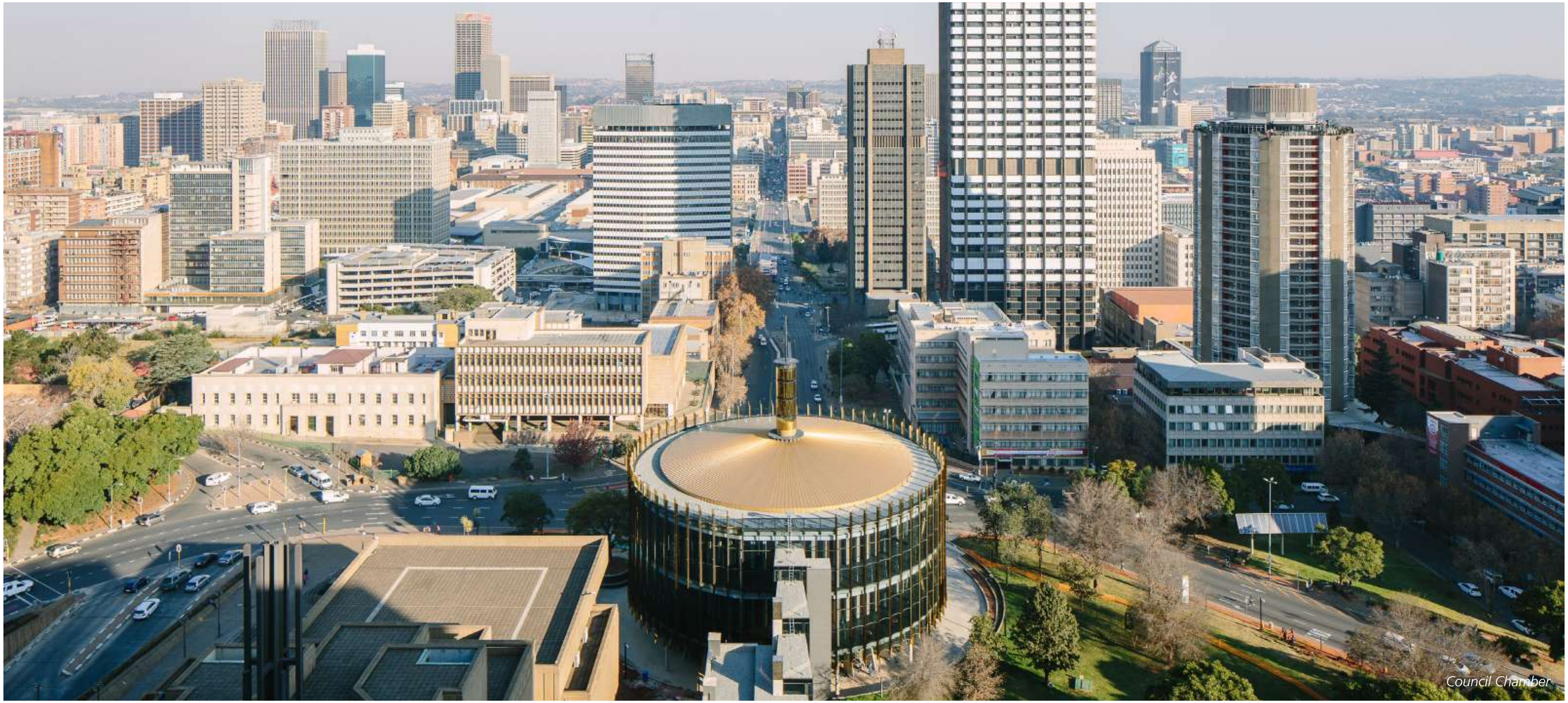
Based on 2016/2017 Audit Opinion

Section 3: Commitment/Recommendations of the Board

The Board has satisfied itself that the remedial actions taken on matters raised by the Auditor-General are adequate.

Modi Hlobo
ARC Chairperson

Patrick Corbin
Board Chairperson



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